

Commissioners:
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DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

June 10, 1999

STAFF'S SECOND DATA REQUEST

Scott Schildberg, Esquire
Martin, Ade, Birchfield & Mickler, P.A.
One Independent Drive
Suite 3000
Jacksonville, Florida 32202

Re: Docket No. 981609-WS - Emergency petition by D.R. Horton Custom Homes, Inc. to eliminate authority of Southlake Utilities, Inc. to collect service availability charges and AFPI charges in Lake County.

Dear Mr. Schildberg:

By this letter, Commission staff requests that Southlake Utilities, Inc. (Southlake or utility) provide responses to the following data requests:

1) Pursuant to Order No. PSC-96-1082-FOF-WS, issued August 22, 1996, allowance for funds prudently invested (AFPI) charges for Southlake shall cease when 940 equivalent residential connections (ERCs) and 375 ERCs for water and wastewater, respectively, are collected.

a. Please provide the total number of ERCs for water and wastewater, each, that have been charged AFPI by Southlake since inception.

b. Please provide the utility's calculation of an ERC used to calculate the appropriate AFPI charge. If this varies, please provide the basis for the variance.

c. For AFPI collected for all ERCs in excess of 940 and 375 for water and wastewater respectively, please list for each developer or customer the amount of AFPI paid, the month paid, the tariff rate used, and the amount of ERCs for each developer. If any amount was netted from prior refunds, please state how much.

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC _____
- WAW _____
- OTH _____

DOCUMENT NUMBER - DATE

07137 JUN 10 99

FPSC-RECORDS/REPORTING

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2) In response to Audit Document Request CV-6, dated March 17, 1999, the utility provided a copy of a warranty deed, dated May 13, 1996, between Patricia A. Soderquit and Southlake, wherein the utility paid \$10 in consideration for this land. What value did the utility record on its books for this land? If this land was recorded on the utility's books in excess of \$10, please explain why.

3) a. Please provide a schedule of all of the utility's current land. Please include:

(1) whether each parcel of land is used for water and/or wastewater operations;

(2) the number of acres for each parcel of land;

(3) the purchase price or lease amount/terms for each parcel of land;

(4) the value of each parcel of land recorded on the utility's books;

(5) the name of the seller or lessor of each parcel of land and whether this person is related by family or other business relationship to the utility or any of the utility's owners;

(6) the year each parcel of land was purchased and/or leased;

(7) the year each parcel of land was first used to provide utility service;

(8) a description of the current and/or future use of each parcel of land; and

(9) the amount of each parcel of land that is currently being used to provide utility service.

b. Please provide a copy of the appraisal by Pardue, Heid, Church, Smith and Walker, MAI for the 29 +/- acres of property adjacent to the utility's wastewater plant parcel and any other appraisals utilized to determine the value of the utility's \$1,003,224 land balance.

c. Please provide documentation for any land sales adjacent to the utility's land.

d. With regard to any capital lease the utility entered into, please explain why the utility did not buy the land. Please provide a detailed analysis demonstrating the cost effectiveness of leasing the land rather than buying it.

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4) In response to Audit Document Requests CV-6 and CV-9, dated March 17, 1999 and March 24, 1999, respectively, the utility provided a copy of a capital lease, including subsequent amendments, for 12.53 acres and provided its supporting calculation of the value of this lease at \$760,755.

a. What was the original purchase price of this land when Robert L. Chapman, II, and Elisabeth Chapman purchased it?

b. Please provide documentation for the original purchase price when Robert L. Chapman, II, and Elisabeth Chapman purchased it.

c. If the lease was executed on August 17, 1993, why did the utility capitalize the lease in 1998 instead of in 1993?

5) According to Schedule F-8 of the utility's 1998 annual report, the utility reported Prepaid CIAC of \$182,628 for water and \$393,530 for wastewater. Please provide an analysis of the utility's basis for the determination of Prepaid CIAC versus Used and Useful CIAC.

6) In 1997, the utility reported the amount of AFPI collected during the year as Other Income on its income statement. According to the utility's 1998 annual report, the utility reported the amount of AFPI collected during the year as Other Miscellaneous Current and Accrued Liabilities (Account No. 241) on its balance sheet. Please provide an analysis of the utility's basis for classifying AFPI as Other Miscellaneous Current and Accrued Liabilities instead of Other Income.

7) In response to the Commission Staff's First Data Request, dated December 29, 1998, the utility provided a list of outstanding developer agreements.

a. Please provide a copy of the developer agreement dated June 1, 1998 between the utility and Southlake Development, Ltd.

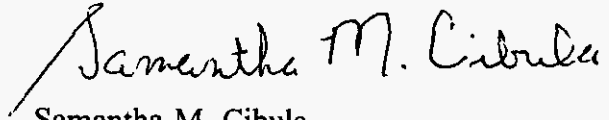
b. Pursuant to Rule 25-30.550, Florida Administrative Code, did the utility file a copy of this agreement within 30 days of the execution of said agreement? If not, please explain why. If so, please provide a copy of the utility or its duly authorized representative's cover letter submitting the copy of said agreement to the Commission.

Please file the original and five copies of the requested information by July 12, 1999, with Ms. Blanca Bayo, Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. **Failure to timely respond to the above data requests could result in Commission action pursuant to Section 367.161, Florida Statutes.**

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If you have any questions, please contact me at (850) 413-6202.

Sincerely,


Samantha M. Cibula
Staff Attorney

SMC/lw

cc: ~~F. Marshall Deterding, Esquire~~
Division of Records and Reporting
Division of Water and Wastewater (Merchant, Fletcher)

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