

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



DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

February 9, 2000

Mr. Charlie DeMenzes, President
Tradewinds Utilities, Inc.
P.O. Box 5220
Ocala, Florida 34478-5220

Re: Docket No. 991835-WS - Application for Allowance for Funds Prudently Invested (AFPI) charge for additional water improvements and for additional lines associated with wastewater extension into the George Mayo subdivision in Marion County by Tradewinds Utilities, Inc.

Dear Mr. DeMenzes:

We have received the above-referenced AFPI filing. However, in order to complete the process, staff needs additional information. Please provide the following information:

- 1. A list of the Utility Plant In Service in connection with the water improvements for which the utility is seeking AFPI in the following format:

<u>Account No.</u>	<u>Plant Description</u>	<u>Date Installed</u>	<u>Amount</u>
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- 2. Plant invoices, contractual payments, etc. to support the \$632,700 of plant in service referenced in the contract with Florida Department of Environmental Protection (FDEP).

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
MAS _____
OPC _____
RRR _____
SEC 1
WAW _____
OTH _____

- 3. On Page 2 of the FDEP loan agreement with the utility, the contract referenced a 200,000 gallon elevated storage tank.

- a. What is the capacity of the tank?
- b. Provide information as to where the tank is located.
- c. Why was the tank installed?
- d. Was the tank required by FDEP?
- e. Why was the tank located where it is?

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- f. Are there any specific rules or regulation by any government agency that advised the utility to place the tank in operation in the present location? If so, explain.
4. Provide the following information regarding the tank and distribution lines:
 - a. Were new distribution lines installed to provide water service exclusively to the new customers in the George Mayo Subdivision?
 - b. Are the water distribution mains/lines located in the George Mayo Subdivision interconnected with the existing water lines in Tradewinds Utilities, Inc's. remaining service territory?
5. By Order No. PSC-94-0245-FOF-WS, issued March 4, 1994, "the utility purchased an additional 20 acre tract of land for spray irrigation in order to dispose of treated wastewater effluent. The utility recorded the value of this land at \$99,000. However, only 6.6 acres of this land is being used for utility purposes. Of the 6.6 acres, 4.5 acres are for the spray field and 2.1 acres are for the buffer zone. We find it appropriate to adjust the additional land value by (\$66,330) to reflect a value of \$32,670 for the buffer zone and for the land on which the sprayfield is located."
 - a. In the utility's current AFPI proposal, the cost of land was stated at \$162,500 for the water system. In the last rate case for the utility, the Commission established land value at \$99,000 on the wastewater system. Please provide documentation or an explanation why the utility is apparently attempting to change systems to recover on this investment.
 - b. During a conversation between you and Commission staff, the sale of ten acres of land was discussed with a total value of \$162,500. If this is the same land, is it consistent with the above Order that addressed the twenty acres? If so, why was it sold?
 - c. Why were the ten acres repurchased by the utility?
 - d. Provide the utility's calculation on the land valued at \$162,500 for ten acres.
 - e. Provide documentation of the sales transaction that established the sale of land from the utility to the stockholder and from the stockholder back to the utility.
 - f. Explain where the land is located, how the utility acquired it, and why it was acquired.
6. Provide a copy of the land appraisal referenced in the utility's Financial Statements submitted to staff for year ending December 31, 1998.
7. Does the utility plan to expand the capacity of the water system? Is there remaining service territory available for growth? If so, how much?

Mr. Charlie DeMenzes, President

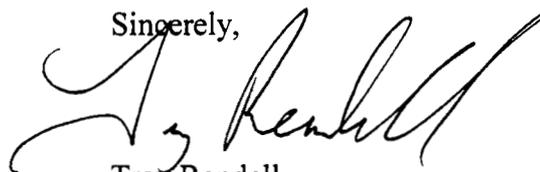
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8. Does Tradewinds Utilities, Inc. plan to apply for a rate case with the Commission in the near future? If so, when?

Staff has attached a copy of Order No. PSC-94-0245-FOF-WS, issued March 4, 1994, for your review. In order to complete the AFPI process in an expedient manner, please provide the above information by March 10, 2000. Please do not hesitate to call Johnny Butts at (850) 413-6920, if you have any questions regarding this matter.

Sincerely,



Troy Rendell
Public Utilities Supervisor

TR/jb

Enclosures (1)

cc: Division of Water and Wastewater (Willis, Butts)
Division of Legal Services (Brubaker)
Division of Records and Reporting (Docket No. 991835-WS)