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(850) 877-6555 FAX (850) 656-4029 www.rsbattorneys.com

REPLY TO ALTAMONTE SPRINGS

May 2, 2003

CENTRAL FLORIDA OFFICE 600 S. NORTH LAKE BIND., SUITE 160 ALTAMONTE SPRINGS, FLORIDA 32701 (407) 830-6331 FAX (407) 830-8522

MARTIN S. FRIBDMAN, P.A. VALBRIE L. LORD, OF COUNSEL (LICENSED IN TEXAS ONLY)

VIA HAND DELIVERY

Ms. Blanca Bayo Commission Clerk and Administrative Services Director Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399

RE: Docket No. 020408-SU; Alafaya Utilities, Inc.

Application for Rate Increase in Seminole County, Florida

Our File No. 30057.46

Dear Ms. Bayo:

Pursuant to several telephone conferences with Kay Flynn this morning, it is our understanding that the Clerk's office has no record of our April 30, 2003, Response to the Staff's Third Data Request (which was faxed to you on April 30, 2003, and hand delivered on May 1, 2003). It is our further understanding that you have no record of Adrienne Vining's April 8, 2003, Staff's Third Data Request to which we were responding. Therefore, enclosed you will find for filing a copy of Adrienne Vining's April 8, 2003, Third Data Request along with a copy of our April 30, 2003, Response thereto.

Should you have any questions concerning this matter, please do not hesitate to give me call.

Very truly yours.

VALÈRIE L.LORD

Of Counsel

MSF/dmp Enclosures

cc: Ms. Kay Flynn (w/enclosures) (via hand delivery)

DOCUMENT NUMBER - DATE

04028 MAY-28

FPSC-COLLHSSION CLERK

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL HAROLD A. MCLEAN GENERAL COUNSEL (850) 413-6199 **RECEIVED**

APK 1 0 2003

Hublic Service Commission

Rose Sungstrom & Bentley, LLP

April 8, 2003

STAFF'S THIRD DATA REQUEST

Martin Friedman, Esquire Rose, Sundstrom & Bentley, LLP 600 S. North Lake Blvd., Suite 160 Altamonte Springs, Florida 32701

Re: Docket No. 020408-SU - Application for Rate Increase in Seminole County by Alafaya Utilities, Inc.

Dear Mr. Friedman:

By this letter, the Commission staff requests that Alafaya Utilities, Inc. (Alafaya or utility) please provide responses to the following data requests.

Special Depreciation Allowance and Accumulated Deferred Income Taxes

According to a new law implemented in 2002, a special depreciation allowance was created to allow the recovery of a portion of the cost of qualified property. Specifically, the new law provides for an additional first-year depreciation deduction equal to 30% of the adjusted basis of qualified property placed into service after September 10, 2001, and before September 11, 2004.

- a) If Alafaya has filed its 2002 tax return, did it claim the special depreciation allowance on any plant additions placed in service from September 10, 2001, to December 31, 2002?
- 1) If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.
- 2) If not, does Alafaya plan to amend its 2002 tax return in order to claim the special depreciation allowance? If yes, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.
- b) If Alafaya has not filed its 2002 tax return, does it plan to claim the special depreciation allowance on any plant additions placed in service from September 10, 2001, to December 31, 2002? If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.

Martin Friedman, Esquire Page 2 April 8, 2003

> c) For the 2003 tax year, does Alafaya plan to claim the special depreciation allowance on any pro forma plant additions reflected on MFR Schedule A-3? If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes.

Please file the original and five copies of the requested information by April 30, 2003, with Ms. Blanca Bayó, Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6183 if you have any questions.

Sincercly,

Advience E. Vining

Attorney

Division of the Commission Clerk and Administrative Services cc: Division of Economic Regulation (Fletcher)

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REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, RA. VALERIE L. LORD, Or COUNSEL (LICENSED IN TEXAS ONLY)

April 30, 2003

VIA FACSIMILE & FEDERAL EXPRESS

Ms. Blanca Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Alafaya Utilities, Inc.; Application for Rate Increase in Seminole County, Florida; Docket No. 020408-SU

Our File No. 30057.46

Dear Ms. Bayo:

Alafaya Utilities, Inc. submits the following in response to Staff's data requests dated April 8, 2003:

Special Depreciation Allowance and Accumulated Deferred Income Taxes:

According to a new law implemented in 2002, a special depreciation allowance was created to allow the recovery of a portion of the cost of qualified property. Specifically, the new law provides for additional first-year depreciation deduction equal to 30% of the adjusted basis of qualified property placed into service after September 10, 2001, and before September 11, 2004.

(a) If Alafaya has filed its 2002 tax return, did it claim the special depreciation allowance on any plant additions placed in service from September 10, 2001, to December 31, 2002?

Response: Not applicable.

Ms. Blanca Bayo April 30, 2003 Page 2

(1) If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.

Response: Not applicable.

(2) If not, does Alafaya plan to amend its 2002 tax return in order to claim the special depreciation allowance? If yes, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.

Response: Not applicable.

(b) If Alafaya has not filed its 2002 tax return, does it plan to claim the special depreciation allowance on any plant additions placed in service from September 10, 2002, to December 31, 2002? If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes for the year ending December 31, 2002.

Response: Alafaya has not filed its 2002 tax return, but does plan to claim the special depreciation allowance on any plant additions placed in service from September 10, 2001 to December 31, 2002. Please see the attached schedules showing the bonus depreciation amount and the calculation of the deferred tax.

(c) For the 2003 tax year, does Alafaya plan to claim the special depreciation allowance on any proforma plant additions reflected on MFR Schedule A-3? If so, please provide a calculation of the impact on the utility's accumulated deferred income taxes.

<u>Response</u>: Alafaya does plan to claim the special depreciation allowance on the pro forma plant additions reflected on MFR Schedule A-3. A calculation of the impact of these additions is as follows:

Description	Amount	In Service in 2003
Gorman Rupp submersible pump for lift station	\$6,718 Completed	
Design and construction of reuse system	\$1,147,221	\$1,147,221
On-site improvements to reclaimed water system	\$1,170,924 Completed	

Ms. Blanca Bayo April 30, 2003 Page 3

DescriptionAmountIn Service in 2003Motor/Blower at digester\$ 10,168 CompletedConnect to existing Phase I reuse main and install water main\$512,228Total\$ 512,228Estimated 30% bonus depreciation in 2003\$ 497,835

Should you have any questions concerning the enclosed, please do not hesitate to give me a call.

Very truly yours,

MARTIN S. FRIEDMAN

For the Firm

MSF:VLL/dmp Enclosures

cc: Mr. Steven M. Lubertozzi (w/cnclosures)

Mr. D.W. Rasmussen (w/o enclosures)

Mr. David L. Orr (w/enclosures)

MAY-02-2003 11:41

ROSE SUNDSTROM & BENTLEY

407 830 8522 P.08

UTIL-TIES, INC.

Calculation Tax Depreciation 12/31/01

Company Number

67

LINE #		Alafaya
	Tax Depreciation on Plant In Service per Tax Depreciation Schedules	342,584
	EBV Adjustments (w/p B)	(315,688)
	Book Depreciation on Autos	11,547
	Book Depreciation on Computers	
	Total Tax Depreciation to be reported on SE-3	38,443

MAY-02-2003 11:41 ROSE SUNDSTROM & BENTLEY File: Taxable.Inc.98 (ACRS)

UTI: TES, INC.

4/30/03 11:40 At. . 407 830 8522 P.09

CALCULATION OF ACRS DEFERRED TAX 12/31/01

67

	Alafaya
CURRENT YEAR SE3	
Tax Depreciation	38,443
Adj. for Tax. Depr. on Tap Fees & CIAC Prop.	(831)
Other Adj. to Tax Depr. to be Comparable	
To Book Depr.	0
Net Tax Depreciation for Def. Tax Calc.	37,612
Book Depreciation	166.419
Adjustment to be Comparable to	
Tax Depr.	(66)
Adjustment to Prior Years Books	
Net Book Depreciation for Def. Tax Calc.	166,353
Difference	(128,741)
Tax on Difference at 34%	(43,772)
Adjustment for PRE ACRS	
TAX ENTRY	(43,772)

CECTI Field 32111194 7210 100 ---. . . 1116 1577___ 2061 3(4) 2594 TNAT 2102 2335 17415160 nexts nexts 1342185 4 1883 1,162 117 3 1989 10.411 \$1,151 1791 10,552) <u>1264</u> , (11,334 fitale :) II , 29j 161.463 114 170 172.76% 27.115 31, 1. 3 21.033 111.125 1111 11.50 16, 112 11.142 51.519 36.549 (1.41) 1 111 1 1 1 1 1 404 40 (12, (17 311,547 11, 172 32.344 31 513 26.500 21,349 10), (37 31.412 145,444 FOSE 7 13tt 181,27<u>4</u> 9,118 نتنكك 106,324 144.191 45.220 1.12),64: 1.31 1,111 6.114 7,714 B. 762 1,121 9.724 1.520 411.12 3003 30, 113 625.513 121.30 11.61# 14.111 14.14 11.151 33.146 1991 0.354 35,138 11,414 31.167 31, 133 -1221 1853 1013 1410 1215 7ROM 14.314 14.124 94 411 212.113 103.936 7,791 2, 121, 474 10.314 16.016 15,90 44.271 1,727 11,710 41.754 66 329 17.315 20,473 1415 1.121 1,567 3.075 B . F21 1.72 1.271 1.724 1016 1.411 129 16.273 *** 2.315 3.313 1.193 8.517 411 44.0 356 ... ---14.533 1876 2,613 1.752 4,155 4.1.5 4,345 171, 117 4,712 1.741 1896 e. 965 4.345 1,014 ρ'n 147.701 1,111 611 t. 511 3.611 1,911 1,111 1,521 CH 5 At 1 35,300 1782 5,474 1,624 3,143 3.420 5.+41 1.471 145,171 2.412 5 616 1591 3494L 17, F399 4, F36 1,811 1,110 1,411 3.941 5,313 [3,971 146.571 1.011 7, 111 17,671 23,575 17 5781 F.478 -3 3703 6,474 124, (31) 15.44 b7 6.176 12, 110 īğ 2162 (2),269) 41,977 6.414 6.67# 4. 424 # 17 E 11.00 (79,327) 2.141 اللت 1 11 1,112 1.111 2.112 3,112 3161 74, 415 49461 Ph. 3941 13 4714 41 6761 43.7841 69. 2261 3502 3501 Z 2601 Z 3505 17, 29 11 116.1111 35 23 2851 月 3957 日 3957 日 3057 日 3057 日 3057 ووسمينا لح 1174,180 114.312 742.54C 135,764 £75,29 L 151,238 483.937 251,324 157, 719 \$11,333 158, 915 \$37,521 \$13,163 = | Current year Depreciation \$.43r ats 1,613,551 4.040 456 7,543,547 ,>;1,11 F,734,144 1,615,121 1.162.113 1.418, 423 6, 101,79E. 5,3/0,384 5,414,673 6.340,451 3,025,253 14.719,151 1,151,624 21 4 m. Prps. · as also at acquisities 0.35140 0.62158 n. Marie 8_01199 4.43714 e. Dia #0 h 87746 P. 64910 P.11216 0,95000 9.45104 0.04 263 0.04753 2.01453 9.1/142 3-C(11) 2.11143 p. ercel P. 11442 a. ectes f. 24113 0.8444 9. Pe\$ 12 8.41111 p.41119 0 43783 1.01414 6.81750 D. 17351 riest and last year to 14, all other years at 41 0.17113 D. F1110 11 13 First year at 361, hast year at 3t, all other hears to th p. Plate 121.171 25.526 508.195 (); () or 1111 m di frost fost) 110,000 150,506 234. 206 129.393 163.581 441.711 145,845 111-117 421,214 465,521 2,131 16.4191 21.114 121,7151 €€. 66 € 2,144 J. ett Marie Inc 407

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