

COMMISSIONERS:  
BRAULIO L. BAEZ, CHAIRMAN  
J. TERRY DEASON  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON  
LISA POLAK EDGAR

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL  
RICHARD D. MELSON  
GENERAL COUNSEL  
(850) 413-6199

## Public Service Commission

May 11, 2005

Kathryn G. W. Cowdery, Esquire  
Ruden, McClosky, Smith, Schuster & Russell, P.A.  
215 South Monroe Street, Suite 815  
Tallahassee, FL 32301

**Re: Docket No. 980876-WS, Application for certificates to operate a water and wastewater utility in Marion County by Ocala Springs Utilities Inc.**

Ms. Cowdery:

We are in receipt of the application for initial rates and charges for Ocala Springs Utilities Inc., which was filed April 7, 2005, in response to the waivers granted by Order No. PSC-98-1374-PCO-WS, issued October 12, 1998. Staff has reviewed the application and found it to be deficient with respect to the following two items:

**Deficiencies:**

1. **Proof of Ownership.** Rule 30-30.033(1)(j), Florida Administrative Code, requires evidence, in the form of a warranty deed, that the utility owns the land upon which the utility treatment facilities are or will be located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.
2. **System Map.** Rule 25-30.033(1)(m), Florida Administrative Code, requires one copy of a detailed system map showing the proposed lines, treatment facilities and the territory proposed to be served. The map must be of sufficient scale and detail to enable correlation with the description of the territory proposed to be served.

In addition to the above stated deficiencies, staff has the following requests for additional information and/or clarifications:

**Additional Information / Clarifications:**

3. **Effluent Disposal.** It is not clear whether the proposed utility facilities include effluent disposal as a means of reuse since there is no stated charge. If the utility does not intend to have reuse facilities, please note that Rule 25-30.033(1)(q), Florida Administrative Code, requires a statement that describes with particularity the reasons.

Kathryn G. W. Cowdery, Esq.

Page 2

May 11, 2005

4. Service Availability Policy. Please provide a service availability policy for the utility's proposed water and wastewater tariffs.
5. Hydrants. Staff notes that contributions-in-aid-of construction do not include the costs of hydrants. Please explain why these costs are not included with the costs of the lines in calculating the main extension charges.
6. Revenue Proof. Please provide a revenue proof which shows how the proposed rates generate the required revenues.
7. Guaranteed Revenues. Are the guaranteed revenues in the utility's proposed tariffs included in the revenue requirements?
8. Debt. Please explain the basis for the 7.0% cost of debt.
9. Income Tax. Please provide a schedule which shows how income taxes were calculated for operating income.
10. Parent Debt. Was parent debt considered in the calculation of income tax? (See Rule 25-14.004, Florida Administrative Code.)

Please be advised that utility must not begin charging for service until it has Commission-approved rates and charges. However, until the application is complete, staff cannot determine if the proposed rates and charges are reasonable and appropriate. If you have any questions regarding the information requested above, please feel free to contact either Patricia Brady at (850) 413-6686 [pbrady@psc.state.fl.us](mailto:pbrady@psc.state.fl.us) or Stan Rieger at (850) 413-6970 [rieger@psc.state.fl.us](mailto:rieger@psc.state.fl.us).

Sincerely,



Patti Daniel  
Supervisor of Certification

PD:pb

cc: Division of Economic Regulation (Brady, Rieger)  
Office of the General Counsel (Fleming)  
Division of the Commission Clerk and Administrative Services