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REPLY TO ALTAMONTE SPRINGS

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

November 7, 2003

VIA HAND DELIVERY

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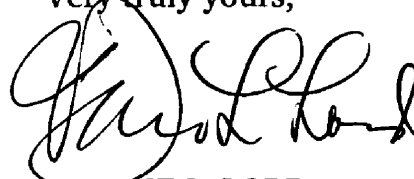
Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 031035-WS; Petition for Establishment of an Approved AFUDC Rate
Sanlando Utilities Corporation
Our File No.: 30057.62

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are the original and fifteen (15) copies of Sanlando Utilities Corporation's Petition for Establishment of an Approved AFUDC Rate for the year 2001.

Very truly yours,



VALERIE L. LORD
Of Counsel

VLL:dmp
Enclosures

cc: Mr. Steven M. Lubertoizzi (w/enclosure)
David L. Orr, P.E. (w/enclosure)
Mr. Patrick C. Flynn (w/enclosure)

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R. v. P.

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

11145 NOV-7 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by SANLANDO
UTILITIES CORPORATION
for establishment of an approved
AFUDC rate

Docket No. 031035 -WS

PETITION FOR ESTABLISHMENT OF AN APPROVED AFUDC RATE

SANLANDO UTILITIES CORPORATION (*Sanlando*, or *Applicant*) by and through its undersigned attorneys, pursuant to Chapter 367, Florida Statutes, and Rule 25-30.116, Florida Administrative Code, requests the Florida Public Service Commission (*Commission*) to establish an approved allowance for funds used during construction (*AFUDC*) rate for the year 2001, and in support states:

INFORMATION PROVIDED IN ACCORDANCE WITH RULE 25-22.036(7)

1. The name and address of the Applicant is:

Sanlando Utilities Corporation
200 Weathersfield Avenue
Altamonte Springs, Florida 32714
2. The name and address of the Applicant's representative authorized to receive notices and communications with respect to the Application is:

Martin S. Friedman, Esq.
Rose Sundstrom & Bentley, LLP
600 South North Lake Boulevard, Suite 160
Altamonte Springs, Florida 32701
Telephone: (407) 830-6331
Facsimile: (407) 830-8522
Email: mfriedman@rsbattorneys.com

FACTS

1. Sanlando is a water and wastewater utility as defined by Section 367.021(12), Florida Statutes, and is not exempt from regulation by the Commission pursuant to Section 367.022, Florida

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Statutes,. Sanlando may implement an approved AFUDC change only with the approval of the Commission under the criteria established in Rule 25-30.116, Florida Administrative Code.

2. Sanlando has never had an AFUDC rate established in a prior proceeding before the Commission. Sanlando now seeks approval for such a rate change for the year 2001, effective immediately.

3. The calculation of the appropriate new AFUDC rate is set out in the attached supporting Schedules.

4. This calculation is in accordance with the requirements of Rule 25-30.116, Florida Administrative Code.

5. Approval of such rate is necessary in order for Sanlando to accurately accrue and recover its costs of providing utility service for the year 2001.

6. The Commission should approve the new AFUDC rate expeditiously.

SCHEDULES ATTACHED

1. **Schedule A** shows the capital structure, cost rates and weighted average costs of capital that form the basis for the AFUDC rate calculated in accordance with the provisions of Rule 25-30.116(2), Florida Administrative Code.

2. **Schedule B** shows the capital structure adjustments and adjusted capital structure that form the basis for the AFUDC rate calculated in accordance with the provisions of Section 25-30.116(2), Florida Administrative Code.

3. **Schedule C** shows the calculation of the methodology set out in Rule 25-30.116, Florida Administrative Code.

REQUESTED ACTIONS

Sanlando requests the Commission to:


1. Consider the information provided in this Petition and approve the Petition and the AFUDC rate for the year 2001 shown in Schedule A in an expeditious manner.
2. Order the effective date of the new AFUDC rate be effective for the month following

the twelve month period used to establish the new AFUDC rate in accordance with Rule 25.30-116(5).

3. Grant such other relief to Sanlando as is just and reasonable.

Respectfully submitted on this
7th day of November, 2003 by:

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BY: 

Martin S. Friedman
For the Firm

SCHEDULE A

Sanlando Utilities Corp.**Cost of Capital**

A: 12/31/01

<u>Capital Structure</u>	<u>12-Month Average 12/31/2001</u>	<u>Percent Ratio</u>	<u>Cost of Each Percent</u>	<u>Weighted Cost</u>
(1) Common Equity	73,632,971	50.42%	9.86%	4.97%
(1) Long-Term Debt	72,451,384	49.61%	8.59%	4.26%
(2) Customer Deposits	15,829	0.01%	6.00%	0.00%
(2) Deferred Income Taxes	<u>(54,505)</u>	<u>-0.04%</u>	0.00%	<u>0.00%</u>
Total	146,045,678	100.00%		9.23%

(1) The Common Equity and Long-Term Debt amounts used in this calculation are derived from the common equity and long-term debt of Utilities, Inc., the parent company of Sanlando Utilities Corp.

(2) The Customer Deposits and Deferred Income Taxes amounts used in this calculation are derived specifically from the customer deposits and deferred income taxes of Sanlando Utilities Corp.

Sanlando Utilities Corp.

Leverage Calculation

A: 12/31/01

$$\begin{aligned} \text{Return on Common Equity} &= 8.41\% + 0.731 / \text{Equity Ratio} \\ &= 8.41\% + 0.731 / 50.42\% \\ &= 8.41\% + 1.4499 \\ &= 9.86\% \end{aligned}$$

SCHEDULE B

SCHEDULE C

Sanlando Utilities Corp.

Monthly AFUDC Rate

A: 12/31/01

$$M = [(1 + A/100)^{1/12} - 1] * 100$$

Where:

M = discounted monthly AFUDC rate

A = annual AFUDC rate

$$M = [(1 + 0.0923)^{1/12} - 1] * 100$$

$$= 0.0073840 * 100$$

$$= \boxed{0.7383964}$$