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July 31, 2000

BY HAND DELIVERY

Samantha Cibula
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 990696-WS and 992040-WS
Late-Filed Deposition Exhibit for Skelton

Dear Samantha:

Enclosed are the original and one copy of Late Filed Deposition Exhibit No. 1 to the deposition of H. Jay Skelton. This exhibit consists of the audited financial statements of D.D.I., Inc. for the year ending November 30, 1999.

By copy of this letter, I am forwarding one copy to Ms. Bayó for the docket file and copies to the parties on the attached service list.

Very truly yours,

Richard D. Melson

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Enclosure
cc: Blanca Bayó (for docket file)
Service List

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was served on the following persons by Hand Delivery(*) or U. S. Mail this 31st day of July, 2000.

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Attorney

KPMG

Late-Filed Ex. 1
Deposition of H. J. Skelton
Docket No 990696-WS

D.D.I., INC.

Consolidated Financial Statements and Schedule - Income Tax Basis

November 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

KPMG

Suite 2700, Independent Square
One Independent Drive
P.O. Box 190
Jacksonville, FL 32201-0190

Independent Auditors' Report

The Board of Directors
D.D.I., Inc.:

We have audited the accompanying consolidated statements of assets, liabilities and stockholders' equity - income tax basis of D.D.I., Inc. as of November 30, 1999 and 1998, and the related consolidated statements of income and expense - income tax basis and stockholders' equity - income tax basis for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 2, these consolidated financial statements were prepared on the basis of accounting the Company uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities and stockholders' equity of D.D.I., Inc. at November 30, 1999 and 1998, and its income and expense and changes in stockholders' equity for the years then ended, on the basis of accounting described in note 2.

Our audits were made for the purpose of forming an opinion on the financial statements- income tax basis taken as a whole. The supplementary information included in schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

April 20, 2000

D.D.I., INC.

Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis

November 30, 1999 and 1998

Assets		**1999**	**1998**
Current assets:			
Cash and cash equivalents	$	2,487,437	343,193
Receivables:			
Trade accounts		61,992	552,272
Interest		137,937	143,609
Refundable income taxes		313,230	1,025,124
Notes (note 9)		8,151,666	8,359,455
Total receivables		8,664,825	10,080,460
Prepaid expenses		245,609	195,158
Total current assets		11,397,871	10,618,811
Investment securities, at cost (note 3):			
Foreign securities, quoted market of $1,677,858 in 1999 and $1,731,772 in 1998		1,462,831	1,558,280
Securities of nonaffiliates, quoted market of $38,751,272 in 1999 and $27,503,988 in 1998		34,665,405	26,806,029
Securities of affiliates, quoted market of $100,840,942 in 1999 and $147,196,707 in 1998		5,823,933	5,823,933
Total investment securities		41,952,169	34,188,242
Investment in private entities, at equity, quoted market of underlying securities portfolio of $1,350,562,650 in 1999 and $1,831,140,159 in 1998 (note 3)		36,533,547	36,480,179
Investment in oil and gas entity		33,416,050	32,605,206

(Continued)

D.D.I., INC.

Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis, Continued

November 30, 1999 and 1998

		1999	1998
Land, timber and improvements, at cost:			
Land and improvements	$	24,871,297	26,522,648
Timber		4,883,704	4,740,376
Buildings		224,987	46,164
Total land, timber and improvements		29,979,988	31,309,188
Less accumulated depreciation		411,944	380,407
Net land, timber and improvements		29,568,044	30,928,781
Other investments, at equity		11,350,087	10,360,762
Cash surrender value of life insurance		5,740,474	5,493,896
Other assets		4,045,910	3,202,907
	$	174,004,152	163,878,784
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	$	1,887,523	471,683
Accrued expenses		1,060,937	1,099,835
Advances from affiliates (notes 6 and 9)		36,567,819	31,805,533
Notes payable - current portion (notes 5 and 9)		71,177,502	51,929,636
Other current liabilities		1,668,560	765,740
Total current liabilities		112,362,341	86,072,427
Notes payable, net of current portion (notes 5 and 9)		34,124,929	49,124,928
Total liabilities		146,487,270	135,197,355
Stockholders' equity (note 1):			
Common stock of $1 par value, 7,500,000 shares authorized and 4,288,181 shares issued and outstanding		4,288,181	4,288,181
Additional paid-in capital		1,579,386	1,579,386
Retained earnings		21,649,315	22,813,862
Total stockholders' equity		27,516,882	28,681,429
Commitments and contingencies (notes 8, 10 and 11)			
	$	174,004,152	163,878,784

See accompanying notes to consolidated financial statements.

D.D.I., INC.

Statements of Income and Expense - Income Tax Basis

Years ended November 30, 1999 and 1998

		1999	1998
Income from oil and gas operations (notes 9 and 10):			
Oil and gas sales	$	—	103,459,223
Oil and gas expenses		—	(103,493,557)
Income (loss) from oil and gas operations		—	(34,334)
Income (loss) from oil and gas entity (note 4)		—	(6,574,398)
Income from investment securities:			
Dividends		49,220,644	48,407,693
Interest		408,894	700,056
Gain on sale of investment securities, net		742,951	5,578,557
Total income from investment securities		50,372,489	54,686,306
Income (expense) from timber operations, net		(320,696)	(338,212)
Total income		50,051,793	47,739,362
Administrative and general expenses		(3,072,525)	(8,997,600)
Earnings from operations		46,979,268	38,741,762
Other income (expense):			
Gain on sale of other assets		7,617,153	3,292,147
Interest income		615,946	674,392
Interest expense		(7,510,841)	(7,277,334)
Miscellaneous		9,444	5,392,147
Total other income, net		731,702	2,081,352
Excess of income over expenses before income tax expense		47,710,970	40,823,114
Income tax expense (note 8)		(3,506,562)	(1,079,267)
Excess of income over expenses	$	44,204,408	39,743,847

See accompanying notes to consolidated financial statements.

D.D.I., INC.

Consolidated Statements of Stockholders' Equity - Income tax Basis

Years ended November 30, 1999 and 1998

	Common stock	Additional paid-in capital	Retained earnings	Total stockholders' equity
Balance at November 30, 1997	$ 4,288,181	1,579,386	28,970,836	34,838,403
Excess of income over expenses	—	—	39,743,847	39,743,847
Cash dividends paid of $10.70 per share	—	—	(45,900,821)	(45,900,821)
Balance at November 30, 1998	4,288,181	1,579,386	22,813,862	28,681,429
Excess of income over expenses	—	—	44,204,408	44,204,408
Cash dividends paid of $10.58 per share	—	—	(45,368,955)	(45,368,955)
Balance at November 30, 1999	$ 4,288,181	1,579,386	21,649,315	27,516,882

See accompanying notes to financial statements.

(1) Company Ownership

The outstanding common capital stock of D.D.I., Inc. (the Company) is owned by trusts established for the benefit of the Davis family, by family members individually and by partnerships and corporations owned by the family.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Company follows the policy of preparing its consolidated financial statements on the accounting basis used for income tax purposes. This basis of presentation differs from generally accepted accounting principles due to the differences in the timing of recognition of certain revenues, expenses, assets and liabilities. These consolidated financial statements are not intended to be presented in conformity with generally accepted accounting principles.

For the year ended November 30, 1998, the consolidated financial statements include D.D.I., Inc. JNO&G and JNPM through July 31, 1998. Consolidated financial statements for the year ended November 30, 1999 include the accounts of D.D.I., Inc. See note 4.

(b) Securities

The shares of Winn-Dixie Stores, Inc. common stock are stated at cost to the Company's transferor stockholders or to the Company. All other investment securities are stated at cost to the Company. Realized gains and losses are based on identified costs.

The Company enters into derivative financial instruments, principally covered call options, for trading purposes. The Company records the proceeds from the sale of derivatives as deposits held, until which time the derivatives are exercised or expire. As of November 30, 1999 and 1998, deposits held totaling $1,668,560 and $765,740, respectively, were reported as other current liabilities.

(c) Investment in Private Entities

The investment in private entities is recorded at cost adjusted by tax basis income allocated to the Company. Income from the private entities is classified in the statement of income and expense based upon the type of income, principally dividends.

(Continued)

(d) Investment in Oil and Gas Entity

The investment in oil and gas entity is recorded at cost adjusted by tax basis income and expenses allocated to the Company. See note 4.

(e) Depreciation and Depletion

Cost depletion of oil and gas property leasehold costs and depreciation of oil and gas well equipment acquired prior to 1981 are provided for principally by the unit-of-production method. The Accelerated Cost Recovery System method is used for post-1980 additions to oil and gas related equipment. The Company recognizes the greater of cost or statutory depletion for eligible leaseholds. For income tax basis financial reporting purposes, depletion is provided to the extent of cost of the property.

(f) Intangible Drilling and Development Costs

The Company follows the practice of expensing intangible drilling and development costs as incurred.

(g) Timber

Timber is recorded at cost and is depleted using the unit-of-production method.

(h) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(3) Investment in Securities and Private Entities

Investment securities consist of the following:

	1999		1998	
	Cost	**Quoted Market Value**	**Cost**	**Quoted Market Value**
Investment securities:				
Winn-Dixie Stores, Inc. common stock (3,482,709 shares in 1999 and 1998)	$ 823,933	91,203,442	823,933	140,396,707
American Heritage Life Investment Co. feline prides (100,000 units in 1999 and 1998)	5,000,000	9,637,500	5,000,000	6,800,000
Other securities	36,128,236	40,429,130	28,364,309	29,235,760
Total investment securities	41,952,169	141,270,072	34,188,242	176,432,467

(Continued)

Investment in securities and private entities consists of the following:

		1999		1998	
		Cost	Quoted Market Value	Cost	Quoted Market Value
Underlying securities portfolio of private entities: Winn-Dixie Stores, Inc. common stock, 37,304,623 shares in 1999 and 1998	$	9,491,011	976,914,814	9,491,011	1,503,842,614
American Heritage Life Investment Corporation common stock, no existing shares in 1999 and 8,378,526 shares in 1998 (a)		—	—	13,378,560	205,797,545
Allstate Corporation common stock, 11,308,748 shares in 1999 and no existing shares in 1998 (a)		13,378,560	296,147,836	—	—
First Union Corporation common stock, 2,000,000 shares in 1999 and 1998		13,518,849	77,500,000	13,518,849	121,500,000
Total underlying securities portfolio of private entities		36,388,420	1,350,562,650	36,388,420	1,831,140,159
Total securities	$	78,340,589	1,491,832,722	70,576,662	2,007,572,626

(a) 8,378,526 shares of American Heritage Life Investment Corporation were converted to 11,308,748 shares of Allstate Corporation shares when Allstate Corporation acquired American Heritage during the current fiscal year.

The quoted market values set forth above may or may not reflect the actual realizable value upon sale due to the high percentage of the total shares held.

(Continued)

At November 30, 1999 and 1998, investment securities held by the Company and pledged as collateral for notes payable had an aggregate quoted market value of approximately $85,000,000 and $158,000,000, respectively. In addition, at November 30, 1999 and 1998, a private entity in which the Company has a 77.68 percent limited partnership interest, held securities with an aggregate quoted market value of approximately $192,000,000 and $296,000,000, respectively, which were pledged as collateral for notes payable of the Company and notes payable of certain affiliates. Subsequent to November 30, 1999, additional investment securities with an approximate market value of $371,000,000 were pledged as security.

(4) Investment in Oil and Gas Entity

Through the exchange of interest in oil and gas properties on December 1, 1988 and 1991, and subsequent cash purchases, the Company held a 63 percent limited partnership interest in JN Exploration and Production Limited Partnership (JNE&P) and 100 percent of JNO&G, which is the sole general partner (5 percent interest) in JNE&P. JNO&G received a management fee for managing the affairs of the partnership and the oil and gas properties of JNE&P. The management fee, which is included in miscellaneous income in the accompanying financial statements, amounted to approximately $5,365,000 during 1998. During 1998, the operations of the partnership were allocated based upon each partner's ownership percentage, except for depreciation and depletion and gains or losses on contributed assets which are specifically allocated to the partners based upon pre-contribution tax attributes.

On December 1, 1998, the Company exchanged its interest in the partnership for a 68 percent interest in JN Petroleum Marketing, Inc. (JNPM). On August 2, 1999, JNPM's name was changed to JN Resources, Inc. (JNR). The cost basis in the stock of JNPM was transferred to JNR. Had this investment been accounted for under generally accepted accounting principles, the Company would have reflected an increase in investment of oil and gas entity of $3,780,996 for the year ended November 30, 1999.

D.D.I., INC.

Notes to Consolidated Financial Statements

November 30, 1999 and 1998

(5) **Notes Payable**

The following is a summary of notes payable at November 30, 1999 and 1998:

	Amount	
	1999	**1998**
Notes payable to banks:		
Demand	$ 32,877,000	29,389,000
November 30, 2000	10,000,000	10,000,000
November 30, 2000	10,000,000	10,000,000
April 1, 2000	15,000,000	15,000,000
Total notes payable to banks	67,877,000	64,389,000
Notes payable to affiliates (note 9):		
Demand	3,300,502	2,540,636
October 31, 2044	13,035,878	13,035,878
March 15, 2044	21,089,051	21,089,050
Total notes payable to banks and affiliates	105,302,431	101,054,564
Less current portion of notes payable	71,177,502	51,929,636
Total long-term notes payable	$ 34,124,929	49,124,928

The above debt agreements are based on 30 day LIBOR. These rates ranged from 4.085% to 5.976% in 1999.

Annual maturities of notes payable during the next five years are as follows:

2000	$	71,177,502
2001		—
2002		—
2003		—
2004		—
Thereafter		34,124,929
	$	105,302,431

For years ended November 30, 1999 and 1998, demand notes payable to banks includes $32,877,000 and $29,389,000 , respectively, drawn on $60,000,000 revolving line of credit from a bank. The line of credit is secured by investment securities (note 3).

(6) Advances from Affiliates

The Company routinely receives advances from its affiliates for investment purposes. The advances are due on demand and bear interest at .50% above the 90 day Treasury Bill rate. The advances amounted to $36,567,819 and $31,805,533 at November 30, 1999 and 1998, respectively.

(7) Profit Sharing Program

The Company has a noncontributory profit sharing program for eligible employees which may be amended or terminated at any time. The plan provides for an annual contribution in an amount to be determined by the Board of Directors, but such contribution may not exceed 15 percent of the total compensation paid or accrued during the year to all participants. During the years ended November 30, 1999 and 1998, the expense recognized under the plan amounted to approximately $192,000 and $587,000, respectively.

Pursuant to an elective salary reduction arrangement under 401(k) of the Internal Revenue Code, participants may make 401(k) contributions of up to 8 percent of compensation. The Company does not match the participants' contribution.

(Continued)

(8) Income Taxes

Income tax expense consisted of $2,958,583 federal and $547,979 state income taxes for 1999 and $910,736 Federal and $168,531 state income taxes for 1998.

Taxable income reported for Federal income tax purposes for 1999 and 1998 differs from the excess of income over expenses in the accompanying consolidated financial statements as follows:

		1999	1998
Excess of income over expenses before income tax expense	$	47,710,970	40,823,114
Dividend received deduction		(37,661,128)	(32,203,193)
Officers' life insurance premiums		(72,917)	(184,107)
Percentage depletion in excess of basis		—	(180,866)
State income tax		(547,979)	(168,531)
Intangible drilling costs		(163,627)	(273,902)
Other		149,963	238,283
Estimated taxable income	$	9,415,282	8,050,798

The Company's Federal income tax returns for the taxable years November 30, 1996 through November 30, 1999 are subject to examination by the Internal Revenue Service. Because many types of transactions are susceptible to varying interpretation under Federal and state income tax laws and regulations, the amounts reported in the accompanying consolidated financial statements may be subject to change at a later date upon final determination by the respective taxing authorities.

(9) Related Party Transactions

At November 30, 1999 and 1998, the Company had an outstanding balance of $73,993,249 and $68,471,098, respectively, on notes and advances borrowed from related parties. Of amounts outstanding at November 30, 1999 and 1998, respectively, $39,868,321 and $34,346,169 are payable on demand. Remaining balance matures in 2044.

At November 30, 1999 and 1998, the Company had outstanding notes receivable of $8,151,666 and $8,359,455, respectively, for amounts due from related parties. These notes require quarterly interest payments with the principal balance due in full during 1999, 2004 or on demand.

Included in notes receivable at November 30, 1999 and 1998 are approximately $563,000 due from JNE&P.

(Continued)

(10) Contingencies

At November 30, 1998, the Company was contingently liable as a guarantor for three bank term loans and a $30,000,000 line of credit of JNE&P and its subsidiary. Principal and accrued interest on the term loans at November 30, 1999 amounted to approximately $20,955,592. There is approximately $17,000,000 outstanding on the line of credit at November 30, 1999. The term loans and the line of credit are collateralized by securities owned by a private entity in which the Company has an interest (note 3). The Company is jointly and severally liable for the loans.

JNE&P is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition of the Company's investment in JNE&P.

(11) Interest Rate Swap

Effective October 6, 1998, the Company entered into an interest rate swap with a financial institution. The notional amount of the transaction is $50,000,000 and expiration is October 1, 2008.

Under this transaction, the Company is the fixed rate payor at a rate of 5.18%. The financial institution is the floating rate payor with the floating rate equal to LIBOR.

On April 27, 2000, the Company sold this interest rate swap for $5,750,000.

(12) Basis in Oil and Gas Entity

In connection with the exchange in partnership interests discussed in note 4, certain corrections were made to the Company's investment in the oil and gas entity. Accordingly, retained earnings as of November 30, 1997 has been changed from $29,660,820 to $28,970,836.

(13) Subsequent Event (unaudited)

On May 2, 2000, the Company entered into a financing agreement with a financial institution that permits the Company to borrow up to $100,000,000 on a revolving line of credit. This line bears interest based on 30 day LIBOR and is due on demand. This line is secured by investment securities.

(Continued)

D.D.I., INC.

Administrative and General Expenses - Income Tax Basis

Year ended November 30, 1999 and 1998

		1999	1998
Casualty and group insurance	$	62,443	54,828
Depreciation		73,631	74,578
Life insurance		(124,014)	(177,356)
Miscellaneous		577,288	549,990
Professional services		294,623	285,870
Profit sharing plan		191,520	166,534
Rent		10,572	10,728
Repairs		100,145	83,565
Salaries and wages		1,880,096	1,791,129
Sundry taxes		534,032	533,802
Supplies		44,942	34,918
Travel and entertainment		10,247	31,606
Oil and gas entity		—	6,146,008
		3,655,525	9,586,200
Less allocations to affiliated companies		(583,000)	(588,600)
Total administrative and general expenses	$	3,072,525	8,997,600