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REPLY TO ALTAMONTE SPRINGS

June 10, 2004

HAND DELIVERY

Ms. Blanca Bayo
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No.: 030102-WS; Application for Authority to Sell, Assign or Transfer Utility Facilities of The Woodlands of Lake Placid, L.P., in Highland County, Florida to Camp Florida Property Owners Association, Inc., and Application to Transfer Majority Organizational Control of L.P. Utilities, Inc., to Camp Florida Property Owners Association, Inc.
Our File No.: 37074.03

Dear Ms. Bayo:

Enclosed please find for filing in the above-referenced docket an original and fifteen (15) copies of the Rebuttal Testimony of John H. Lovelette, along with a Notice of Filing same.

CMP _____ Please do not hesitate to contact me if you have any questions.

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CTR _____

ECR 1

GCL _____

OPC _____

MMS _____ MSF/mp
Enclosures

RCA _____

SCR cc: Mr. John Lovelette (w/enclosure)

SEC 1 Katherine E. Fleming, Esquire (w/enclosure)

OTH _____ Stephen C. Burgess, Esquire (w/enclosure)

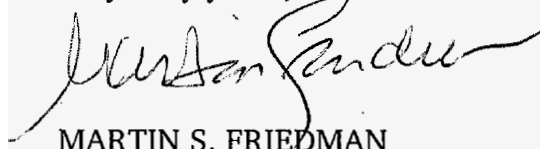
M:\1 ALTAMONTE\LP UTILITIES\03) Sale to POA\PSC Clerk 07 (rebuttal testimony of J Lovelette).ltr.wpd

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MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

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Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

DOCUMENT NUMBER-DATE

06496 JUN 10 3

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for Authority
to Sell, Assign or Transfer
Utility Facilities of **THE WOODLANDS
OF LAKE PLACID, L.P.** in Highlands
County, Florida to **CAMP FLORIDA
PROPERTY OWNERS ASSOCIATION, INC.**,
and Application to Transfer Majority
Organizational Control of L.P.
Utilities Corporation to **CAMP FLORIDA
PROPERTY OWNERS ASSOCIATION, INC.**

Docket No. 030102-WS

NOTICE OF FILING

L.P. UTILITIES CORPORATION, by and through its undersigned attorneys, hereby
gives notice of filing in the above-referenced docket the Rebuttal Testimony of John H.
Lovelette, on behalf of L.P. Utilities Corporation.

Respectfully submitted on this 9th day of
June, 2004, by:

ROSE, SUNDSTROM & BENTLEY, LLP
600 S. North Lake Boulevard
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Altamonte Springs, Florida 32701
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By: 

MARTIN S. FRIEDMAN
For the Firm

DOCUMENT NUMBER-DATE

06496 JUN 10 8


FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished
by U.S. Mail to the following parties on this 9th day of June, 2004:

Stephen C. Burgess, Esquire
State of Florida - Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

Katherine E. Fleming, Esquire
Office of the General Counsel
Florida Public Service Commission
2450 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



MARTIN S. FRIEDMAN

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for authority to
sell, assign or transfer utility facilities
of THE WOODLANDS OF LAKE
PLACID, L.P. in Highlands County,
Florida to CAMP FLORIDA PROPERTY
OWNERS ASSOCIATION, INC. and
application to transfer majority organizational
control of L.P. UTILITIES CORPORATION
to CAMP FLORIDA PROPERTY OWNERS
ASSOCIATION, INC.

Docket No. 030102-WS

PREFILED

REBUTTAL TESTIMONY OF

JOHN H. LOVELETTE

FILED ON BEHALF

OF

L.P. UTILITIES CORPORATION

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1 Highvest votes, there were 66 lot owners who either voted for the purchase or didn't care.

2 This is far from being a Highvest versus everyone else issue.

3 **Q. Are you familiar with Ms. DeRonne's assumption at page 6 of her prefiled testimony**
4 **that L.P. Utilities is not collecting revenues from Highvest for water and sewer service**
5 **to Highvest lots?**

6 A. Yes.

7 **Q. Is that statement true?**

8 A. No. You will notice that she prefaces her statement with the phrase "to the best of my
9 knowledge" which allows her to reach erroneous conclusions by being ignorant of the facts.
10 If she is not certain of the facts, then she should not venture an opinion. Highvest is paying
11 for water and sewer service to its lots in accordance with the recent SARC Order. Since the
12 fact upon which she bases her opinion of financial doom is erroneous, her conclusion is
13 equally erroneous. One would expect that someone who holds themselves out as an expert
14 would not render an opinion unless they were sure that it was supported by a factual basis.
15 Ms. DeRonne waxes on for several pages of testimony about the consequences of
16 L.P. Utilities not collecting revenues from Highvest, all of which is irrelevant and should be
17 disregarded. Assuming that the rates set by the Commission in the SARC are correct, there
18 is no reason the utility system is not financially sound. In fact, it will be more so without the
19 added cost of regulation including payment of regulatory assessment fees for the wastewater
20 system.

21 **Q. Do you have any comments regarding what Ms. DeRonne calls a forced business**
22 **relationship?**

1 A. Yes. At the outset, I would point out that Ms. DeRonne implies that the Circuit Court made
2 findings that I breached my fiduciary duty to the POA. That Judgment did not involve me.
3 Ms. DeRonne makes the same mistake which the Circuit Court did which caused the
4 Judgment to be reversed on appeal. She is confusing the members and the POA. The POA
5 is a legal entity separate from its members. It is the POA that is purchasing the utility
6 system, not the individual members. And in that regard, my prior comments about majority
7 rules is equally applicable to this point. I would also point out that Mr. Cozier is not on the
8 Board of the POA nor is he an officer. I would also suggest that Mr. Cozier, as have we all,
9 has learned from that experience.

10 **Q. Do you have any comments about Ms. DeRonne questioning your allegiances?**

11 A. Yes, of course. I will only be managing the Utility until the POA has hired someone else,
12 which is expected to be done. I have successfully continued to operate the Utility through
13 the financial strain of making the refunds ordered in the SARC. Ms. DeRonne's assumption
14 that Highvest is not paying for water and sewer service to its lots is erroneous, thus all of her
15 opinions based on such assumption must be disregarded. The law is clear regarding the
16 fiduciary duty of officers and directors of a corporation and I intend to strictly follow that
17 law. And I am sure that if Ms. Keller doesn't think so, I am sure she'll let everyone know.
18 I do not want to manage the utility any longer than to accomplish a smooth transition to a
19 new manager.

20 **Q. Do you have any comments about Ms. DeRonne's financial analysis of the wastewater**
21 **system under POA ownership?**

1 A. Yes. Again, Ms. DeRonne's opinion of financial doom is based upon the erroneous
2 assumption that Highvest is not paying for water and sewer service to its lots. She tries to
3 give credibility to her lack of knowledge by stating that she has seen no evidence of Highvest
4 making such payments. To my knowledge, she has never asked the Utility whether such
5 payments are being made. She seems to abide by the philosophy that "ignorance is bliss".
6 To review, Ms. DeRonne's financial analysis simplistically, the sewer system will operate
7 at a break even point. Ms. DeRonne points out that under her analysis revenues are almost
8 \$2,000 less than expenses. Even if this were true, it would result in each customer paying
9 less than \$6.00 per year to cover that deficiency. However, when you consider that the POA
10 will not be paying regular assessment fees, that offsets the deficiency. What Ms. DeRonne
11 has failed to point out is that in ten years, the sewer system will be paid for, which will
12 reduce annual expenses by almost \$27,000, which will result in a significant rate decrease
13 at that time. Ms. DeRonne has taken a shortsided view of the financial condition of the
14 sewer system.

15 **Q. How many lots is Highvest paying water and sewer service on?**

16 A. Highvest is paying water and service on 202 lots, which is 40 more lots than Ms. DeRonne
17 used in her calculation. Thus, there is actually almost \$6,000 more in revenue that Ms.
18 DeRonne has ignored .

19 **Q. Would you like to summarize your opinion of Ms. DeRonne's testimony?**

20 A. Yes, her entire testimony is premised upon her speculation that Highvest is not paying for
21 water and sewer service to its lots. Since the premise upon which her opinions are based is
22 erroneous, her opinions are likewise erroneous.

1 **Q.** **Does that complete your testimony?**

2 **A.** **Yes.**

[Signature]