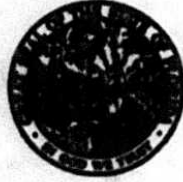


RFR

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



TIMOTHY DEVLIN, Director
Auditing & Financial Analysis
(850) 413-6480

Public Service Commission

May 13, 1998

Morningside Utility, Inc.
George De Villers
1106 Monroe Avenue
St. Cloud, FL 34769-6713

Dear Mr. De Villers:

Docket No. 980445-WU -- Morningside Utility, Inc.
Audit Request - Staff-assisted Rate Case

The Florida Public Service Commission will review the petition filed for the staff-assisted rate case in accordance with Commission audit procedures. Auditors may select one or more accounts for detailed examination. Access may be requested to documents and records supporting affiliate company transactions that affect regulated operations. Staff auditors may also request to review the firms external audit working papers for the most recent independent audit. Ian Forbes, the district office supervisor, (407) 317-7337, will coordinate this audit.

Rule 25-30.110(b), F.A.C., states that, "Unless otherwise authorized by the Commission, each utility shall maintain its records at the office or offices of the utility within this state and shall keep those records open for inspection during business hours by Commission staff".

Rule 25-22.006, F.A.C., promulgates the procedure to exempt confidential and proprietary business information from Public Records Law 119.07(1), Florida Statutes. Excerpts from this rule are attached to this letter however, the rule should be read in its entirety when an exemption is claimed. Write or call the Florida Public Service Commission's Office of the General Counsel for additional information, (850) 413-6248.

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FPSC-RECORDS/REPORTING

Morningside Utility, Inc.

May 13, 1998

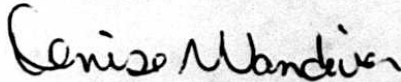
- 2 -

A formal audit report will be issued for internal official use only by the Commission on or about June 29, 1998. A copy of the final report will be mailed to the company liaison officer listed in the Commission Mailing Directory. Comments should be mailed to the Director of Records and Reporting within ten days after receipt.

Please complete the Pre-audit Questionnaire and use the pre-stamped envelope to return the completed form to me by May 28, 1998.

Questions regarding the audit or staff conduct should be directed to Ian Forbes or myself at (850) 413-6487.

Sincerely,



Denise N. Vandiver

DNV/sp

- Enclosures: (1) Excerpts from Rule 25-22.006, F.A.C.
and 366.093, F.S.
(2) Pre-audit Questionnaire
(3) Pre-stamped, Addressed Envelope

cc: Mary Andrews Bane, Deputy Executive Director/Tech. (w/o enclosures)
Field Audit Supervisor
Legal Services (w/o enclosures)
Division of Records and Reporting (w/o enclosure)
Public Counsel