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Public Service Commission

October 7, 1994

ORIGINAL
FILE COPY

Robert Taylor, Esquire
Curry, Taylor & Carls
1900 Summit Tower Blvd.
Suite 800
Orlando, FL 32810

Re: Docket No. 930256-WS -- Petition of Sanlando Utilities Corporation for a Limited Proceeding to Implement Water Conservation Plan in Seminole County

Dear Mr. Taylor:

The Commission Staff is in the process of reviewing the stipulation signed by the parties in this docket and presented to the Commission for its approval. After this review, Staff anticipates filing a recommendation to the Commission on November 22, 1994. This recommendation will be addressed at the Commission's December 6, 1994 Agenda Conference.

In order to assist Staff in its review and recommendation, Staff has developed a list of questions relating to the terms of the stipulation. Staff will be asking similar questions to all of the signatories of the stipulation.

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____ Please respond to the following questions:

1. Paragraph 2 of the Stipulation states that the Corporation or the Office of Public Counsel shall "immediately" seek an opinion from the Internal Revenue Service (IRS) as to whether the surcharge will be taxable. At what point will this be done (i.e., upon execution of the stipulation, upon approval of the stipulation by the Commission, or upon formation of the Corporation including all necessary approvals of the parties, Commission, and Secretary of State's office)?

2. If the IRS should decide that taxes would be due and owing on the surcharge, is it still the intention of the parties that the Corporation should be formed?

3. Is it the intention of the parties that the nine member board of directors of the Corporation or the Chief Operating Officer receive a salary for their participation? What salary level(s) is anticipated?

DOCUMENT NUMBER-DATE

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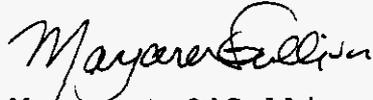
4. We note in Paragraph 3 that reasonable expenses to operate the Corporation shall be paid from the escrow account. Other than the salaries discussed above, what expenses are anticipated? It is the parties' intention that the Commission shall determine the reasonableness of the Corporation expenses to be paid from the escrow account?
5. We note in Paragraph 7 of the stipulation that the reuse facilities will be owned by the Corporation, although all prudent operation, maintenance and rental expenses and revenues associated with the facilities shall be recovered through the utility's revenue requirement. Please specify any and all revenues associated with the facilities that are anticipated?
6. At the time the surcharge is discontinued as contemplated by Paragraph 10 of the stipulation, will the Corporation continue to exist? If so, for what purpose and what expenses of the corporation will continue? How will these expenses be paid? If not, what will happen to the ownership of the corporation's assets?
7. Are all water customers of Sanlando represented by the six associations shown in Paragraph No. 1 of the stipulation? If not, what is the rationale of having only a portion of the customers represented?
8. It is noted in Paragraph No. 1 that the purpose of the corporation is encouraging water conservation and reuse and for the education of the public on the use of water. Since water conservation through reuse requires that customers use the reused water, should the golf courses be represented on the board of directors?
9. Will the Corporation be dissolved once the reuse facilities are constructed?
10. In Paragraph 11, we note that the Commission shall determine Sanlando's reasonable rate case expense for this docket. However, there is no indication that the Commission would be reviewing the rate case expense of the other parties for reasonableness. Given that the customers of the utility will be paying the rate case expense through the surcharge, how do the parties propose to ensure that only reasonable rate case expense is paid from the customers' surcharge?

In order to provide adequate time for Staff to analyze this data and incorporate it into the recommendation, please submit your

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responses to this letter by October 21, 1994. If you have any questions, please contact me. Your cooperation in this matter is greatly appreciated.

Sincerely,



Margaret O'Sullivan
Senior Attorney

MEO

cc: Division of Water and Wastewater (Chase, Merchant, Rendell,
Von Fossen, Walker, Willis)
Division of Records and Reporting
All Parties of Record