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Public Service Commission

April 7, 1997

Nancy B. Barnard
St. Johns River Water Management District
Post Office Box 1429
Palatka, Florida 32178-1429

Re: Docket No. 930256-WS - Petition for limited proceeding to implement water conservation plan in Seminole County by Sanlando Utilities Corporation.

Dear Ms. Barnard:

This letter is a follow-up to the February 20, 1997, telephone conference held by the Commission Staff in this docket. During that conference, the parties and Staff discussed the March 15, 1996, tax ruling in response to Sanlando's request, the impact of the recent amendment of Section 118 of the Internal Revenue Code, and the status of the tax opinion request that Public Counsel will file with the Internal Revenue Service (IRS).

Staff has formulated the following inquiries regarding the status of this case, and the position of the St. Johns River Water Management District's (the District):

As indicated during the telephone conference, Staff anticipates filing a recommendation with the Commission regarding the status of this docket, and the additional time needed in order for the Office of Public Counsel (OPC) to seek a letter ruling from the IRS. Please indicate the District's position regarding the pursuit of this additional ruling.

Please indicate the District's position regarding the impact of the Small Business Job Protection Act of 1996 (which provided for the non-taxability of CIAC collected by water and wastewater utilities after June 12, 1996) on the feasibility of the non-profit corporation proposed by the stipulation.

- ACK _____
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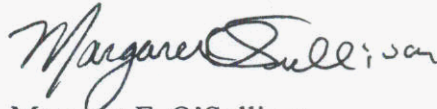
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Please respond to this request by April 25, 1997. Staff will make similar inquiries of all of the parties in this docket, and will file a recommendation once the information has been received and reviewed. Please contact me if you have any questions about these inquiries.

Sincerely,



Margaret E. O'Sullivan
Senior Attorney

cc: All parties of record
Division of Water and Wastewater (Chase, Rendell, Starling, VonFossen, Willis)
Division of Auditing and Financial Analysis (Casseaux)
Division of Records and Reporting