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March 24, 2000

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Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: Docket No. 980670-WS

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of Citizens' Response to Sanlando's Motion to Close Docket No. 980670-WS for filing in the above-referenced docket.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

Stephen C. Reilly
Associate Public Counsel

SCR/dsb
Enclosures

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In Re: Investigation of possible)
Overearnings by Sanlando Utilities)
Corporation in Seminole County)
_____)

Docket No. 980670-WS
Filed: March 24, 2000

CITIZENS' RESPONSE TO
SANLANDO'S MOTION TO CLOSE DOCKET NO. 980670-WS

The Citizens of the State of Florida ("Citizens") by and through their undersigned attorney, the Office of Public Counsel ("OPC") hereby files its response to Sanlando Utilities Corporation ("Sanlando") Motion to Close Docket No. 980670-WS, filed on March 13, 2000.

1. On September 11, 1997, Sanlando (then under prior ownership) filed an Application for Approval of a Reuse Project Plan and to Increase Wastewater Rates.

2. In April 1998, the Staff issued a recommendation that the reuse project plan be approved but that due to Sanlando's overearnings, there should be no increase in wastewater rates. In June 1998, the Staff recommended that the Commission initiate an overearnings investigation which resulted in Docket No. 980670-WS.

3. By Order No. PSC-00-0111-PAA-WS, the Commission ordered Sanlando to book a credit to CIAC for 1997 and 1998 overearnings and deferred addressing 1999 overearnings pending an audit and further analysis.

4. On March 10, 2000, Sanlando filed an Amended Application for Approval of Reuse Project Plan in Docket No. 971186-SU. In that filing Sanlando claims that the capital expenditures of the reuse plan amount to approximately \$6,000,000. In addition, Sanlando claims that it will incur approximately \$500,000 to fund a cleanup of Cove Lake. Finally, Sanlando suggests that the

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operating costs of the reuse system will be over \$410,000 annually. Because of these expenditures Sanlando claims that there will be no overearnings in 2000.

5. Sanlando proposes that it book any 1999 overearnings as CIAC consistent with the Commission's prior actions and that this Docket be closed and that as of January 1, 2000, no earnings be held subject to refund.

6. OPC strongly objects to Sanlando's motion to close Docket No. 980670-WS. There has been no showing that Sanlando will not overearn in the year 2000. While OPC acknowledges that Sanlando may add a substantial investment to its rate base and incur additional operating costs associated with the reuse project, these potential added costs in no way demonstrate that there will be no overearnings in the year 2000. Such a finding can only be made after the year 2000 has closed and there is a full investigation by the Commission. In addition, the costs to which Sanlando refers are subject to approval by the Commission and may change over time, as they have in the past. Likewise, there is no guarantee that Sanlando will incur the proposed capital expenditures during 2000. It is possible that the project will be delayed as it has been on numerous occasions in the past. The Commission should not abandon its overearnings investigation merely because Sanlando suggests that no overearnings will occur. To the contrary, the Commission should do a full investigation of any possible overearnings at the completion of the year 2000. Similarly, the Commission should hold the year 2000 earnings subject to refund. To do otherwise, would jeopardize ratepayers access to potential overearnings.

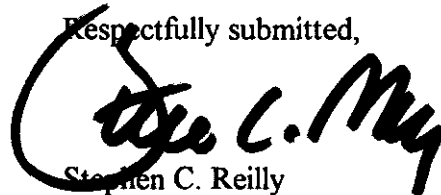
7. OPC also objects to Sanlando's suggestion that any 1999 excess earnings be booked to CIAC "consistent with this Commission's prior actions" in this Docket. It is unclear from Sanlando's motion how these overearnings would be determined. Clearly, there will be a difference of opinion

between what Sanlando might suggest is the amount of overearnings and what OPC or the Staff might conclude. Furthermore, while OPC accepted the booking of 1997 and 1998 overearnings to CIAC, no such acceptance has been made with respect to 1999 overearnings. Like any potential overearnings in 2000, possible overearnings in 1999 should be subjected to a full investigation by the Commission and OPC, not only for the amount of the overearnings, but the disposition of the overearnings.

8. Sanlando gives no satisfactory reason why Docket No. 980670-WS should be closed. If Sanlando is convinced that it will not overearn in 2000, holding revenues subject to refund should be of little concern. If Sanlando wishes to close a docket pending before the Commission for administrative reasons, OPC would not object to subsuming Docket No. 980670-WS into Docket No. 971186-SU, Sanlando's Application for Approval of a Reuse Project.

WHEREFORE, OPC recommends that the Commission deny Sanlando's motion to close Docket No. 980670-WS, to credit 1999 overearnings to CIAC, and to not require Sanlando to hold 2000 revenues subject to refund.

Respectfully submitted,



Stephen C. Reilly
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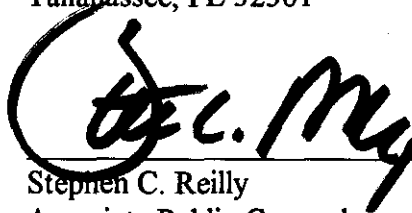
Attorney for the Citizens
of the State of Florida

CERTIFICATE OF SERVICE
DOCKET NO. 980670-WS

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizens' Response to Sanlando's Motion to Close Docket No. 980670-WS has been furnished by U.S. Mail or *hand-delivery to the following parties this 24th day of March, 2000.

Jennifer Brubaker, Esquire*
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