

STATE OF FLORIDA

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Public Service Commission

24
October 27, 1997

Cleatous J. Simmons, Esquire
Lowndes, Drosdick, Doster, Kantor & Reed, P.A.
P.O. Box 2809
Orlando, Florida 32802

STAFF DATA REQUESTS

RE: Docket No. ~~971186~~ SU - Application for approval of reuse project plan and increase in wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Mr. Simmons:

As you know, staff is reviewing the above-referenced application. By this letter, we are requesting that the utility provide us with the following data requests.

1. Three options to the reuse project were discussed in the utility's filing. Were any other options considered?
2. If so, what were the options and why were they rejected?
3. One option that was considered was to develop a "total" reuse system with effluent going to the three golf courses, common areas and residential reuse. This option was rejected because the marginal costs for the additional distribution system necessary to deliver the effluent were too high. Please provide a copy of the analysis used to make this determination.
4. Section 367.0817(3), Florida Statutes, allows the Commission to allocate the costs of a reuse project among the utility's water, wastewater or reuse customers, or any combination thereof. In its filing, the utility recognizes the benefits of reuse to the water customers. Please explain why the utility did not consider allocating any of the costs to the water customers.

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FPSC-RECORDS/REPORTING

5. Please explain the purpose of the last three columns in Schedules 4 and 5. Specifically, please explain the following:
 - a. Who are the disposal customers?
 - b. Who are the "other" customers?
6. Please provide any correspondence, not included in your filing, from SJRWMD about requiring the golf courses to use reclaimed water when it becomes available. In addition, please provide copies of any correspondence between the utility and the DEP regarding the DEP's requirement that the utility implement reuse.
7. What is the status of the utility's DEP and WMD permit applications?
8. When are the permits expected to be approved?
9. Please provide any correspondence between the WMDs, the DEP and the utility regarding the permits since the applications were filed.
10. According to the utility's filing, there are no agreements between the utility and the golf courses regarding the golf courses' acceptance of reuse. Have the golf courses been made aware that this docket is pending? If so, how? If not, why not?
11. Please provide copies of any correspondence between the utility and the potential reuse customers related to this docket.
12. Since there are no contracts with the golf courses, what assurances does the utility have that the golf courses will receive reuse?
13. If the golf courses do not connect to the reuse system, what are the alternative disposal sites for the effluent?
14. When the golf courses connect to the reuse system, will they provide any storage for the utility?
15. If so, what amount of storage will be provided by the golf courses?

16. To your knowledge, has there been a study performed as to what it would take for the golf courses to convert to use of reclaimed water? If so, please provide that information.
17. Who would be responsible for paying the costs for the golf courses to convert to reuse?
18. Please provide a list of other reuse customers that were considered or that may be potential users and provide an explanation of why they were not included in the study.
19. When would these potential users be expected to come online?
20. In the draft DEP operating permit, it appears that the total effluent disposal amount is 4.4 MGD. This is more than the 2.9 MGD treatment plant capacity amount. If the land application is approved, why must the surface discharge amount remain the same?
21. Shouldn't it be reduced to match the treatment plant capacity? If not, why not?
22. Has the utility applied for any funding (WMD or other) for this project? If so, please respond to the following:
 - a. Please provide a copy of any application for funding.
 - b. Who is the entity providing the funding?
 - c. What is the amount of the funding that was requested?
 - d. How much does the utility expect to receive?
 - e. What is the status of the utility's application?
23. Please provide all supporting workpapers used for the cost study filed in the utility's application.
24. Please provide a copy of the utility's reuse feasibility studies, filed with the DEP pursuant to Section 403.064, Florida Statutes. If the utility did not file a reuse feasibility study with the DEP, please provide an explanation as to why the study was not filed.
25. Regarding Exhibit A Schedule 2 Page 3 of the MFRs, is the cost of debt of 9% contingent upon the utility maintaining a 1.25x interest coverage ratio?

26. Is the utility required to maintain a 1.25x interest coverage ratio just for the new debt or for all outstanding debt of the utility?
27. If the utility cannot get the 9% cost rate indicated on Exhibit A Schedule 2 Page 3 of the MFRs, what would the cost of debt be from another source?
28. What other options for financing the project are available, and what would the respective cost rates be?
29. Please demonstrate, if the utility can, that although the method for achieving the coverage requirement is unconventional, the alternative would be more expensive.
30. Please provide a schedule showing the utility's capital structure, on a simple average basis, for the following twelve month periods:
 - a. actual ended 12/31/96,
 - b. actual/projected ending 12/31/97, and
 - c. projected ending 12/31/98.
31. How much construction work in progress (CWIP) not eligible for AFUDC, on a simple average basis, will the utility have during the following twelve month periods:
 - d. actual ended 12/31/96,
 - e. actual/projected ending 12/31/97, and
 - f. projected ending 12/31/98?
32. On page 3 of Schedule 2 to Exhibit A of the MFRs, the utility indicates that it will require an additional \$50,667 above the annual cost of financing of \$202,667 to achieve an interest coverage ratio of 1.25x. What would be the utility's position if Commission approval of the proposed treatment is contingent upon the utility retaining this \$50,667 per year in the business as retained earnings?
33. Assuming the requested \$50,667 in excess of the annual cost of financing is recorded by the utility each year as retained earnings, how long would it take for the utility's financial position to improve to the point it could achieve a 1.25x interest coverage ratio on its own (without the additional \$50,667)?

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34. Please provide copies of any supporting documentation, i.e., bond covenant agreements, letter from the lender, etc., which document the requirement of a 1.25x interest coverage ratio.

Please file the original and five copies of the requested information by Wednesday, November 26, 1997, with Ms. Blanca Bayó, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call Troy Rendell at (850) 413-6934 or me at (850) 413-6224 if you have any questions.

Sincerely,



Rosanne Gervasi
Senior Attorney

RG/dr

cc: Division of Records and Reporting
Division of Water and Wastewater (Rendell)
Division of Auditing and Financial Analysis (Jones, Maurey)
Stephen C. Reilly, Esquire (Office of Public Counsel)