



August 17, 2016

VIA E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 110200-WU; Apparent Non-Compliance with Order No. PSC-12-0641-PCO-WU and Possible Implementation of Show Cause Proceeding Against Water Management Services, Inc.
Our File No. 46023.01

Dear Ms. Stauffer:

This letter is filed on behalf of Water Management Services, Inc. ("WMSI") in response to the Staff's letter dated August 16, 2016 regarding the sale of 16 unused lots to Brown Management Group ("BMG").

Frankly, neither Mr. Brown nor I recalled this requirement in the 2012 Order since it was not the primary issue addressed by the Order. Further, it is clear that the intent of that Order was since the escrow funds were used to purchase the 24 lots, that when the unused ones were sold the proceeds would be used to replenish that account. There has been no sale of those lots within the meaning and intent of that Order.

The 16 unused lots were "sold" to Brown Management Group for \$30,000. BMG is a wholly owned subsidiary of WMSI, so there was no "sale" within the meaning and intent of the Order as they remained within the control of WMSI. Those 16 lots are security for the repayment of the \$6,000,000 Ameris loan and thus are unmarketable to a third party. Since it is likely that the Commission considers them non-used and useful for ratemaking purposes so no return on their cost nor annual real estate taxes will be recoverable in customer rates, it makes sense to have them held by the non-regulated subsidiary. There is no reason to hold non utility assets in WMSI' name. However, when Staff made this transfer an issue, WMSI chose to have the lots reconveyed by BMG rather than to argue about the propriety of the transfer.

Thus, WMSI is and has been in compliance with the purpose and intent of PSC Order No. PSC-12-0641-PCO-WU with regard to the 16 unused lots.

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Should you or Staff have any questions concerning this filing, please do not hesitate to give me a call.

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN
For the Firm

MSF/

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