

M E M O R A N D U M

March 24, 1999

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (MCRAE) *S.M.*
RE: DOCKET NO. 981258-WS - INVESTIGATION OF WATER AND
WASTEWATER RATES OF LAKE HAVEN UTILITY ASSOCIATION, LTD.
D/B/A LAKE WALES UTILITY CO., LTD. IN POLK COUNTY
FOR POSSIBLE OVEREARNINGS.

Please place the attached letter dated March 25, 1999 in the docket file.

SAM/lw

Attachment

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

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FPSC-RECORDS/REPORTING

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March 25, 1999

Trish Merchant
Florida Public Service Commission
Room 170M, Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Florida Public Service Commission
Division of Water and Wastewater

Dear Ms. Merchant:

This letter is intended to supply you with the information regarding the management of Lake Wales Utility Co. Ltd. The active members of the Management Company are Mark Rubin, Robert Andrews, Charles DiGiovanna and Richard Dooley. Elisa Misrahi is Mark Rubin's Administrative Assistant. Rae Yamali is the Comptroller and Bookkeeper. Dwight Reeves is the Certified Public Accountant for Lake Wales Utility Management.

The management's role can be divided into four major parts:

1. Personnel Policy and Staffing

This would include all issues regarding hiring and termination. All salaries and bonuses are determined by management. Staffing requirements and contract labor. Review of all personnel. Responsibility for hiring outside contractors vs. in-house staff.

2. Day-to-Day Operations

This would consist of general review and discussions of day to day activities. Most often this is done via telephone. David Pearce, the on-site Manager, would report to Mark Rubin. Discussions would include maintenance issues, mechanical breakdowns, condition of the physical plant. Included in this category are on-site inspections. Most on-site inspections are for the purpose of determining the physical condition of the plant and machinery and making sure the customer is receiving good service. Also included would be review, discussions, bidding and executing all insurance policies.

3. Financial Review and Budgeting

This category consists of reviewing of all financial matters and budgeting for the future. All expenses over \$500.00 are approved by management. All active members of the Management Company are involved in this facet of management. Robert Andrews, who has an accounting background and Charles DiGiovanna, who runs a large corporation play and important role in the process. Dwight Reeves is involved with management in the preparation of the audited financial statements. Monthly financial statements are prepared in-house with appropriate reviews and discussions by management. Discussions and review of all income, including new hook-ups.

4. Long Term Planning and Compliance

This would include responsibility for future projects, capital improvement and replacement of equipment. Securing favorable financing of capital improvements. Also included in this category would be compliance with state, county and federal environmental requirements. One issue, for example, which is the responsibility of management which falls into this category is energy conservation.

I hope this brief outline is helpful. In terms of time the partners spend between 15-20 hours per month with my Administrative Assistant and Comptroller spending approximately four (4) hours per month. The time spent for on-site visits vary depending on the circumstances. For example, a tornado in Central Florida last year required some additional on-site inspections. On-site staff worked twenty four (24) hours a day for 2 ½ days. Lake Wales Utility Co., Ltd. was given a number of accolades from "Polk County Emergency Management" and local homeowners association for its outstanding effort during this crisis.

Management billing could be done on and hourly basis, however, I believe that the current billing would be less overall than hourly billing. One additional item is that management is a small company which can immediately respond to issues. The service provided by Lake Wales Utility Co., Ltd. enables its customers to receive excellent service and some of the lowest possible rates.

Sincerely,



Mark R. Rubin
MRR/em