

STATE OF FLORIDA

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

Public Service Commission

January 29, 2002

Robert V. Salerno, President
Ferncrest Utilities, Inc.
3015 S. W. 54th Avenue
Ft. Lauderdale, FL 33314-1950

Re: Docket No. 011073-WS; Ferncrest Utilities, Inc.;
Audit Purpose: Audit rate base, capital structure and net operating income for
the test year ending December 31, 2000; Audit Control No. 02-029-4-2

Dear Mr. Salerno:

The Florida Public Service Commission will conduct an audit of Ferncrest Utilities, Inc. water and wastewater rate base, capital structure and net operating income for the test year ending December 31, 2000, 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. Ms. Kathy Welch, the Miami district office supervisor, will coordinate this audit. Ms. Welch] can be reached at (305) 470-5600. 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.

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A formal report is expected to be issued for internal Commission use on April 5, 2002. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

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

David B. Erwin, Esq.
127 Riversink Road
Crawfordville, FL 32327