

STATE OF FLORIDA

Commissioners:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF AUDITING AND SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

January 29, 2002

Mr. James O. Vaughn, President
P. o. Box 2898
Winterhaven, FL 33883-2898

Re: Docket No. 011677-WU; Tevalo Inc., d/b/a McLeod Gardens Water Co.;
Audit Purpose: Staff assisted rate case, prepare schedules of rate base capital structure and net operating income using a test year; Audit Control No. 02-024-2-1

Dear Mr. Vaughn:

The Florida Public Service Commission will conduct a staff assisted rate case, capital structure and net operating income using a test year, in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Mr. James McPherson, is the Tampa district office supervisor, will coordinate this audit. Mr. McPherson can be reached at (813) 356-1444. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

The Audit Access to Records rule for each industry states:

In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

AUS
CAF
CMP
COM
CTR
ECR
GCL
OPC
MMS
SEC
DTH

DOCUMENT NUMBER - DATE
01204 JAN 31 02
FPSC-COMMISSION CLERK

Mr. James O. Vaughn
Page 2
January 29, 2002

A formal report is expected to be issued for internal Commission use on March 25, 2002. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,

A handwritten signature in black ink that reads "Denise N. Vandiver". The signature is written in a cursive style with a large initial "D".

Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

cc: Division of Auditing and Safety (Tampa District Office Supervisor, File Folder)
Division of the Commission Clerk and Administrative Services
General Counsel
Office of the Public Counsel