



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 2, 1999
TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF WATER AND WASTEWATER (QUIJANO) *EMQ*
RE: DOCKET NO. 981258-WS - INVESTIGATION OF WATER AND WASTEWATER RATES OF LAKE HAVEN UTILITY ASSOCIATION, LTD. D/B/A LAKE WALES UTILITY CO, LTD. IN POLK COUNTY FOR POSSIBLE OVEREARNINGS

Please place the attached 1999 Semi-Annual Operations Report and letter dated August 25, 1999, in the above-referenced docket file.

EMQ

Attachment

cc: Division of Water and Wastewater (Quijano, Merchant)

AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 MAS _____
 OPC _____
 PAI _____
 SEC I _____
 WAW _____
 OTH _____

DOCUMENT NUMBER-DATE
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 FPSC-RECORDS/REPORTING

REEVES & COMPANY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

208 EAST STUART AVENUE ♦ LAKE WALES, FL 33853-3713
(941) 676-0566 ♦ FAX (941) 676-7376 ♦ E-MAIL REEVESANDCOMPANY@COMPUSERVE.COM

August 25, 1999

Ms. Patricia W. Merchant
Public Utility Supervisor
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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AUG 31 1999
Florida Public Service Commission
Division of Water and Wastewater

1999 SEMI ANNUAL OPERATIONS REPORT

Dear Ms. Merchant:

As requested by the PSC's letter dated June 24, 1999, enclosed please find Lakehaven Utility Associates, Ltd. d.b.a. Lake Wales Utility Company semi annual operations report. I have used the PSC annual report format for preparing this report. If you would like more details than provided, please let me know.

Sincerely,



Dwight L. Reeves, CPA

cc: David Pearce
Mark Rubin

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LAKE WALES UTILITY ASSOCIATES, LTD. d.b.a. Lake Wales Utility Company				INTERIM REPORT 6-months ended June 30, 1999	
Comparative Balance Sheet Assets and other debits					
Account # (a)	Account Name (b)	Reference Page (c)	Current Period (d)	Previous Year (e)	
UTILITY PLANT:					
101-105	Utility Plant	F-5	\$ 1,165,566	\$ 1,159,859	
108-110	LESS: accumulated depreciation and amortization	F-6	(831,644)	(808,031)	
	NET PLANT		333,922	351,828	
114-115	Utility Plant Acquisition Adjustments (net)	F-5	-	-	
	Other Plant Adjustments		-	-	
	Total Net Utility Plant		333,922	351,828	
OTHER PROPERTY AND INVESTMENTS:					
121	Nonutility Property	F-7	-	-	
122	Less: Accumulated depreciation and Amortization		-	-	
	Net nonutility property		-	-	
123	Investment in Associated Companies	F-8	-	-	
124	Utility investments	F-8	-	-	
125	Other Investments	F-8	-	-	
127	Other Special Funds	F-8	-	-	
	Total Other Property & Investments		-	-	
CURRENT AND ACCRUED ASSETS					
131	Cash		5,755	7,137	
132	Special Deposits	F-7	-	-	
134	Working Funds		-	-	
135	Temporary Cash Investments		-	-	
141-144	Accounts and Notes Receivable, Less				
	Accumulated Provision for Uncollectible accounts	F-9	27,026	27,387	
145	Accounts receivable from associated companies	F-10	-	-	
146	Notes receivable from associated companies	F-10	-	-	
151	Material and supplies		-	-	
162	Prepayments	F-11	-	-	
171	Accrued Interest and Dividends Receivable		-	-	
174	Misc. Current and accrued assets		32,781	34,524	
DEFERRED DEBITS					
181	Unamortized debt discount & expense	F-12	-	-	
182	Extraordinary property losses	F-12	-	-	
186	Misc. Deferred Debits	F-11	-	-	
190	Accumulated Deferred Income Taxes		-	-	
	Total deferred debits		-	-	
TOTAL ASSETS AND OTHER DEBITS			\$ 366,703	\$ 386,352	

LAKE WALES UTILITY ASSOCIATES, LTD.					INTERIM REPORT	
d.b.a. Lake Wales Utility Company					6-months ended June 30, 1999	
COMPARATIVE BALANCE SHEET						
EQUITY CAPITAL AND LIABILITIES						
Account #	Account Name	Reference	Current	Previous		
(a)	(b)	Page (c)	Period (d)	Year (e)		
EQUITY CAPITAL						
201	Common stock issued	F-14	-	-		
204	Preferred stock issued	F-14	-	-		
211	Other Paid-in Capital		-	-		
212	Discount on Capital Stock		-	-		
213	Capital stock expense	F-15	-	-		
214-215	Retained Earnings		-	-		
216	Reacquired Capital Stock		-	-		
218	Proprietary Capital (Proprietorship and Partnership Only)		239,824	258,651		
	Total Equity Capital		239,824	258,651		
LONG TERM DEBT						
221	Bonds	F-16	-	-		
223	Advances from associated companies	F-16	-	-		
224	Other long term debt	F-14	-	1,827		
	Total long-term debt		-	1,827		
CURRENT AND ACCRUED LIABILITIES						
231	Accounts payable		-	26,325		
232	Notes payable	F-13	20,236	-		
233	Accounts payable to Associated Co.	F-13	-	-		
234	Notes Payable to Associated Co.	F-13	6,000	-		
235	Customer deposits		-	-		
236	Accrued taxes	F-17	2,000	14,709		
237	Accrued interest	F-18	-	-		
238	Accrued dividends		-	-		
239	Matured Long-Term Debt		-	-		
240	Matured Interest		-	-		
241	Miscellaneous Current and Accrued Liabilities	F-19	20,134	14,726		
	Total Current and Accrued Liabilities		\$ 48,370	\$ 55,760		

LAKE WALES UTILITY ASSOCIATES, LTD.				INTERIM REPORT	
d.b.a. Lake Wales Utility Company				6-months ended June 30, 1999	
COMPARATIVE BALANCE SHEET					
EQUITY CAPITAL AND LIABILITIES					
Account # (a)	Account Name (b)	Reference Page (c)	Current Period (d)	Previous Year (e)	
DEFERRED CREDITS					
251	Unamortized Premium on Debt	F-12	-	-	
252	Advances for Construction	F-19	-	-	
253	Other Deferred Credits		10,202	-	
255	Accumulated Deferred Investment Tax Credits		-	-	
	Total Deferred Credits		10,202	-	
OPERATING RESERVES					
261	Property Insurance Reserve		-	-	
262	Injuries and Damages Reserve		-	-	
263	Pensions and Benefits Reserve		-	-	
265	Miscellaneous Operating Reserves		-	-	
	Total Operating Reserves		-	-	
CONTRIBUTIONS IN AID OF CONSTRUCTION					
271	Contributions In Aid of Construction	F-20	382,220	377,688	
272	Accumulated Amortization of Contributions In Aid of Construction	F-21	(313,913)	(307,574)	
	Total Net C.I.A.C.		68,308	70,114	
ACCUMULATED DEFERRED INCOME TAXES					
281	Accumulated Deferred Income Taxes- Accelerated Depreciation		-	-	
282	Accumulated Deferred Income Taxes- Liberalized Depreciation		-	-	
283	Accumulated Deferred Income Taxes- Other		-	-	
	Total accumulated Deferred Income Taxes		-	-	
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ 366,703	\$ 386,352	

LAKE WALES UTILITY ASSOCIATES, LTD.							INTERIM REPORT			
d.b.a. Lake Wales Utility Company							6-months ended June 30, 1999			
Account #	Account Name	Previous	Reference	Current	Reference	WATER	Reference	SEWER	OTHER	
(a)	(b)	Year (c)	Page (d)	Period (e)	Page (f)	(g)	Page (h)	(i)	(j)	
400	Operating Revenues	\$ 326,861	F-3 (b)	\$ 164,614	W-3	64,351	S-3	100,263	-	
401	Operating Expenses	231,902	F-3 (b)	147,543	W-2	59,675	S-2	87,868	-	
403	Depreciation Expense	30,045	F-6	17,274	F-6	4,813	F-6	12,461	-	
406	Amortization of Utility Plant									
	Acquisition Adjustment	-		-		-		-	-	
407	Amortization Expense	-	F-17	-	F-6	-	F-6	-	-	
408.1	Taxes Other Than Income	25,534	F-17	16,964	F-17	6,786	F-17	10,179	-	
409.1	Income Taxes	-		-	F-17	-	F-17	-	-	
410.1	Deferred Income Taxes	-		-		-		-	-	
411.1	Provision for Deferred Income Taxes-Credit	-		-		-		-	-	
412.1	Investment Tax Credits Deferred to Future Periods	-		-		-		-	-	
412.11	Investment Tax Credits Restored to									
	Operating Income	-		-		-		-	-	
	Utility Operating Expenses	287,481		181,781		71,274		110,508	-	
	Utility Operating Income (Loss)	39,380		(17,168)		(6,923)		(10,245)	-	
413	Income From Utility Plant Leased to Others	-		-						
414	Gains (Losses) from Disposition of									
	Utility Property	-		-						
	Total Utility Operating Income [Enter here									
	and on Page F-3 (c)]	\$ 39,380		\$ (17,168)		\$ (6,923)		#####	\$ -	

		LAKE WALES UTILITY ASSOCIATES, LTD. d.b.a. Lake Wales Utility Company			INTERIM REPORT 6-months ended June 30, 1999
Account # (a)	Account Name (b)	Previous Year (c)	Reference Page (d)	Current Period (e)	
	Total Utility Operating Income (Loss) [From Page F-3 (a)]	\$ 39,380		\$ (17,168)	
	OTHER INCOME AND DEDUCTIONS				
415	Revenues From Merchandising, Jobbing and Contract Deductions	-		-	
416	Costs and Expenses of Merchandising, Jobbing and Contract Work	-		-	
419	Interest and Dividend Income	-		-	
420	Allowance for Funds Used During Construction	-		-	
421	Nonutility Income	1,201		-	
426	Miscellaneous Nonutility Expenses	-		-	
	Total Other Income and Deductions	1,201		-	
	TAXES APPLICABLE TO OTHER INCOME				
408.2	Taxes Other Than Income	-		-	
409.2	Income Taxes	-		-	
410.2	Provision for Deferred Income Taxes	-		-	
411.2	Provision for Deferred Income Taxes- Credit	-		-	
412.2	Investment Tax Credits-Net	-		-	
412.3	Investment Tax Credits Restored to Operating Income	-		-	
	Total Taxes Applicable To Other Income	-		-	
	INTEREST EXPENSE				
427	Interest Expense	2,606		1,659	
428	Amortization of Debt Discount & Expense	-		-	
429	Amortization of Premium on Debt	-		-	
	Total Interest Expense	2,606		1,659	
433	Extraordinary Income	-		-	
434	Extraordinary Deductions	-		-	
409.3	Income Taxes, Extraordinary Items	-		-	
	Total Extraordinary Items	-		-	
	NET INCOME (LOSS)	\$ 37,975		\$ (18,827)	

LAKE WALES UTILITY ASSOCIATES, LTD.		INTERIM REPORT		
d.b.a. Lake Wales Utility Company		6-months ended June 30, 1999		
SCHEDULE OF PERIOD END RATE BASE				
Acct. #	Account Name	Reference	WATER	SEWER
(a)	(b)	Page (c)	UTILITY (d)	UTILITY (e)
101	Utility Plant In Service	F-5	\$ 473,054	\$ 692,512
	Less:			
	Nonused and Useful Plant		-	-
108	Accumulated Depreciation	F-6	374,027	457,617
110	Accumulated Amortization	F-6	-	-
271	Contributions In Aid of Construction	F-20	220,508	161,712
252	Advances for Construction	F-19	-	-
	Subtotal		\$ (121,481)	\$ 73,183
	Additions:			
272	Accumulated Amortization of Contributions In Aid of Construction	F-21	165,378	148,535
	Subtotal		43,897	221,718
	Plus or Minus:			
114	Acquisition Adjustments (2)	F-5	-	-
115	Accumulated Amortization of Acquisition Adjustments (2)	F-5	-	-
	Working Capital Allowance (3)		7,459	10,983
	Other (Specify)		-	-
	RATE BASE		\$ 51,357	\$ 232,701
	UTILITY OPERATING INCOME		\$ (6,923)	\$ (10,245)
	ACHIEVED RATE OF RETURN		-13.48%	-4.40%

LAKE WALES UTILITY ASSOCIATES, LTD.				INTERIM REPORT	
d.b.a. Lake Wales Utility Company				6-months ended June 30, 1999	
UTILITY PLANT (ACCOUNTS 101-106)					
Account #	DESCRIPTION	WATER	SEWER	OTHER THAN	TOTAL
(a)	(b)	(c)	(d)	REPORTING	(f)
				SYSTEMS (e)	
	Plant Accounts:				
101	Utility Plant In Service	\$ 473,054	\$ 692,512	\$ -	\$ 1,165,566
102	Utility Plant Leased to Others	-	-	-	-
103	Property Held for Future Use	-	-	-	-
104	Utility Plant Purchased or Sold	-	-	-	-
105	Construction Work In Progress	-	-	-	-
	Total Utility Plant	\$ 473,054	\$ 692,512	\$ -	\$ 1,165,566

LAKE WALES UTILITY ASSOCIATES, LTD.				INTERIM REPORT	
d.b.a. Lake Wales Utility Company				6-months ended June 30, 1999	
CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)					
DESCRIPTION	WATER	SEWER	OTHER THAN	TOTAL	
(a)	(b)	(c)	REPORTING	(e)	
			SYSTEMS (d)		
Balance beginning of period	\$ 218,832	\$ 158,856	\$ -	\$ 377,688	
Add credits during period:					
Contributions received from					
Capacity, Main Extension					
and Customer Connection					
Charges (Schedule A)	1,676	2,856	-	4,532	
Contributions received from					
Developer or Contractor					
Agreements in cash or					
Property (Schedule B)	-	-	-	-	
Total Credits	1,676	2,856	-	4,532	
Less Debits charged during the					
Period (Explain all Debits)	-	-	-	-	
Total Contributions In Aid of					
Construction	\$ 220,508	\$ 161,712	\$ -	\$ 382,220	

LAKE WALES UTILITY ASSOCIATES, LTD.		INTERIM REPORT		
d.b.a. Lake Wales Utility Company		6-months ended June 30, 1999		
ACCUMULATED AMORTIZATION OF CONTRIBUTIONS				
IN AID OF CONSTRUCTION (ACCOUNT 272)				
DESCRIPTION	WATER	SEWER	OTHER THAN	TOTAL
(a)	(b)	(c)	REPORTING	(e)
			SYSTEMS (d)	
Balance beginning of period	\$ 162,149	\$ 145,425	\$ -	\$ 307,574
Debts during Period:				
Accruals charged to Account				
272	3,229	3,110	-	6,339
Other debits (Specify)				
Total Debits	\$ 3,229	\$ 3,110	-	\$ 6,339
Credits during the year (Specify)	-	-	-	-
Total Credits	-	-	-	-
Balance end of Period	\$ 165,378	\$ 148,535	\$ -	\$ 313,913

LAKE WALES UTILITY ASSOCIATES, LTD.		INTERIM REPORT			
d.b.a. Lake Wales Utility Company		6-months ended June 30, 1999			
WATER UTILITY EXPENSE ACCOUNTS					
Account #	DESCRIPTION	PRIOR YEAR	%	CURRENT PERIOD	%
(a)	(b)	(c)	(d)	(e)	(f)
601	Salaries & Wages-employees	\$ 40,902	43.71%	\$ 13,034	21.84%
603	Salaries & Wages-Officers, Directors, and Majority Stockholders	-	-	-	-
604	Employee Pensions and Benefits	3,025	3.23%	1,138	1.91%
610	Purchased Water	-	-	-	-
615	Purchased Power	11,518	12.31%	4,413	7.40%
616	Fuel for Power Purchased	-	-	-	-
618	Chemicals	-	-	-	-
620	Materials and Supplies	3,155	3.37%	3,361	5.63%
631	Contractual Services-Engineering	846	0.90%	439	0.74%
632	Contractual Services-Accounting	2,387	2.55%	956	1.60%
633	Contractual Services-Legal	-	-	-	-
634	Contractual Services-Management Fees	4,440	4.74%	2,435	4.08%
635	Contractual Services-Other	11,642	12.44%	15,667	26.25%
641	Rental of Building/Real Property	-	-	-	-
642	Rental of Equipment	-	-	-	-
650	Transportation Expenses	4,699	5.02%	3,295	5.52%
656	Insurance Vehicles	900	0.96%	1,289	2.16%
657	Insurance General liability	2,442	2.61%	1,559	2.61%
658	Insurance Workers' Compensation	-	-	-	-
659	Insurance Other	789	0.84%	-	-
660	Advertising	-	-	-	-
666	Regulatory Commission Expenses-Amortization of Rate Case Expense	-	-	-	-
667	Regulatory Commission Expenses-Other	-	-	4,081	6.84%
670	Bad Debt Expenses	-	-	-	-
675	Miscellaneous Expenses	6,839	7.31%	8,009	13.42%
	TOTAL WATER UTILITY EXPENSES	\$ 93,584	100.00%	\$ 59,675	100.00%

LAKE WALES UTILITY ASSOCIATES, LTD.				INTERIM REPORT	
d.b.a. Lake Wales Utility Company				6-months ended June 30, 1999	
SEWER UTILITY EXPENSE ACCOUNTS					
			CURRENT		
Account #	DESCRIPTION	PRIOR YEAR	%	PERIOD	%
(a)	(b)	(c)	(d)	(e)	(f)
701	Salaries & Wages-employees	32,000	23.14%	\$ 22,940	26.11%
703	Salaries & Wages-Officers, Directors, and Majority Stockholders	-	-	-	-
704	Employee Pensions and Benefits	4,366	3.16%	1,874	2.13%
710	Purchased Sewage Treatment	-	-	-	-
711	Sludge Removal Expense	-	-	-	-
715	Purchased Power	11,826	8.55%	7,406	8.43%
716	Fuel for Purchased Power	-	-	-	-
718	Chemicals	-	-	-	-
720	Materials and Supplies	7,425	5.37%	3,747	4.26%
731	Contractual Services-Engineering	5,213	3.77%	748	0.85%
732	Contractual Services-Accounting	4,064	2.94%	1,627	1.85%
733	Contractual Services-Legal	-	-	-	-
734	Contractual Services-Management Fees	7,560	5.47%	4,145	4.72%
735	Contractual Services-Other	9,735	7.04%	9,512	10.83%
741	Rental of Building/Real Property	18,000	13.01%	6,600	7.51%
742	Rental of Equipment	-	-	-	-
750	Transportation Expenses	5,573	4.03%	4,721	5.37%
756	Insurance Vehicles	1,532	1.11%	2,194	2.50%
757	Insurance General liability	4,158	3.01%	2,654	3.02%
758	Insurance Workers' Compensation	-	-	-	-
759	Insurance Other	7,283	5.27%	-	-
760	Advertising	-	-	-	-
766	Regulatory Commission Expenses-Amortization	-	-	-	-
767	of Rate Case Expense	-	-	-	-
770	Regulatory Commission Expenses-Other	-	-	6,121	6.97%
775	Bad Debt Expenses	-	-	-	-
	Miscellaneous Expenses	19,583	14.16%	13,579	15.45%
	TOTAL SEWER UTILITY EXPENSES	\$ 138,318	100.00%	\$ 87,868	100.00%