

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

September 28, 1998

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, P.A.
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

STAFF DATA REQUESTS

RE: Docket No. 971186-SU - Application for approval of reuse project plan and increase in wastewater rates in Seminole County by Sanlando Utilities Corporation.

Dear Mr. Friedman,

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

1. What is the present status of the utility's DEP wastewater permit application for the Wekiva Hunt Club WWTF?
2. Has the protest of the permit application been resolved? If no, what is the status of the negotiations to resolve the protest?
3. Does the utility anticipate incurring any capital improvement costs related to the resolution of the protest of the permit application? If yes, what is the nature of these costs, and are they reflected in the capital budget already submitted?

For the following requests, please refer to the utility's Capital Budget Plan:

Capital Budget, Page 1 of 4

4. Please explain the three different project priorities, describing how they were determined and assigned.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

DOCUMENT NUMBER - DATE
 10735 SEP 29 98
 PESC-RECORDS/REPORTS

Capital Budget, Page 2 of 4

Water Plant Operations

5. Two options are given for auxiliary power (G1 for \$54,000, and G2 for \$20,000). Which option is the utility proposing?
6. The utility states the upgrade of well controls eliminates the need for leased telephone lines. What is the cost of these leased lines?

Wastewater Plant Operations

7. Two options are given for auxiliary power (A1 for \$60,000, and A2 for \$6,500). Which option is the utility proposing?

Capital Budget, Page 3 of 4

Wastewater Collection System

8. Item "A" lists a 5CY VacCon Truck lease for 84 months with the utility retaining it for 10 years. Will the utility have an option to purchase the truck after 84 months? Will the utility renew the lease?

Capital Budget, Page 4 of 4

9. Liftstation maintenance and repair: What is the disposition of the 3/4 ton hoist (2A) at the conclusion of the 5 year lease?
10. Maintenance shop: What is the disposition of the equipment in leases A, B, C, D, E, and F at the conclusion of the leases.

Operation and Maintenance Enhancements, Page 1 of 2

Water Plant Operations

11. Item "1B" shows a contractor inspection of high service pumps followed by recurring inspections every three years. Why isn't the \$4,750 cost amortized over a three year period?

12. Item "1J" lists painting of ground storage tanks every three years. Why isn't the \$16,160 cost amortized over 3 years? Why are only 4 storage tanks proposed for scheduled painting when Sanlando's 1997 annual report lists 7 storage tanks?
13. Item "2E" shows pigging all raw water lines on a 3 year cycle. Why isn't the \$15,000 cost amortized over a three year period?
14. Item "3C" lists two additional personnel at the Wekiva Plant. Is the addition of these two people required by DEP? Will they be licensed operators?

Wastewater Plant Operations

15. Item "1B3" lists a Sand Dragon Contract for cleaning diffusers. Why isn't the \$23,000 cost amortized over a five year period?
16. Item "1C" lists operation and maintenance costs to remove the old Des Pinar wastewater treatment plant. Why isn't the \$19,000 removal cost being charged to the accumulated depreciation account as required by the NARUC System of Accounts?

Please provide the following:

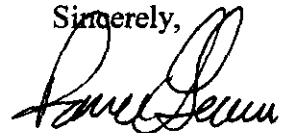
17. Operation and Maintenance Enhancements, Page 2 of 2. We are missing operation and maintenance enhancements for the water distribution system, wastewater collection system, liftstation maintenance and repair, maintenance shop, and engineering and administrative.
 18. A timetable showing a breakdown of the capital expenditures by water and wastewater system, and the estimated time of completion by month and year.
 19. Copies of any proposed contracts or estimates that correspond with the projected budget.
 20. The retirement amounts of items to be replaced.
 21. Copies of the company's capital budget for the past four years (1995, 1996, 1997, 1998), and statements as to whether the projects were completed or not.
 22. Copies of approvals or permits for construction for proposed expenditures.
-

Martin S. Friedman, Esquire
Page 4
September 28, 1998

23. Copies of any order(s) or correspondence of local, state, or federal regulatory authorities, which require the utility to undertake any of the listed capital projects.
24. Will any of the equipment contained in the proposed capital expenditures be used for utility systems other than Sanlando (Pick-up Trucks, Backhoe, Vacuum Truck, Dump Truck)?
25. If rates were to be set for Sanlando's reuse project, what capital structure would be used to determine the cost of the capital for purposes of setting rates? For purposes of this response, please show the component balances, cost rates, relative percentages, and weighted average cost of capital.
26. Now that Sanlando is a subsidiary of Utilities, Inc., what is Sanlando's projected capital structure for December 31, 1998? For purposes of this response, please show the capital component balances, cost rates, relative percentages, and weighted average cost of capital.

Please file the original and five copies of the requested information by October 16, 1998, with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6224 if you have any questions.

Sincerely,



Rosanne Gervasi
Senior Attorney

RG/dr

cc: Division of Records and Reporting
Division of Water and Wastewater (Willis, Bethea, Casey, Crouch,
Golden, Moniz, Rendell, Rieger)
Division of Auditing and Financial Analysis (Forbes, Jones, Maurey)
Stephen C. Reilly, Esquire (OPC)
Jennifer Springfield, Esquire (St. John's River Water Management District)