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April 13, 2000

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MAIL ROOM

Via Federal Express

Ms. Blanca Bayo, Director
Department of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Emergency Petition by D. R. Horton Custom Homes, Inc.,
to Eliminate Authority of Southlake Utilities, Inc.
("Southlake"), to Collect Service Availability Charges
and AFPI Charges in Lake County, Docket No. 981609-WS
("Petition")

Complaint by D.R. Horton Custom Homes, Inc., against
Southlake Utilities, Inc., before the Florida Public
Service Commission, Docket No. 980992-WS (Complaint)

Dear Ms. Bayo:

In connection with the above-referenced matter, enclosed is a
copy of an April 12, 2000 letter to Samantha Cibula. Please file
the enclosed document in the two referenced dockets in accordance
with your customary procedures.

If you have any questions or if I can be of any further
assistance, please do not hesitate to call me.

Sincerely yours,

Scott G. Schildberg

SGS:ars
Enclosure

cc: Mr. Robert L Chapman, III
Samantha Cibula, Esquire
William J. Deas, Esquire
F. Marshall Deterding, Esquire

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April 12, 2000

Via Facsimile No. (850) 413-6203

Ms. Samantha Cibula, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Emergency Petition by D. R. Horton Custom Homes, Inc.,
to Eliminate Authority of Southlake Utilities, Inc. ("Southlake"),
to Collect Service Availability Charges and AFPI Charges in
Lake County, Docket No. 981609-WS ("Petition")

Complaint by D.R. Horton Custom Homes, Inc., against Southlake
Utilities, Inc., before the Florida Public Service Commission,
Docket No.980992-WS (Complaint")

Dear Ms. Cibula:

In the Memorandum dated April 6, 2000, containing the Staff Recommendation for the above two dockets ("Recommendation"), the Staff utilized an annual growth rate of 197 Equivalent Residential Connections ("ERCs") based upon its linear regression analysis. The Recommendation states that:

Staff realizes that a burst in customer growth could occur in the near future. However, the utility has been unable to provide any developer agreements which would support its growth estimates. Southlake has relied on questionable data by developers as to how many homes they plan to build (provided sales support the current building boom).

In Southlake's response to Staff's First Data Request, Question 1(a) (r), Southlake provided the Forecast of Water Usage from its November 1998 Water Facilities Plan, which was prepared by Corklin, Porter & Holmes Engineers, Inc., ("CPH Engineers Plan") and stated that Southlake was in the process of updating

Ms. Samantha Cibula, Esquire
April 12, 2000
Page 2

its growth projection schedules. In Southlake's Supplemental Response to Staff's First Data Request, Question 1(a) (r), Southlake provided such updated schedules of projected growth.

As part of Southlake's response to Staff's Third Data Request, Question No. 1, Southlake provided additional excerpts from the CPH Engineers Plan as well as an excerpt from the September 1999 draft of the Water 2020 Work Group Area I: East - Central Florida, Conceptual Water Supply Plan by St. Johns River Water Management District and CH2M Hill ("Water Management District Plan"). The Water Management District Plan projects the needs in Southlake's service area to increase by 6722% from 1995 to 2020.

On February 24, 2000, pursuant to a request from Staff, Southlake provided an updated growth forecast to reflect 1999 actual information and more current information on the timing of construction and connection of developments in the Southlake service area. After providing such growth information pursuant to Staff's specific requests, Southlake was surprised that the Recommendation said such data was questionable.

With respect to the statement that it did not provide any developer agreements that would support its growth estimates, according to Southlake, except for two areas, Glenbrook and Sunrise Lakes (formerly Walker Heights), Southlake has entered into master developer's agreements for the areas of its service area under development and filed such developer's agreements with the Commission. Southlake's developer agreements are listed in Southlake's response to Staff's First Data Request Question No. 7(a) (j) and also were available for the Staff to review during the audit. Typically, when a builder requires capacity, the builder will execute an application for service with Southlake which will set forth the capacity needed at that time. However, Southlake will require a developer agreement if the builder is contributing lift stations or mains. With respect to the Glenbrook and Sunrise areas, Southlake recently received the necessary information to prepare master developer agreements for those two areas. After those two developer's agreements are executed, all active subdivisions within Southlake's service area will be covered by a master developer agreement.

Robert Chapman, President of Southlake, surveyed Southlake's service area this past weekend and confirmed with Southlake's engineer that a 358 unit multifamily development, the initial 272 units of a 559 unit multifamily development, a 72 unit timeshare development and 46 single family residences, including eight

Ms. Samantha Cibula, Esquire
April 12, 2000
Page 3

model homes, are currently under construction and should be connected this year. In addition, a developer has broken ground on a 238 unit multifamily lodging which should also be constructed and completed this year. A page from the DEP water permits for the three multifamily units are attached. Even if no other development occurred in 2000 in Southlake's service area, this initial development corresponds to 717.4 equivalent residential connections ("ERCs") using a multifamily conversation factor of 250 GPD/350 GPD, as per Southlake's Water Tariff Sheet No. 40.0. Accordingly, this 717.4 ERCs of initial growth in 2000 is 3.64 years of growth under the Recommendation's 197 ERC annual growth rate. Of course there is other development anticipated to be constructed and completed in 2000. For example, Southlake just received a DEP application for another 313 unit multifamily unit development to be constructed in 2000.

The growth rate used in the Recommendation is significantly understated and its impact reaches throughout the Recommendation. Southlake has used the best information available to it, developer's forecasts, to estimate growth. The Recommendation states that such data is questionable and instead used a growth rate which is even below 1999's annual growth rate.

Prior to the Commission's consideration of this matter, Southlake believes that the Recommendation should be revised to utilize a more realistic growth rate. Southlake proposes to employ a professional appraiser and also seek supporting information from governmental planning agencies to provide the Staff with better data for determining the appropriate growth rate. In order to obtain such data, Southlake requests a postponement of the consideration of the Recommendation and three months to obtain the initial data and provide it to the Staff.

Southlake is a Class C utility company and would prefer not to incur the significant expenses in going to a hearing in this matter or, if a hearing is necessary, would prefer to reduce the number of disputed issues in the hearing. Because the growth rate in a service availability case affects so many issues, including the amount and timing of additional capacity, Southlake believes that it is prudent for the Commission to make its decision using a more realistic growth rate than it used in the current recommendation.

Ms. Samantha Cibula, Esquire
April 12, 2000
Page 4

I would like to discuss Southlake's request with you and F. Marshall Deterding tomorrow afternoon by telephone. Please advise me if and at what time you are available. By this letter, I am also requesting Mr. Deterding to advise me if and when he is available for a call tomorrow afternoon. I look forward to hearing from you both.

Sincerely yours,



Scott G. Schildberg

SGS/arh
Enclosures

cc: Mr. Robert L. Chapman, III
Mr. F. Marshall Deterding, Esquire



Department of Environmental Protection

Lawton Chiles
Governor

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Virginia B. Wetherell
Secretary

Permittee:
Worthwhile Development IV
700 Riverbend Boulevard
Longwood, FL 32779

Permit Number: WD35-0080599-007

Date of Issue:

Expiration Date: 11/03/00

County: Lake

Project: Nelson Park Apartments

Attention: Jay Royall, President

This permit is issued under the provisions of Chapter 403, Florida Statutes, and Florida Administrative Code Rule 62-555, (F.A.C.). The above named permittee is hereby authorized to perform the work shown on the application and approved drawing, plans, and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

A "dry-line" extension of the Southlake Utilities water distribution system to serve Nelson Park Apartments [a 358-unit multi-family apartment complex]. The estimated average day water demand will be 89,600 GPD when cleared for service.

General Conditions are attached to be distributed to the permittee only.

DEP FORM 62-1.201(5) Effective November 30, 1982 Page 1 of 4



Department of Environmental Protection

Lawton Chiles
Governor

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Virginia B. Wetherell
Secretary

Permittee:
Southlake Development, Ltd.
3856 Oakton Avenue
Skokie, IL 60076

Permit Number: WD35-0080599-008
Date of Issue:
Expiration Date: 11/03/00
County: Lake
Project: Southlake Utilities, Inc.
Southlake, Phase 2

Attention: Jeffery Cagan, President

This permit is issued under the provisions of Chapter 403, Florida Statutes, and Florida Administrative Code Rule 62-555, (F.A.C.). The above named permittee is hereby authorized to perform the work shown on the application and approved drawing, plans, and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

Extension of the Southlake Utilities, Inc. water distribution system to serve Southlake, Phase 2 [a 559 unit multi-family apartment complex] located on the west side of U.S. Highway 27 north of U.S. Highway 192. The estimated average day water demand is 140,350 GPD.

General Conditions are attached to be distributed to the permittee only.

DEP FORM 62-1.201(5) Effective November 30, 1982 Page 1 of 4



Department of Environmental Protection

Jeb Bush
Governor

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

David B. Struhs
Secretary

Permittee:
Summer Bay Partnership
17805 U.S. Highway 192
Clermont, FL 34711

Permit Number: WD35-0080599-015
Expiration Date: 11/04/02
County: Lake
Utility: Southlake Utilities
Project: Holiday Inn Express at Summer Bay

Attention: Ralph E. Zeigler, General Manager

This permit is issued under the provisions of Chapter 403, Florida Statutes, and Florida Administrative Code Rule 62-555, (F.A.C.). The above named permittee is hereby authorized to perform the work shown on the application and approved drawing, plans, and other documents attached hereto or on file with the Department and made a part hereof and specifically described as follows:

Extension of the Southlake Utilities water distribution system to serve Holiday Inn Express at Summer Bay [a 238-unit hotel site]. The project is located on the north side of U.S. 192 just west of the Lake/Orange County line.

The water distribution system extension consists of eight-inch water mains with concomitant elbows, tees, valves, etc.

The estimated average day water demand is 23,800 gpd.

General Conditions are attached to be distributed to the permittee only.

DEP FORM 62-1.201(5) Effective November 30, 1982 Page 1 of 4