

STATE OF FLORIDA

ORIGINAL

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

June 18, 1998

Mr. Wayne Chilton, President
Mr. Jim Purvis, Chairman
Sweetwater Oaks Homeowners Association, Inc.
P.O. Box 915589
Longwood, Florida 32791-5589

Re: Docket No. 971186-SU - Application for approval of reuse project plan and increase in wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Messrs. Chilton & Purvis:

I would like to thank you for your correspondence dated May 8, 1998. The Commission Staff will evaluate your comments and make any necessary revisions in our next recommendation to the Commissioners on the above-referenced matter. I anticipate that the recommendation will be filed sometime in September and will be glad to forward you a copy once it is filed. If you have any questions, please feel free to contact me at (850) 413-6224.

Sincerely,

Rosanne Gervasi
Senior Attorney

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____ cc: (with attachments)
- CTR _____ All parties of record
- EAG _____ Division of Records and Reporting
- LEG _____ Division of Water and Wastewater (Rendell, Casey)
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OTH _____

DOCUMENT NUMBER - DATE
06503 JUN 18 98
PSC-RECORDS/REPORTING



Sweetwater Oaks

MEMO via FAX 850/413-6250

TO: Rosanne Gervasi
Public Service Commission

FROM: Sweetwater Oaks Homeowners Association (SOHA)

RE: Docket No. 971186-SU

DATE: May 8, 1998

Thank you for the notices regarding the hearing on 5/12/98. Please accept this letter as our input to the hearings, in lieu of an appearance.

There were several issues presented at the hearing in Altamonte Springs in March of this year. Some of the issues we would like considered are:

1. SOHA is not opposed to re-use or the customer cost associated with it, as long as health concerns and reasonable cost accounting methods are employed. As previously pointed out, the engineering firm representing Sanlando stated in depositions (unrelated to the re-use issue) that the cost was underestimated by at least \$700,000.00. We feel that this should be disclosed to the rate payers and not have a "surprise" increase as a result of the true-up. It is not a true-up, but a known misrepresentation of facts. Our support for the re-use plan results from what we believe will be a positive environmental impact on our community as well as the Wekiva River and its surrounding areas.

2. Cove Lake System - which is completely within the area of SOHA, is the recipient of the discharged effluent from Sanlando, and as a result, our lake system is a "phosphorus cesspool" in the written words of one of the DEP officials. This results in phenomenal problems for the Association and residents. As a result of pending litigation with Sanlando, negotiations were instigated between SOHA, Sanlando and the DEP. The goal of these negotiations are:

- A. Sanlando will clean up the lake system.
- B. Phosphorus discharge levels will be reduced to approximately background levels (which is not acknowledged on page 12, para 2.
- C. Discharge amounts will be reduced approx. 50% as a result of reuse. The discharge presently enters the Wekiva River, an OFW, and impacts not only the downstream water levels but also the nutrient loading. Not only will SOHA and its' residents benefit from the above 3 items, but also the Wekiva, as acknowledged on pg. 14, last para. of 4/30/98 memo.

Sweetwater Oaks Homeowners Association, Inc.

P. O. Box 915589 • Longwood, FL 32791-5589 • (407) 862-5606 • Fax (407) 862-6571

-2-

3. The DEP has stated that it will support Sanlando's request for a rate increase for the clean-up and plant modification costs. SOHA has agreed to support the rate increase if the above results are accomplished. With this in mind, we believe that the re-use rate increase should be delayed and a request (if approved) for re-use and clean-up of the prior discharge area be combined, to more fairly and adequately disclose the more accurate future rate increase. Under Florida Statute 367.0817(3) rate increases for re-use are authorized and should, therefore, extend to clean-up of abandoned discharge areas.

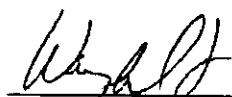
4. SOHA is not a community of 200 residents as stated on page 12, para. 2, line 5; rather it is a community of 1400 residents with approx. 200 living on waterway areas. All are served by Sanlando Utilities Corporation and represent a very substantial portion of total serviced customers and dollar revenues.

5. SOHA realizes - accepts - and embraces the concept of reuse and all the benefits associated with it. However, we make the following observations pertaining to specific staff recommendations contained in Memo dated 4/30/98:

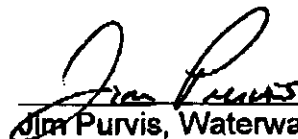
- A. Sanlando should be afforded the availability of recovering costs associated with re-use - as any business has the right to recover capital investment costs. These recoveries should not necessarily be limited to projected future over earnings, although such over-earnings could and should be a consideration during the "true-up" process.
- B. Current and future rate payers, other than the proposed four re-use customers, should not subsidize private industry by paying a rate increase imposed for the purpose of providing water to those four "customers" when, in fact, private enterprise customers will be receiving that water for "zero rate" - as currently recommended by staff. Although all four "customers" now draw water from permitted wells, we submit there are still costs involved in the current process; i.e., electric, maintenance, etc. Under the proposed staff recommendations, water delivery would truly become "free" to these businesses.

We sincerely thank you and your entire staff for the opportunity to express our positions on this matter.

Respectfully,



Wayne Chilton, President



Jim Purvis, Waterways Chairman
Sweetwater Oaks Homeowners Association