

M E M O R A N D U M

MARCH 27, 2000

TO: DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF LEGAL SERVICES (FUDGE) *DF*
RE: DOCKET NO. 991056-SU - APPLICATION FOR TRANSFER OF
CERTIFICATE NO. 456-S FROM DEL VERA LIMITED PARTNERSHIP
TO COOLIDGE-FT. MYERS REALTY LP D/B/A HERON'S GLEN
UTILITIES IN LEE COUNTY.

Please place the attached letter dated March 27, 2000, in the docket file.

JKF/lw

Attachment

cc: Division of Water and Wastewater (Brady)

AFA _____
APP _____
CAF _____
CML _____
CTR _____
EAG _____
LEG _____
MAS _____
OPC _____
RRR _____
SEC T _____
WAW _____
OTH _____

DOCUMENT NUMBER-DATE
03831 MAR 28 8
FPSC-RECORDS/REPORTING

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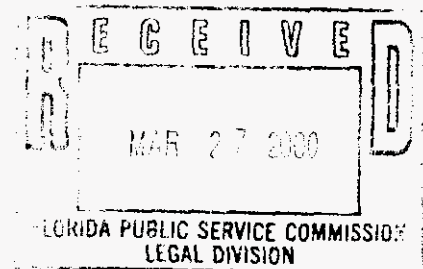
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ROBERT M. C. ROSE
OF COUNSEL

March 27, 2000
VIA HAND DELIVERY

Jason Fudge, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873



Re: Transfer of Certificate No. 456-S from Del Vera Limited Partnership to Coolidge - Ft. Myers Realty Limited Partnership d/b/a Heron's Glen Utilities; PSC Docket No. 991056-SU
Our File No. 34073.01

Dear Jason:

After reviewing the Staff Recommendation in the above-referenced matter and discussing it with my client, we believe there is one area that we need to comment on. However, anticipating that the Staff Recommendation will not require full discussion before a vote next Tuesday, I thought I would write to the staff and let you know of our concern with the way the Staff Recommendation was phrased and why we have that concern, rather than raise those concerns at the agenda itself.

There is a lengthy discussion under Issue No. 2 of the abrupt "denial of access" to the auditor in reviewing the records of the Utility. While we agree with most of the facts as stated by the staff in the recommendation during this discussion, the tenor of that recommendation is that the Utility may have had some inappropriate motive for denying that access. Ultimately, the Staff Recommendation does correctly note that all motivations of the Utility are toward cooperating and providing full disclosure of all records. The Utility representatives thought that what was needed were "books and records" as opposed to a copy of a few contracts for the original construction of the facilities. Therefore, from the beginning the staff was told, and I was told, that no such records existed within the possession of the buyer. I believe that it is clear that it was simply a misunderstanding that resulted in the failure to recognize what the staff was looking for in the early stages of the audit.

Jason Fudge, Esquire

March 27, 2000

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As to the denial of access, I believe that the Officer of the Utility who came upon the auditor going through files that contained both development and Utility information, had a right to request that the auditor stop reviewing those files until the company had a chance to segregate the Utility related documents from those of the development.

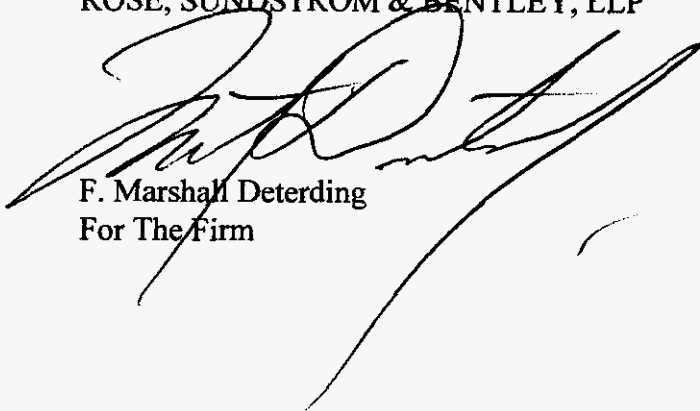
What is probably most troubling about the Staff Recommendation, however, is the suggestion that the audit staff of the Public Service Commission somehow has a right to review affiliate and parent company records in an audit proceeding simply because those entities are related to the Utility. That is not the case. The Statute referenced in the Staff Recommendation is intended, and has always been interpreted, to recognize that the Commission has the authority to look at related party transactions that affect the Utility, and therefore, to review related party records in tracing those costs. However, it in no way, shape or form authorizes the Commission to review a related party's records simply because they are a parent, subsidiary or affiliate of a regulated Utility.

All in all we are satisfied with the Staff Recommendation, and do not wish to get into these matters if otherwise this case can be finalized and closed.

Should you have any questions in regard with any of my comments above, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP

A large, stylized handwritten signature in black ink, appearing to read 'F. Marshall Deterding', is written over the typed name and firm name.

F. Marshall Deterding
For The Firm

FMD/tmg

cc: Ms. Pat Brady
Ms. Denise Vandiver
Doug Cordello, CFO

herons\fudge.ltr