

STATE OF FLORIDA



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Public Service Commission

April 30, 1997

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley
P.O. Box 1567
Tallahassee, FL 32302-1567

Re: Docket No. 960288-SU: Application for approval of reuse project plan in Seminole County by Alafaya Utilities, Inc.

Dear Mr. Friedman:

This letter is to request additional information regarding the above-referenced application. Specifically, with respect to the wastewater reuse study prepared by Hartman and Associates and the utility's October 22, 1996 response to staff's data request, we ask the utility to provide responses to the following:

Section 5.2 - Institutional Scenario

1. Has the utility contacted the nine irrigation sites regarding the proposed reuse plan? If so, what was (were) the response(s)?
2. Why did the utility assume 100% participation by the irrigation sites in this scenario? Do these reuse sites have alternative water sources that they can use to supplement reuse? If so, what are the alternative water sources?
3. Do the potential reuse sites have Consumptive Use Permits (CUPs)? If so, do the CUPs require the potential reuse sites to use reuse?
4. According to the study, an average annual irrigation-rate of 1.25 inch/week (page 5-4) has been assumed. Please provide the backup data for this estimate.

Section 5.3 - Residential Reuse

1. The estimated reuse demand is 500 gpd (page 5-11). Please provide the backup data for this estimate. Has the utility contacted the St. Johns River Water Management District regarding this estimate? If so, what was the WMD's response?

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FPSC-RECORDS/REPORTING

2. According to the study, the estimated participation rate of 50% (page 5-13) was derived after discussions with other utilities operating reclaimed water systems. What utilities were involved in these discussions? Are these utilities providing reuse in areas similar to that which is proposed by Alafaya? What is the respective reuse rate for each utility contacted? Do these utilities charge service availability fees relating to reuse? Did any of the referenced utilities have reuse lines already in place, or did the respective service areas need to be retrofitted for reuse?
3. Why does the utility believe that it is appropriate to assume the same participation rate and same usage rate for all scenarios? If the participation rate is increased for those customers in Residential Scenario 4, what would the impact be on the results of the study?

General

1. Each scenario contained in the study assumes a different reuse demand; however, the revenue requirement calculation provided in response to staff's data request shows that the same consumption is used for determining rates in all five scenarios. Why weren't the different reuse demands that were estimated in each respective scenario used to determine the proposed rate for that corresponding scenario?
2. Please provide a copy of the permit application for reuse submitted to the Department of Environmental Protection.
3. Does Alafaya have a written agreement with the golf course which entitles the utility to access to the storage pond located on the golf course? If so, please provide a copy of that agreement. If there is no such written agreement, what assurances, if any, does the utility have that it will continue to have access to the storage pond?

Accounting Schedules:

The following questions refer to the schedules included in the utility's October 22, 1996 response to staff's data request.

1. Please provide support for the Operation and Maintenance Expenses on Schedule 1. Specifically, please provide the following:
 - (a) Staffing/Administration: the number of persons included in the estimate, along with the primary duties of each person, the estimated number of hours per week each person will work, and the respective rates per hour for those individuals. Also, please provide

the amount of taxes and benefits that are attributable to each employee.

- (b) Chemicals and electricity: please provide support for these expenses under each scenario.
 - (c) Equipment repair & replacement: please provide support for the amount listed in each scenario.
2. Please provide additional support for Schedule 3. Specifically, please provide copies of the utility's last three years' tax bills. Also, in this schedule, has the utility assumed that the plant is 100% used and useful?
 3. With regard to Schedule 4, how does the utility intend to finance the reuse project, i.e., will it be financed through debt, equity or some combination thereof? If it is to be financed with a combination of debt and equity, what are the anticipated respective percentages of debt and equity with regard to the total amount financed, and what is the expected cost rate(s) of the new debt instrument(s)?
 4. The capital structure that was provided in response to Schedule 4 is based on Utilities, Inc.'s (UI) 1995 capital structure. Did this capital structure change in 1996? If so, please provide a revised Schedule 4 that reflects UI's 1996 capital structure. Also, please provide a list of the components and the corresponding cost rates that comprise the long term debt indicated on the schedule.
 5. According to Schedule 5, the consumption data for the period May 1994 - April 1995 was provided because the programming changes to Oviedo's billing system were not available until October 1995. Is consumption data from October 1995 to the present available? If so, please provide the most recent twelve months consumption data.
 6. Is the consumption data provided in Schedule 5 based on irrigation consumption only, or does it reflect total consumption for all water uses? If the data reflects total consumption for all water uses, please explain why the utility believes it is appropriate to calculate rates for irrigation based on total water consumption. Does the utility have a reasonable range of percentages that could be used to estimate the percentage of total water use that is used for irrigation purposes? Do any customers have irrigation-only meters? If so, please provide the number of irrigation customers, the corresponding number of irrigation gallons sold, and specify whether those customers are residential service or general service.

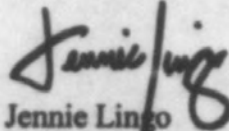
Martin S. Friedman, Esquire

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To ensure that staff has adequate time to evaluate the information and prepare a recommendation, please provide the requested information by May 16, 1997. If you have any questions, please do not hesitate to contact me.

Sincerely,



Jennie Lingo
Economic Analyst

Bureau of Policy Development and
Industry Structure

VJL

cc: Division of Water and Wastewater (Hill, Chase, McRoy, Von Fossen, Xanders)
Division of Legal Services (Capeless)
Division of Records and Reporting (docket file)