

112

ORIGINAL
FILE COPY

DOCKET NO.: 950495-WS - [Southern States Utilities, Inc.]

WITNESS: Direct Testimony of Robert F. Dodrill, Appearing On Behalf
of the Staff of the Florida Public Service Commission, Division of
Auditing and Financial Analysis

DATE FILED: February 26, 1996

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 5 Orig
- LIN _____
- OFC _____
- RCH _____
- SDS 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
02344 FEB 26 96
FPSC-RECORDS/REPORTING

1 DIRECT TESTIMONY OF ROBERT F. DODRILL

2 Q. Please state your name and business address.

3 A. My name is Robert F. Dodrill and my business address is Hurston North
4 Tower, Suite N512, 400 W. Robinson Street, Orlando, Florida.

5 Q. By whom are you presently employed and in what capacity?

6 A. I am employed by the Florida Public Service Commission as a Regulatory
7 Analyst III in the Division of Auditing and Financial Analysis.

8 Q. How long have you been employed by the Commission?

9 A. I have been employed by the Florida Public Service Commission since
10 September, 1979. Briefly, from mid-1993 until the end of 1994 I left the
11 Commission and I assisted in operating a family business.

12 Q. Briefly review your educational and professional background.

13 A. I graduated from the University of Florida in 1971, with a major in
14 Business Operations Research. I am also a Certified Public Accountant
15 licensed in the State of Florida.

16 Q. Please describe your current responsibilities.

17 A. Currently, I am a Regulatory Analyst III with the responsibilities of
18 planning and directing audits of regulated companies, and assisting in audits
19 of affiliated transactions. I also am responsible for creating audit work
20 programs to meet a specific audit purpose and I direct and control assigned
21 staff work as well as participate as a staff auditor and audit manager.

22 Q. Have you presented expert testimony before this Commission or any other
23 regulatory agency?

24 A. Yes. I testified in the following: Gainesville Gas Company Rate Case,
25 Docket No. - 870688-GU; United Telephone Rate Case, Docket No. 910980-TC;

1 | Marco Island Utilities Rate Case, Docket No. 920655-WS.

2 | Q. What is the purpose of your testimony today?

3 | A. The purpose of my testimony is to sponsor specific findings in the staff
4 | audit report of Southern States Utilities, Inc., Docket No. 950495-WS. I am
5 | sponsoring Audit Exceptions 1, 2, 3, and 10, and Audit Disclosures 2, 17, and
6 | 18. These findings are filed with my testimony and are identified as RFD-1.

7 | Q. Please review the audit exceptions you are sponsoring.

8 | A. Audit Exceptions disclose substantial non-compliance with the Uniform
9 | System of Accounts, a Commission rule or order, Staff Advisory Bulletins, and
10 | formal company policy. Audit Exceptions also disclose company exhibits that
11 | do not represent company books and records and company failure to provide
12 | underlying records or documentation to support the general ledger or exhibits.

13 | Audit Exception No. 1 states that the utility's books and records are
14 | in violation of Commission Rule 25-30.450, Florida Administrative Code. This
15 | rule states that the supporting schedules for a filing must be organized in
16 | a systematic and rational manner "to enable Commission personnel to verify the
17 | schedules in an expedient manner and minimum amount of time." In order to
18 | reconcile the MFR accumulated depreciation balance with the general ledger,
19 | the utility said that it would require "...at least two weeks..." for its own
20 | employees to complete the task. I believe that this is in violation of the
21 | rule. The audit workpapers supporting this exception are attached as Exhibit
22 | RFD-2.

23 | Audit Exception No. 2 recommends that the Commission reduce the Land
24 | account for non-utility property acquired through the Collier property
25 | condemnation. The utility acquired 212.5 acres through the condemnation. I

1 | reviewed five appraisals related to this property. The appraisals indicate
2 | that a portion of the land acquired will not be used as a water source. I
3 | recommend that the portion not related to the water source be reclassified as
4 | Non-utility property. The audit workpapers supporting this exception are
5 | attached as RFD-3.

6 | Audit Exception No. 3 recommends that \$886,409 in deferred debits be
7 | reclassified to Miscellaneous Non-utility Expenses. These costs relate to the
8 | development and ultimate purchase of water source land known as the Dude
9 | Property. An appraisal of this property states that approximately 62.5% of
10 | the property is available for pit mining. Other documents I reviewed indicate
11 | that the water source at this location is to be used for raw water sales to
12 | Massachusetts Mutual Golf Course. This golf course is out of the utility's
13 | service area and the revenue would be non-utility income. Therefore, I
14 | recommend that these costs be removed to Miscellaneous Non-utility Expenses.
15 | The audit workpapers supporting this exception are attached as RFD-4.

16 | Audit Exception No. 10 discusses the difficulty I had in acquiring
17 | information regarding organization costs and my inability to adequately review
18 | the information due to its lack of timeliness. I believe that this delay was
19 | a violation of FPSC Rule No. 25-30.450, F.A.C., which was also discussed in
20 | Audit Exception No. 1. The audit workpapers supporting this exception are
21 | attached as RFD-5.

22 | Q. Please review the audit disclosures you are sponsoring.

23 | A. Audit Disclosures disclose material facts that are outside the
24 | definition of an Audit Exception.

25 | Audit Disclosure No. 2 discusses land additions in the Lehigh service

1 | area. I believe that these additions should be removed from current rate
2 | making consideration as the utility states that this land is held for future
3 | use.

4 | Audit Disclosure No. 17 discusses \$33,082,895 of Plant Held for Future
5 | Use which appears to be in the MFR Plant balances which reconcile to the
6 | General Ledger amounts. The audit workpapers related to this disclosure are
7 | attached as RFD-6.

8 | Audit Disclosure No. 18 briefly discusses my review of two journal
9 | entries provided in the detail for organization costs. As I mentioned
10 | previously, this information was provided late and I did not have sufficient
11 | time to fully review it. The audit workpapers related to this disclosure are
12 | attached as RFD-7.

13 | Q. Does this conclude your testimony?

14 | A. Yes, it does.

15 |
16 |
17 |
18 |
19 |
20 |
21 |
22 |
23 |
24 |
25 |

AUDIT EXCEPTION NO. 1**SUBJECT: COMPANY'S BOOKS AND RECORDS**

FACTS: Per Commission Rule 25-30.450, "The work sheets, etc. supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time."

In order for Southern States to reconcile with the MFR Water and Sewer combined Plant in Service total, as of 12-31-94, it went through the following steps:

G/L Plant total	1010	\$274,161,869
Plus Future Use	1030	34,908,326
Less County Plants		
W & S Plant	1010	(30,864,863)
Future Use	1030	(1,387,592)
Reconciling items	Water	41,142
	Sewer	(196,585)
	Gen Plant	(168,642)
G/L Items not in MFRs		(6,286)
County and Gas General Plant		(5,804,867)
Land for Future Use 1030		(437,839)
Immaterial Difference		<u>1,933</u>
	TOTAL	<u>\$270,246,596</u>

MFR - FPSC ALL PLANTS
June 28, 1995 Filing

Vol III 5 of 6 1994 A-5(W)	\$149,079,749
Vol III 5 of 6 1994 A-5(S)	<u>121,166,847</u>
TOTAL	<u>\$270,246,596</u>

Southern States provided documentation for the above reconciling items.

Audit Exception No. 1, continued.

Southern States was also asked to reconcile General Ledger Accumulated Depreciation with the MFR total. This request was made via Document Request No. 113 on October 6, 1995. The request due date was October 13, 1995; however, it was not received until October 23, 1995.

Southern States stated that a reconciliation of book accumulated depreciation (A/D) to MFR accumulated depreciation, ". . . would be an extremely difficult task to accomplish."

Per the Company, "'Balance per books' is a generic column heading that is used on a multitude of schedules. It does not always necessarily mean the general ledger specifically."

OPINION/RECOMMENDATION: Southern States books and records are in violation of the above Commission Rule. The books and records (MFR Filings) of Southern States Utilities did not enable Commission personnel to verify the schedules in an expedient manner and with the minimum amount of time. For instance, concerning the above Accumulated Depreciation reconciliation, Southern States said that it would require, ". . . at least two weeks . . ." for its own employees to complete the task.

The Audit Staff is of the belief that the MFRs should begin with the general ledger amount, then adjustments made to achieve the balance submitted for rates. Presently, the Historical 1994 Per Book Balances in the MFRs cannot be agreed to the books expediently.

COMPANY COMMENTS: The Company may respond at a later date.

AUDIT EXCEPTION NO. 2

**SUBJECT: NONCOMPLIANCE WITH NARUC ACCOUNTING INSTRUCTION
#24.F UTILITY PLANT - LAND AND LAND RIGHTS**

FACTS: Rule 25-30.115, F.A.C., requires water and sewer utilities to maintain their books and records in conformity with the 1984 NARUC Uniform System of accounts (US of A) adopted by the National Association of Regulatory Utility Commissioners.

Southern States Utilities Inc. is a Class A Utility according to the NARUC definition found in Accounting Instruction 1.

The 1984 NARUC Class A Water Utility Accounting Instruction 24 Utility Plant - Land and Land Rights in Section F states in whole,

When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 103 - Property Held for future use, or account 121 - Non-utility Property, as appropriate.

The Southern States Collier family acquisition of land for a water source included a total of 212.5 acres. According to a survey for the Hanson Appraisal of the subject land commissioned by Gordon H. Harris, an attorney for Southern States Utilities, the acreage breakdown between Water Source Lakes, Wetlands and Uplands is as follows:

1.	Lakes	56.29 Acres
2.	Wetlands	71.28 Acres
3.	Uplands	<u>84.93</u> Acres
		212.50 Total Acres

Besides the April 1995 Hanson Appraisal, four other appraisals were presented to the audit staff. While the Florida Public Service Commission does not allow appraisals in place of original cost for rate base purposes, the use of appraisals for allocating the cost of "Lump Sum Purchases" is a generally accepted procedure. A summary of the five appraisals appears below.

When dealing with land costs FAS-67 states, "Total capitalized land cost are allocated based on the relative fair value of each land parcel prior to any construction. A land parcel may be identified as a lot, an acre, acreage, a unit, or a tract."

Audit Exception No. 2, continued.

DATE	APPRAISER	VALUE OF ENTIRE PARCEL	WATER SOURCE LAKES	VALUE OF ACQUIRED REAL ESTATE
Apr-95	Hanson Svcs.	\$3,606,500	\$ 140,725	\$ 3,296,416
Apr-95	Klusza Assoc.	7,900,000	1,500,000	6,400,000
Jun-94	Carroll	7,200,000	2,400,000	4,770,000
Jun-94	John Calhoun	4,241,800	-0-	4,200,200
Oct-92	Calhoun Assoc.	4,070,600	-0-	4,070,600

Southern States provided an invoice from Calhoun and Associates, Inc. dated November 24, 1992, for the above appraisal report for \$13,051. The invoice stated in whole,

Inspection of property, conferences with representative of Southern States Utilities, research for both commercial and residential land sales throughout Collier County, research land use issues, inspect all sales and verify all data, analysis of data, and preparation of appraisal report.

(Emphasis added)

The above appraisals were valued as if the subject property were zoned residential and commercial but, in fact, the property is zoned agricultural. Each appraiser indicated that it saw no difficulty in having the zoning changed for development purposes. The appraisals stated that Collier Planning Board has the long-term use for the subject property mapped out as residential.

Southern States is bringing the subject water source land addition into rate base in two portions. The first portion in 1994 with \$4,400,081 and the balance in 1995 with an addition to the land account of 4,799,919.

Marco Island Utilities
Plant in service
Land Addition

1994	\$4,400,081
1995	<u>4,799,919</u>
	\$9,200,000

Audit Exception No. 2, continued.

OPINION: Based on the reading of the facts in above appraisals, it is clear that Southern States is acquiring more than just a water source with the Collier Condemnation. According to the NARUC Land account description at point 3. above, the final purchase price (condemnation settlement costs) should be allocated by an acceptable method to 1) the Collier Lakes water source acquisition and 2) the residential and commercial real estate investment.

Acceptable methods of allocation would include the generally accepted Lump Sum or basket purchase method of evaluating components of an acquisition. We might also look at the NARUC accounting instruction itself which mentions, ". . . less the fair market value of that portion of the land which is not to be used" in which "portion" appears to be talking about acreage.

For purposes of this exception, we will calculate the allocation using both the acreage method and the lump sum purchase method.

Using the Hanson acreage listed above, the percentage condemnation cost allocated to water source "LAKES" would be calculated as follows. The condemnation costs allocated to upland residential and commercial real estate remains.

	Acres	Percent	Allocated Purchase Price	Corrected Charge
Lakes	56.29	39.9%	\$3,670,800	UPIS-Water
Uplands	<u>84.93</u>	<u>60.1%</u>	<u>5,529,200</u>	Upland Real Estate
Total	141.22	100.0%	\$9,200,000	Total cost of condemnation

Of the above four appraisals, the Hanson appraisal was the most detailed and contained facts concerning the acreage for the lake, the wetlands and the uplands including an allocation of the access easement.

Alternatively, the "lump sum purchase" method of allocating asset costs based on relative estimated fair market value yields the following allocation of the condemnation costs. In this case, the two Calhoun appraisals did not identify any costs associated with the water source lakes. Using the other three appraisals to allocate the \$9,200,000 condemnation costs between the water source and the real estate portions, the following calculation follows accepted accounting methodology for allocating "lump sum purchase" costs.

Audit Exception No. 2, continued.

DATE	APPRAISER	PARCEL	REAL ESTATE	PERCENT
Apr-95	Hanson Svcs.	\$3,606,454	3,296,416	91.4%
Apr-95	Klusza Assoc.	7,900,000	6,400,000	81.0%
Jun-94	Carroll	7,200,000	4,770,000	<u>66.3%</u>
			REAL ESTATE AVERAGE %	79.6%

ALLOCATION OF THE COLLIER CONDEMNATION COST USING THE LUMP SUM PURCHASE METHOD.

	Percent	Allocated Purchase Price	Correct Charge
Other*	20.4%	\$1,876,800	UPIS-Water Land
Uplands	<u>79.6%</u>	<u>7,323,200</u>	Upland Real Estate
Total	100.0%	\$9,200,000	Total cost of condemnation.

* Other includes water source lakes and wetlands

NONUTILITY PROPERTY CLASSIFICATION

The real estate portion of the above allocations should be charged to Account 121 Nonutility Property as opposed to Account 103 Plant Held for Future Use. This statement is made for two logical reasons. First, in none of the engineering studies or Marco Island Planning documents reviewed during this docket's field work, including the January 1995 Draft Planning Document for Marco Island prepared by the Planning and Engineering Department of Southern States Utilities, Inc., was there any mention of additional water extraction from the Collier Lakes property. Secondly, all of the appraisals indicate the highest use of this land would be for residential and commercial development.

RECOMMENDATION: The Commission should reduce the cost of the condemnation of the Collier Property charged to Water Source Land Account 303 by the value of the real estate acquired. The cost allocated to Real Estate should be determined by either the direct acreage method or the lump sum purchase method. These allocation methods yield reductions of \$5,529,200 or \$7,323,200 from the Marco Island Water land account, respectively. These Real Estate Investment costs should be charged to Account Number 121 Nonutility Property.

COMPANY COMMENTS: The Company may respond at a later date.

AUDIT EXCEPTION NO. 3

SUBJECT: DEFERRED DEBITS FOR ACQUISITION OF WATER SOURCE LAND CONTAINED NONUTILITY CHARGES

FACTS: As stated in Exception No. 2, Southern States Utilities, Inc. is required to maintain its books and records in conformity with the 1984 Class A NARUC Uniform System of Accounts per Rule 25-30.115, Florida Administrative Code.

The Deferred Debits account filed in the current SSU Rate Proceeding contains \$886,409 for the development and ultimate purchase of water source land known as the Dude Property.

The 1984 NARUC Class A Water Uniform System of Accounts Utility Plant - Land and Land Rights in Section F states in whole,

When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 103 - Property Held for future use, or account 121 - Non-utility Property, as appropriate.

In 1992 Southern States hired and paid Appraisal Research to do an appraisal of the mining potential of the Dude Property.

The value of the mining potential of the Dude Property with 100 acres used as a borrow pit was stated by Appraisal Research to be \$3,600,000.

Southern States provided an April 4, 1991, letter between two of its officers outlining its planned provision of raw irrigation water for Mass. Mutual Golf Course. The letter stated that, "Water supply for this project will come from the "Dude Project" (Southfield Farms)."

Audit Exception No. 3, continued.

OPINION: Out of the 160 acres of the Dude property, the appraisal states that 100 acres were available for the pit mining. Allocating the \$886,409 proposed as Dude property development costs based on acres devoted to mining vs. acres for a water source yields the following:

	<u>ACRES</u>	<u>PERCENT</u>
Mining acres	100	62.5%
Water source acres	60	37.5%
	-----	-----
Total acres	160	100.0%
Total costs to be allocated are:		\$886,409
	Mining percent	62.5%

Development costs allocated to mining		\$554,000
Balance allocated to water source		<u>332,409</u>
	Total allocated	\$886,409

Concerning the water source classification, documents obtained during SSU field work indicate that the water source at the Dude property was to be used for raw water sales to Massachusetts Mutual Golf Course. This golf course is out of SSU's certificated service area and the revenue would be nonutility income. According to a draft of an agreement between Collier County, Mass. Mutual Golf Course and Southern States (Tri-party agreement), Southern States was to provide raw irrigation water as an interim step towards eventually providing treated effluent for irrigation.

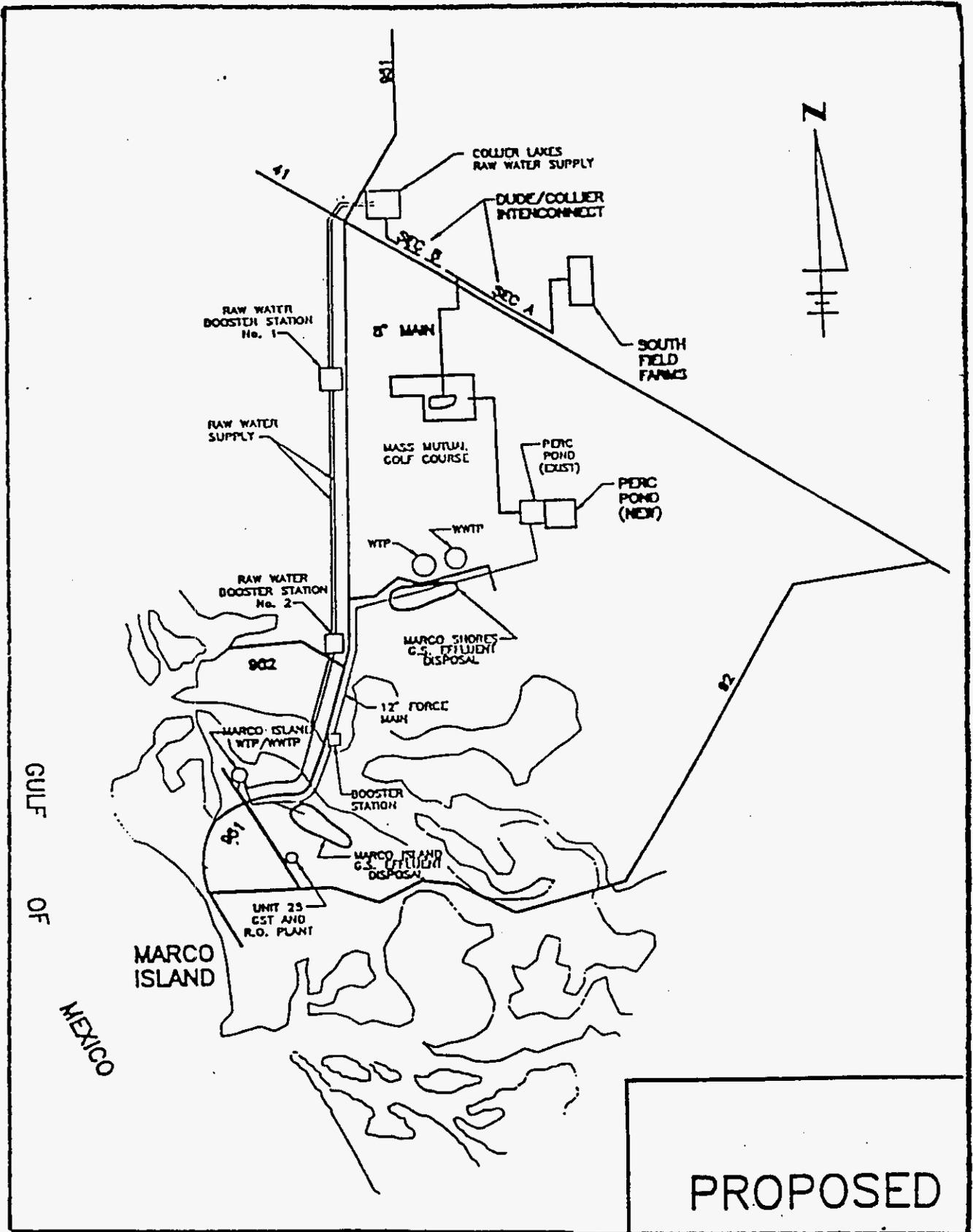
As mentioned in the Facts section, Southern States provided a letter between two of its officers Re: Raw Water Supply - Mass. Mutual Golf Course outlining and mapping its planned provision of raw irrigation water for Mass. Mutual Golf Course. See attached map which was enclosed in the letter.

Expenditures made with the objective of earning nonutility income are nonutility in nature.

RECOMMENDATION: Reclassify the \$886,409 in deferred debits to account #426.13 Miscellaneous Nonutility Expenses - Preliminary survey and investigation expenses related to abandoned projects.

COMPANY COMMENTS: The Company may respond at a later date.

Schedule for Audit Exception No. 3



AUDIT EXCEPTION NO. 10

SUBJECT: ORGANIZATION COSTS

FACTS: Document Request No. 95, dated September 27, was for Organization Cost removal documentation. On September 28, Southern States said that it would not provide the requested information. It finally provided the information on October 11, 1995.

The last day of field work was October 13, 1995.

FPSC Rule No. 25-30.450 Audit Provision states in part,

In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc. supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time....

Emphasis added

Organization costs went from 1989 average balances of \$744,305 and \$93,938 to 1991 average balances of \$27,767 and \$43,393 for Water and Sewer, respectively.

OPINION/RECOMMENDATION: Field staff believes that the above delay was a violation of FPSC Rule No. 25-30.450 Audit Provision. If the data had been provided in a timely manner, a complete review of the information could have been accomplished with additional follow-up, if any, and the issue closed.

Given the problems associated with and the overall magnitude of this issue, it is recommended that this issue be reviewed further by the Commission. (See Disclosure 18.)

COMPANY COMMENTS: The Company may respond at a later date.

AUDIT DISCLOSURE NO. 2

SUBJECT: NONCOMPLIANCE WITH NARUC ACCOUNT 103 - PROPERTY HELD FOR FUTURE USE

FACTS: Rule 25-30.115, F.A.C., requires, "Water and Sewer Utilities to maintain their books and records in conformity with the 1984 NARUC Uniform System of accounts (USofA) adopted by the National Association of Regulatory Utility Commissioners."

The 1984 NARUC Class A System of Accounts provides the following description of UPIS Account 103, Property Held for Future Use, "This account shall include the original cost of property owned and held for future use in utility service"

A CAR (Capital Authorization Request) form found in a sample of SSU project files indicated that the 1995 Lehigh land addition was for future utility use.

The Southern States MFRs for Lehigh Utilities did not indicate any 1995 non-used land.

In response to a document request, Southern States stated that of the \$414,605 1995 Lehigh land additions, \$120,840 and \$260,562 were actually future use Water and Sewer land, respectively.

OPINION: Lehigh land additions representing future Plant in Service should be removed from current rate making consideration in the amounts of \$120,840 and \$260,562 from Water and Sewer, respectively.

COMPANY COMMENTS: The Company may respond at a later date.

AUDIT DISCLOSURE NO. 17**SUBJECT: FUTURE PLANT REMAINING IN UTILITY PLANT IN SERVICE**

FACTS: The audit staff asked Southern States to reconcile its General Ledger water and sewer Utility Plant in Service balances as of 12-31-94, to those balances in the MFRs.

Southern States began its reconciliation by adding \$34,908,326 of Plant Held for Future Use (Account 103) to booked Utility Plant in Service (Account 101). (See Exception No. 1.)

SSU then reduced this balance by the future use portion relating to county plants \$1,387,592 and the land held for future use amount of \$437,839. The remaining amount reconciled with the SSU Filed Utility Plant in Service Accounts. (#1010)

OPINION: It appears as though there is \$33,082,895 of Plant Held for Future Use remaining in the SSU General Ledger amount which reconciled to the MFR Plant balances. (The future use portions of that reconciliation is extracted in the calculation below.)

		FUTURE PLANT ONLY
Future Use Plant	1030	\$34,908,326
Less County Plants		
Future Use	1030	(1,387,592)
Future Use Land	1030	<u>(437,839)</u>
Total Remaining	1030	\$33,082,895

The FPSC Engineers assigned to review Future Use Plant should be aware that SSU feels that according to its classification there is \$33,082,895 of future plant in its filed UPIS balances.

COMPANY COMMENTS: The Company may respond at a later date.

AUDIT DISCLOSURE NO. 18

SUBJECT: ORGANIZATION COSTS

FACTS: Document Request No. 95, dated September 27, was for Organization Cost removal documentation. Southern States provided the information to the audit staff on October 11, 1995.

Document Request No. 114 dated October 11, 1995, was responded to on October 13, 1995, the last day of field work.

OPINION: The audit staff believes that the above is a violation of FPSC Rule No. 25-30.450 Audit Provision. (See Exception 10.)

Due to time considerations, only a judgmental sample of two journal entries of the documentation supplied, by way of Document Request No. 114, could be analyzed. The first was for the removal of \$20,080 of Organization Costs. Of that total, \$17,563 or 87.29% was transferred to other Rate Base accounts. \$1,009 or 5.02% went to Various Expenses and \$1,548 or 7.69% went to Acquisition Adjustment and Nonutility Expenses.

The second transaction analyzed consisted of a twelve-page journal entry to correct Organization Cost Accumulated Depreciation. A total of the regulated Accumulated Depreciation Account (#108.110) net reductions was taken. A total of the offsetting Accumulated Amortization of Acquisition Adjustment Account (#115.00) was taken. The following totals were accumulated from this journal entry for water and sewer combined.

Debit	# 108.110	\$ 152,709
Credit	# 115.000	\$(128,625)

Given the problems associated with these Journal Entries and the lack of time for analysis, it is recommended that this issue be reviewed further by the Commission.

COMPANY COMMENTS: The Company may respond at a later date.

SSU
DN950495-WS

Doc RFD #31 SCHED.

PTY 1996

CO

**SOUTHERN STATES UTILITIES
1994
UTILITY PLANT IN SERVICE
MFR'S FPSC REGULATED TO GL TOTAL COMPANY
RECONCILIATION**

12/31/94 Balance per GL (Total Company)		
1010	274,161,869	A
1030	34,908,328	B
Total Company Plant	<u>309,070,195</u>	
Less County Plants: (Hernando, Hillsborough, Polk)		
1010 - Water & Sewer	30,864,863	I
1030	1,367,592	J
Total County Plant	<u>32,252,455</u>	
Total FPSC Regulated Plants	<u><u>276,817,740</u></u>	
Reconciliation items: (see attached)		
Water	41,142	C
Sewer	(196,585)	D
GP	<u>(168,642)</u>	E
	(324,085)	
GL Balances not picked up in MFR's (Plant 00001)	(6,286)	F
County & Gas portion of Allocated GP	(5,804,867)	G
1030 Land held for future use	<u>(437,839)</u>	H
	<u><u>270,244,663</u></u>	
Balances per MFR's - FPSC ALL PLANTS (June 28 filing)		
Vol III 5 of 6 1994 A-5(W)	149,079,749	
Vol III 6 of 6 1994 A-6(S)	121,166,847	
	<u><u>270,246,596</u></u>	
Variance from MFR Historic Ending Balance to GL	1,933	
Immaterial difference		



Source: <u>PBC</u>	<u>MFR vs GL UPIS RECONCILIATION</u>	<u>16-1</u>
		<u>2</u>

SSU
D#950495-WS

sw

PTY 1996

least one month ago and because I had had no further word from you regarding this matter, my assumption was that you had accepted my explanation and we would not have to do this reconciliation. As a result, we did not start the required analysis. When you handed me this request, you indicated you had left the due date blank because you did not know how long it would take. I indicated that it would take at least two weeks due to the complexity and to the fact that the analyst who would help me with this reconciliation would be in the NARUC school the week of October 9. You proceeded to affix a one week due date on the request with "FIRM" written next to the date. October 13 is not an acceptable due date for responding to this request. Not only did I indicate we needed at least two weeks, but you knew at least a month ago that this would be an extremely complicated reconciliation. Any further communication you wish to have regarding this date should be conducted with Brian Armstrong.

AUDIT NOTE:

FIRM BECAUSE 10/13/95 WAS TO BE THE
LAST DAY OF AUDIT FIELD WORK 10/8/95

10-1130
2/2 3079

Doc Ref 113 (A)

Source: ABC

161
3

SSU
D#950495-WS

10/96

PTY 1996

10/23/95 MON 09:30 FAX 407 880 1081

SSU

004



Southern States Utilities, Inc
Reconciliation of
1993 Accumulated Depreciation
General Ledger to MFR's

	Water	Sewer	General Plant	Total
12/31/93 Balance per General Ledger	\$ (32,442,364)	\$ (29,906,070)	\$ (8,186,855)	\$ (71,529,279)
Less VGU Balances	3,734,459	3,222,474	440,177	7,397,110
Total General Ledger Excluding VGU	(28,707,906)	(26,677,597)	(8,746,678)	(64,132,189)
Plus 1991 Lead Schedule Adjustments (in MFRs but not on books):				
Improper Purchase Accounting	(828,901)	(2,045,200)	0	(2,874,101)
Depreciation on Assets Unbooked at Acquisition	(111,197)	(114,629)	0	(225,826)
Unbooked Retirements	18,305	21,262	0	39,567
Accounting Mistakes	15,859	(57,553)	40,438	(1,366)
Depreciation on Non-Used and Useful	(911,812)	(908,937)	0	(1,820,749)
Total Adjustments reconciled on Lead schedules	(1,817,746)	(3,105,467)	40,438	(4,882,775)
Plus Additional 1989-1993 Adjustments				
1989-1991 Adjustments due to Incorrect Rates	496,224	199,123	0	695,347
1989-1991 Adjustments due to Asset Correction	(2,385)	2,806	0	421
'92 Adjustments due to Incorrect Rates	262,248	329,545	86,767	678,560
'92 Adjustments due to Asset Correction	8,399	(3,239)	0	5,160
'92 Depreciation on Non-Used and Useful	(478,464)	(369,828)	0	(848,292)
'93 Adjustments due to Incorrect Rates	194,297	373,170	(10,836)	556,631
'93 Adjustments due to Asset Correction	8,932	(5,918)	0	3,014
'93 Depreciation on Non-Used and Useful	(475,142)	(371,115)	0	(846,257)
Total Additional Adjustments 1989-1993	(19,874)	190,544	75,931	165,601
Total Adjusted General Ledger 1993 Balance	\$ (30,545,815)	\$ (26,652,518)	\$ (8,630,747)	\$ (65,829,080)
12/31/93 Balance per MFR's	\$ (31,485,947)	\$ (29,086,181)	\$ (8,223,607)	\$ (68,795,735)
Plus Adjustments Needed on MFR's				
Prior Period Retirements shown in 1996 MFR's	141,680	161,252	0	302,932
Marion Oaks Adjustments due to Incorrect Rates	(8,856)	(86,727)	0	(95,583)
Adjustments for 1993 MFR Balance	132,824	124,525	0	257,349
Total Adjusted MFR's	\$ (31,333,023)	\$ (29,041,631)	\$ (8,223,607)	\$ (68,598,261)
Variance MFR's to General Ledger	\$ (787,808)	\$ 116,823	\$ 406,707	\$ (264,278)
Less Plant 01 not picked up in MFR's	187,820	(17)	0	187,703
Total Adjustment needed to General Ledger	\$ (600,008)	\$ 116,806	\$ 406,707	\$ (86,495)

Notes:

MFR's historically moved several items booked as general plant to water asset accounts. The books continued to depreciate as general plant assets. This explains why general plant accumulated depreciation is greater on the books than in the MFR's, but water accumulated depreciation is less on the books than in the MFR's.

asset accounts deprec rates are less than Gen PT notes on books

Books are deprec 2 than MFR

Still doesn't reconcile with 12-31-94

10/23/95 1:22 PM MELINDA.SB

SOUTH PBC	Doc Ref 113 (14)	VIA FAX	10-1
-----------	------------------	---------	------

SSU
D#950495-WS

10/95

PTY 1996

10/23/95 MON 09:20 FAX 407 800 1061

SSU

002

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

TO: JUDY KIMBALL
UTILITY: SSU
FROM: CHARLESTON WINSTON
(AUDIT MANAGER)

ROBERT DODDALL
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 113
AUDIT PURPOSE: RATE CASE D#950495-WS

DATE OF REQUEST: 10-6-95

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 10-13-95 FIRM
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: DEPRECIATION WORKPAPERS/RATES

- A) PLEASE PROVIDE THE LEAD WORKPAPERS FOR DEPRECIATION EXPENSE CALCULATION, INCLUDING SUPPORT FOR RATES USED.
- B) PLEASE ALSO PROVIDE A RECONCILIATION OF BOOK A/D TO MFR ACCUMULATED DEPRECIATION AT 1994 1/1/94.

TO: AUDIT MANAGER Charleston Winston

DATE: 10/9/95

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY (B) 10/23/95
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY 10/20/95
- (3) AND IN MY OPINION, ITEM(S) _____ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Judith J. Kimball, Asst VP, Finance
(SIGNATURE AND TITLE OF RESPONDENT)

DISTRIBUTION:
White: Utility Complete and Return to Auditor
Pink: Audit File Copy
Canary: Utility Retain

PSC/AFA-8 (Rev.2/95)

Source: <u>PRC</u>	Doc Ref: <u>113 (B)</u>	VIA <u>FAX</u>	10-1
			4

SSU
D#950495-WS

PTY 1996

10/23/95 MON 09:30 FAX 407 880 1081

SSU

003

10/95

October 23, 1995



TO: Robert Dodrill
FPSC Auditor

FROM: Judy Kimball

RE: FPSC Audit Document Request 113

Attached is the reconciliation of accumulated depreciation at 12/31/93 of the general ledger to the MFR balances as requested in part B of Audit Request 113.

Source: <u>PBC</u>	Doc Req 113 (B) VIA FAX	16-1
		4

PTY 1996

WORKPAPER 17 INDEX

- #17 (1/2) Listing of Water Land additions 1993 to 1996 with conclusion
- #17 (2/2) Listing of Sewer Land additions 1993 to 1996 with conclusion
- #17-1 Text of Exception No. 2
- #17-1/1 2/6 Carroll Appraisal of Collier Land results.
3/6 Hanson " " " " "
4/6 Klusza " " " " "
5/6 Calhoun " " " " "
6/6 Associates " " " " "
- #17-1
1-1 NARUC Accounting Instruction F. land and Land Rights
- #17-1
2 Calhoun and Associates invoice "...commercial and residential land sales..." reference.
- #17-1
2-1 Collier Land zoning designation (verified at Collier County Appraisers office. W/P 21 Plant Tour)
4/4 "Water source is considered a short-term use"
- /3 MFR Showing Collier Condemnation cost addition
- /4 Calculation of allocation of costs
- /5 FAS-67 Allocation of Capital Costs - LAND
- /6 SSU Collier Property Condemnation Cost Summary 94CS056
- /7 SSU Collier Condemnation "Stipulation regarding Deposit"
- /8 SSU Collier Condemnation "Stipulated Final Judgement"
- /9 Map of Collier Property taken

L

SOURCE: AS REF.

17 INDEX

SSU
 DW950495-WS
 WATER
 LAND ADDITIONS IN SAME
 FTY 1996

OW

AWPLA93

DELTONA	-0-
LEHIGH	-0-
PINE RIDGE	-0-
PALM VALLEY	-0-
MARION OAKS	-0-
MARCO ISLAND	28,314-
CITRUS SPR.	-0-
KEystone	-0-
UNIVERSITY	-0-
FOX RUN	-0-

AWPLA 94

$\frac{10-31}{3}$ (A)

MARCO I	4,400,081
DELTONA	< 2,000 > ABS
BURNT SEC.	-0-
LEHIGH	-0-
MARION OAKS	-0-
BEACON HILL	-0-
PINE RIDGE	-0-
POINT OAKS	-0-
CITRUS SPR.	-0-
SKYCREST	-0-

SEE EXCEPTION 2 # 19-1

AWPLAD95

$\frac{11-1}{3}$ (B)

MARCO I	4,799,919	99.6%
DELTONA	-0-	
LEHIGH	154,043	
BEACON H.	-0-	
BURNT SEC.	-0-	
WESTERN	-0-	
MARION O.	-0-	
ELK HARBOR	-0-	
LAKE SIDE	-0-	
PINE RIDGE	-0-	

SEE EXCEPTION 2 # 19-1

SEE DISCLOSURE 2 # 18-1 AND DETAIL # 18-1

AWPLAD96

ORANGE OAK	41,400
MARCO/LEHIGH	-0-
DELTONA/CIT	-0-
SUNSHINE	-0-
CHU/BS/MI	-0-
Source:	9,425,757

CONCLUSION

MARCO ISLAND ADDITIONAL REQUIREMENTS
 99.6% OF TOTAL WATER LAND ADDS
 $\frac{9,200,000}{9,425,757} = 97.6\%$

MFR SOURCES

17 (1/2)

SSU
 D#950495-WS
 SEWER LAND ACQUISITION IN SAME

dw

PTY 1996

AS PLAD 93					
DELTONA	-0-				
LEHIGH	-0-				
MARCO	206,370				
SUNSHINE	155,630				
BEACH	-0-				
UNIVERSITY	-0-				
DEEP CREEK	-0-				
BURNING STONE	-0-				
ZEPHYR	43,036				
AS PLAD 94					
LEHIGH	-0-				
DELTONA	-0-				
HOLIDAY	-0-				
UNIVERSITY	< 2,000 >				
BEACH	-0-				
AMELIA	-0-				
CITRUS SPR.	-0-				
DEEP CR.	-0-				
AS AD 95					
DELTONA	-0-				
SUGAR HILL	-0-				
AMELIA	-0-				
LEHIGH	273,281	< 12,719 >	Misc. Other	260,562	SEE DISCOUNT 2 18-1 ? 18-1
MARCO OAKS	-0-				
BEACH H	-0-				
DEEP CREEK	56,241				
VALENTIA	213				
SPRING GLEN	222				
AS AD 96					
ORANGE CREEK	992,827				
LEHIGH	-0-				
UNIV. SHO	-0-				
	1,679,839				

} SEE D#941151-WS 12/31/94

CONCLUSION
 THE CURRENT MATERIALS SEWER LAND ACQUISITION REQUIRES ADDITION OF ORANGE CREEK UTILITY TOTALS FOR APPROVED VMA DATES #941151-WS 12-31-94

Source: MFR Schedule

17 (2)

PTY 1996

AUDIT EXCEPTION NO. 2

SUBJECT: NONCOMPLIANCE WITH NARUC ACCOUNTING INSTRUCTION #24. F
UTILITY PLANT - LAND AND LAND RIGHTS

FACTS: Rule 25-30.115 F.A.C. requires water and sewer utilities to maintain their books and records in conformity with the 1984 NARUC Uniform System of accounts (US of A) adopted by the National Association of Regulatory Utility Commissioners.

Southern States Utilities Inc. is a Class A Utility according to the NARUC definition found in Accounting Instruction 1.

The 1984 NARUC Class A Water Utility Accounting Instruction 24 Utility Plant - Land and Land Rights in Section F states in whole,

When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 103 - Property Held for future use, or account 121 - Non-utility Property, as appropriate.

The Southern States Collier family acquisition of land for a water source included a total of 212.5 acres. According to a survey for the Hanson Appraisal of the subject land commissioned by Gordon H. Harris, an attorney for Southern States Utilities, the acreage breakdown between Water Source Lakes, Wetlands and Uplands is as follows:

- | | |
|----|----------------------|
| | 17-1 (3/6) |
| 1. | Lakes 56.29 Acres |
| 2. | Wetlands 71.28 Acres |
| 3. | Uplands 84.93 Acres |
| | 212.50 Total Acres |

Besides the April 1995 Hanson Appraisal, four other appraisals were presented to the audit staff. While the Florida Public Service Commission does not allow appraisals in place of original cost for rate base purposes, the use of appraisals for allocating the cost of "Lump Sum Purchases" is a generally accepted procedure. A summary of the five appraisals appears below.

17-1/5 { FAS-67 GAAP ON ALLOC LAND COST

1/5

Source: RSC Audit AS REF

17-1

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

PTY 1996

DATE	APPRAISER	17-1 1 VALUE OF ENTIRE PARCEL	WATER SOURCE LAKES	VALUE OF ACQUIRED REAL ESTATE
Apr-95	Hanson Svcs.	$\frac{3}{6}$ \$3,606,500	140,725	3,296,416
Apr-95	Klusza Assoc	$\frac{1}{6}$ 7,900,000	1,500,000	6,400,000
Jun-94	Carroll	$\frac{3}{6}$ 7,200,000	2,400,000	4,770,000
Jun-94	John Calhoun	$\frac{5}{6}$ 4,241,800	-0-	4,200,200
Oct-92	Calhoun Assoc	$\frac{3}{6}$ 4,070,600	-0-	4,070,600

Southern States provided an invoice from Calhoun and Associates, Inc. dated November 24, 1992, for the above appraisal report for \$13,051. The invoice stated in whole,

17-1
2
①

Inspection of property, conferences with representative of Southern States Utilities, research for both commercial and residential land sales throughout Collier County, research land use issues, inspect all sales and verify all data, analysis of data, and preparation of appraisal report.

(Emphasis added)

2-1
2-1

The above appraisals were valued as if the subject property were zoned residential and commercial but in fact, the property is zoned agricultural. Each appraiser indicated that it saw no difficulty in having the zoning changed for development purposes. The appraisals stated that Collier Planning Board has the long term use for the subject property mapped out as residential.

Southern States is bringing th subject water source land addition into rate base in two portions. The first portion in 1994 with \$4,400,081 and the balance in 1995 with an addition to the land account of 4,799,919.

Marco Island Utilities
Plant in service
Land Addition

1994	17-1 3	$\frac{1}{2}$	\$4,400,081
1995		$\frac{1}{2}$	4,799,919
			\$9,200,000

2/5

Source: RSC AUNT AS REF.									
17-1									

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

CS

11-1 (2)

OPINION: Based on the reading of the facts in above appraisals, it is clear that Southern States is acquiring more than just a water source with the Collier Condemnation. According to the NARUC Land account description at point 3. above, the final purchase price (condemnation settlement costs) should be allocated by an acceptable method to 1) the Collier Lakes water source acquisition and 2) the residential and commercial real estate investment.

Acceptable methods of allocation would include the generally accepted Lump Sum or basket purchase method of evaluating components of an acquisition. We might also look at the NARUC accounting instruction itself which mentions, ".....less the fair market value of that portion of the land which is not to be used...." in which "portion" appears to be talking about acreage.

For purposes of this exception, we will calculate the allocation using both the acreage method and the lump sum purchase method.

Using the Hanson acreage listed above, the percentage condemnation cost allocated to water source "LAKES" would be calculated as follows. The condemnation costs allocated to upland residential and commercial real estate remains.

	$\frac{11-1}{1} \left(\frac{2}{2} \right)$ Acres	$\frac{11-1}{4} \textcircled{A}$ Percent	Allocated Purchase Price	Corrected Charge
Lakes	56.29	39.9%	\$3,670,800	UPIS-Water
Uplands	<u>84.93</u>	<u>60.1%</u>	<u>5,529,200</u>	Upland Real Estate
Total	141.22	100.0%	\$9,200,000	Total cost of condemnation

Of the above four appraisals, the Hanson appraisal was the most detailed and contained facts concerning the acreage for the lake, the wetlands and the uplands including an allocation of the access easement.

Alternatively, the "lump sum purchase" method of allocating asset costs based on relative estimated fair market value yields the following allocation of the condemnation costs. In this case, the two Calhoun appraisals did not identify any costs associated with the water source lakes. Using the other three appraisals to allocate the \$9,200,000 condemnation costs between the water source and the real estate portions, the following calculation follows accepted accounting methodology for allocating "lump sum purchase" costs.

3/5

Source: RSC Audit AS REF.									
									17-1

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

DATE	APPRAISER	PARCEL	REAL ESTATE	PERCENT
Apr-95	Hanson Svcs.	$\frac{3}{6}$ \$3,606,454	3,296,416	$\frac{19.1}{4}$ (B) 91.4%
Apr-95	Klusza Assoc.	$\frac{4}{6}$ 7,900,000	6,400,000	81.0%
Jun-94	Carroll	$\frac{2}{6}$ 7,200,000	4,770,000	66.3%
REAL ESTATE AVERAGE %				79.6% (A)

ALLOCATION OF THE COLLIER CONDEMNATION COST USING THE LUMP SUM PURCHASE METHOD.

	Percent	Allocated Purchase Price	Correct Charge
Other*	20.4%	\$1,876,800	UPIS-Water Land
Uplands	79.6% (A)	7,323,200	Upland Real Estate
Total	100.0%	\$9,200,000	Total cost of condemnation.

* Other includes water source lakes and wetlands

111
NONUTILITY PROPERTY CLASSIFICATION

The real estate portion of the above allocations should be charged to Account 121 Nonutility Property as opposed to Account 103 Plant Held for Future Use. This statement is made for two logical reasons. First, in none of the engineering studies or Marco Island Planning documents reviewed during this docket's field work, including the January 1995 Draft Planning Document for Marco Island prepared by the Planning and Engineering Department of Southern States Utilities, Inc. was there any mention of additional water extraction from the Collier Lakes property. Secondly, all of the appraisals indicate the highest use of this land would be for residential and commercial development.

RECOMMENDATION: The Commission should reduce the cost of the condemnation of the Collier Property charged to Water Source Land Account 303 by the value of the real estate acquired. The cost allocated to Real Estate should be determined by either the direct acreage method or the lump sum purchase method. These allocation methods yield reductions of \$5,529,200 or \$7,323,200 from the Marco Island Water land account, respectively.

4/5

Source: REC AUNT AS REF									
									17-1

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

(Handwritten mark)

These Real Estate Investment costs should be charged to Account Number 121 Nonutility Property.

COMPANY COMMENTS: Company may respond at a later date.

S
S

Source: RSC Hunt AS REF.

17-1

SSU
D#950495-WS

ew

PTY 1996

APPRAISAL
FOR
BARRON COLLIER COMPANY

VALUATION DATE

JUNE 23, 1994

AT THE REQUEST OF

WILLIAM G. EARLE, ESQUIRE
EARLE & PATCHEN
1000 BRICKELL AVENUE
SUITE 1112
MIAMI, FLORIDA 33131



PREPARED BY

CARROLL & CARROLL
REAL ESTATE APPRAISERS
2500 AIRPORT ROAD SOUTH, SUITE 206
MAPLES, FL 33962
(813) 775-1147

#1974-E

1/6

Sources: ABC

17-1

1

CW

PTY 1996

HIGHEST AND BEST USE - AFTER THE TAKING
(CONT'D)

In addition to a reduced density, the property will no longer have a lake resource or commercial frontage. This will produce a type of development which will be inferior to that that would have been allowed before the taking. In addition, the highest and best use of the lake area as an interim water source will be lost.

VALUE OF PART TAKEN

The area of the part taken is 212.67 acres. This area has a land use designation of Urban Residential and a portion is within the Activity Center area which allows a greater density. This is also the prime County Road 951 road frontage portion of the subject.

Planner Wiles has proposed various development scenarios which indicate that the area of the part taken before the taking could have supported from a minimum of 800 dwelling units to a maximum of 1,100 dwelling units. There is no way to precisely determine this amount before development plans are actually drawn and presented to the appropriate governmental agencies for approval. In this instance, we have accepted the lower end of Mr. Wiles' range and concluded that 800 dwelling units will be directly lost because of the taking.

In addition to the lost dwelling units, the property will lose the interim water source value of \$1,500,000. The value of the part taken is computed as follows:

800 units @ \$8,000/unit =	\$6,400,000
Plus Lost Income from Water Source -	<u>1,500,000</u>
Total -	\$7,900,000

PBC

Source: PBC

W

PTY 1996

COMPENSATION

Land Taken

The taking contains some 212.50 acres, which includes 4.63 acres of an access easement. This leaves 207.87 acres taken in full fee simple. Of the lands being acquired under a full fee simple interest, it includes 3.41 acres of commercial lands and 204.46 acres of residential lands. The commercial lands have been valued at \$3.50 per square foot in the before situation, while the residential lands had been valued at \$18,000. Finally, the access easement is valued at 50 percent of \$18,000 per acre.

Potential Commercial:	148,539 SF (3.41 Ac.)	• \$3.50/SF	= Say \$ 519,900
Residential Lands:	204.46 Ac.	• \$18,000/Acre	= Say 3,680,300
Access Easement:	4.63 Ac.	• \$18,000 x 50%	= Say <u>41,600</u>
Total (Lands Taken)			\$4,241,800

Improvements Taken

None of value

Damages

The remainder lying immediately north of the take area and comprising a part of the triangle before the taking contains only 9.40 acres after the taking. This includes 3.60 acres of uplands and 5.80 acres of wetlands. The uplands will be isolated by the taking, since they are situated along the canal and separated from County Road 951 by wetlands. Before the taking, these uplands connected with uplands situated within the take area. Therefore, the triangle remainder has no practical use by itself. As such, it has been reduced in value from \$18,000 per acre before the taking to \$1,250 per acre after the taking, which reflects damages of \$16,750 per acre, as follows:

9.40 Ac. • \$16,750/Acre = Say \$157,400

The larger remainder property lies to the east and north of the triangle, and contains some 1,692.35 acres. This includes 920.90 acres of uplands and 771.45 acres of wetlands. The appraiser has consulted with Hartman and Associates, as well as Mr. David DePew to ascertain the impact, if any, on the remainder lands. The issues studied have been varied, and it is found that the taking does not cause any adverse impact to the lands lying east and north of the triangle. Therefore, the only lands suffering any damages by reason of the taking are those located within the small triangle remainder.

Summary

Land Taken	\$4,241,800
Improvements Taken	-0-
Damages	<u>157,400</u>
Total	\$4,399,200

PBC

Calhoun and Associates, Inc.

10

4/6

Sources: PBC

17-1

1

PTY 1996

ACCOUNTING INSTRUCTIONS

shall be charged to the utility plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, then the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 407.1 - Amortization of Limited Term Plant. However, if the service life is not terminated by action of the lease, but by depreciation proper, then the cost of the improvements, less net salvage, shall be accounted for as depreciable plant.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included either directly or by amortization thereof.

24. Utility Plant - Land and Land Rights

A. The accounts for land and land rights include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land. Do not include in the accounts for land, land rights, and rights of way costs incurred in connection with first clearing and grading of land and rights of way and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefited.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid balances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. Separate entries shall be made for the acquisition, transfer or retirement of each parcel of land, and each land right (except rights of way for distribution lines), or water rights, having a life of more than one year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district in which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of

25.

Source: NARUC

17-1
1-1

SSU
D#950495-WS

ce

PTY 1996

ACCOUNTING INSTRUCTIONS

recording of deed, and book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

D. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be included in account 414 - Gains (Losses) from Disposition of Utility Property, unless a reserve therefore has been authorized and provided or, unless otherwise authorized or required by the Commission. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

E. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of any interest in land, such interest extends to buildings or other improvements (other than public improvements), which are then devoted to water operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged and the salvage credited to the account in which the cost of the land is recorded.

F. When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 103 - Property Held for Future Use, or account 121 - Nonutility Property, as appropriate.

G. Provision shall be made for amortizing amounts carried in the accounts for limited term interests in land so as to apportion equitably the cost of each interest over the life thereof (See account 110.1 - Accumulated Amortization of Utility Plant in Service, and account 407.1 - Amortization of Limited Term Plant).

Utility Plant - Structures and Improvements

A. The accounts for structures and improvements include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom

2/2

SSU
DW950495-WS

EXHIBIT RFD - 3 (PAGE 17 OF 29)

cu

PTY 1996

CA Calhoun and Associates, Inc.

Real Estate Appraisers & Consultants • Realtors

The Roger Center
999 Woodcock Road, Suite 106
Orlando, FL 32803
(407) 898-4698

2270 Drew Street, Suite C
Clearwater, FL 34625
Fax: (813) 726-8918
(813) 797-7600

150 S.E. 12th Street (Davie Blvd.)
Suite 100
Ft. Lauderdale, FL 33316
(305) 832-0043

PLEASE REPLY TO: Clearwater

November 24, 1992



Ms. Karen Olson Teasley
Southern States Utilities, Inc.
Vice President of Legal Counsel
1000 Color Place
Apopka, Florida 32703

Re: Property: 212.70 Acres
County : Collier
Owners : Marguerite R. Collier,
Lamar Gable and Harold
S. Lynton, et al

INVOICE

Inspection of property, conferences with representative of Southern States Utilities, research for both commercial and residential land sales throughout Collier County, research land use issues, inspect all sales and verify all data, analysis of data, and preparation of appraisal report.

} 17-1(1/3) (B)

J Calhoun : 20.5 Hours @ \$135.00/Hr. =	\$ 2,767
C. Mafera : 112.5 Hours @ \$ 85.00/Hr. =	2,552
Subtotal (Services)	12,329
Expenses (See Attached)	722

Total Invoice Amount \$ 13,051

Td# 27(A)

Thank you,

John M. Calhoun
John M. Calhoun
President

*Payment Approved
Karen Olson Teasley
V.P. of Counsel*

JMC/dc
cc: S. Harris

DEC 31 1992

2601.590.99.1862.0011.15

Source: PBC

17.1
2

ew

PTY 1996

Zoning and Land Use Designations

The subject property is zoned A (Rural Agricultural District) by Collier County. In addition, the property has provisional use approval for excavation. The purpose and intent of this zoning district is to provide lands for agricultural, pastoral, and rural land uses by accommodating traditional agricultural, agricultural related activities and facilities, support facilities related to agricultural needs, and conservation uses.

The permitted uses within this zoning district include single family dwelling, agricultural activities, wildlife management, wholesale plant nurseries, and oil and gas explorations subject to state permits and Collier County site development plan review procedures. Some of the following uses are permitted as conditional uses in the Rural Agricultural District. These uses include extraction or earth mining, saw mills, cemeteries, churches, communication towers, golf courses, sporting and recreational camps, and schools.

The minimum lot area is five acres and the minimum lot width is one hundred and sixty-five feet (165). The maximum density is one dwelling unit per each five acres, which is the same as the minimum lot area.

The Land Use Plan by Collier County designates the property as Urban Residential and Activity Center. The lands designated Urban Residential contain 208.5 acres and the lands designated Activity Center contain 4.2 acres. The lands located within the Activity Center are located in the apex of the southwest corner of the property. The Urban Residential district is intended to provide for higher densities and in an area with relatively few natural resource constraints and where existing and planned public facilities are concentrated. This designation has a base density of four units per acre that is adjusted on a density rating system that can add or subtract allowable units dependent upon certain criteria. The subject property is located within a traffic congestion zone which decreases the attainable density by one unit per acre.

The Activity Center subdistrict is designed to concentrate almost all new commercial zoning and locations where traffic impacts can readily be accommodated, to avoid strip and disorganized patterns of commercial development and to create focal points within the community. A portion of the subject property is located within a mixed-use activity center, which is anticipated to have a variety of uses that shall be determined during the rezoning process.

PBC

4

<i>Source: PBC</i>	17-1
	2-1

ew

PTY 1996

Explained

The subject property is located along the east side of County Road 951 (Isle of Capri Road), approximately one-quarter mile northeast of U.S. 41 (Tamiami Trail). More generally speaking, the property is located approximately six miles southeast of downtown Naples in unincorporated Collier County.

The subject property contains 212.7 acres and is triangular in shape. The site has 4,206.78 feet of frontage along County Road 951, which borders its westerly property line. Within the property there are two lakes which contain a total of 54.30 acres, which leaves 158.4 acres of uplands. The uplands area represent 74 percent and the lakes 26 percent of the property. The east property line is bordered by a drainage canal which connects with Henderson Creek to the south. This frontage measures 4,172.01 feet.

The subject property is zoned A (Rural Agricultural District) with a provisional use for excavation. The Land Use Plan designates the property at Urban Residential and Mixed-Use Activity Center. As previously stated, the Activity Center applies to 4.2 acres located in the southwest region, which represents two percent of the total property. In addition, the property is located within a traffic congestion zone which reduces the attainable density for residential purposes.

The general area has experienced growth over the past decade which has slowed in recent years. This is a result of the number of projects that have commenced and the current economy. Located across County Road 951 is the Lely development, which is a large scale mixed-use project including golf courses, hotels, commercial, single and multi-family homes. The development has plans for 1,800 single family homes and 8,300 multi-family units, and 84 acres of commercial with a variety of uses.

The Eagle Creek development is located in the southwest quadrant of County Road 951 (State Road 951) and U.S. 41. This project encompasses 298 acres and has plans for 656 residential units, which reflects a density of 2.2 units per acre. This project has an 18 hole golf course, luxury estate homes, and villas.

In estimating the highest and best use, the appraiser considers those uses which must meet the test of economic demand, given the constraints of the physically possible and legally permissible uses of the site. In addition, the highest and best use must be financially feasible and maximally productive. The subject property has improvements on site which have been excluded from valuation in the appraisal report. Therefore, the appraiser will analyze the highest and best use of the property "as vacant."

(PBC)

20

Calhoun and Associates, Inc.

2/4

<i>500-23-4 PBC</i>	<i>17-1</i>
	<i>2-1</i>

ew

PTY 1996

The subject site contains 212.7 acres and is triangular in shape. The property has the physical size that could accommodate a residential type use. The subject is considered to have the physical size and characteristics that would be suitable for such a development. The southwest portion of the property, which is located in the Activity Center is physically suitable for an intense type development. The northeast portion of the lands within the Activity Center are located within the south area.

As previously discussed, the subject property is zoned A (Rural Agricultural District) with a provisional use for excavation. It would be necessary to re-zone the property for both residential and commercial uses. Under this zoning classification the maximum density is one unit per five acres, which is an under utilization of the property. It is anticipated the residential lands would be re-zoned to allow for a more intense development. In addition, the lands within the activity center would also require a re-zoning to allow a commercial development. In analyzing the highest and best use, a potential development must be financially feasible and maximally productive. The residential lands are considered to be well suited to a residential type use. In addition, the southwest portion of the property is considered to be oriented towards a commercial use that would be consistent with its Land Use Plan Designation.

In conclusion, the highest and best use for the total property is for residential and commercial uses. The majority of the property is suitable for residential development and a small portion is expected to be developed with compatible commercial uses. This combination of uses is considered to be financially feasible and a maximally productive use of the property and will occur when the economic outlook is more optimistic and demand increases.

PBC

21

Calhoun and Associates, Inc.

3/4

<i>Calhoun and Associates, Inc.</i>	<i>17-1</i>
	<i>2-1</i>

ew

PTY 1996

VALUATION - INTERIM USE AS A WATER SOURCE

The subject property includes a 53-acre lake system which is currently being used in conjunction with the infiltration galleries on the property as a major water source for Marco Island. This water source has been under lease for 30 years. This lease was set to expire on December 31, 1994. The lease has not been adjusted to market rates and, therefore, is not indicative of economic rent. Were it not for the taking, we have projected that the lease would have been extended on a short-term basis. We projected that this term would have been approximately 5 years or until development approvals and permits were obtained and the southern portion of the parent tract was ready for development.

In order to calculate the interim value as a water source, we first estimated the gross income from the water sales. The gross income from the water sales is calculated by multiplying the projected annual gallonage times the market rate of water. The projected annual gallonage was based upon historical gallons pumped. An analysis was prepared comparing the volume permitted versus the actual volume extracted. An analysis prepared by engineer Gerry Ward was also considered. Based upon all the data we analyzed, we projected that annual gallonage would be 1,800,000,000 gallons per year.

The next step in determining the gross income from the water sales is to determine the current price paid for water. We located several other water sources throughout the state of Florida, and conducted a study to determine the current price being paid for water. We also studied and researched the rates proposed by the city of Naples to provide water to Marco Island. Based upon this study, we assumed that the market rate of water would be \$0.25 per 1,000 gallons. Multiplying the projected annual gallonage times the market rent results in an annual gross income from the water of \$450,000.

We then determined the expenses to the property. The property taxes at the date of value were approximately \$41,500. Other expenses considered include insurance, management, etc. We estimated a total expense allowance of 10%, or \$45,000. Subtracting this from the gross income results in a net annual income of \$405,000.

The water source is considered a short-term interim use of the property. It is projected to continue only to the point where all the development approvals are obtained and the property is ready for development. Leases are typically renewed for a period of 5 to 10

PBC

Kluska & Associates, Inc.

17-1
2-1

Cue

PTY 1996

SCHEDULE OF WATER PLANT IN SERVICE BY PRIMARY ACCOUNT - 1994
TEST YEAR AVERAGE BALANCE / SUMMARY

Company: SSU - Co/FW - Marco Island
Docket No: 950495-W5
Schedule Year Ended: 12/31/94
Interest: Final
Historical: Projected
Project: [4] 13 Month Ave. [1]
PSC Uniform: [1] FPSC Non-uniform [2] Non FPSC [1]

Explanation: Provide the beginning, ending and average balances of PIS by account for the two prior years and the test year

FPSC
Schedule: A 3-W
Page 1 of 7
Project: General
Report Schedules: A-1(W), A-4(W)



Acct No	Account No and Name	1994 PLANT IN SERVICE				Utility Adjustments	Adjusted Balance 12/31/94	1994 AVERAGE BALANCE		
		Balance Per Books 12/31/93	Net Additions 12/31/93 - 12/31/94		Balance Per Books 12/31/94			Balance Per Books	Utility Adjustments	Adjusted Balance
		Gross	Retirements	Net						
INTANGIBLE PLANT										
1	301.1 Organization	0	0	0	0	0	0	0	0	0
2	702.1 Franchises	3,750	0	0	3,750	0	3,750	3,750	0	3,750
4	339.1 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0	0
SUPPLY & PUMPING										
6	122.2 Land & Land Rights	300,000	4,400,081	4,400,081	4,750,179	0	4,750,179	2,950,139	0	2,950,139
7	204.2 Structures & Improvements	758,378	8,950	0	767,328	0	767,328	758,703	0	758,703
8	276.2 Collecting & Impounding Reservoirs	186,257	0	170,000	16,257	0	16,257	186,257	0	186,257
9	376.2 Lake, Ponds & Other Reservoirs	0	0	0	0	0	0	0	0	0
10	107.2 Wells & Springs	620,834	5,268	5,268	626,102	0	626,102	623,478	0	623,478
11	209.2 Intake Structures & Tunnels	264,911	0	0	264,911	0	264,911	264,911	0	264,911
12	279.2 Supply Mains	5,724,863	26,257	26,037	5,790,700	0	5,790,700	5,737,662	0	5,737,662
13	210.2 Power Generation Equipment	288,574	6,750	6,750	295,324	0	295,324	288,954	0	288,954
14	211.2 Pumping Equipment	3,731,214	74,561	74,561	3,805,735	0	3,805,735	3,766,509	0	3,766,509
15	278.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0	0
WATER TREATMENT PLANT										
16	303.3 Land & Land Rights	0	0	0	0	0	0	0	0	0
17	304.3 Structures & Improvements	3,188,520	48,635	48,635	3,237,155	0	3,237,155	3,212,838	0	3,212,838
18	320.3 Water Treatment Equipment	10,006,488	1,865,641	1,865,641	11,872,129	0	11,872,129	10,842,406	0	10,842,406
20	321.3 Pumps	1,516,170	13,917	13,917	1,530,087	0	1,530,087	1,523,126	0	1,523,126
21	339.3 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0	0
TRANSMISSION & DISTRIBUTION										
22	300.4 Land & Land Rights	0	0	0	0	0	0	0	0	0
23	304.4 Structures & Improvements	0	0	0	0	0	0	0	0	0
24	330.4 Distribution Reservoirs	1,839,482	267,215	267,215	2,106,697	0	2,106,697	1,773,089	0	1,773,089
25	331.4 Transmission & Distribution	2,857,716	11,550	11,550	2,869,266	0	2,869,266	2,863,491	0	2,863,491
27	333.4 Services	1,484,922	306,873	306,873	1,791,795	0	1,791,795	1,848,256	0	1,848,256
28	334.4 Meters & Meter Installation	853,187	309,210	309,210	1,162,397	0	1,162,397	1,104,772	0	1,104,772
29	335.4 Hydrants	168,778	2,729	2,729	171,507	0	171,507	170,142	0	170,142
30	338.4 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0	0
GENERAL PLANT										
32	303.5 Land & Land Rights	18,447	0	0	18,447	0	18,447	18,447	0	18,447
33	304.5 Structures & Improvements	151,611	13,037	(188)	164,460	0	164,460	158,036	0	158,036
34	340.5 Office Furniture & Equipment	88,300	11,882	(142)	100,040	0	100,040	94,421	0	94,421
35	340.51 Computer Equipment	157,541	82,116	(2,449)	237,208	0	237,208	202,375	0	202,375
36	341.5 Transportation Equipment	138,704	32,508	(21,788)	149,424	0	149,424	145,063	0	145,063
37	342.5 Storage Equipment	1,002	631	631	1,633	0	1,633	1,318	0	1,318
38	343.5 Tools, Shop & Garage Equipment	49,421	12,810	12,810	62,231	0	62,231	49,826	0	49,826
39	344.5 Laboratory Equipment	8,872	8,080	8,080	16,952	0	16,952	11,417	0	11,417
40	345.5 Power Operated Equipment	45,744	11,278	(1,274)	55,748	0	55,748	50,746	0	50,746
41	346.5 Communication Equipment	17,801	7,841	(78)	25,564	0	25,564	21,563	0	21,563
42	347.5 Miscellaneous Equipment	7,264	8,844	8,844	16,108	0	16,108	10,386	0	10,386
43	348.5 Other Tangible Plant	372	0	0	372	0	372	372	0	372
TOTAL PLANT IN SERVICE										
44	INTANGIBLE PLANT	3,750	0	0	3,750	0	3,750	3,750	0	3,750
45	SUPPLY & PUMPING	11,823,852	4,519,389	4,519,389	16,447,318	0	16,447,318	14,183,635	0	14,183,635
46	WATER TREATMENT PLANT	14,714,178	1,928,289	1,928,289	16,642,467	0	16,642,467	15,678,574	0	15,678,574
47	TRANSMISSION & DISTRIBUTION	7,914,965	891,578	891,578	8,806,543	0	8,806,543	8,258,852	0	8,258,852
48	GENERAL PLANT	679,980	187,134	(25,917)	841,197	0	841,197	783,890	0	783,890
49	TOTAL PLANT IN SERVICE	36,254,334	7,536,689	(25,917)	43,765,106	0	43,765,106	39,969,610	0	39,969,610
LAND & LAND RIGHTS										
50	LAND & LAND RIGHTS	386,946	4,400,081	4,400,081	4,787,027	0	4,787,027	2,568,561	0	2,568,561
51	TOTAL PIS LESS LAND	34,867,388	3,136,607	(25,917)	38,976,080	0	38,976,080	37,401,049	0	37,401,049

SOURCE MFR

17-1
3

Cue

PTY 1996

SCHEDULE OF WATER PLANT IN SERVICE BY PRIMARY ACCOUNT - 1996
TEST YEAR AVERAGE BALANCE / SUMMARY

Company: SSU / Dallas / Metro Island
Basket No.: 950495-W5
Schedule Year End: 12/31/96
Status: [X] Final
Material: [] Projected [X]
Single Act. [X] 12 Month Act. []
PPSC Method: [] PPSC Non-union [X] Non PPSC []

Estimation: Present for beginning, ending and average balances of P&B by account for the prior year and the test year



PPSC
Schedule 34 (B)
Page 1 of 7
Preparer: []
Review: []

Line No.	Account No. and Name	1995 PLANT IN SERVICE					1996 AVERAGE BALANCE		
		Revenue Per Book 12/31/94	Net Addition 12/31/94 - 12/31/95 Gross Payments	Net	Revenue Per Book 12/31/95	Liability Adjustments	Adjusted Balance 12/31/95	Revenue Per Book	Liability Adjustments
1	INTANGIBLE PLANT								
2	201.1 Depreciation	0	0	0	0	0	0	0	0
3	202.1 Franchises	3,750	0	0	3,750	0	3,750	3,750	0
4	203.1 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
5	204.2 Structures & Improvements	4,790,910	4,790,910	0	9,581,820	0	9,581,820	7,100,120	0
6	205.2 Structures & Improvements	703,020	0	0	703,020	0	703,020	703,020	0
7	206.2 Catenary & Insulating Materials	100,257	0	0	100,257	0	100,257	100,257	0
8	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
9	207.2 Wells & Springs	426,122	40,004	(52,152)	373,974	0	373,974	419,500	0
10	208.2 Intake Galleries & Turbines	204,911	0	0	204,911	0	204,911	204,911	0
11	209.2 Supply Mains	5,792,700	0	(60,762)	5,731,938	0	5,731,938	5,730,319	0
12	210.2 Power Generator Equipment	206,326	0	0	206,326	0	206,326	206,326	0
13	211.2 Pumping Equipment	3,823,785	18,667	(70,702)	3,771,750	0	3,771,750	3,772,767	0
14	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
15	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
16	205.2 Structures & Improvements	3,227,155	0	0	3,227,155	0	3,227,155	3,227,155	0
17	206.2 Catenary & Insulating Materials	11,975,229	552,280	(40,260)	12,527,249	0	12,527,249	12,106,796	0
18	207.2 Lanes, River & Other Intakes	1,530,247	0	0	1,530,247	0	1,530,247	1,530,247	0
19	207.2 Wells & Springs	0	0	0	0	0	0	0	0
20	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
21	209.2 Supply Mains	0	0	0	0	0	0	0	0
22	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
23	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
24	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
25	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
26	205.2 Structures & Improvements	1,900,697	0	0	1,900,697	0	1,900,697	1,900,697	0
27	206.2 Catenary & Insulating Materials	3,669,266	19,429	(7,362)	3,681,333	0	3,681,333	3,678,190	0
28	207.2 Lanes, River & Other Intakes	1,821,795	27,332	0	1,849,127	0	1,849,127	1,819,460	0
29	207.2 Wells & Springs	1,254,577	20,260	0	1,274,837	0	1,274,837	1,271,011	0
30	208.2 Intake Galleries & Turbines	171,570	1,071	0	1,72,641	0	1,72,641	172,542	0
31	209.2 Supply Mains	0	0	0	0	0	0	0	0
32	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
33	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
34	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
35	204.2 Structures & Improvements	18,295	0	0	18,295	0	18,295	18,295	0
36	205.2 Structures & Improvements	183,124	19,790	(232)	202,682	0	202,682	172,822	0
37	206.2 Catenary & Insulating Materials	80,514	14,274	0	94,788	0	94,788	100,257	0
38	207.2 Lanes, River & Other Intakes	245,171	26,414	0	271,585	0	271,585	269,276	0
39	207.2 Wells & Springs	149,182	19,414	(9,102)	159,494	0	159,494	154,257	0
40	208.2 Intake Galleries & Turbines	1,820	41	0	1,861	0	1,861	1,840	0
41	209.2 Supply Mains	56,767	5,800	(23)	62,544	0	62,544	60,549	0
42	210.2 Power Generator Equipment	15,830	30,136	0	45,966	0	45,966	36,402	0
43	211.2 Pumping Equipment	55,269	1,819	(47)	56,961	0	56,961	56,175	0
44	203.2 Other Plant & Miscellaneous	25,155	7,836	0	32,991	0	32,991	29,123	0
45	204.2 Structures & Improvements	13,287	933	(224)	13,996	0	13,996	13,836	0
46	205.2 Structures & Improvements	309	70,915	0	71,224	0	71,224	72,825	0
47	206.2 Catenary & Insulating Materials	3,750	0	0	3,750	0	3,750	3,750	0
48	207.2 Lanes, River & Other Intakes	16,443,319	4,886,670	(190,610)	21,139,379	0	21,139,379	18,776,349	0
49	207.2 Wells & Springs	16,842,571	562,280	(40,260)	17,404,591	0	17,404,591	16,884,042	0
50	208.2 Intake Galleries & Turbines	8,005,641	77,100	(7,362)	8,075,379	0	8,075,379	8,040,402	0
51	209.2 Supply Mains	542,582	190,224	(9,231)	623,575	0	623,575	615,092	0
52	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
53	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
54	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
55	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
56	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
57	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
58	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
59	207.2 Wells & Springs	0	0	0	0	0	0	0	0
60	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
61	209.2 Supply Mains	0	0	0	0	0	0	0	0
62	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
63	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
64	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
65	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
66	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
67	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
68	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
69	207.2 Wells & Springs	0	0	0	0	0	0	0	0
70	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
71	209.2 Supply Mains	0	0	0	0	0	0	0	0
72	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
73	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
74	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
75	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
76	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
77	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
78	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
79	207.2 Wells & Springs	0	0	0	0	0	0	0	0
80	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
81	209.2 Supply Mains	0	0	0	0	0	0	0	0
82	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
83	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
84	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
85	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
86	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
87	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
88	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
89	207.2 Wells & Springs	0	0	0	0	0	0	0	0
90	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
91	209.2 Supply Mains	0	0	0	0	0	0	0	0
92	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
93	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
94	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
95	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
96	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
97	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
98	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
99	207.2 Wells & Springs	0	0	0	0	0	0	0	0
100	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
101	209.2 Supply Mains	0	0	0	0	0	0	0	0
102	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
103	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
104	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
105	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
106	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
107	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
108	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
109	207.2 Wells & Springs	0	0	0	0	0	0	0	0
110	208.2 Intake Galleries & Turbines	0	0	0	0	0	0	0	0
111	209.2 Supply Mains	0	0	0	0	0	0	0	0
112	210.2 Power Generator Equipment	0	0	0	0	0	0	0	0
113	211.2 Pumping Equipment	0	0	0	0	0	0	0	0
114	203.2 Other Plant & Miscellaneous	0	0	0	0	0	0	0	0
115	204.2 Structures & Improvements	0	0	0	0	0	0	0	0
116	205.2 Structures & Improvements	0	0	0	0	0	0	0	0
117	206.2 Catenary & Insulating Materials	0	0	0	0	0	0	0	0
118	207.2 Lanes, River & Other Intakes	0	0	0	0	0	0	0	0
119	207.2 Wells & Springs	0	0	0	0	0	0	0	0
120	208.2 Intake Galleries & Turbines	0	0	0	0	0			

FAS 67

cu

PTY 1996

Real Estate Costs and Initial Rental Operations

the amenity until the amenity components in the project tract or other contractual

are allocated appropriately

fic individual components on cost (reduction) of the fic individual components.

n a developer retains own- amenity is capitalized as a nity includes direct costs, on costs, including operat- of substantial completion der FAS-67, however, the stimated fair value of the l completion. Any costs in enity at the expected date d for as common costs of

eady for its intended use, ost of an amenity not in mitted. This cost becomes . The subsequent basis for amenity is the capitalized nated fair value at its date le depreciation to the date

n and availability for its amenity that is owned by veloper's current net in-

y usually occur during the ect and are intended to erations do not include n the proposed develop-

ment of the real property. For example, revenue received from billboard advertisements placed on the property or miscellaneous concession income would be classified as incidental operations.

If the incremental revenue received from incidental operations exceeds the related incremental costs, the difference is accounted for as a reduction of the capitalized costs of the real estate project. Thus, when incidental operations of a real estate project result in a profit, the capitalized costs of the project are reduced by the amount of profit. Under FAS-67, however, the same does *not* hold true if the incidental operations result in a loss: if the incremental costs of incidental operations exceed the related incremental revenue, the difference is charged to expense when incurred (FAS-67, par 10).

Allocation of Capitalized Costs

All capitalized costs of a real estate project are allocated to the individual components within the project. If practicable, FAS-67 requires that capitalized costs be allocated by the specific identification method. Under this method, capitalized costs are identified specifically with the individual components within the real estate project. However, if it is impractical to use the specific identification method to allocate capitalized costs, FAS-67 requires that allocation be made, as follows (FAS-67, par 11):

Land costs Only capitalized costs associated with the land prior to any construction are allocated as land costs. Land costs prior to any construction include capitalized land costs and other preconstruction common costs related to the land, including preconstruction common costs of amenities.

Total capitalized land costs are allocated based on the relative fair value of each land parcel prior to any construction. A land parcel may be identified as a lot, an acre, acreage, a unit, or a tract.

Construction costs Capitalized construction costs are allocated based on the relative sales value of each individual structure or unit located on a parcel of land. In the event capitalized costs of a real estate project cannot be allocated by the specific identification method or the relative sales value method, the capitalized cost shall be allocated on area methods or other methods appropriate under the circumstances.

GAAP GUIDE / 61.09

FAS 67

3

PTY 1996

MILLER

GAAP GUIDE 1995

A comprehensive restatement
of current promulgated

**GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES**

JAN R. WILLIAMS, Ph.D., CPA

HARCOURT BRACE PROFESSIONAL PUBLISHING

A Division of

Harcourt Brace & Company
SAN DIEGO NEW YORK LONDON

SSU
DW950495-WS

Summary of Cnt. Costs
Dec RFR 4:4A
PTY 1996

PLANT: 3661 Morse Island - 1994		Southern States Utilities, Inc. Culter Property Construction					PREPARED BY DATE: 9-Jun-95				CM:			
PROJECT: 94CS854						CLEARING ACCOUNTS				Culter Pile Property Acquisition	TOTAL WITH ALLOCATIONS			
DATE	REV #	TRANSACTION DESCRIPTION	VENDOR	EMP	ACCT	CRG	CTYP	GEN'L & IND	LABOR	OH	APJDC			
ANNUAL DESCRIPTION														
3/23/94	11620	Prof Serv-Culter Property Acquisition	Morris-Dupuy	370	1028.0000	275	3,389.98					3,389.98	4,479.34	
3/29/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	370	1028.0000	275	11,929.56					11,929.56	14,739.81	
4/1/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	2,722.15					2,722.15	3,394.44	
4/29/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	370	1028.0000	275	4,327.17					4,327.17	5,339.94	
5/27/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	370	1028.0000	275	8,340.52					8,340.52	10,406.52	
6/24/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	16,473.65					16,473.65	19,867.20	
7/23/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	4,106.38					4,106.38	5,118.87	
7/29/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	1,891.50					1,891.50	2,349.46	
8/19/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	8,232.45					8,232.45	10,277.46	
12/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	10,641.50					10,641.50	13,277.46	
9/16/94	9482380	Culter Pile Property Acquisition	Hartman & Assoc.	391	1028.0000	275	6,535.43					6,535.43	8,074.46	
4/1/94	9418000	M/I Raw Water Site - Surveying	Hartman & Assoc.	370	1028.0000	275	4,198.42					4,198.42	7,733.81	
4/29/94	9418000	M/I Raw Water Site - Surveying	Hartman & Assoc.	370	1028.0000	275	4,532.37					4,532.37	5,635.06	
5/29/94	9418000	M/I Raw Water Site - Surveying	Hartman & Assoc.	370	1028.0000	275	653.84					653.84	814.80	
6/24/94	9418000	M/I Raw Water Site - Surveying	Hartman & Assoc.	370	1028.0000	275	416.17					416.17	519.26	
4/31/1994	18 #13620	Funds for Culter Prop. Review	Journal Entry	370	1028.0000	270	4,125,298.08					4,125,298.08	5,144,654.26	
1/13/94	23885	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	2,331.13					2,331.13	2,908.56	
3/16/94	23328	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	16,102.78					16,102.78	19,852.30	
3/16/94	4008157	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	13,200.38					13,200.38	16,478.19	
4/27/94	343215	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	8,404.41					8,404.41	10,406.23	
5/11/94	347115	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	5,923.40					5,923.40	7,390.66	
6/7/94	232298	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	12,949.55					12,949.55	16,182.18	
7/28/94	263221	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	9,282.18					9,282.18	11,602.39	
8/19/94	264826	Culter Water Lease	Gray, Harris & Robinson	390	1028.0000	150	4,627.44					4,627.44	5,825.86	
1994	Dec	Year End Reg Project	Journal Entry	370	1028.0000	265	34,168.25					34,168.25	42,547.21	
1994	Feb - Dec	Labor Costs	Payroll	370	1028.0000	160		3,775.13						
1994	Mar - May	Engineering Overhead Costs	Allocation	370	1028.0000	280			9,211.45			9,211.45		
1994	Mar - May	Engineering Overhead Costs	Allocation	370	1028.2543	280			9,346.25			9,346.25		
1994	Mar - May	Engineering Overhead Costs	Allocation	370	1028.3082	280			3,634.66			3,634.66		
1994	Mar - May	Engineering Overhead Costs	Allocation	391	1028.0000	280			265.41			265.41		
1994	Mar - May	Administrative & General Overhead Costs	Allocation	370	1028.0000	285			15,834.25			15,834.25		
1994	Mar - May	Administrative & General Overhead Costs	Allocation	370	1028.2543	285			16,085.97			16,085.97		
1994	Mar - May	Administrative & General Overhead Costs	Allocation	370	1028.3082	285			6,347.88			6,347.88		
1994	Mar - May	Administrative & General Overhead Costs	Allocation	391	1028.0000	285			456.23			456.23		
1994	Mar - May	Administrative & General Overhead Costs	Allocation	370	1028.3082	285			691,663.31			691,663.31		
1994	Dec	Administrative & General Overhead Costs	Allocation	390	1028.0000	285			2,726.21			2,726.21		
1994	Dec	Administrative & General Overhead Costs	Allocation	390	1028.0000	285			309,266.79			309,266.79		
TOTAL PROJECT COSTS CLASSIFIED							4,311,942.11					4,311,942.11	5,388,057.77	
TOTAL CWP DIRECT COSTS							4,311,942.11						4,311,942.11	5,388,057.77
265	CONTRACT COSTS							34,168.10					34,168.10	
158	CONTRACTUAL SERVICES							46,261.27					46,261.27	
157	LEGAL FEES							1,694.50					1,694.50	
157	PERMIT COSTS							6.00					6.00	
271	MATERIALS - CONSTRUCTION							4,175,298.08					4,175,298.08	
270	OUTSIDE ENGINEERING COSTS							66,266.31					66,266.31	
TOTAL CLEARING							1,891,828.46						1,891,828.46	
199	LABOR COSTS							0.00					0.00	
158	CONTRACTUAL SERVICES							0.00					0.00	
157	LEGAL FEES							0.00					0.00	
270	MATERIALS - CONSTRUCTION							0.00					0.00	
271	PERMIT COSTS							0.00					0.00	
270	OUTSIDE ENGINEERING COSTS							0.00					0.00	
270	ENGINEERING OVERHEAD COSTS							0.00					0.00	
285	ADMINISTRATIVE & GENERAL OVERHEAD COSTS							0.00					0.00	
285	APJDC							0.00					0.00	
TOTAL OTHER COSTS							3,775.13					3,775.13		
TOTAL PROJECT COSTS BY CATEGORY INCLUDING ALLOCATIONS							4,311,942.11		3,775.13				4,315,717.24	5,391,874.77

1/3
PBC

12/1/94
7
1

19-1	6
SOURCE: [Signature]	

CW
1096

PTY 1996

AUDIT EXCEPTION NO. 3

**SUBJECT: DEFERRED DEBITS FOR ACQUISITION OF WATER SOURCE LAND
CONTAINED NONUTILITY CHARGES**

FACTS: As stated in Exception No. 2, Southern States Utilities, Inc. is required to maintain its books and records in conformity with the 1984 Class A NARUC Uniform System of Accounts per Rule 25-30.115, Florida Administrative Code.

The Deferred Debits account ^{27 2/3 (A)} filed in the current SSU Rate Proceeding contains \$886,409 for the development and ultimate purchase of water source land known as the Dude Property.

The 1984 NARUC Class A Water Uniform System of Accounts Utility Plant - Land and Land Rights in Section F states in whole,

When the purchase of land for utility operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 103 - Property Held for future use, or account 121 - Non-utility Property, as appropriate.

In 1992 Southern States hired and paid Appraisal Research to do an appraisal of the mining potential of the Dude Property.

The value of the mining potential of the Dude Property with 100 acres used as a borrow pit was stated by Appraisal Research to be \$3,600,000.

Southern States provided an April 4, 1991, letter between two of its officers outlining its planned provision of raw irrigation water for Mass. Mutual Golf Course. The letter stated that, "Water supply for this project will come from the "Dude Project" (Southfield Farms)."

Handwritten notes and markings on the left margin, including a large bracket and the number 27.

Account	A3	27-1
---------	----	------

SSU
D#950495-WS

Doc
1095

BY 1006

OPINION: Out of the 160 acres of the Dude property, the appraisal states that 100 acres were available for the pit mining. Allocating the \$886,409 proposed as Dude property development costs based on acres devoted to mining vs. acres for a water source yields the following:

	$\frac{27-1}{3} \text{ (A)}$ ACRES	PERCENT
Mining acres	100	62.5%
Water source acres	60	37.5%
	-----	-----
Total acres	$\frac{27-1}{3}$ 160	100.0%
Total costs to be allocated are:		\$886,409
	Mining percent	62.5%

Development costs allocated to mining		\$554,000
Balance allocated to water source		332,409
	Total allocated	\$886,409

$\frac{27-1}{6} \text{ (B)}$

Doc Ref #54

Concerning the water source classification, documents obtained during SSU field work indicate that the water source at the Dude property was to be used for raw water sales to Massachusetts Mutual Golf Course. This golf course is out of SSU's certificated service area and the revenue would be nonutility income. According to a draft of an agreement between Collier County, Mass. Mutual Golf Course and Southern States (Tri-party agreement), Southern States was to provide raw irrigation water as an interim step towards eventually providing treated effluent for irrigation.

As mentioned in the Facts section, Southern States provided a letter between two of its officers Re: Raw Water Supply - Mass. Mutual Golf Course outlining and mapping its planned provision of raw irrigation water for Mass. Mutual Golf Course. See map from letter attached.

Expenditures made with the objective of earning nonutility income are nonutility in nature.

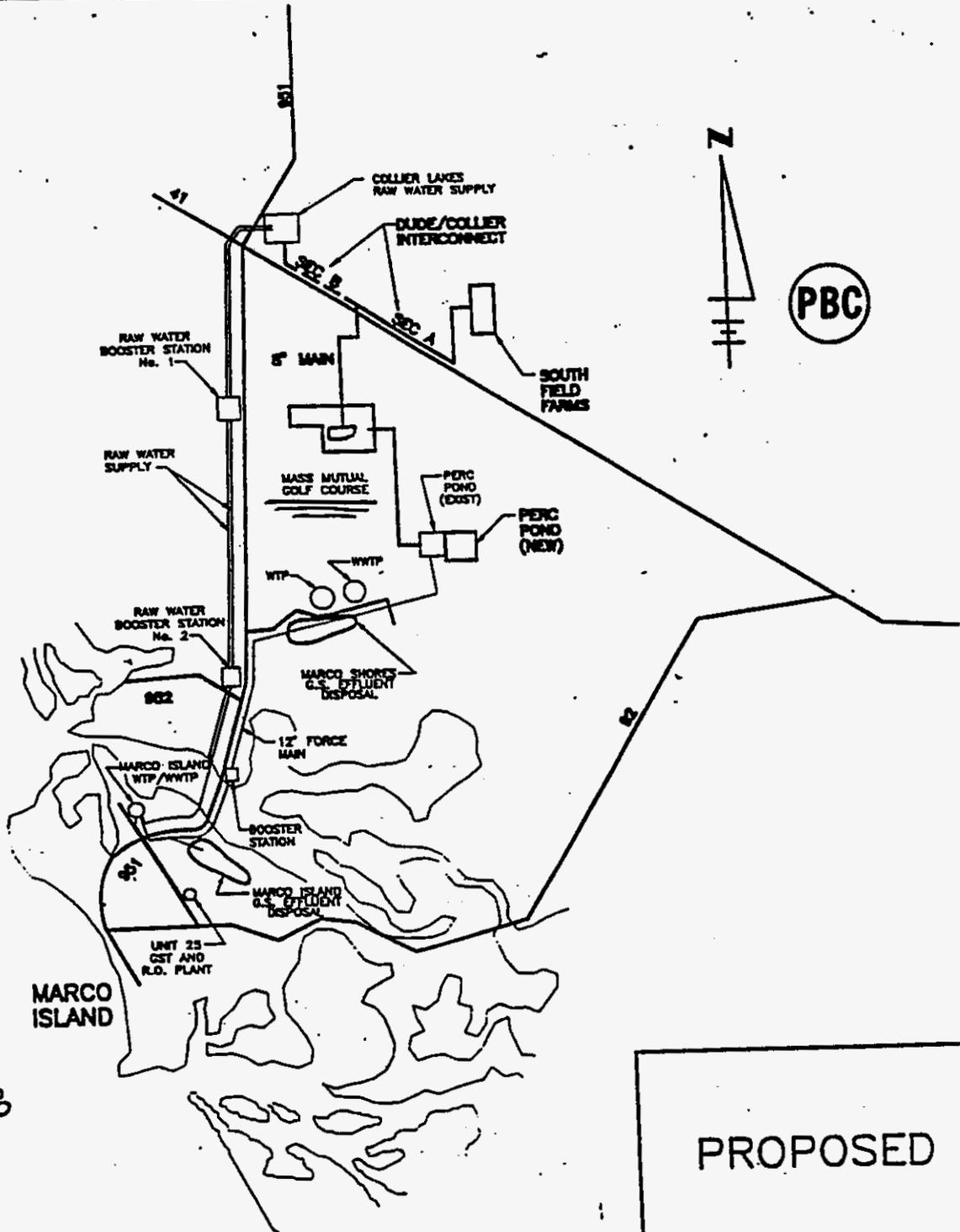
RECOMMENDATION: Reclassify the \$886,409 in deferred debits to account #426.13 Miscellaneous Nonutility Expenses - Preliminary survey and investigation expenses related to abandoned projects.

COMPANY COMMENTS: Company may respond at a later date.

Source	A3 - Misc. Costs	27-1
--------	------------------	------

020
1096

PTY 1996



SSU
D#950495-WS

CW

PTY 1996

COM TO
ATTACH

APPROVED: gl ACCOUNTS PAYABLE VOUCHER

TYPE: _____ MANUAL CK # _____ CK DATE _____

VENDOR #: 497 VENDOR NAME: Appraisal Research

OR ONE TIME VENDOR:

ADDRESS: _____ CITY: _____ STATE: _____

ZIP _____ TELEPHONE # _____

INVOICE DATE: 8/18/92 INVOICE # 922436 INVOICE AMT: 950.00

DUE DATE: 10/6/92 DISCOUNT \$ _____ OR TERMS CODE: _____

MONTH/YEAR: 10/92 PURCHASE ORDER # 28475

DESCRIPTION: Appraisal-Sofield Farms Mining

ACCOUNT NUMBER PROJECT #/TASK AMOUNT

PLT.RESTR.UC.ACCT.SUBACCT.CEC

2601.590.01.1050.0000.150 91CS016 950.00

PBC *[Signature]*

SSU
DN#950495-WS

Doc REG #45 PARTIAL OF

CW

PTY 1996

①

DATE: AUG. 2, 1992

PROJECT: SOUTHFIELD FARMS LTD.

SUBJECT: REVIEW OF VOLUME YIELDS OF 2 OPTIONS OF EXCAVATION; APPROX. OF DOLLAR VALUE

I.

ORIGINAL BORROW PIT YIELD
(NO RAW WATER WITHDRAWAL)

— ASSUMES 30 FT. DEPTH POSSIBLE

With/Out
Water Withdrawal
Checked with
County

- AREA @ NAT. GRND. = 6,125,000 S.F.
- AREA @ BREAK PT. = 5,889,704 S.F.
- AREA @ BOTTOM = 5,432,936 S.F.

VOLUME (CUT MEASURE) = 6,367,251 CY

30' W/ Withdrawal
4,995,000 CY

∴ ASSUME 10 YEAR ACTIVITY
AVG. OF 636,725 CY ← CAN MARKET THIS YIELD!

Now 15' LIGHTLY
MARL LAYER - N/A in 75%
2' 3,968,800 S.F. Working Base
20' DEPTH

ESTIMATED EXCAVATION VALUE (ROYALTY)

— BEGIN @ \$0.45/CY † INCREASE 30%
OVER 10 YR AT 5% INFLATION † 75%
PER YEAR

YEAR 1	— @ \$.45/cy	= \$ 286,526
YEAR 2	— @ \$.47/cy	= \$ 300,853
YEAR 3	— @ \$.50/cy	= \$ 315,895

PBC

SSU
D#950495-WS

Doc Ref #8 RESPUIC

ca

PTY 1996

FISMA Milium, Swain & Associates, Inc.

2025 Southwest 13th Avenue, Miami, Florida 33145
(305) 411-0123 Fax (305) 557-8666

May 7, 1991

RECEIVED

MAY 21 1991

ENGINEERING DEPT.

Mr. Tom Beck
Bureau Chief
Department of Community Affairs
2740 Centerview Drive
Tallahassee, FL 32399

Re: Southfield Farms - Excavation & Water Extraction Permits

Dear Tom:

As discussed during our conversation, find below a description of the two different functions to be performed in the above referenced project.

Southfield Farms, LTD. V owns a 160 acre site located in the southeast quarter of section 7, TWP 51S, RGE 27E, which is approximately four miles east of S.R. 951, fronting S.R. 90 (U.S. 41) in Collier County.

} VERIFY TO TOWNSHIP
MAP COORDINATES
R

Marco Island Utilities plans to construct and operate a raw water pumping station and a transmission line, with the intention to complement their existing source and improve the water quality during the dry season. A consumptive use permit has been obtained from the South Florida Water Management District to pump 4 MGD by expanding an existing trench that was excavated some years ago as part of a rock mining operation that had been abandoned.

The second purpose of this project is to reinitiate the rock mining operation. This use will be closely monitored by Marco Island Utilities to prevent contamination or degradation of the water quality.

In the process of obtaining the necessary approvals, the Collier County Planning Department has determined that provisional use permits are required for both, the raw water extraction and the mining operation. The staff is also requesting clarification from the Department of Community Affairs whether a DRI should be required. The two main concerns mentioned were related to Chapter 380 F.S. Thresholds: a) If the mining operation exceeds 100 acres per year and b) If water extraction exceeds 3 MGD.

PBC

1/2

SOURCE PBC

27-1
4

SSU
D#950495-WS

Doc Ref #8 RESPONSE

PTY 1996

W. J. A. Milium, Swain & Associates, Inc.

2025 Southwest 32nd Avenue, Miami, Florida 33145
(305) 441-0123 Fax (305) 557-0666

May 7, 1991

RECEIVED

MAY 21 1991

ENGINEERING DEPT.

Mr. Tom Beck
Bureau Chief
Department of Community Affairs
2740 Centerview Drive
Tallahassee, FL 32399

Re: Southfield Farms - Excavation & Water Extraction Permits

Dear Tom:

As discussed during our conversation, find below a description of the two different functions to be performed in the above referenced project.

Southfield Farms, LTD. V owns a 160 acre site located in the southeast quarter of section 7, TWP 51S, RGE 27E, which is approximately four miles east of S.R. 951, fronting S.R. 90 (U.S. 41) in Collier County.

VERIFY TO TOWNSHIP
MAP COORDINATES
A

Marco Island Utilities plans to construct and operate a raw water pumping station and a transmission line, with the intention to complement their existing source and improve the water quality during the dry season. A consumptive use permit has been obtained from the South Florida Water Management District to pump 4 MGD by expanding an existing trench that was excavated some years ago as part of a rock mining operation that had been abandoned.

The second purpose of this project is to reinstate the rock mining operation. This use will be closely monitored by Marco Island Utilities to prevent contamination or degradation of the water quality.

In the process of obtaining the necessary approvals, the Collier County Planning Department has determined that provisional use permits are required for both, the raw water extraction and the mining operation. The staff is also requesting clarification from the Department of Community Affairs whether a DRI should be required. The two main concerns mentioned were related to Chapter 380 F.S. Thresholds: a) If the mining operation exceeds 100 acres per year and b) If water extraction exceeds 3 MGD.

PBC

1/2

SOURCE PBC

27-1
4

SSU
D#950495-WS

EXHIBIT RFD - 4 (PAGE 17 OF 32)

Doc Ref #8 RESPONSE

ca

PTY 1996

The first issue was addressed by providing a construction schedule in which mining of the 150 acre site will be completed in a 10 year period, ascertaining that the threshold of 100 acres/year will not be exceeded. With regard to the water extraction, it is our position that the 3 MGD threshold for DRI is only related to mining operations. It is anticipated that Southfield Farms will not necessitate to pump any water for mining purposes. The water withdrawals proposed for Marco Island Utilities is for water supply purposes and therefore does not fall into DCA's established threshold.

As discussed, a clearance letter from DCA articulating your position would be most appreciated. Please advise if you have any questions or need additional information. Your prompt response will be most appreciated.

Sincerely,

MILLAN, SWAIN & ASSOCIATES, INC.

Arsenio Milian

Arsenio Milian, P.E.
President

AM/ab



2/1

PAGE.003

MAY 21 1991 15:42 FROM GILBERT C. BETZ, PA

SOURCE: PBC

271
4

SSU
D#950495-WS

EXHIBIT RFD - 4 (PAGE 18 OF 32)

Doc RFD #8 RESPONSE

CC

PTV 1996

The first issue was addressed by providing a construction schedule in which mining of the 160 acre site will be completed in a 10 year period, ascertaining that the threshold of 100 acres/year will not be exceeded. With regard to the water extraction, it is our position that the 3 MGD threshold for DRI is only related to mining operations. It is anticipated that Southfield Farms will not necessitate to pump any water for mining purposes. The water withdrawals proposed for Marco Island Utilities is for water supply purposes and therefore does not fall into DCA's established threshold.

As discussed, a clearance letter from DCA articulating your position would be most appreciated. Please advise if you have any questions or need additional information. Your prompt response will be most appreciated.

Sincerely,

MILIAN, SWAIN & ASSOCIATES, INC.

Arsenio Milian

Arsenio Milian, P.E.
President

AM/ab

PBC

2/

PAGE.003

MAY 21 '91 13:42 FROM GILBERT C. BETZ, PA

SOURCE: PBC

271

SSU
DN950495-WS

Doc RFD # 81 RESPONSE

W

PTY 1996

RECEIVED MAY 13 1991



Southwest Florida Regional Planning Council

4980 Bayline Drive, 4th Floor, N. Ft. Myers, FL 33917-3909 (813) 995-4383

P.O. Box 3455, N. Ft. Myers, FL 33918-3455 SUNCOM 721-7290 / 7291

FAX 813-995-7895

*Marco
Island
Water*

May 10, 1991

Mr. Tom Beck, Chief
Bureau of State Planning
Florida Department Of Community Affairs
2740 Centerview Drive
Tallahassee, FL 32399

Dear Mr. Beck:

Regional staff recently was faxed a copy of a letter to you, from Arsenio Milian, of Milian, Swain & Associates, Incorporated. This letter concerned a determination as to whether the Southfield Farms/Marco Island Utilities project in Collier County constituted a mining DRI. It is the opinion of staff, that the proposed project, which would allow the utility company to withdraw 4 million gallons of fresh water per day from an existing rock trench. This water would be used, upon treatment, by Marco Island Utility Company's customers. Regional staff believes that the project does not constitute a development of regional impact, for the following reasons:

1. The total acreage mined per year will not exceed 100 acres.
2. The purpose of the proposed water withdrawals is for a water supply utility.
3. Although the Southfield Farms mining operation may benefit from the Marco Island Utilities operation, the utility's proposal is independent of the mining operation and could conceivably outlast the mining project.

If Southfield Farms should ever propose to take over the rock trench excavation and withdrawals from the Marco Island Utilities Company, then the project would have to be reexamined as a possible DRI; provided the stated reason for the takeover was for mining purposes, and provided that the proposed withdrawals are still above the DRI threshold requirement of 3 million gallons per day.

Sincerely,
SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL

Glenn E. Heath

Glenn Heath
Regional Planner

GH/cf

cc: James Stansbury
Arsenio Milian, P.E.
Ken Baginski



Source *PBC*

27-1
5

SSU
D#950495-WS

Doc REG # 81 RESPONSE

PTY 1996

As we discussed, assuming permits were obtained now, three primary alternatives could be identified to provide untreated raw water to the golf course for irrigation.

- Plan 1 Construct the headworks and pumping facilities on the Dude site, "Section A" of the Dude/Collier interconnect, and the water main to the golf course. Construct "Section A" with 8" pipe which would provide sufficient capacity to only serve the golf course. PBC
- Cost \$1,000,000.
- Plan 2 Same as Plan 1, except construction "Section A" with 18" pipe which would allow for 4 MGD from the Dude property to the Collier property when the interconnect was made in the future.
- Cost \$1,600,000.
- Plan 3 Same as Plan 2, except complete the interconnect to the Collier lakes by building "Section B".
- Cost \$2,200,000.

We discussed the possibility of postponing the capital expenditures for the raw water supply. We would do this by accelerating reuse alternatives from the Marco Island WWTP project for golf course irrigation in lieu of or lessening the need for major percolation pond modifications. The earliest date any such alternatives could be put into service would be approximately the fall of 1992, thereby causing difficulties in meeting our November 1991 TOP deadline for the 3.5 MGD wastewater treatment plant. Ralph continues to evaluate alternatives in resolving a satisfactory solution for the effluent disposal question. In the interim, I believe we agreed a reclaim system will not meet our needs if water is needed to the golf course this year.

The economics for the raw water supply alternatives break down as follows:

Source: PBC

21-1
6

	<u>PLAN 1</u>	<u>PLAN 2</u>	<u>PLAN 3</u>
Gross Revenue per Year			
@ \$.53/1000 current rate	\$ 68,000 - \$97,900 ⁽¹⁾	\$ 68,000 - \$97,900 ⁽¹⁾	\$ 68,000 - \$ 97,900 ⁽²⁾
@ \$.74/1000 proposed rate	94,400 - 136,250	94,400 136,250	94,400 - 136,250
Operating Expenses per Year			
purchased water	\$150,000	\$150,000	\$150,000
+pumping, labor, maintenance, taxes, insurance			
Financing Cost per Year	\$106,080	\$169,730	\$233,370
(assumes interest rates at 10% and 30 years to retire the debt).			
Total Return (Loss) on Project per Year			
@ \$.53/1000 current rate	(\$188,080)-(\$158,180)	(\$251,730)-(\$221,830)	(\$315,370)-(\$285,470)
@ \$.74/1000 proposed rate	(\$161,680)-(\$119,830)	(\$225,330)-(\$183,480)	(\$288,970)-(\$247,120)

- 1) The gross revenues figures assume a range between 350,000 to 500,000 GPD would be sold to Mass Mutual Golf Course
- 2) The gross revenues from Plan 3 are understated. Our Dude agreement calls for Southfield Farms to make available a minimum of 2 MGD. Allowing for 350,000 to 500,000 gal/day to be sold to the golf course, would allow between 1.65 and 1.5 MGD to be sold to other Marco Island customers. Since this is replacement capacity for the Collier lakes raw water capacity, and we are limited by what we can transmit to the island by the present 12" and 14" raw water transmission link, no value has been placed on this capacity.



7/6

Source: PBC
 27-1
 6

SSU
 DW950495-WS
 PTV 1996
 Doc No # 81 Response

SSU
D#950495-WS

Doc REF #81 RESPONSE

Civ

PTY 1996

Due to the uncertainties with the Collier lease (still being negotiated) and a desire to minimize our capital outlay until the need for the Dude water for Marco Island supply can be more clearly justified, we have agreed to go forward with Plan 2. We intend to utilize Arsenio Milian as Project Engineer on a turnkey basis once all permits and approvals are obtained.

Subsequent to our meeting, additional permitting wrinkles have surfaced. A copy of a memorandum from the Southfield Farms attorney is attached which outlines some of those issues. In addition, we have asked Arsenio Milian to prepare a memorandum outlining the impact of the Collier County staff on this project. This memo is also attached.

cc: Donnie Crandell
H. John Losch
Edward Mangold
Charles L. Sweat
Karia O. Teasley
Rafael A. Terrero



4/6

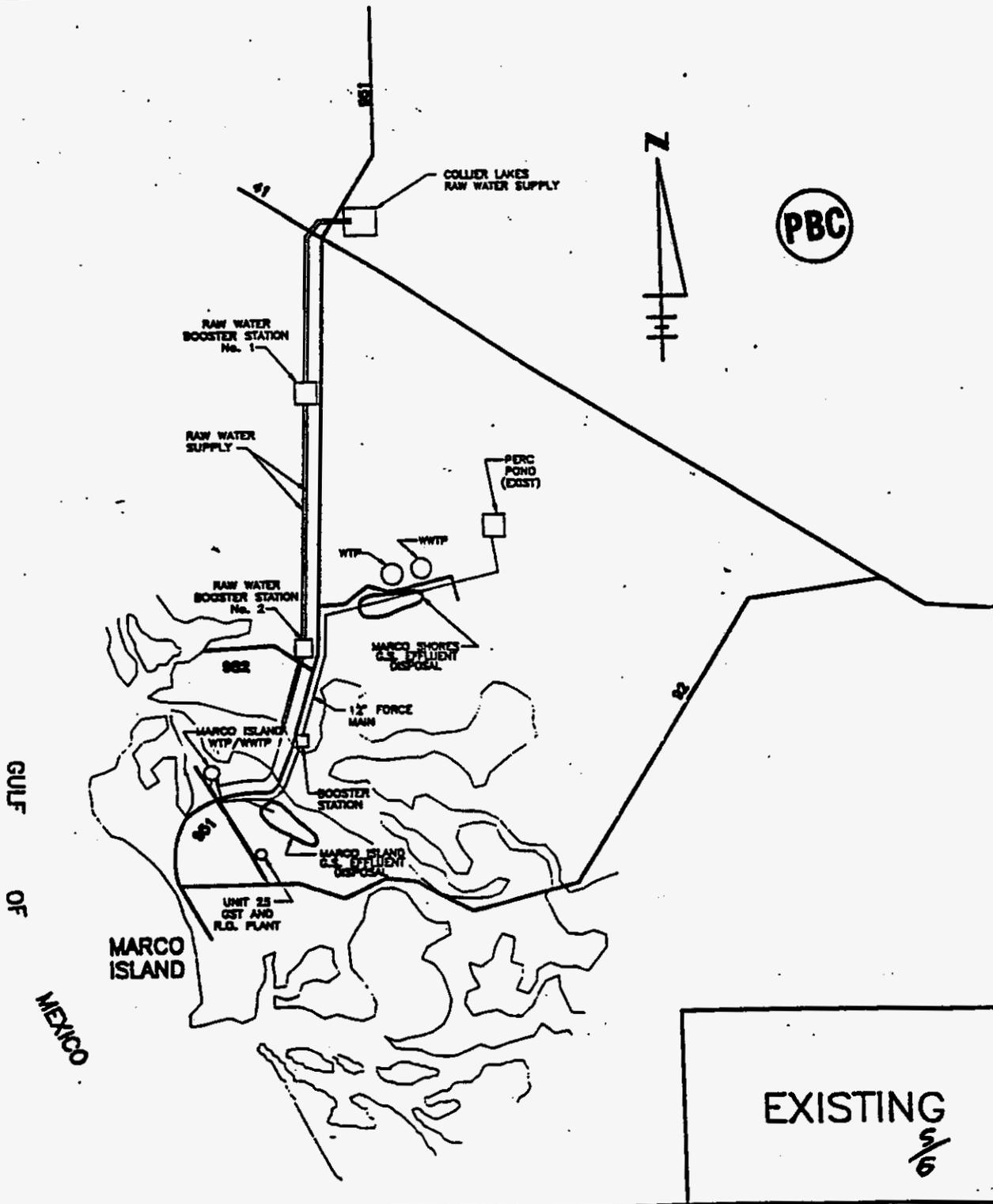
Source: PBC

27-1
6

SSU
DW950495-WS

Doc REG #81 RFSOURCE

PTY 1996

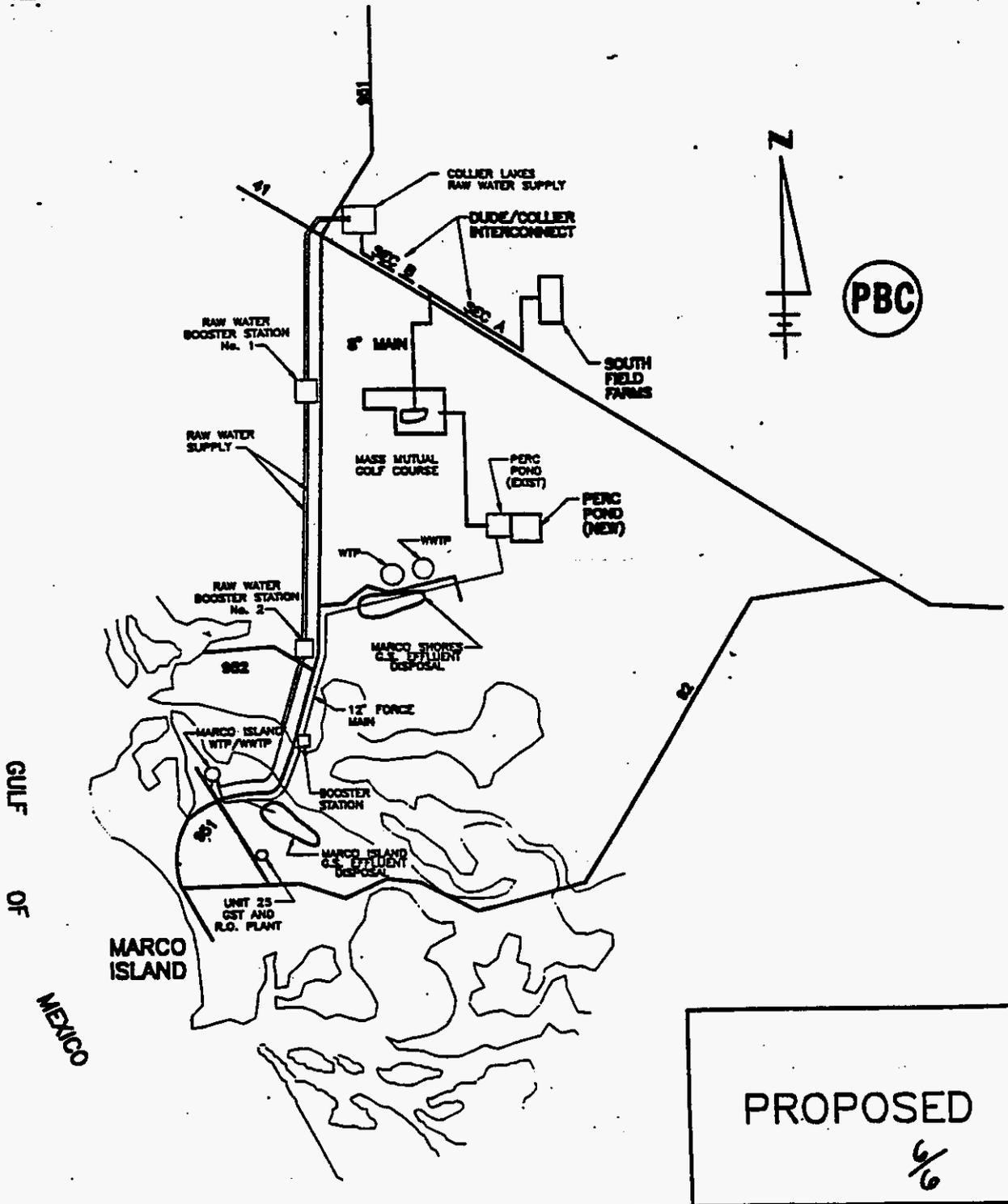


EXISTING
5/6

Source: PBC	27-1 6
-------------	-----------

Doc REG #81 RESPONSE

PTY 1996



PROPOSED

6/6

6/6

RL
OW 10/95

PTY 1996

9165016

SSU SERVICES CAPITAL AUTHORIZATION REQUEST (CAR)						Form 1 Page 1 of 2
PROJECT DESC:	<u>Dude Property Development</u>			BUDGET YR:	<u>1992</u>	
REGION:	<u>South</u>	WOF:	<u>102800</u>	ENGR:	<u>Yes</u>	
COUNTY:	<u>Collier</u>	DIVISION:	<u>Sewer</u>	OPER:	<u>NA</u>	
PLANT NO:	<u>26001</u>	PROJ MGR:	<u>John Leach</u>	SSUBI:	<u>NA</u>	
PLANT NAME:	<u>Marco Island</u>			AFUDC:	<u>Y</u>	
THIS PROJECT IS REQUIRED DUE TO: <u>Regulatory Requirement</u>						
LISTING OF REQUIREMENTS:						
PURPOSE & NECESSITY:						
<p>This project is to replace existing raw water supply if lease expires, improve quality of water, and to avoid deterioration of existing raw water lakes. Work consists of constructing the headworks and pumping facilities on the Dude site, the first portion, or leg, of the Dude/Collier interconnect, and the water main to the Mass Mutual Golf Course. Construction of the first leg with 18" pipe which would allow for 4 MGD transfer from the Dude property to the Collier property when the interconnect is completed in the future.</p> <p>See attached for additional clarification.</p>						
COST ESTIMATES						
	HOURS	PRIOR YR(S)	BUDGET YEAR	AFTER YR(S)	TOTAL PROJECT	
Engineering Labor	730		15,000			
Construction Labor	0		0			
Miscellaneous Labor	0		0			
Material			0			
Land			0			
Contract			0			
Engineering			185,000			
Legal			0			
Construction			1,000,000			
Other			0			
Contingencies			100,000			
Subtotal			1,300,000			
Overheads			130,000			
AFUDC			69,657			
TOTAL		80,000	1,499,657	0		1,579,657
NOTE: This request is only for Authorization of Budget Year Total.						
	JAN	FEB	MAR	APR	MAY	JUN
MONTHLY EXPENSES	221,730	224,914	227,579	219,178	221,711	213,176
	JUL	AUG	SEP	OCT	NOV	DEC
MONTHLY EXPENSES	171,309	0	0	0	0	0
Originator:	Date:		Supervisor:		Date:	
Dept. V.P.:	Date:		President:		Date:	



Source: WPC

27-1
7

RW
CW 10/95

PTY 1996

CAPITAL AUTHORIZATION REQUEST (CAR)

Form 1
Page 2 of 2

SCHEDULE	START DATE	END DATE
Dude Property Development	02/19/91	08/01/92
ENGINEERING.....	02/19/91	04/15/91
Preliminary Inspection/Conceptual Design	02/19/91	03/01/91
Site Plan Preparation	03/04/91	03/15/91
Final Design	03/18/91	04/18/91
PERMITTING.....	03/18/91	11/30/91
DER	03/18/91	11/30/91
DOT	NA	NA
WMD	NA	NA
County	05/17/91	11/30/91
Permit 1	NA	NA
Permit 2	NA	NA
Permit 3	NA	NA
Permit 4	NA	NA
CONSTRUCTION.....	12/01/91	08/01/92
Bid	12/01/91	12/31/91
Award Contract	01/15/92	01/15/92
Start to Substantial Completion	02/01/92	07/01/92
Substantial to Final Completion	07/01/92	07/31/92
Certification	07/01/92	07/31/92
In-service Date.....	08/01/92	08/01/92

BREAKDOWN BY PLANT ACCOUNT NUMBER (NARUC):

NARUC ACCT NUMBER:	DESCRIPTION	\$ VALUE
1. 304.200	STRUCTURES/IMPROVE-SOURCE OF SUPPLY/PUMP FLT	646,790
2. 309.200	SUPPLY MAINS-SOURCE OF SUPPLY/PUMPING PLANTS	684,103
3. 310.200	POWER GEN EQUIP-SOURCE OF SUPPLY/PUMP PLANTS	103,652
4. 311.200	PUMPING EQUIP-SOURCE OF SUPPLY/PUMPING PLANT	145,112
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
TOTAL		1,579,657
AMOUNT SHOULD MATCH TOTAL PROJECT COST		1,579,657

LISTING OF RETIREMENTS

DESCRIPTION	NARUC ACCT NO.	ORIGINAL COST	COST TO RETIRE	SALVAGE AMT	NET RETIREMENT
1.					0
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
8.					0
9.					0
10.					0
11.					0
12.					0
13.					0
TOTAL RETIREMENT					0

(PUC)

Source: PUC

27-1
7

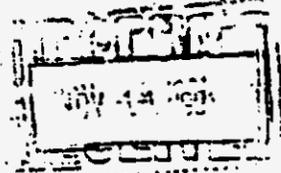
SSU
D#950495-WS

RD
CW 10/96

PTY 1996

Milian, Swain & Associates, Inc.

2025 Southwest 32nd Avenue, Miami, Florida 33145
(305) 441-0123 Fax (305) 567-0688



INVOICE

Bill To:

Invoice No. 14022-RW
Date 10/25/91

SSU Services
Engineering Department
Attention: Constance Paladino
1000 Color Place
Apopka, Florida 32701

RE: P.O. No. #20024
Work Order # 830-SUR-0002

Service for the month of October 1991 in connection with the
Marco Raw Water Line:

Arsenio Milian 2.75 hrs. @ \$125.00 \$ 343.75

- 10/4 Reviewing reports from Missimer & Associates to DER.
- 10/7 Review effluent irrigation contract with Collier County. Made comments to Schrank.
- 10/28 Conference with J. Schumann of Mass Mutual on effluent irrigation contract.

Expenses:

Fax
Telephone

4.00
7.80

CURRENT AMOUNT DUE

\$ 355.55

JS
12/2/91



make checks

payable to: Milian, Swain & Associates, Inc.

bills are due upon receipt

Source: PBC

27-1
8

SSU
D#950495-WS

PTY 1996

PD
SW 10/96

TO: ACCOUNTS PAYABLE DEPARTMENT CC: PURCHASING DEPARTMENT		CONSULTANT/CONTRACTOR INVOICING & CHANGE ORDER LOG SOUTHERN STATES UTILITIES ENGINEERING DEPARTMENT		12/02/91
PLANT NUMBER	26001	NAME	Milian, Swain & Assoc. 2025 Southwest 32nd Ave.	
PLANT NAME	Marco Island	ADDRESS		
PROJECT NAME	Dude Property Engineering Services	CITY	Miami	
VENDOR REF NO.	X	STATE	Florida	
WORK ORDER NO.	102800	ZIP	33145	
PURCHASE ORDER NO.	20024	PHONE	(305) 441-0123	
CONTRACT	None	SSU VENDOR #	X	
		PROJECT NGR	Losch	



INVOICE APPROVALS: PAYMENT FORWARDED XX DAYS
PERCENT RETAINAGE XX% TO XX% AFTER 00/00/91

CHANGE ORDER APPROVALS:

INVOICE NUMBER	INVOICE DATE	AMOUNT	DUE DATE	DATE APPROVED	APPROVED BY
2001-RI	07/30/90	2,552.90	08/20/90		
2009-RI	10/30/90	17,905.55	11/20/90		
2010-RI	12/30/90	10,205.75	01/20/91		
2011-RI	12/30/90	19,582.50	01/20/91		
2012-RI	01/30/91	20,062.50	02/20/91		
2013-RI	02/28/91	20,661.66	03/20/91		
14015-RI	03/31/91	11,863.75	04/20/91	04/23/91	J/RT
14014-RI	02/28/91	12,699.05	04/11/91	04/23/91	J/RT
14016-RI	04/30/91	9,198.95	05/30/91	06/11/91	J/RT
14018-RI	05/31/91	5,992.10	07/10/91	10/02/91	J/RT
14019-RI	06/30/91	4,231.50	08/10/91	10/02/91	J/RT
14019-RI	07/31/91	752.00	09/02/91	10/02/91	J/RT
14020-RI	08/30/91	1,482.75	10/10/91	10/02/91	J/RT
14021-RI	09/30/91	1,327.95	11/09/91	11/09/91	J/RT
14022-RI	10/25/91	355.55	11/25/91	12/24/91	Jc

CHANGE ORDER NUMBER	DATE APPROVED	APPROVED BY	CHANGE ORDER AMOUNT
DATE CONTRACT	06/06/90	DC	123,500.00
1	10/02/91	RT	13,773.06
2	11/11/91	J/RT	1,327.95
3	12/24/91	Jc	10,000.00

TOTAL INVOICED TO DATE: 138,896.56 0.00 TOTAL RETAINAGE: 9,444.45

CHANGE ORDER TOTALS: 25,041.01
CURRENT CONTRACT AMT: 138,517.01

1-28-91

Source PBC

SSU
D#950495-WS

RD
CW 10/96

PTY 1996



SSU SERVICES
PURCHASING DEPARTMENT
1000 COLOR PLACE
APOPKA, FLORIDA 32703
(407) 880-0058

PURCHASE ORDER

P.O. NO.	20024
P.O. DATE	12/09/91
P.O. PAGE	01

MILIAN SWAIN AND ASSOC.
2025 SW 32ND. AVE
MIAMI FL 33145

HARCO ISLAND UTILITIES
900 WINDWARD DRIVE
HARCO ISLAND FL 33937

NOTES REQ. #1005-90 & #51649

VENDOR NO. M13018 SHIP TO CODE 05

SHIP VIA BEST WAY F.O.B. JOBSITE

TERMS NET 30 DAYS SALES TAX NO

ORDER TYPE AMENDMENT 6 COST CENTER 26001

SSU SERVICES
ACCOUNTS PAYABLE DEPT.
1000 COLOR PLACE
APOPKA FL 32703
102800

LN	ITEM NUMBER	DESCRIPTION	U/M	QTY	DUE DATE	PRICE	TOTAL
01	830-SUR-0002	ENGINEERING SERVICES LOT PRELIMINARY SURVEY AND ENGINEERING FOR HARCO ISLAND UTILITY RETAINER FEE AND WATER SUPPLY.	LOT	1	06/06/91	15000.000	15000.00
02		CHANGE ORDER #1	LOT	1	05/16/91	108500.000	108500.00
03		CHANGE ORDER #2	LOT	1	10/03/91	13713.000	13713.00
04		CHANGE ORDER #3	LOT	1	11/18/91	1327.950	1327.95
05		CHANGE ORDER #4	LOT	1	12/09/91	10000.000	10000.00

RECEIVED
DEC 11 1991

SPECIAL INSTRUCTIONS

PLEASE SHOW PURCHASE ORDER NUMBER AND WORK ORDER NUMBER ON ALL INVOICES AND CORRESPONDENCE

IMPORTANT: THIS ORDER IS SUBJECT TO THE TERMS AND CONDITIONS PRINTED ON THE REVERSE SIDE.

PAGE TOTAL	148541.01
ADJUSTMENT	
TAX	
TOTAL	148541.01

REQUISITIONER CHARLES E. WOOD

BUYER

PBC [Signature]

JOHN HILTON - PURCH AGENT

ACCOUNTING

Source: PBC

27-1
8

SSU
D#950495-WS

RD
lw 10/96

PTY 1996

APPROVED BY [Signature]
REQUESTED BY _____
VENDOR # 13018
DUE DATE 12/17/91

MANUAL CHECK # _____

CHECK DATE _____

NAME Milian Swain & Associates

ADD1 _____

ADD2 _____

INVOICE #/DESCRIPTION	PLANT	G/L #	MO/YR	AMOUNT	W.O.#	1099
<u>14022 - RW</u>	<u>212001</u>	<u>105-300</u>	<u>12/91</u>	<u>355.55</u>	<u>1028 Do</u>	

ms

PS

[Signature]

10/28 County. Made comments to Schrank.
Conference with J. Schumann of Mass Mutual on
effluent irrigation contract.

Expenses:
Fax
Telephone

4.00
7.80

CURRENT AMOUNT DUE

\$ 355.55

[Signature]
12/19/91



make checks

payable to: Milian, Swain & Associates, Inc.

Source: PBC

27-1
8

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

Doc REA #95 RESPONSE

PTY 1996

CW
1995

FPSC AUDIT DOCUMENT REQUEST 95

The Tallahassee analysts are concerned about the organization costs relating to purchase of any additional plants or systems. In the withdrawn rate case (900329) similar costs were included in rate base.

1) What is the status of these old amounts?

Organization costs which were included in Docket Number 900329 were subsequently removed from that account and expensed, transferred to Topeka Group, transferred to Franchise and Consents, Accounts 3021 (water) and 3521 (wastewater), or charged to Unauthorized Acquisition Adjustments. These transfers occurred in 1990 and 1991. Organization costs were not included in the Company's rate case including 127 of the plants owned by SSU (Docket 920199-WS). This was done to avoid any controversial issues in that rate case.

2) Are any similar costs included in 950495-WS?

The only organization costs included in the current docket are those that had been approved by the Florida Public Service Commission prior to SSU ownership of those plants. In addition, a few plants that had been regulated by counties had organization costs approved in prior rate cases. The organization cost dollars involved are immaterial as they relate to Docket 950495-WS (\$112,788 in water account 3011 and \$115,567 in wastewater account 3511).



Source: PBC

29-2

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

Doc Rea #95 Response

PTY 1996

CW
10/95

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT DOCUMENT/RECORD REQUEST
NOTICE OF INTENT

JUDY KIMBALL

UTILITY: SSU
NAME: CHARLESTON J. WINSTON
(AUDIT MANAGER)

ROBERT DODRILL
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: 95
REQUEST PURPOSE: RATE CASE D#950495-WS

DATE OF REQUEST: 9-27-95

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: _____ (DATE) 10-6-95

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE: INCIDENT TO AN INQUIRY
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:

THE TALLAHASSEE ANALYSTS ARE CONCERNED ABOUT THE ORGANIZATION COSTS RELATING TO PURCHASE OF ANY ADDITIONAL PLANTS OR SYSTEMS. IN THE WITHDRAWN RATE CASE (900329-WS) SIMILAR COSTS WERE INCLUDED IN RATE BASE. 1) WHAT IS THE STATUS OF THESE OLD AMOUNTS? 2) ARE ANY SIMILAR COSTS INCLUDED IN 950495-WS.

BY: AUDIT MANAGER Charleston Winston

DATE: 9/28/95

THE REQUESTED RECORD OR DOCUMENTATION:

- (1) HAS BEEN PROVIDED TODAY 10/11/95
- (2) CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY _____
- (3) AND IN MY OPINION, ITEM(S) _____ IS(ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4) THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Judith J. Kimball, ASST VP, Finance
(SIGNATURE AND TITLE OF RESPONDENT)

DISTRIBUTION:
White: Utility Complete and Return to Auditor
Pink: Audit File Copy
Grey: Utility Retain

PSC/AFA-6 (Rev.2/95)

10-958
254

Source: PBC

SSU
D#950495-WS

cw

ORG COST / ACCUM D

PTY 1996

ACCUMULATED DEPRECIATION - WATER

TOTAL IMPACT OF DEPRECIATION RECALCULATED

WATER ACCUMULATED DEPRECIATED		(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Account No.	Account Description	1998 Average Plant Balance	1998 Depreciation Expense	1997 Average Plant Balance	1997 Depreciation Expense	Beginning Accumulated Depreciation	1998/97 Revised Accumulated Depreciation (13-8+9-8-10-11)	1998/97 MPR Accumulated Depreciation	Utility Adjustment to Beginning Plant (16-14)	
STORAGE PLANT										
201.1	Organization	578,778	14,384	37,767	884	47,286	0	0	0	
201.1	Renovations	24,424	881	188,437	4,711	16,883	22,770	23,382	588	
201.1	Other Plant & Misc.	288	10	28,888	888	7,787	8,748	8,347	588	
SOURCE OF SUPPLY AND PLUMBING										
201.2	Land & Land Rights	774,788	0	884,228	0	0	0	0	0	
201.2	Structures & Improvements	884,887	14,888	1,231,448	28,788	288,188	287,288	287,228	14,828	
201.2	Collect. & Treatment	0	0	48,778	1,888	12,788	13,888	13,888	(718)	
201.2	Lake, River & Other	0	0	0	0	0	0	0	0	
201.2	Tanks & Storage	774,888	18,288	1,488,888	28,888	317,818	284,888	484,284	28,884	
201.2	Intake and Outlet	0	0	0	0	0	0	0	0	
201.2	Supply Intake	1,244,248	21,188	2,881,777	28,888	223,288	248,181	248,878	4,284	
214.2	Power Generation Co.	488,128	11,288	888,488	18,287	17,888	28,172	27,828	28,488	
214.2	Pumping Equipment	2,887,248	88,488	2,978,288	97,274	1,878,228	1,228,481	1,228,284	248,128	
201.2	Other Plant & Misc.	0	0	28,188	1,888	28,212	28,817	28,487	848	
WATER TREATMENT PLANT										
201.3	Land & Land Rights	1,117,827	0	788,188	0	0	0	0	0	
201.3	Structures & Improvements	244,151	8,184	488,788	11,228	87,284	83,827	87,288	14,881	
201.3	Water Treatment Co.	248,128	28,828	1,288,818	48,888	881,228	848,288	784,178	117,218	
201.3	Other Plant & Misc.	0	0	0	0	0	0	0	0	
TRANSMISSION & DISTRIBUTION										
201.4	Land & Land Rights	281,288	0	224,827	0	0	0	0	0	
201.4	Structures & Improvements	2,728	88	48,827	1,281	2,284	2,284	4,182	248	
201.4	Dist. Reservoirs	2,444,784	41,188	3,227,274	82,823	888,288	788,287	787,128	28,242	
201.4	Towers & Distribution	28,888,288	282,228	21,882,287	788,288	2,112,288	4,884,174	4,884,228	(888,228)	
201.4	Services	8,274,842	171,288	7,818,281	188,488	887,242	1,111,433	1,288,282	(88,771)	
201.4	Aluminum & Other Insulation	2,842,228	81,288	4,714,284	117,288	728,288	1,818,227	1,172,284	184,227	
201.4	Hydrants	848,288	21,222	1,228,228	28,881	188,278	178,288	178,287	(7,791)	
201.4	Other Plant & Misc.	11,427	888	82,222	1,288	12,142	12,228	17,288	1,288	
GENERAL PLANT										
201.5	Land & Land Rights	0	0	0	0	0	0	0	0	
201.5	Structures & Improvements	0	0	0	0	0	0	0	0	
201.5	Office Furniture & Equipment	0	0	0	0	0	0	0	0	
201.51	Computer Equipment	0	0	0	0	0	0	0	0	
201.5	Transportation Equipment	0	0	0	0	0	0	0	0	
201.5	Boats	0	0	0	0	0	0	0	0	
201.5	Tanks, Shop & Garage	0	0	0	0	0	0	0	0	
201.5	Laboratory Equipment	0	0	0	0	0	0	0	0	
201.5	Power Control Equipment	0	0	0	0	0	0	0	0	
201.5	Communication Equipment	0	0	0	0	0	0	0	0	
201.5	Mechanics Equipment	0	0	0	0	0	0	0	0	
201.5	Other Tangible Plant	0	0	0	0	0	0	0	0	
TOTAL		14,477,242	1,284,228	42,882,187	1,882,284	7,284,288	11,218,427	11,881,228	288,888	

* Organizational Costs were added in 1998

000
0 . T
47,386 . +
53 . +
1,412 . +
1,801 . +
18,608 . +
14,394 . +
2,694 . +
84,348 . S
84,348 . T

AID REQUESTING DUE TO
ORG COST REVISIONS

27
4

SOURCE: SSU DEFERR RECALL SCHEDULES
ADD TO POLICY POINTS HAS PACE CASE

SSU
DW950495-WS

ccw

ORG COST / Accum D

PTY 1996

ACCUMULATED DEPRECIATION - SEWER

TOTAL IMPACT OF DEPRECIATION RECALCULATION

SEWER ACCUMULATED DEPRECIATION

Account No.	Account Description	Depreciation Rate	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			1996 Average Plant Balance	1996 Depreciation Expense	1997 Average Plant Balance	1997 Depreciation Expense	1998 Average Plant Balance	1998 Depreciation Expense	1999 Average Plant Balance	1999 Depreciation Expense
SEWER PLANT										
261.1	Depreciation	2.00%	67,800	0	64,800	1,200	77,200	1,547	68,000	2,340
262.1	Penalties	2.00%	1,000	2	1,200	30	1,200	30	20,010	515
263.1	Other Plant & Misc.	2.00%	0	0	0	0	0	0	0	0
COLLECTION PLANT										
262.2	Land & Land Rights		0	0	0	0	2,515	0	603,204	0
264.2	Structures & Improvements	2.00%	0	0	0	0	2,412	0	4,204	121
266.2	Collection Sewers - F	2.00%	1,000,100	1,000	1,000,047	47,376	1,000,002	40,404	2,448,267	61,124
267.2	Collection Sewers - B	2.00%	425,702	440	524,817	12,370	601,000	10,040	6,472,000	128,916
262.2	Special Collecting	2.00%	0	0	0	0	0	0	0	0
262.2	Services to Customers	2.00%	200,100	274	272,872	6,882	204,070	7,104	1,104,107	27,800
264.2	Flow Measuring Devices	2.00%	0	0	0	0	20	1	12,802	201
266.2	Flow Measuring Installation	2.00%	0	0	0	0	0	0	12	0
266.2	Other Plant & Misc. Equipment	2.00%	0	0	0	0	0	0	0	0
SYSTEM PUMPING PLANT										
262.3	Land & Land Rights		0	0	0	0	0	0	0	0
264.3	Structures & Improvements	2.00%	0	0	723	10	1,440	20	121,200	2,201
276.3	Rising Main	2.00%	670,000	917	680,000	23,407	1,000,011	20,010	1,140,704	20,044
277.3	Pumping Equipment	2.00%	70,300	63	65,615	2,300	117,001	2,027	1,270,001	24,200
266.3	Other Plant & Misc. Equipment	2.00%	0	0	0	0	0	0	0	0
TREATMENT AND DISPOSAL PLANT										
264.4	Land & Land Rights		70,212	0	70,212	0	70,212	0	622,240	0
264.4	Structures & Improvements	2.00%	27,200	60	28,400	1,407	61,201	1,200	1,440,227	28,121
266.4	Treatment & Disposal	2.00%	200,000	240	200,577	12,204	204,720	10,200	2,000,040	21,000
267.4	Plant Service	2.00%	0	0	0	0	0	0	201,000	0,000
268.4	Control System Lines	2.00%	2,010	3	2,010	73	4,007	110	20,411	2,225
266.4	Other Plant & Misc. Equipment	2.00%	0	0	0	0	400	12	22,000	274
GENERAL PLANT										
262.5	Land & Land Rights		0	0	0	0	0	0	0	0
264.5	Structures & Improvements		0	0	0	0	0	0	0	0
266.5	Other Furniture & Equipment		0	0	0	0	0	0	0	0
266.51	Computer Equipment		0	0	0	0	0	0	0	0
267.5	Transportation Equipment		0	0	0	0	0	0	0	0
262.5	Storage Equipment		0	0	0	0	0	0	0	0
262.5	Tools, Shop, & Garage		0	0	0	0	0	0	0	0
264.5	Laboratory Equipment		0	0	0	0	0	0	0	0
266.5	Power Operated Equipment		0	0	0	0	0	0	0	0
266.5	Communication Equipment		0	0	0	0	0	0	0	0
267.5	Measurement Equipment		0	0	0	0	0	0	0	0
266.5	Other Tangible Plant		0	0	0	0	0	0	0	0
TOTAL			4,044,040	4,040	4,470,000	110,124	4,700,510	117,100	17,207,000	204,207

*Depreciated Costs were added in 1999

3/4

42,165 • T

SOURCE: SSU - DEGREE RECALL SCHEDULES
ADJ. TO BEGIN POINTS HAS PACE CASE

29-3

ORG COST / ACCUM D

PTY 1996

ACCUMULATED DEPRECIATION - SEWER
TOTAL IMPACT OF DEPRECIATION RECALCULATED

SEWER ACCUMULATED DEPRECIATION

Account No.	Account Description	(8) 1990 Average Plant Balance	(9) 1990 Depreciation Expense	(11) 1991 Average Plant Balance	(12) 1991 Depreciation Expense	(13) Beginning Accumulated Depreciation	(14) 1991/91 Revised Accumulated Depreciation (13+12+10+8+6+4+2)	(15) 1991/91 MPR Accumulated Depreciation	(16) Utility Adjustment to Beginning Plant (15-14)
INTANGIBLE PLANT									
351.1	Organization	90,814	2,295	43,293	1,898	32,880	0	0	0
352.1	Franchises	25,295	632	121,548	3,639	12,441	17,706	17,725	22
356.1	Other Plant & Misc.	86	2	12,489	311	2,694	2,408	2,792	384
COLLECTION PLANT									
353.2	Land & Land Rights	896,399	0	798,119	0	0	0	0	0
354.2	Structures & Improvements	4,324	121	236,809	6,488	164,468	990,499	990,139	1,645
359.2	Collection Sewers - F	2,724,019	88,260	4,896,829	132,466	741,467	1,891,416	1,129,479	27,863
361.2	Collection Sewers - G	6,570,383	194,796	16,995,626	494,141	3,293,296	4,691,277	2,841,206	(116,109)
362.2	Special Collecting	0	0	0	0	0	0	0	0
363.2	Services to Customers	1,422,126	36,563	1,998,102	46,978	264,283	498,898	447,871	(2,939)
364.2	Flow Measuring Devices	28,379	964	84,166	2,104	967	4,267	24,889	28,571
365.2	Flow Measuring Installation	12	0	467	12	86	79	89	2
366.2	Other Plant & Misc. Equipment	4,384	119	19,872	497	1,174	1,799	2,281	501
SYSTEM PUMPOUT PLANT									
353.3	Land & Land Rights	0	0	14	0	0	0	0	0
354.3	Structures & Improvements	1,512	38	287,297	7,185	11,170	16,484	20,299	1,905
370.3	Pumping Works	1,266,649	34,851	1,826,987	49,917	293,171	419,107	918,142	990,034
371.3	Pumping Equipment	1,919,226	47,739	2,795,413	69,885	886,948	1,823,285	1,194,794	171,259
385.3	Other Plant & Misc. Equipment	873	22	90,872	2,807	4,189	6,187	6,883	2,476
TREATMENT AND DISPOSAL PLANT									
353.4	Land & Land Rights	1,298,284	0	2,199,887	0	0	0	0	0
354.4	Structures & Improvements	1,882,920	47,973	3,298,209	92,435	806,895	779,825	617,699	42,904
360.4	Treatment & Disposal	3,263,426	91,826	6,493,611	212,265	2,848,232	2,699,741	2,894,622	293,882
361.4	Plant Drawn	697,233	18,191	884,872	21,892	46,488	92,289	85,793	1,463
362.4	Offal Sewer Lines	964,288	24,115	2,876,857	96,417	90,857	126,822	189,448	27,436
366.4	Other Plant & Misc. Equipment	219,466	5,295	916,266	12,913	45,204	84,168	86,882	22,484
GENERAL PLANT									
353.5	Land & Land Rights	0	0	0	0	0	0	0	0
354.5	Structures & Improvements	0	0	0	0	0	0	0	0
360.5	Office Furniture & Equipment	0	0	0	0	0	0	0	0
360.51	Computer Equipment	0	0	0	0	0	0	0	0
361.5	Transportation Equipment	0	0	0	0	0	0	0	0
362.5	Tools Equipment	0	0	0	0	0	0	0	0
363.5	Tools, Shop, & Garage	0	0	0	0	0	0	0	0
364.5	Laboratory Equipment	0	0	0	0	0	0	0	0
365.5	Power Operated Equipment	0	0	0	0	0	0	0	0
366.5	Communication Equipment	0	0	0	0	0	0	0	0
367.5	Maintenance Equipment	0	0	0	0	0	0	0	0
368.5	Other Transport Plant	0	0	0	0	0	0	0	0
TOTAL		23,822,277	636,822	47,864,266	1,117,744	6,397,547	10,676,294	11,378,289	689,295

*Organizational Costs were netted in 1990

000

0.00 T

①

32,860.00 +

001

32,860.00 S

ADD REDUCTION 60. +

DUE TO 1,600. +

ORG COST 1,947. +

RETIREMENT 2,348. +

② 1,085. +

007

42,165. S

007

42,165. T

1/4

\\FAS29\FUND\BULD_UP\ACCUM_DP\PRDEF_REC\BDEL_REC.313 . 31495

SOURCE: SSU DEFERR. RECALL SCHEDULES
ADJ. TO: BELM POINTS HAS PAVE CASE

29-3

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

CW

PTY 1996

AUDIT DISCLOSURE NO. 17

SUBJECT: FUTURE PLANT REMAINING IN UTILITY PLANT IN SERVICE

Ac. # 31
FACTS: The audit staff asked Southern States to reconcile its General Ledger water and sewer Utility Plant in Service balances as of 12-31-94, to those balances in the MFR's.

18-2
Southern States began its reconciliation by adding ^(A) \$34,908,326 of Plant Held for Future Use (Account 103) to booked Utility Plant in Service (Account 101). (See Exception No. 1.)

18-2
SSU then reduced ^(B) this balance by the future use portion relating to county plants \$1,387,592 and the land held for future use amount of \$437,839. The remaining amount reconciled with the SSU Filed Utility Plant in Service Accounts. (#1010)

OPINION: It appears as though there is \$33,082,895 of Plant Held for Future Use remaining in the SSU General Ledger amount which reconciled to the MFR Plant balances. (The future use portions of that reconciliation is extracted in the calculation below.)

		FUTURE PLANT ONLY	
Future Use Plant	1030	^(A)	\$34,908,326
Less County Plants			
Future Use	1030	^(B)	(1,387,592)
Future Use Land	1030	^(C)	(437,839)
Total Remaining	1030		\$33,082,895

T = FMS

The FPSC Engineers assigned to review Future Use Plant should be aware that SSU feels that according to its classification there is \$33,082,895 of future plant in its filed UPIS balances.

COMPANY COMMENTS: Company may respond at a later date.

Source As Indicated	18-2
---------------------	------

SSU
DN950495-WS

Doc Ref # 31 Scribbled.

PTY 1996

cu

**SOUTHERN STATES UTILITIES
1994
UTILITY PLANT IN SERVICE
MFR'S FPSC REGULATED TO GL TOTAL COMPANY
RECONCILIATION**

1

12/31/94 Balance per GL (Total Company)

1010

1030

Total Company Plant

(A)
18-2

274,161,869

34,908,328

309,070,195

A
B

Less County Plants: (Hernando, Hillsborough, Polk)

1010 - Water & Sewer

1030

Total County Plant

(B)
18-2

30,864,863

1,387,592

32,252,455

I
J

Total FPSC Regulated Plants

276,817,740

Reconciliation items: (see attached)

Water

Sewer

GP

41,142

(196,585)

(168,642)

C
D
E

(324,085)

GL Balances not picked up in MFR's (Plant 00001)

County & Gas portion of Allocated GP

1030 Land held for future use

(C)
18-2

(6,286)

(5,804,867)

(437,839)

F
G
H

270,244,663

Balances per MFR's - FPSC ALL PLANTS (June 28 filing)

Vol III 5 of 6 1994 A-5(W)

Vol III 6 of 6 1994 A-6(S)

149,079,749

121,166,847

270,246,596

Variance from MFR Historic Ending Balance to GL
Immaterial difference

1,933



Source: <i>PBC</i>	<i>MFR vs GL UPLS RECONCILIATION</i>	<i>18-2</i>
--------------------	--------------------------------------	-------------

SOUTHERN STATES UTILITIES, INC.
DOCKET NO. 950495-WS

OW

PTY 1996

AUDIT DISCLOSURE 18

DRAFT

SUBJECT: ORGANIZATION COSTS

FACTS: Document Request No. 95, was dated September 26, was for Organization Cost removal documentation. Southern States provided the information to the audit staff on October 11, 1995.

29-4

The last day of field work was October 13, 1995.

DR#114 FOR DOCUMENTS

OPINION: The audit staff believes that the above is a violation of FPSC Rule No. 25-30.450 Audit Provision. (See Exception 10)

29-1

Due to time considerations, only a judgemental sample of two journal entries of the documentation supplied could be analyzed. The first was for the removal of \$20,080 of Organization Costs. Of that total, \$17,563 or 87.29% was transferred to other Rate Base accounts. \$1,009 or 5.02% went to Various Expenses and \$1,548 or 7.69% went to Acquisition Adjustment and Nonutility Expenses.

29-5

The second transaction analyzed consisted of a twelve-page journal entry to correct Organization Cost Accumulated Depreciation. A total of the regulated Accumulated Depreciation Account (#108.110) net reductions was taken. A total of the offsetting Accumulated Amortization of Acquisition Adjustment Account (#115.00) was taken. The following totals were accumulated from this journal entry for water and sewer combined.

29-7

Debit # 108.110

\$152,709

{ 29-8 (A)

Credit # 115.000

(128,625)

{ 29-8 (B)

Given the problems associated with these Journal Entries and the lack of time for analysis, it is recommended that this issue be reviewed further by the Commission.

COMPANY COMMENT: Company may respond at a later date.

DRAFT

Source: AS - *water rates*

29-4

SSU
D#950495-WS

LD
CR
10/25

PTY 1996

File: ORG CALC
Quick Org Cost Audit for D#950495-WS

R Dodrill

When Southern States did provide workpapers supporting Organization Cost removal, there was only time to sample the information that was finally provided. The first Journal Entry to remove \$20,080 Org Costs is analyzed below

Note that the debits are transferred primarily to other rate base accounts and credits (A/D) below are transferred below the line

ORGANIZATION COST TRANSFER SAMPLE

		<i>29-6</i>	
302.100	Franchise and Concents	14,533.04	
303.300	Treatment Land & Rights	2,990.59	
105.07	Const. Work in Progress	39.37	
	Rate Base Debits	17,563.00	87.29%
620.3 etc	Various Expenses	1,009.18	5.02%
114.20	Acq Adjustment		
426.11	Nonutility Expenses	1,548.00	7.69%
		20,120.18	100.00%
101.10	Organization Costs	(20,120.18)	100.00%

A later journal entry to correct Accum. Deprec. was also briefly looked at. An adding machine tape (yes we still do this stuff) of the net debits and credits to REGULATED ACCUMULATED DEPRECIATION disclosed that the net entry was a CHARGE to A/D \$152,700 and a Cr to Accum. Amort. of Acq. Adj. \$128,652 Water Sewer Combined.

A complete audit of the D/R 114 workpapers would have been possible if Document Request #95 would have been provided on time. It should be noted that no Original documents were provided and EXPENSING of these charges remains a possibility

<i>Source: As Ref.</i>	<i>29-5</i>
THE WALTER LATHAM COMPANY 708 345-8787	

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER 46515

Prepared By lmd

ENTRIED BY dc

MONTH Dec 91

DESCRIPTION XFER CUST FROM Org Acct

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
106	301100	<56.10>	915222	131	301100	<512.15>	915222
106	302100	36.10	915222	139	302100	492.15	915222
121	620300	20.00		141	620300	20.00	
121	301100	<198.32>	915222	146	301100	<33.15>	915222
121	302100	198.32		146	302100	33.15	
122	301100	<159.46>		147	301100	<105.16>	
122	302100	159.46		147	302100	105.16	
210	301100	<6.55>		148	301100	<51.15>	
210	303300	6.55		148	302100	51.15	
336	301100	<75.00>	915222	171	301100	<6.55>	
336	620300	75.00		171	303300	6.55	
438	301100	<269.15>	915222	172	301100	<192.00>	
438	302100	269.15	915222	172	302100	192.00	
438	620300	20.00		173	302100	<1387.55>	915222
2210		70.18		173	301100		
		70.18					

IF NOT ZERO OUT OF BALANCE

DR. _____

CR. _____

Total Plants _____

PAGE 1 OF 136

APPENDIX Acct 114



TO FRANCHISE

Source PK

29.6

15

SSU
DW950695-WS

PTY 1996

114

APPENDIX Add 1 114

PAGE 2 OF 130

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER _____

Prepared By LRD

ENTERED BY _____

DATE Dec 91

DESCRIPTION

XFER COST FROM Org Acc

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
473	302100	387.55	9152777	574	301100	<3572.38>	9152777
473	426110	1000.00			302100	2855.88	
560	301100	<3.78>	9152777		303300	16.50	9152777
560	302100	3.78			620300	200.00	
566	301100	<75.00>		574	426110	500.00	
566	302100	75.00		575	301100	<648.41>	9152777
567	301100	<10.00>	9152777		302100	460.91	
567	620300	10.00			303300	157.50	
570	301100	<763.92>	9152777	575	301100	<190.57>	
570	302100	252.42		673	302100	190.57	
570	303300	511.50		679	301100	<270.04>	
573	301100	<402.12>			302100	225.86	9152777
	302100	173.40		679	625200	4118	
573	303300	228.72	9152777	772	301100	<150.00>	9152777
7161		26.37					
		212.00					

IF NOT ZERO OUT OF BALANCE

TO FRANCHISES



OR _____
CR _____

Total Plants _____

Source: PBC

29-6

9/2

SSU
DM950495-NS

PTY 1996

UJ

APPENDIX A-1 114
PAGE 3 OF 130

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER _____ Prepared By YNU ENTERED BY _____ MONTH Dec 91

DESCRIPTION XFER COST FROM CRG. ACCT

PLANT #	GL NUMBER	AMOUNT	VO NUMBER	PLANT #	GL NUMBER	AMOUNT	VO NUMBER
772	302100	150.00	9152777	985	301100	<226.30>	9152777
773	301100	<194.85>		985	302100	226.30	
773	302100	194.85		986	301100	<238.40>	
782	301100	<161.97>		986	302100	238.40	
782	302100	161.97		987	301100	<120.86>	
783	301100	<161.97>			302100	977.30	
783	302100	161.97		987	303300	232.56	
784	301100	<14.87>		988	301100	<301.80>	
784	302100	14.87			302100	252.86	
886	301100	<419.37>			303300	21.66	9152777
	302100	534.7		988	71000	48.00	
986	307200	437.75		1054	301100	<265.03>	9152777
984	301100	<152.05>		1054	302100	265.03	
984	302100	152.05	9152777	1094	301100	<134.37>	9152777
116.2		1326.87		1055		651.77	
		<102.33>					

IF NOT ZERO OUT OF BALANCE

TO FRANCHISES

DR _____
CR _____
Total Plants _____



SOURCE: MS

29-6

1/2

THE WATER LUTHER COMPANY

SOURCE MS

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER _____

Prepared By msd

ENTRIED BY _____

DATE Dec 91

DESCRIPTION XFER COST FROM ORG Acct

PLANT #	GL NUMBER	AMOUNT	CO NUMBER	PLANT #	GL NUMBER	AMOUNT	CO NUMBER
1094	105670	39.37	871048c	1429	302100	400.00	915222
7	303300	75.00	915222	1429	303300	375.00	
1094	620300	20.00		1518	301100	<152999>	
1095	301100	<19320>	915222	1518	302100	1529.99	
1095	302100	193.20		1600	301100	<500.00>	915222
1115	301100	<95.37>		1600	620300	500.00	
1115	302100	95.37		1701	301100	<75.00>	915222
1117	301100	<15336>		1701	302100	75.00	
1117	303100	153.36		1702	301100	<75.00>	
1118	301100	<57966>		1702	302100	75.00	
1118	302100	579.66		1801	301100	<75769>	
1427	301100	<984.16>		1801	302100	75.03	
1427	302100	984.16		1802	303300	582.66	
1429	301100	<1275.00>	915222	1802	301100	<502.11>	915222
1655		2110.12					
		<302100>					

IF NOT ZERO OUT OF BALANCE



DR _____
CR _____

Total Plants _____

PTY 1996

SSU
DW950495-WS

EXHIBIT RFD - 7 (PAGE 7 OF 21)

PAGE 4 OF 136

ATTENDIX Plant 114

JUL

SK

29-6

SSU
DM#950495-VS

PTY 1996

ALL

APPENDIX A
PAGE 5 OF 136

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER _____ Prepared By LML DATED BY _____ MONTH Dec 91

DESCRIPTION VITROUSIS FROM ORG ACCT

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
1802	302100	173.40	9152222	2401	303300	7.78	9152222
1802	303300	228.71	9152222				
1802	302300	100.00					
1901	301100	<21.00>	9152222				
1901	303300	21.00					
2202	301100	<300.00>					
2202	302100	300.00					
2301	301100	<116.50>					
?	302100	6.00					
2301	303300	10.56					
2302	301100	<6.00>					
2302	302100	6.00					
2401	301100	<305.41>					
2401	302100	297.63	9152222				
		11432.1					
		<618.91					

IF NOT ZERO OUT OF BALANCE

DR 20080.81
CR 20080.81

Total Plants 1230660



SOURCE PBC

2916

3/3

SSU
DM950495-NS

Dee

APPENDIX APT. 114

PAGE 71 OF 136

3772
<3713>
<241>
182

144,764
<124,706>
<11,156>
<182>
<500>

11. Acq. Adj.
Depr (GP)
Interco Rec.
Unamort Debt
Issue Cost

JOURNAL ENTRY TRANSACTION FORM

NI \$24,156 + \$241 = \$24,397

1112

REFERENCE NUMBER ADT 68 Prepared by *Wendy* DATED BY *[Signature]* MONTH Dec '91
DESCRIPTION TRANS DEPR FROM ORG TO proper Acct - W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
104	108110	75.05 ①	3011	210	108110	1474.59	3011
104	115000	<10,407>		210	115000	<765.16>	
105	108110	71.95 ①	3011	0L	403000	<1.627>	
105	115000	<9,807>		212	108110	460.25	3011
106	108110	6531.76 ①	3011	212	115000	<411.237>	
	115000	<19,75.86>		214	108110	65.95	3011
106	108110	<22.867> ①	3021	214	115000	21.067	
0L	403000	<12.417>		215	108110	259.64	3011
121	108110	730.93 ①	3011	215	115000	<257.047>	
	115000	<586.357>		323	108110	725.64	3011
121	108110	<77.267> ①	3021	323	115000	<477.607>	
122	108110	2522.92 ①	3011	324	108110	123.55	3011
	115000	<2157.357>		324	115000	<19.377>	
122	108110	<115.807> ①	3021	325	108110	79.75	3011
1406		9932.61		322		3129.37	
		<4968.07>				<19,331.17>	

IF NOT ZERO OUT OF BALANCE

① SEE TAPE ETC.

DR _____
CR _____
Total Plants _____



Am

Source *PVC*

29-7

Source: PLS

JOURNAL ENTRY TRANSACTION FORM

2/12
DATE Dec '91

REFERENCE NUMBER

Prepared by Hand of

ENTERED BY

DESCRIPTION

TRANS DEPR FROM ORIG TO proper Acc'd-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
325	115000	<26.93>		438	108110	1020.87	3011
326	108110	69.95	3011	2	115000	<807.00>	
326	115000	<23.85>		438	108110	<61.15>	3021
330	108110	179.36	3011	01	403000	<4.90>	
330	115000	<11.41>		439	108110	1867.11	3011
332	108110	655.46	3011	2	115000	<1540.93>	
332	115000	<149.10>		439	108110	<96.90>	3021
334	108110	85.17	3011	01	403000	<3.92>	
334	115000	26.14		440	108110	34.07	3011
335	108110	607.60	3011	440	115000	26.97	
335	115000	<349.01>		440	108110	35.99	3011
336	108110	36.09	3011	440	115000	21.07	
336	115000	3.21		443	108110	51.62	3011
01	403000	<10.79>		443	115000	<2.08>	
4312		1636.94		5283		2009.66	
		<517.23>				<2524.68>	

IF NOT ZERO OUT OF BALANCE

DR _____
CR _____

Total Plants _____

PAGE 92 OF 136

APPENDIX Add'l 114

APPROVED BY: _____

FORM 100C

SSU DW950495-VIS

THE STATE OF CALIFORNIA
DEPARTMENT OF REVENUE

Source: PLS

JOURNAL ENTRY TRANSACTION FORM

3/12

DATE Dec '91

Prepared by WNO of gr ENTERED BY _____

DESCRIPTION TRANS DEPR FROM ORG TO proper Acct - W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
444	108110	260.09	3011	471	115000	<370.667	
444	115000	<234.427		01	403000	<1.567	
446	108110	830.79	3011	472	108110	1095.43	3011
7	115000	<809.947			115000	<1044.497	
446	108110	<7.487	3021	472	108110	<49.957	3021
447	108110	1227.26	3011	473	108110	1978.51	3011
	115000	<1115.587			115000	<1638.137	
447	108110	<29.337	3021	473	108110	<92.477	3021
448	108110	1038.30	3011	01	403000	<238.747	
7	115000	<996.667		551	108110	73.15	3011
448	108110	<12.047	3021	551	115000	<25.137	
470	108110	390.09	3011	552	108110	126.82	3011
470	115000	<237.607		552	115000	<37.427	
471	108110	432.16	3011	553	108110	176.11	3011
6322		4178.69		6067		<3198.557	
		<3443.057				3450.02	

IF NOT ZERO OUT OF BALANCE

OR _____

CR. _____

Total Plants _____

SSU
DW950495-MS

EXHIBIT RFD - 7 (PAGE 11 OF 21)

PAGE 73 OF 136

APPENDIX Acdt 114

29-7

SSU
DW950495-VS

APPENDIX 11/1

PAGE 74 OF 136

4/12

DATE Dec '91

JOURNAL ENTRY TRANSACTION FORM

Prepared by lynd jr ENTERED BY _____

DESCRIPTION TRANS DEPR FROM ORIG TO proper Acc-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
533	115000	<66.11>		562	108110	67.09	3011
535	108110	65.09	3011	562	115000	<37.82>	
535	115000	<28.16>		564	108110	70.70	3011
536	108110	50.28	3011	564	115000	<8.47>	
536	115000	<35.49>		565	108110	31.69	3011
537	108110	119.17	3011	565	115000	<27.92>	
537	115000	<28.49>		566	108110	172.12	3011
538	108110	85.65	3011	566	115000	<102.48>	
538	115000	<28.05>		567	108110	<7.66>	3011
539	108110	77.71	3011	567	108110	228.05	3011
539	115000	<35.19>		567	115000	<155.28>	
560	108110	6169.26	3011	01	403000	<1.98>	
560	115000	<2299.28>		570	108110	2350.27	3011
7803	108110	<1.23>	3011	570	115000	<1898.55>	
		<2522.00>		7253		<91.05>	
		656716				2919.92	

IF NOT ZERO OUT OF BALANCE

DR. _____
CR. _____

Total Plants _____

Source PIC

29-7

THE ANALYST'S SIGNATURE COMPANY 1700 W. 44th ST

Source: PDC

JOURNAL ENTRY TRANSACTION FORM

5/12
Dec '91

Prepared by WMD ENTERED BY _____

DESCRIPTION TRANS DEPR FROM ORG TO proper Acc - W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
570	108110	<100.12>	3021	575	108110	<18.07>	3021
01	403000	<202.59>		01	403000	<7.36>	
573	108110	1418.32	3011	578	108110	82.03	3011
	115000	<1186.28>		578	115000	<82.03>	
573	108110	<59.29>	3021	673	108110	3102.84	3011
01	403000	<78.15>	3031	673	115000	<2754.39>	
574	108110	2692.63	3011	673	108110	<82.23>	3021
	115000	<1931.45>		675	108110	299.36	3011
574	108110	<442.13>	3021		115000	<89.72>	
01	403000	<2.42>		675	108110	<37.09>	3021
01	403000	<30.97>		679	108110	1221.74	3011
01	403000	<77.28>		679	115000	<1148.19>	
575	108110	364.38	3011	01	403000	<5.99>	
575	115000	<335.16>		772	108110	1.98	3011
5166		<4445.81>		7907		<4235.07>	
		4475.33				4707.85	

IF NOT ZERO OUT OF BALANCE

DR _____
CR _____

Total Plants _____

EXHIBIT RFD - 7 (PAGE 13 OF 21)
SSU
DW950495-NS

PAGE 75 OF 136
APPENDIX A4.7 114

29-7

JOURNAL ENTRY TRANSACTION FORM

6/12
DATE Dec '91

Prepared by Wendy Q ENTERED BY _____

REFERENCE NUMBER _____

DESCRIPTION

TRANS DEPR FROM ORG TO proper Acc - W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
772	108110	<1.88>	3021	784	108110	962.97	3011
773	108110	907.06	3011	784	115000	<910.97>	
1	115000	<842.02>		784	108110	<3.957>	3021
773	108110	<46.44>	3021	886	108110	3235.23	3011
780	108110	313.17	3011	886	115000	<922.04>	
780	115000	<15946>		886	108110	<17.477>	3021
781	108110	658.57	3011	01	403000	<143.64>	
781	115000	<283.19>		888	108110	2834.76	3011
782	108110	782.37	3011	888	115000	<1560.25>	
782	115000	<720.48>		984	108110	1334.43	3011
782	108110	<17.99>	3021	7	115000	<1256.50>	
783	108110	1489.34	3011	984	108110	<25.89>	3021
783	115000	<1429.47>		985	108110	421.89	3011
783	108110	<20.857>	3021	985	115000	<378.73>	
10908		<3521.72>		11709		8787.28	
		4150.51				<5219.54>	

IF NOT ZERO OUT OF BALANCE

DR _____
CR _____

Total Plants _____

PAGE 76 OF 136

APPENDIX Part 114

THE QUALITY LUMBER COMPANY

Source P/S

29-7

7/10 1991

Source: P/C

JOURNAL ENTRY TRANSACTION FORM

7/10

Dec '91

REFERENCE NUMBER

Prepared by Wendy G

ENTERED BY

DATE

DESCRIPTION

TRANS DEPR FROM ORIG TO proper Acc-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
985	108110	<22.87>	3021	990	108110	120.54	3011
986	108110	292.61	3011	990	115000	<8.68>	
Y	115000	<245.59>		992	108110	91.55	3011
986	108110	<22.18>	3021	992	115000	<7.21>	
987	108110	4505.56	3011	993	108110	100.00	3011
1	115000	<4700.08>		993	115000	<8.22>	
987	108110	<184.73>	3021	1054	108110	233.36	3011
01	403000	<44.15>		1	115000	<166.57>	
988	108110	907.21	3011	1054	108110	<216.3>	3021
2	115000	<905.78>		1091	108110	7304.13	3011
988	108110	<75.21>	3021	1094	115000	<6844.86>	
01	403000	<6.26>		01	403000	<35.07>	
989	108110	9694.38	3011	2	403000	<9.19>	
989	115000	<9637.18>		01	403000	<18.37>	
11948		<15241.03>		11303		7839.58	
		15397.76				<119.79>	

IF NOT ZERO OUT OF BALANCE

OR _____
CR. _____

Total Plants _____

FORM 1004

EXHIBIT RFD - 7 (PAGE 15 OF 21)
SSU
DM950495-US

PAGE 77 OF 136

APPENDIX A-001 114

29-7

THE NATIONAL UTILITY COMPANY
1700 MARKET STREET
PHILADELPHIA, PA 19103

Source PLS

JOURNAL ENTRY TRANSACTION FORM

8/12

Prepared by WHD

ENTRIED BY _____

DATE Dec '91

DESCRIPTION TRANS DEPR FROM ORIG TO PROPER ACD-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
1095	108110	800.12	3011	1298	108110	834.38	3011
1095	115000	<718.75>		1298	115000	<79483>	
1095	108110	<25.12>	3021	1427	108110	829.59	3011
1115	108110	658.53	3011		115000	<472.53>	
	115000	<567.78>		1427	108110	<141.69>	3021
1115	108110	<18.31>	3021	1429	108110	9097.64	3011
1117	108110	1125.15	3011		115000	<6690.11>	
	115000	<825.64>		1429	108110	<506.16>	3021
1117	108110	<33.30>	3021	01	403000	<210.74>	
1118	108110	516.48	3011	1518	108110	15856.26	3011
	115000	<464.37>			115000	<14210.19>	
1118	108110	<51.95>	3021	1518	108110	<553.24>	3021
1279	108110	1941.33	3011	1600	108110	3671.83	3011
1275	115000	<1799.61>		1600	115000	<3430.55>	
15893		5041.61		1919		30,289.70	
		<4504.73>				<27010.69>	

IF NOT ZERO OUT OF BALANCE

OR _____
CR. _____

Total Plants _____

PTV 1006

SSU
DM950695-US

APPENDIX ADJUT 114
APPENDIX ADJUT 114

PAGE 78 OF 136

Source: P/S

JOURNAL ENTRY TRANSACTION FORM

9/12
DATE Dec '91

Prepared by Hand of ENTERED BY _____

DESCRIPTION TRANS NEPR FROM ORG TO proper Acc - W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
1600	403000	<205.62>		1801	108110	<31.74>	3021
1600	403000	<35.62>		01	403000	<106.41>	
1601	108110	167.94	3011	1802	108110	1250.75	3011
1601	115000	<167.94>			115000	<883.28>	
1602	108110	12.50	3011	1802	108110	<81.67>	3021
1602	115000	<12.50>		01	403000	<107.69>	
1701	108110	225.26	3011	01	403000	<117.03>	
	115000	<111.75>		1901	108110	947.71	3011
1701	108110	<28.99>	3021	1901	115000	<785.26>	
1702	108110	1545.44	3011	01	403000	<3.86>	
	115000	<1049.66>		1902	108110	1256.39	3011
1702	108110	<48.84>	3021	1902	115000	<1234.40>	
1801	108110	6222.55	3011	2201	108110	5434.51	3011
1801	115000	<5734.70>		2201	115000	<5367.67>	
23117		<7395.62>		19214		<104.98>	
		8173.67				12.1898	

IF NOT ZERO OUT OF BALANCE

OR _____

CR. _____

Total Plants _____

SSU
DM950495-MS

PTY 1996

EXHIBIT RFD - 7 (PAGE 17 OF 21)

APPENDIX Part 114

PAGE 7 OF 13

Source: P/C

JOURNAL ENTRY TRANSACTION FORM

Prepared by Hand J ENTERED BY _____

DATE 10/12 MONTH Dec '91

DESCRIPTION TRANS DEPR FROM ORG TO proper A-D-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
2202	108110	19805.08	3011	2301	108110	3322.54	3011
	115000	<19692.19>		2111	115000	<315981.3>	
2202	108110	<101.01>	3021	01	403000	<1504845>	
2301	108110	299.70	3011	325	115000	21.977	
	11900	<289.45>		784		46.405	
2301	108110	<.36>	3021	985		<134.49>	
01	403000	1.637		1118		178.277	
2302	108110	156.28	3011	1600		<102.377>	
	115000	<134.20>		1702		<32.13>	
2302	108110	<.36>	3021	2302		<18.07>	
2401	108110	938.11	3011	2101	115000	<64.23>	
2101	115000	<725.91>		1600	115000	102.27	
1101	108110	<89.40>	3021	01	115000	<102.37>	
01	403000	17.357		181000		<511.161>	
2620		20991.17				163543	
		21038.08				<19358.59>	

IF NOT ZERO OUT OF BALANCE

OR _____
CR. _____
Total Plants _____

Source P/C

JOURNAL ENTRY TRANSACTION FORM

REFERENCE NUMBER _____

Prepared by W.D. Q

ENTERED BY _____

11/12

MONTH Dec '91

DESCRIPTION TRAINS DEPR FROM ORG TO proper Acc-W

PLANT #	GL NUMBER	AMOUNT	NO NUMBER	PLANT #	GL NUMBER	AMOUNT	NO NUMBER
01	108110	18.07	3011	01	403000	<1.99>	
784	108110	<62.20>	3001			<1.99>	
1429		<2,106>	3001			<1.99>	
1000	108110	<80.33>	3001			<.11>	
01	403000	<457.73>				<9.99>	
01	403000	<354.08>				<12.06>	
		<1.99>				<5.11>	
		<1.99>				<34.10>	
		<1.99>				<5.99>	
		<1.99>				<1.99>	
		<1.99>				<1.99>	
		<1.99>				<3.96>	
		<1.99>				<1.99>	
01	403000	<1.99>		01	403000	<1.99>	
3804				14			

IF NOT ZERO OUT OF BALANCE

DR _____

CR _____

Total Plants _____

PTY 1996

SSU
DM950495-VS

APPENDIX ADD T 114
PAGE 81 OF 138

107
1000321

EXHIBIT RFD - 7 (PAGE 21 OF 21)

SSU
D#950495-WS

CREDITS TO #115 0.**

PTY 1996

Net Dr/CR TO A/D

PAGES 71-82 10.40+
 DR# 114 9.80+
 1,975.86+
 586.35+
 2,157.35+
 765.16+
 134.20+
 725.91+
 6,159.81+
 6,159.81-
 3,159.86+
 1.99+
 96.40+
 134.49+
 78.27+
 102.37+
 32.13+
 18.07+
 64.23+
 128,625.54*
 CREDITS

PAGES 71 TO 82 0.**
 OF D/R #114 0.**
 75.05+
 71.95+
 6,531.76+
 22.86-
 730.93+
 77.26-
 2,522.92+
 115.80-
 1,474.59+
 160.25+
 65.95+
 259.64+
 725.64+
 123.55+
 79.75+
 69.85+
 179.36+
 655.66+
 85.17+
 607.60+
 36.09+
 1,020.87+
 61.15-
 1,867.11+

(B)

Tape of Required
 Accn Debit 108,110
 Entries on J/E SIS w/p 29-6

Tape of Below-the-
 Line Accn Acq of
 Accn Amt from
 JE ADJL2 ON
 w/p 29-7

Source: ~~PSC~~ Accn AS Ref