

State of Florida

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DIVISION OF LEGAL SERVICES
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Public Service Commission

June 28, 1993

John F. Lowndes, Esq.
Lowndes, Drosdick, Doster, Kantor,
& Reed, Professional Association
215 North Eola Drive
Post Office Box 2809
Orlando, Florida 32802

RE: Docket No. 930256-WS - Petition of Sanlando Utilities Corporation for a Limited Proceeding to Implement Water Conservation Plan

Dear Mr. Lowndes:

Staff has reviewed Sanlando's petition for a limited proceeding to implement conservation rates and has determined that more information is required in order for the Commission to make an informed decision on your request. Please provide the information requested below at your earliest convenience, preferably within the next fourteen (14) days.

1. The reuse cost summary tables attached to the petition include estimates operating costs related to providing effluent to certain users. Please explain how the utility plans to recover these costs.

2. If the plan is designed to recover both capital and operating costs with the proposed rates, please explain why the utility did not choose to charge the effluent users for the operating costs related to providing effluent to them.

3. The petition addresses "Phase I" of this project. Please explain whether the utility has a "Phase II" planned for the future. If so, please also explain what construction would be required, what customer group(s) would be served, and what revenue recovery mechanism would be used.

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4. The utility suggests placing "excess earnings" generated by the inverted rate structure into an escrow account. Please discuss how the determination of "excess" will be made. Please explain what benchmark will be used to divide non-excess from "excess" earnings.
5. Please identify the utility's current total effluent capacity relative to the amount that would be delivered to the golf courses and other customers under Phase I. What is the current method of disposing of that effluent?
6. Please explain why the utility believes the use of average historic consumption in developing projection factors for future consumption "contemplates" weather normalization?
7. Please explain how the reduced consumption percentages used to adjust projected gallons were developed? Please discuss any studies relied on, or other data used in their determination.
8. Please explain the assumptions used in the development of the step rates. How were the step increments chosen? What factors were used in developing the rate design?
9. Please identify by class of service, the number of customers that are water only, water and wastewater, wastewater only, and total.
10. Please provide a detailed explanation of the costs for the equipment and lines included in the \$977,200 cost estimate shown in Table II of the Conklin, Porter, & Holmes Engineers, Inc. report.
11. Page three of the above-referenced report describes options for the location of the transmission system. Please identify the option the utility intends to use and explain why that option has been chosen. If an option has not been chosen, please tell when that decision will be made.

Mr. Lowndes
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Your prompt attention to this request will be appreciated. If you should have any questions concerning this request for information please contact me at (904) 487-2740 or Ms. Messer at (904) 488-8482.

Sincerely,

A handwritten signature in cursive script that reads "Catherine Bedell". The signature is written in black ink and is positioned to the right of the typed name.

Catherine Bedell
Senior Attorney

CB/mcs

cc: Sanlando Utilities Corporation
c/o Mr. George H. Billings
Division of Records and Reporting
Division of Water and Wastewater (Messer, J. Williams, Starling, Johnson,
VonFossen)