

ORIGINAL

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

FAX (850) 656-4029

www.rsbatorneys.com

REPLY TO ALTAMONTE SPRINGS

CENTRAL FLORIDA OFFICE

600 S. NORTH LAKE BLVD., SUITE 160
ALTAMONTE SPRINGS, FLORIDA 32701
(407) 830-6331

FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.

VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M. C. ROSE, OF COUNSEL
WAYNE L. SCHIEFELBEIN, OF COUNSEL

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

RECEIVED FPSC
03 MAY - 5 AM 10: 14
COMMISSION
CLERK

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.

03 MAY - 5 AM 11: 00
DISTRIBUTION CENTER

AUS _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
MMS _____
SEC _____
OTH _____

DOCUMENT NUMBER-DATE
04043 MAY-5 03
FPSC-COMMISSION CLERK

(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 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.

Response: 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:

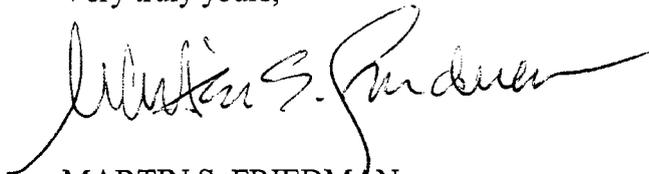
<u>Description</u>	<u>Amount</u>	<u>In Service in 2003</u>
Gorman Rupp submersible pump for lift station	\$6,718	Completed
Design and construction of reuse system	\$1,147,221	\$1,147,221
On-site improvements to reclaimed water system	\$1,170,924	Completed

Ms. Blanca Bayo
April 30, 2003
Page 3

<u>Description</u>	<u>Amount</u>	<u>In Service in 2003</u>
Motor/Blower at digester	\$ 10,168 Completed	
Connect to existing Phase I reuse main and install water main	\$512,228	<u>\$ 512,228</u>
Total		\$1,659,449
Estimated 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/enclosures)
Mr. D.W. Rasmussen (w/o enclosures)
Mr. David L. Orr (w/enclosures)

UTILITIES, INC.
Calculation of 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

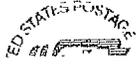
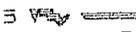
CALCULATION OF ACRS DEFERRED TAX

12/31/01

67

	<u>Alafaya</u>
<u>CURRENT YEAR SE3</u>	
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.	<u>0</u>
Net Tax Depreciation for Def. Tax Calc.	<u>37,612</u>
Book Depreciation	166,419
Adjustment to be Comparable to Tax Depr.	(66)
Adjustment to Prior Years Books	
Net Book Depreciation for Def. Tax Calc.	<u>166,353</u>
Difference	<u>(128,741)</u>
Tax on Difference at 34%	(43,772)
Adjustment for PRE ACRS	
TAX ENTRY	<u>(43,772)</u>

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP
600 S. NORTH LAKE BLVD., SUITE 160
ALTAMONTE SPRINGS, FLORIDA 32701

★ ★ ★  ED STATES POSTAGE
144 5  PB9878942
4431# 00.370 APR 30 03
3831 MAILED FROM ZIP CODE 32701

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

32399+0830 01

