

State of Florida

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

FILE COPY

Public Service Commission

September 13, 1996

Mr. Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley
P. O. Box 1567
Tallahassee, FL 32302-1567

Re: Docket No. 960288-SU, Application for approval of reuse project plan in Seminole County by Alafaya Utilities, Inc.

Dear Mr. Friedman:

This letter is to confirm the discussions between you and Staff resulting from your meeting on August 29, 1996. As discussed, the utility's application remains deficient for the following reasons:

- 1) Pursuant to Section 367.0817(1)(e), Florida Statutes, the applicant's reuse project plan must include the projected costs associated with the reuse project, including, but not limited to, all capital investments, including a rate of return, any applicable taxes, and all expenses related to or resulting from the reuse project which were not considered in the utility's last rate proceeding.
 - a) The utility provided the applicable tax rates associated with its different scenarios, rather than the anticipated amount of tax expense.
 - b) No calculation of depreciation expense was provided for the different scenarios.
- 2) Pursuant to Section 367.0817(2), Florida Statutes, the Commission must determine whether the projected costs are prudent and the proposed rates are reasonable.
 - a) No revenue requirement calculations were provided for the various scenarios.
 - b) No proposed rate calculations were provided for the various scenarios.

The utility's application will remain deficient until all items (outlined in 1(a-b) and 2(a-b) above) which were not provided

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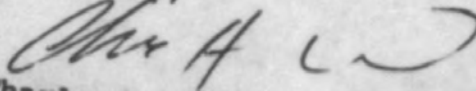
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in the application have been submitted. In addition, please provide copies of the pertinent Department of Environmental Protection permit applications and approvals.

Thank you for your attention and cooperation in this matter. If I may be of further assistance or if you have additional questions, please do not hesitate to contact Ms. Jennie Lingo at 413-6964.

Sincerely,



Charles H. Hill
Director
Division of Water and Wastewater

CHH:FJL

cc: Division of Water and Wastewater (Chase, Lingo, McRoy,
VonFossen, Xanders)
Division of Legal Services (Capeless)
Division of Records and Reporting (docket file)