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98 JUL -6 PM 4:59

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OF COUNSEL  
THOMAS F. WOODS

July 6, 1998

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**HAND DELIVERY**

RE: Docket No. 971663-WS  
Petition of Florida Cities Water Company for limited  
proceeding to recover environmental litigation costs for  
North and South Ft. Myers Division in Lee County and  
Barefoot Bay Divisions in Brevard County.

Dear Ms. Bayo:

Please find sixteen (16) copies of a letter dated June 2,  
1998, to Mr. Gerald Kuhn from Mrs. Bonnie Raad concerning notices  
in this docket.

Please acknowledge receipt of the foregoing by stamping the  
enclosed extra copy of this letter and returning same to my  
attention.

- ACK \_\_\_\_\_
- AFA 1
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 1
- LIN 5
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS Wiles
- OTR \_\_\_\_\_

Thank you.

RECEIVED & FILED  
*[Signature]*  
FPSC-SUPEROVISOR OF RECORDS

Very truly yours,

*B. Kenneth Gatlin*

B. Kenneth Gatlin

cc: Rosanne Gervasi, Esq.  
Harold McLean, Esq.

DOCUMENT NUMBER-DATE

0709 JUL -6 88

# FLORIDA CITIES WATER COMPANY

July 2, 1998

Mr. Gerald Kuhn  
12461 Popash Court  
North Fort Myers, Florida 33903

RE: Docket No. 971663-WS

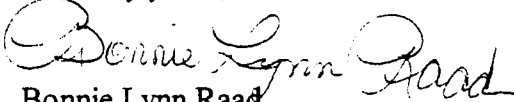
Dear Mr. Kuhn:

We are in receipt of your letter to the Florida Public Service Commission dated June 25, 1998. In that letter you indicate that you did not receive Florida Cities Water Company's April 1998 notice regarding the Company's application to recover environmental litigation costs.

The April 1998 notice was enclosed as an insert with your bill which, according to our records, was mailed on April 3, 1998. The notice is also posted in the division office and copies have been available at the Customer Service Center, since April, at 7401 College Parkway, Fort Myers, Florida 33907. For your convenience, I have enclosed ten copies of that notice.

Florida Cities Water Company regularly notifies all customers of any proposed or pending rate action. It is not the intent or the desire of the Company to withhold this important information from any of our customers. I hope that I have adequately addressed your concerns. If you should have any additional questions, please do not hesitate to contact me.

Sincerely yours,



Bonnie Lynn Raad  
Community Relations Manager

Enclosures

cc: Florida Public Service Commission  
Robert Dick, Division Manger, Fort Myers  
B. Kenneth Gatlin, Esquire

FLORIDA CITIES WATER COMPANY  
4837 Swift Road, Suite 100  
Sarasota, Florida 34231  
Telephone (941)925-3088  
FAX (941)924-7203

A Unit of Avatar Utilities Inc.

DOCUMENT NUMBER-DATE

07091 JUL-68

FLORIDA CITIES WATER COMPANY



**Your Source for News and Accurate Information about Florida Cities Water Company**

April, 1998

**Florida Cities Water Company Files a Request to Recover Environmental Litigation Costs  
for its Barefoot Bay and North and South Fort Myers Divisions**

**PSC Docket No. 971663-WS**

Florida Cities Water Company (FCWC) has applied to the Florida Public Service Commission (PSC) for approval of a rate increase applicable to customers in Lee and Brevard Counties.

The purpose of this request is to seek approval to recover a portion of FCWC's legal expenses incurred by FCWC in its successful defense of a legal action brought by the United States. The legal action alleged violations of the Clean Water Act (CWA). From 1992 through 1997, FCWC was the subject of an enforcement action initiated by the United States Environmental Protection Agency (EPA) and prosecuted by the United States Department of Justice (DOJ). This enforcement action addressed a number of alleged violations of the CWA at three FCWC wastewater treatment facilities, Waterway Estates in Lee County, Barefoot Bay in Brevard County and Carrollwood in Hillsborough County.

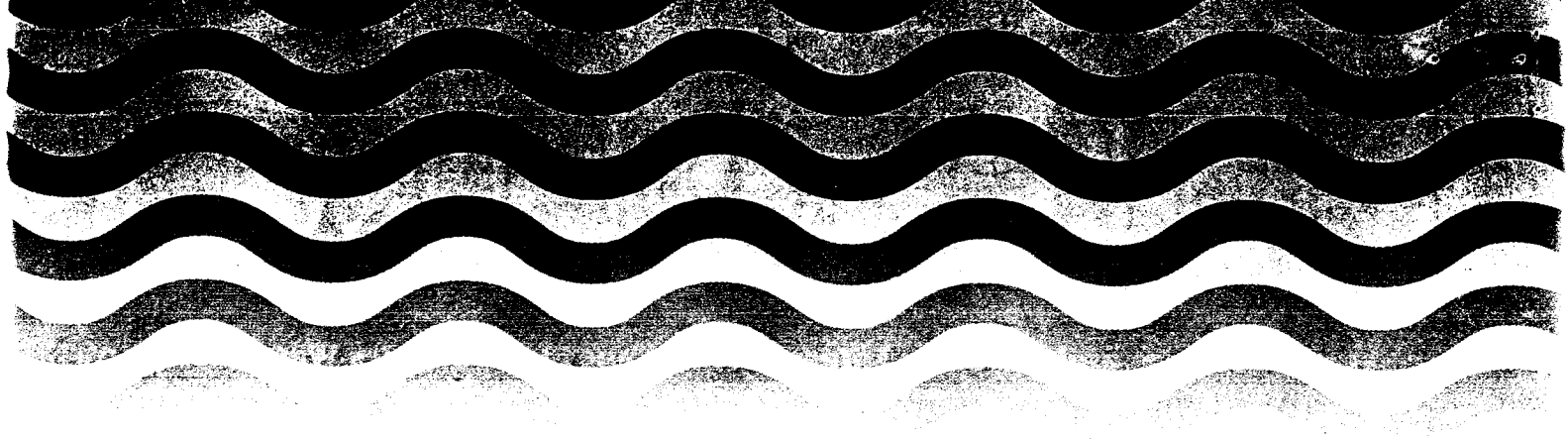
At the height of the litigation, the DOJ claimed civil penalties in the amount of \$104,325,000. As a result of FCWC's defense, the final penalty assessed by the United States District Court was \$309,710. In addition to this reduced penalty, the Court found that FCWC had acted in good faith in its dealings with state and federal regulators, and that none of FCWC's actions caused environmental harm to the waters of the State of Florida.

FCWC does not seek to recover the amount of the civil penalties assessed by the court. However, FCWC incurred \$3,826,210.00 in legal defense. The Company is seeking to recover, through a monthly customer rate increase, a portion of the legal expenses totaling \$2,265,833, plus rate case expense, from FCWC water and wastewater customers regulated by the PSC in Lee and Brevard Counties. FCWC proposes that it be allowed to collect the rate increase for a period of ten years or until the expenses have been fully recovered, whichever occurs first.

The proposed rate increase, to be collected from each water and each wastewater customer, is based on meter size as follows:

| <u>Meter Size<br/>(In Inches)</u> | Monthly Rate Increase for each Service<br>(Water and Wastewater) |
|-----------------------------------|--|
|                                   | <u>By Meter Size</u>   |
| 5/8"                              | \$0.42   |
| 1"                                | 1.05   |
| 1.5"                              | 2.10   |
| 2"                                | 3.36   |
| 3"                                | 6.72   |
| 4"                                | 10.50  |
| 6"                                | 21.00  |
| 8"                                | 42.00  |

*For example, a typical residential customer who receives both water and wastewater service would pay \$.42 for water and \$.42 for wastewater or a total of \$.84 monthly.*



This Petition has been filed as a Petition for Limited Proceeding pursuant to Section 367.0822, Florida Statutes. Copies of the Petition and Synopsis are available for review at FCWC's offices between the hours of 8:00 AM and 5:00 PM, Monday through Friday at the following locations.

Florida Cities Water Company  
Barefoot Bay Division  
931 Barefoot Bay Boulevard, Suite 2  
Barefoot Bay, Florida 32976

Florida Cities Water Company  
Fort Myers Division  
7401 College Parkway  
Fort Myers, Florida 33907

#### Case Schedule

The following dates have been established to govern the key activities of this case:  
*(Please note that these dates are tentative and subject to revision.)*

- |  |                    |
|--|--------------------|
| 1. Intervenors' direct testimony and exhibits    | May 22, 1998       |
| 2. Staff's direct testimony and exhibits, if any | June 12, 1998      |
| 3. Prehearing Statements                         | June 30, 1998      |
| 4. Rebuttal testimony and exhibits               | July 3, 1998       |
| 5. Service Hearing - Barefoot Bay                | July 7, 1998       |
| 6. Service Hearing - Fort Myers                  | July 8, 1998       |
| 7. Prehearing Conference                         | July 13, 1998      |
| 8. Hearing                                       | August 12-14, 1998 |
| 9. Briefs  | September 14, 1998 |
| 10. Agenda                                       | November 3, 1998   |

*Written comments concerning the utility's service or the proposed surcharge should be addressed to the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and should reference Docket No. 971663-WS. A copy of the written comments should be mailed to FCWC's attorney, B. Kenneth Gatlin at 3301 Thomasville Road, Suite 30, Tallahassee, Florida 32312. Complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552.*