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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)

In re: Complaint by D.R. Horton) DOCKET NO. 980992-WS
Custom Homes, Inc. against)
Southlake Utilities, Inc. In)
Lake County regarding collection)
of certain AFPI charges.)

**REBUTTAL
TESTIMONY
OF
ROBERT E. IRWIN
ON BEHALF OF SOUTHLAKE UTILITIES, INC.**

Q. Please state your name and address.
A. My name is Robert E. Irwin. My business address is
1100 South Orange Avenue, Suite A, Orlando, Florida
32806-1217.
Q. Are you the same Robert E. Irwin who previously
filed direct testimony in this proceeding?
A. Yes.
Q. Have you reviewed the prefiled direct testimony and
exhibits of Michael Burton filed on behalf of D. R.
Horton Custom Homes ("D.R. Horton")?
A. Yes.

DOCUMENT NO.
04213-01
4-5-01

1 Q. Please comment on Mr. Burton's assertion that
2 Southlake "is now attempting to justify that land
3 lease based upon the value of that Utility property
4 as multi-family housing property, rather than valued
5 at its use as a Utility property site."

6 A. The appraisal I prepared provided the market value
7 of the fee simple interest in the properties as of
8 the two dates of valuation, September 22, 1990, and
9 August 17, 1993. The highest and best use of the
10 property was concluded multi-family for the sewer
11 plant site and commercial development for the water
12 plant site. The appraisal (Exhibit REI-2) provided
13 two land sales (see pages 29 and 31 in the appraisal
14 for sales 1 and 6, i.e., Exhibit REI-2, page numbers
15 000037 and 000039), both having a highest and best
16 use as commercial development, which were purchased
17 at a comparable price to commercial land sales, but
18 utilized for utility purposes. Thus, it is evident
19 that the use of these two sales for utility purposes
20 did not result in the price being paid to be less
21 than the market value at the time of sale.

22 Q. Southlake witnesses have testified that the two
23 sites for the utility treatment plants were first
24 devoted to public service in 1993. Is the cost of
25 the two sites to a related party relevant in

1 determining the fair market value of the sites in
2 1993?

3 A. No. The cost of the land when originally purchased
4 by a related party normally has no relationship to
5 the appraised value of the property because it often
6 is a non arms length sale. However, if it was an
7 arms length transaction involving unrelated parties
8 or even related parties, it could be used as a
9 comparable sale if it was sold within a reasonable
10 length of time prior to the valuation date. To the
11 best of my knowledge, the bulk of the property was
12 in the ownership of the Chapman family since prior
13 to 1970. Any acquisition prior to 1970 would be
14 given no consideration in valuing the subject
15 property as to the date of the valuation because
16 there has been more recent market data to consider.
17 Also, the original purchase was for substantially
18 more acreage (in excess of 600 acres) than the
19 utility treatment plant sites (10 acres and 2.52
20 acres). Furthermore, the original purchase included
21 lands which are not usable, whereas the two utility
22 sites are one hundred percent (100%) usable.

23 Q. Mr. Burton uses assessed value to determine the
24 value of the utility plant sites. Please respond.

25

1 A. Mr. Burton is in error in attempting to use assessed
2 values to determine the value of the utility plant
3 sites. Assessed value does not always reflect
4 market value. I prepared an exhibit showing the sale
5 price per square foot of the six comparable
6 commercial sales from the appraisal filed as Exhibit
7 REI-2 in this proceeding and the assessed value of
8 said parcels for 2000.

9 Q. I show you a document labeled Exhibit REI-3. Can you
10 identify it?

11 A. It is the comparison of sales prices in 1989 and
12 1990 and the assessed values of these sales in year
13 2000 which I just discussed.

14 Q. What does Exhibit REI-3 disclose?

15 A. It confirms that assessed value does not always
16 correlate to the market value of property. In fact,
17 only sales 4 and 5 show a sales price less than the
18 year 2000 assessment, even though land values and
19 demand have increased significantly since 1989 and
20 1990, a ten and eleven year time span.

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes. However, I will be glad to answer any
23 questions that anyone would like to ask.
24
25

DOCKET NOS. 980992-WS AND 981609-WS
EXHIBIT REI-3
R. IRWIN EXHIBIT NO. _____
COMPARISON OF ASSESSED VALUE
AND SALES PRICE

Comparison of Assessed Values
As of the Year 2000 Versus the Sales Price

| <u>Sale</u> Year 2000 Assessment/ Square Foot | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> | <u>6</u> |
|--|----------|----------|----------|----------|----------|----------|
| | \$0.08 | \$0.69 | \$0.55 | \$1.76 | \$0.67 | \$1.24 |
| Sale Date | 12/85 | 12/86 | 1/89 | 11/89 | 4/90 | 1/94 |
| Sales Price/ Square Foot | \$1.40 | \$1.69 | \$1.38 | \$1.04 | \$0.62 | \$1.33 |