

LAW OFFICES

MARTIN, ADE, BIRCHFIELD & MICKLER, P.A.

ONE INDEPENDENT DRIVE - SUITE 3000
JACKSONVILLE, FLORIDA 32202

MAILING ADDRESS:
POST OFFICE BOX 59
JACKSONVILLE, FLORIDA 32201

TELEPHONE (904) 354-2050
TELECOPIER (904) 354-5842

JAMES L. ADE
LYNDAR AYCOCK
W. O. BIRCHFIELD
TIMOTHY A. BURLEIGH
JASON E. CAMPBELL
CHARLES L. CRANFORD
STEPHEN H. DURANT
W. BRAXTON GILLAM, IV
T. WILLIAM GLOCKER
MICHAEL E. GOODBREAD, JR.
STEPHEN D. HALKER
SHARON ROBERTS HENDERSON
LISA A. JETER

BARBARA CHRISTIE JOHNSTON
MAUREEN MCKINLEY HAZEN
ROBERT O. MICKLER
JOHN D. MILTON, JR.
JAMES A. NOLAN, III
DANIEL B. NUNN, JR.
SCOTT G. SCHILDBERG
ALLAN E. WULBERN

OF COUNSEL
LEWIS S. LEE

RALPH H. MARTIN (1917-1999)
L. PETER JOHNSON (1942-1988)

June 27, 2000

Via Federal Express

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

ORIGINAL

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:

Pursuant to Florida Public Service Commission ("Commission") Order No. 00917-SC-WS, enclosed for filing is a Statement of Corporate Undertaking by Southlake Utilities, Inc., together with copies of excerpts from Southlake Utilities, Inc.'s annual reports to the Commission for 1997, 1998, and 1999, which include the comparative balance sheets and the income statements for such years. Please advise me if the Commission needs additional information or documentation to support the Statement of Corporate Undertaking.

If you have any questions or comments, please do not hesitate to call me.

Sincerely yours,

Scott G. Schildberg

APP
CAF
CMP
COM
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SGS/cwb
Enclosures
Mr. Robert L. Chapman, III
Mr. William Deas
Ms. Samantha Cibula
Mr. F. Marshall Deterding, Esquire
Key

DOCUMENT NUMBER-DATE
07846 JUN 28 8
REC'D-RECORDS & REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Emergency Petition by)	DOCKET NO. 981609-WS
D.R. Horton Custom Homes, Inc.)	
to eliminate authority of)	
Southlake Utilities, Inc. to)	
collect service availability)	
charges and AFPI charges in Lake)	
County)	
<hr/>		
In re: Complaint by D.R. Horton)	
Custom Homes, Inc. against)	DOCKET NO. 980992-WS
Southlake Utilities, Inc. In)	
Lake County regarding collection)	DATE SUBMITTED FOR FILING
of certain AFPI charges.)	JUNE 27, 2000
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STATEMENT OF CORPORATE UNDERTAKING

KNOW ALL MEN BY THESE PRESENTS, that Southlake Utilities, Inc., a Florida corporation ("Southlake Utilities"), is held and firmly bound unto State of Florida, the penal sum of Seven Hundred Thirty-Five Thousand Five Hundred Ninety-Two Dollars (\$735,592.00), lawful money of the United States of America, to be paid to the State of Florida, to which payment well and truly to be made by Southlake Utilities binds itself and its successors firmly by these presents subject to the conditions specified below:

WHEREAS, on May 9, 2000, the Florida Public Service Commission ("Commission") issued Order No. PSC-00-0917-WS, in Docket Nos. 981609-WS and 980992-WS ("Order"); and

WHEREAS, in the Order, the Commission directed that in the event of a protest of this Order, Southlake Utilities shall file either a bond or letter of credit, or if it qualifies, a corporate undertaking for the following:

1) Any service availability charges, paid or prepaid, for connections made between December 15, 1998, and April 18, 2000. For water, 100% of the plant capacity charges, paid or prepaid, shall be secured. For wastewater, the difference between the current plant capacity charge and the plant capacity charge set forth in this Order, paid or prepaid, shall be secured.

2. Any prepaid AFPI charges collected as of December 15, 1998, that have not been escrowed prior to April 18, 2000, shall also be secured.

and;

WHEREAS, in the Order, the Commission directed that if Southlake Utilities requested a corporate undertaking, that Southlake Utilities provide the most recent three years of financial data (i.e., balance sheets and income statements); and

WHEREAS, the Staff of the Commission has now estimated the security required by the above required items to total Seven Hundred Thirty-Five Thousand Five Hundred Ninety-Two Dollars (\$735,592.00);

NOW, THEREFORE, the condition of this obligation is such that if:

(a) the service availability charges and Allowance for Funds Prudently Invested charges collected subject to refund in Docket Nos. 981609-WS and 98-0992-WS are finally determined to be justified, or

(b) the service availability charges and Allowance for Funds Prudently Invested charges collected subject to refund in Docket Nos. 981609-WS and 98-0992-WS are finally determined not to be justified and Southlake Utilities shall refund to the persons entitled thereto the amount of service availability charges and Allowance for

Funds Prudently Invested charges collected subject to refund in Docket Nos. 981609-WS and 980992-WS determined not to be justified, together with interest at a fair rate, to the extent required by law and in the manner prescribed by order of the Commission or such court as may have jurisdiction,

then this obligation shall be void; otherwise, this obligation shall remain in full force and effect.

Dated: June 26, 2000

SOUTHLAKE UTILITIES, INC.

By Robert Chapman
Robert Chapman President

Corporate Seal

UTILITY NAME: Southlake Utilities, Inc.YEAR OF REPORT
December 31, 1999

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other (1)	Total Company
Gross Revenue:					
Residential _____		\$ 74,161	\$ 44,614		\$ 118,775
Commercial _____		98,943	101,716		200,659
Industrial _____					
Multiple Family _____		47,390	36,390		83,780
Guaranteed Revenues _____					
Other (Specify) (1) _____		10,137			10,137
Total Gross Revenue _____		230,631	182,720	N/A	413,351
Operation Expense (Must tie to Pages W-3 and S-3)	W-3				
	S-3	175,385	198,959		374,344
Depreciation Expense _____	F-5	18,562	59,875		76,437
CIAC Amortization Expense _____	F-8	(26,293)	(66,343)		(92,636)
Taxes Other Than Income _____	F-7	35,436	67,047		102,483
Income Taxes _____	F-7	-	-		
Total Operating Expenses _____		201,090	259,538		460,628
Net Operating Income (Loss)		29,541	(76,818)		(47,277)
Other Income:					
Nonutility Income _____		28,476	28,476		56,952
Interest & Dividend Income _____		4,085	4,086		8,171
Other Deductions:					
Miscellaneous Nonutility Expenses _____					
Interest Expense _____		18,373	50,029		68,402
Net Income (Loss)		\$ 43,729	\$ (94,285)	N/A	\$ (50,556)

Note (1): Private fire protection, misc. service revenue

UTILITY NAM : SOUTHLAKE UTILITIES, INC.

YEAR OF REPORT
DECEMBER 31 1998

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential -----		\$ 52,599	\$ 31,794	\$ -----	\$ 84,393
Commercial -----		39,107	38,053	-----	77,160
Industrial -----		-----	-----	-----	-----
Multiple Family -----		47,080	53,442	-----	100,522
Guaranteed Revenues -----		-----	-----	-----	-----
Other (Specify) -----		6,242	15	-----	6,257
Total Gross Revenue -----		\$ 145,028	\$ 123,304	\$ -----	\$ 268,332
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 142,487	\$ 158,600	\$ -----	\$ 301,087
Depreciation Expense -----	F-5	13,118	57,531	-----	70,649
Amortization Expense -----		1,737	1,387	-----	3,124
CIAC Amortization Expense -----	F-8	23,649	62,856	-----	86,505
Taxes Other Than Income -----	F-7	31,172	54,843	-----	86,015
Income Taxes -----	F-7	-----	-----	-----	0
Total Operating Expense -----		\$ 164,865	209,505	-----	\$ 374,370
Net Operating Income (Loss) -----		\$ (19,837)	\$ (86,201)	\$ -----	\$ (106,038)
Other income:					
Nonutility Income -----		\$ -----	\$ -----	\$ -----	\$ 0
Interest & Dividend Income -----		4,335	11,195	-----	15,530
A.F.P.I. -----		-----	-----	-----	0
Other Deductions:					
Miscellaneous Nonutility Expenses -----		\$ 49,909	\$ 50,862	\$ -----	\$ 100,771
Interest Expense -----		14,572	47,650	-----	62,222
-----		-----	-----	-----	-----
-----		-----	-----	-----	-----
Net Income (Loss) -----		\$ (79,983)	\$ (173,518)	\$ -----	\$ (253,501)

UTILITY NAM : SOUTHLAKE UTILITIES, INC.YEAR OF REPORT
DECEMBER 31 1997

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential _____		\$ 20,205	\$ 14,199	\$ _____	\$ 34,404
Commercial _____		18,875	17,653	_____	38,528
Industrial _____		_____	_____	_____	_____
Multiple Family _____		45,624	52,700	_____	98,324
Guaranteed Revenues _____		_____	_____	_____	_____
Other (Specify) _____		3,637	0	_____	3,637
Total Gross Revenue _____		\$ 88,341	\$ 84,552	\$ _____	\$ 172,893
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 151,781	\$ 198,803	\$ _____	\$ 350,584
Depreciation Expense _____	F-5	10,921	55,855	_____	66,578
Amortization Expense _____		1,335	983	_____	2,318
CIAC Amortization Expense _____	F-8	18,844	52,501	_____	71,345
Taxes Other Than Income _____	F-7	16,208	50,162	_____	66,368
Income Taxes _____	F-7	_____	_____	_____	0
Total Operating Expense		\$ 161,399	253,102	_____	\$ 414,501
Net Operating Income (Loss)		\$ (73,058)	\$ (188,550)	\$ _____	\$ (241,608)
Other Income:					
Nonutility Income _____		\$ 3,944	\$ 6,193	\$ _____	\$ 10,137
Interest & Dividend Income _____		698	697	_____	1,395
A.F.P.I. _____		30,035	421,282	_____	451,317
Other Deductions:					
Miscellaneous Nonutility Expenses _____		\$ 684	\$ 2,431	\$ _____	\$ 3,115
Interest Expense _____		3,171	8,993	_____	12,164
Income Taxes-Other Inc. _____		(4,725)	27,225	_____	22,500
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Net Income (Loss)		\$ (37,511)	\$ 220,973	\$ _____	\$ 183,462

UTILITY NAME: Southlake L^{as}, Inc.YEAR OF REPORT
December 31, 1999

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year	Previous Year
ASSETS:			
Utility Plant In Service (101 - 105) -----	F-5, W-1, S-1	\$ 3,687,833	\$ 3,480,280
Accumulated Depreciation and Amortization (108) -----	F-5, W-2, S-2	(388,126)	(311,689)
Net Utility Plant -----		3,299,707	3,168,591
Non-Utility Property -----		31,186	32,515
Cash -----		91,137	(17,723)
Temporary Cash Investment(135) -----		228,979	100,000
Customer Accounts Receivable (141) -----		29,245	25,554
Other Assets (Specify): AFPI Receivable -----		181,319	121,590
Notes Receivable(144) -----		282,220	285,463
Prepayments(162) & Misc. & Accr. Assets(174) -----		68,872	21,420
Debt Discount & Expense(181.1) -----		7,083	652
Other Deferred Debits(181.2) -----		85,847	
Regulatory Assets & Accts. Rec. - Assoc. Co. -----		65,978	18,515
Total Assets -----		\$ 4,371,571	\$ 3,756,577
LIABILITIES AND CAPITAL:			
Common Stock Issued (201) -----	F-6	\$ 7,500	\$ 7,500
Preferred Stock Issued (204) -----	F-6		
Other Paid In Capital (211) -----		443,333	443,333
Retained Earnings (Deficit)(215) -----	F-6	(670,147)	(819,591)
Proprietary Capital (Proprietary and partnership only) (218) -----	F-8		
Total Capital -----		(219,314)	(168,758)
Long Term Debt (224) -----	F-6	781,199	764,809
Accounts Payable (231) -----		184,360	89,334
Notes Payable (232) -----		280,889	105,652
Customer Deposits (235) -----		45,604	37,478
Accrued Taxes (236) -----	F-7	144,242	69,010
Other Liabilities (Specify): Accrued Interest -----		10,163	
Other Misc. Current & Accrued Liabilities(241)(1) -----		685,894	571,046
Prepaid Capacity Charges, Net -----		583,670	575,718
Advances For Construction (252) -----			
Contributions In Aid Of Construction - Net (271 - 272) -----	F-8	1,894,864	1,712,288
Total Liabilities and Capital -----		\$ 4,371,571	\$ 3,756,577

Note(1): Includes Prepaid AFPI, Uncollected AFPI, AFPI Subject to Refund & FICA Withholding.

UTILITY NAME: SOUTHLAKE UTILITIES, INC.

YEAR OF REPORT DECEMBER 31, 1998

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 3,480,280	\$ 1,773,635
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3	311,689	237,816
Net Utility Plant -----		\$ 3,168,591	\$ 1,535,719
Cash -----		(17,723)	455,348
Customer Accounts Receivable (141) -----		25,554	13,833
Other Assets (Specify): AFPI Receivable -----		42,247	
Temporary Cash Investments (135) -----		100,000	100,000
Notes Receivable (144) -----		285,463	63,723
Prepayments (182) -----		17,022	
Miscellaneous & Accrued Assets (174) -----		4,398	4,386
Debt Discount & Expense (181) -----		652	
Regulatory Assets -----		1,928	1,928
Non-Utility Property -----		32,515	31,188
Total Assets -----		\$ 3,660,647	\$ 2,205,935
Liabilities and Capital:			
Common Stock Issued (201) -----	F-8	7,500	7,500
Preferred Stock Issued (204) -----	F-8		
Other Paid in Capital (211) -----		443,333	443,333
Retained Earnings (215) -----	F-8	(619,591)	(388,090)
Proprietary Capital (Proprietary and partnership only) (216) -----	F-8		
Total Capital -----		\$ (168,768)	\$ 84,743
Long Term Debt (224) -----	F-8	\$ 784,809	\$ 5,000
Accounts Payable (231) -----		89,334	42,633
Notes Payable (232) -----		105,652	10,000
Customer Deposits (236) -----		37,478	34,650
Accrued Taxes (238) -----		69,010	53,479
Other Liabilities (Specify) Accrued Interest -----			103
Accounts Payable Associated Company (233) -----		(18,587)	6,162
Notes Payable Associated Companies -----			
Prepaid Capacity Charges, Net -----		575,718	
AFPI Deposits -----		(79,343)	
Other Misc Current & Accrued Liab (241)* -----		571,046	22,050
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	1,712,288	1,947,085
Total Liabilities and Capital -----		\$ 3,660,647	\$ 2,205,935

* Includes Prepaid AFPI, Uncollected AFPI, AFPI Subject to Refund, and FICA Withholding

UTILITY NAME: SOUTHLAKE UTILITIES, INC.YEAR OF REPORT
DECEMBER 31, 1997

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ <u>1,773,635</u>	\$ <u>1,518,714</u>
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3	<u>237,916</u>	<u>169,022</u>
Net Utility Plant -----		\$ <u>1,535,719</u>	\$ <u>1,349,692</u>
Cash -----		<u>455,348</u>	<u>60,304</u>
Customer Accounts Receivable (141) -----		<u>13,633</u>	<u>13,372</u>
Other Assets (Specify): Prepayments (162) -----		<u>1,813</u>	<u>1,813</u>
Miscellaneous & Accrued Assets (174) -----		<u>4,398</u>	<u>102,823</u>
Temporary Cash Investments (135) -----		<u>100,000</u>	<u>0</u>
Note Receivable (144) -----		<u>63,723</u>	<u>67,751</u>
Non-Utility Property -----		<u>31,186</u>	<u>31,186</u>
Regulatory Assets -----		<u>1,928</u>	<u>1,928</u>
Total Assets -----		\$ <u>2,205,935</u>	\$ <u>1,628,869</u>
Liabilities and Capital:			
Common Stock Issued (201) -----	F-6	<u>7,500</u>	<u>7,500</u>
Preferred Stock Issued (204) -----	F-6		
Other Paid in Capital (211) -----		<u>443,333</u>	<u>443,333</u>
Retained Earnings (215) -----	F-6	<u>(366,090)</u>	<u>(549,552)</u>
Proprietary Capital (Proprietary and partnership only) (218) -----	F-6		
Total Capital -----		\$ <u>84,743</u>	\$ <u>(98,719)</u>
Long Term Debt (224) -----	F-6	\$ <u>5,000</u>	\$ <u>10,000</u>
Accounts Payable (231) -----		<u>42,633</u>	<u>3,594</u>
Notes Payable (232) -----		<u>10,000</u>	<u>5,000</u>
Customer Deposits (235) -----		<u>34,650</u>	<u>25,985</u>
Accrued Taxes (236) -----		<u>53,479</u>	<u>17,381</u>
Other Liabilities (Specify) Accrued Interest -----		<u>103</u>	<u>103</u>
Accounts Payable Associated Company (233) -----		<u>6,192</u>	<u>20,537</u>
Notes Payable Associated Companies -----		<u>0</u>	<u>0</u>
Miscellaneous Accrued & Accrued Liabilities -----		<u>22,050</u>	<u>196,251</u>
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	<u>1,947,085</u>	<u>1,448,737</u>
Total Liabilities and Capital -----		\$ <u>2,205,935</u>	\$ <u>1,628,869</u>