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DIVISION OF WATER &
 WASTEWATER
 CHARLES HILL
 DIRECTOR
 (904) 413-6900

Public Service Commission

April 4, 1996

Mr. Roger Miller, President
 Fairmount Utilities, Inc.
 Post Office Box 548
 Sebring, Florida 33871-0548

Re: Docket No. 950967-WS, Application for Staff Assisted Rate Case in Highlands County by Fairmount Utilities, Inc.

Dear Mr. Miller:

As requested by the utility, staff's recommended preliminary rates listed in the accounting report, dated February 23, 1996, includes some pro forma costs for plant and expenses. Staff's final recommendation is scheduled to be completed by May 9, 1996. Commission practice requires signed contracts for pro forma costs used in calculating rates. The contract must list the vendor, the cost and a tentative date of completion. The contract must also be signed by the utility. In order to complete the final recommendation in a timely manner, all signed contracts for pro forma costs to be included in final rates must be received by the Commission by April 19, 1996. A list of pro forma cost included in preliminary rates that require signed contracts are as follows:

ACK _____	1)	Piping for the Perc Pond	\$ 7,500
AFA _____	2)	Fence	\$ 2,700
APP _____	3)	Lift stations	\$ 4,785
CAF _____	4)	Computer	\$ 3,120
CMU _____	5)	Lift station alarm	\$ 400
CFR _____	6)	15,000 gallon digester	\$27,635
EAG _____	7)	200 gal CL2 Tank	\$ 200
LEG _____			
LEI _____			
LSH _____			
SPC _____			
WFS _____			

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FPSC-RECORDS/REPORTING

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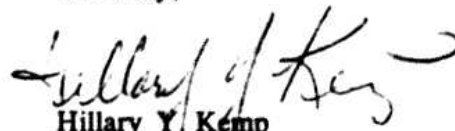
If you have completed some of these improvements, please provide me with copies of invoices. If you decide not to include some of the listed improvements, please inform me of same.

In addition, you must also provide current copies of the following:

- 1) Employee health insurance policy
- 2) Liability insurance policy on utility
- 3) Auto insurance policy

If you have any questions, please call me at (904) 413-6930.

Sincerely,


Hillary Y Kemp
Regulatory Analyst

HYK:tyg(proforma.ltr)

cc: Division of Records and Reporting
Division of Water and Wastewater (Hill, Bethea, Davis)
Division of Legal Services (Culpepper)