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STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

# Public Service Commission

March 10, 2006

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.**

Dear Ms. Cowdery:

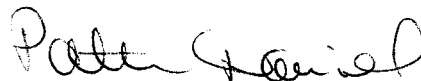
Thank you for the supplemental rate filing provided on December 21, 2005, and for facilitating the February 8<sup>th</sup> conference call with Mr. Farner. In order to complete its review of Ocala Springs Utilities Inc.'s (OSUI) proposed rates and charges, staff needs a response to the following questions and data requests. If possible, please provide the response on or before March 24, 2006.

1. Taxes: Please confirm that OSUI has elected not to be an S Corporation under the Internal Revenue Code.
2. Parent Debt: Pursuant to Rule 25-14.004, Florida Administrative Code, the income tax expense of a regulated company is to be adjusted to reflect the income tax expense of the parent debt where a parent-subsidary relationship exists.
  - a. Please confirm whether a parent debt relationship exists between OSUI and its tiered parents, Avatar Utilities Inc. and Avatar Holdings Inc.
  - b. If so, please indicate whether the adjustment required by rule was made to OSUI's proposed tax expense and provide the calculation.
  - c. If not, please make the adjustment required by rule to OSUI's proposed tax expense and provide the calculation.
3. O&M Expense: The O&M expense detail for OSUI's Reuse and Golf Course Reuse systems was not provided in Support Table A. Please provide this detail.
4. Depreciation Expense and Accumulated Depreciation: Please provide OSUI's calculation of depreciation expense and accumulated depreciation.

5. CIAC Amortization Expense and Accumulated Amortization of CIAC: Please provide OSUI's calculation of CIAC amortization expense and accumulated amortization of CIAC.
6. Allocation of Costs: Please provide a detailed schedule which shows OSUI's allocation of fixed and variable cost components used in calculating the base facility and gallonage charges for each service.
7. Base Facility and Gallonage Charges: Please provide OSUI's revenue proof for the proposed base facility and gallonage charges shown on Schedules 4 through 7.
8. Service Availability Charges: Please provide OSUI's calculations for the service availability charges shown on Support Table B.
9. Electronic Data File: Please provide a copy of the electronic data file used to compile all Schedules and Support Tables for OSUI's proposed rates and charges, including the information prepared for this request.
10. Tariffs: There are a number of corrections which need to be made to OSUI's proposed water and wastewater tariffs. (Marked copies are attached.) The modifications can be filed at a later date than staff's requested March 24<sup>th</sup> response to Items 1 through 9, above.

If you have any questions regarding the information requested above, please contact Ms. Patricia Brady, at 413-6686 or [pbrady@psc.state.fl.us](mailto:pbrady@psc.state.fl.us).

Sincerely,



Patti Daniel  
Supervisor of Certification

Attachments

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