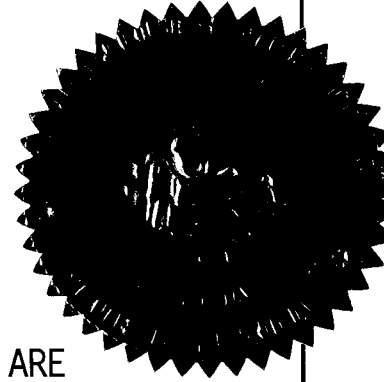


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020010-WS

In the Matter of

APPLICATION FOR STAFF-ASSISTED  
RATE CASE IN HIGHLANDS COUNTY  
BY THE WOODLANDS OF LAKE  
PLACID, L.P.



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VOLUME 2  
Pages 86 through 207

PROCEEDINGS: TECHNICAL HEARING

BEFORE: COMMISSIONER J. TERRY DEASON  
COMMISSIONER RUDOLPH BRADLEY  
COMMISSIONER CHARLES DAVIDSON

DATE: Wednesday, May 28, 2003

TIME: Commenced at 11:00 a.m.  
Concluded at 5:00 p.m.

PLACE: Sebring Civic Center  
355 W. Center Avenue  
Sebring, Florida

REPORTED BY: JANE FAUROT, RPR  
Chief, Office of Hearing Reporter Services  
FPSC Division of Commission Clerk and  
Administrative Services  
(850) 413-6732

APPEARANCES: (As heretofore noted.)

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION 05027 JUN-5 8

FPSC-COMMISSION CLERK

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## P R O C E E D I N G S

1  
2 COMMISSIONER DEASON: Call the hearing back to order.

3 Mr. Burgess, you may call your witness.

4 MR. BURGESS: Thank you, Commissioner. We would call  
5 Donna DeRonne to the witness stand. And since she is already  
6 there, I guess she is called, and if I might begin my  
7 questioning.

8 - - - - -

9 DONNA DeRONNE

10 was called as a witness on behalf of the Citizens of Florida,  
11 having been duly sworn, testified as follows:

12 DIRECT EXAMINATION

13 BY MR. BURGESS:

14 Q Would you state your name and business address,  
15 please?

16 A My name is Donna DeRonne, and I am employed by the  
17 firm Larkin & Associates, located at 15728 Farmington Road, and  
18 that is in Livonia, Michigan, 48154.

19 Q Ms. DeRonne, would you pull the microphone a little  
20 bit closer. I don't think it is being picked up on the --

21 Did you prefile testimony in the docket in which this  
22 hearing is being held today?

23 A Hugh Larkin, Jr., the senior partner in my firm  
24 prefiled testimony, and I am adopting his prefiled testimony.

25 MR. BURGESS: Commissioner, we have the

1 qualifications of Ms. DeRonne that I have 15 copies of. I  
2 don't know if you want them distributed now, or whether you  
3 want me to hold it and file it. But I do have the copies of  
4 that.

5 COMMISSIONER DEASON: Just go ahead and distribute  
6 it. Go ahead and distribute.

7 BY MR. BURGESS:

8 Q With the exception of the change in name and the  
9 qualifications list, if the same questions that are posed in  
10 the prefiled testimony were asked of you today, would your  
11 answers be the same?

12 A With a few minor revisions. Would you like me to go  
13 through those?

14 Q Would you identify those minor changes, please?

15 A Yes. The first one appears on Page 2 of the prefiled  
16 testimony at Line 14. There is referenced the proposed agency  
17 action order. In the middle digits of that 1830 should be  
18 replaced with 1739, that was a typographical error.

19 The next line, beginning at Page 15, Line 20, I  
20 discuss the ownership of the front building of the park. And  
21 at the time this testimony was prepared, the information we had  
22 at that time indicated that the property owner's association  
23 owned that property. But it is my understanding, and as was  
24 pointed out earlier today, that one of Mr. Cozier's  
25 corporations, I believe it was Camper Corral, purchased that

1 property from the homeowners association. And since that date,  
2 Highvest has foreclosed on that property. So it is my  
3 understanding that Highvest is the current owner of that front  
4 property. So that reference in the testimony would need to  
5 change.

6 And then, again, later in the testimony, when I  
7 indicated the owner of the rental lots, within the testimony I  
8 had indicated that one -- or Camp Florida Resort owned those  
9 rental lots, and it is my understanding that since that time  
10 Highvest has also foreclosed on those assets and is now the  
11 owner of those rental lot.

12 COMMISSIONER BRADLEY: Which page and which line is  
13 that on? Is that on Page 16, Line 14?

14 THE WITNESS: Yes. Let me find the exact reference.  
15 No, the statement on Line 14 is still correct. To the best of  
16 my knowledge, no revenue has been paid on those lots yet. I'm  
17 trying to see where I discussed the ownership interest. Oh, on  
18 Page 17, Lines 10 and 11. I indicate the owner of those lots  
19 is a related party, and I state, "Which may very well be  
20 Anthony Cozier." It is my understanding that Highvest is the  
21 owner of those lots, so that is where -- I guess I would strike  
22 on Line 10 starting, "Which may very well be Anthony Cozier,"  
23 and just delete that part of the sentence. But the remainder  
24 of the sentence should remain. And similarly, on Page 22,  
25 Line 7, I say -- I indicate the statement, "The owner's

1 apparent desire to not pay his fair share of revenue  
2 requirements for the RV rental lots," I would change the word  
3 "his" to "its" fair share.

4 BY MR. BURGESS:

5 Q With those changes do you adopt the testimony that  
6 has been prefiled as your testimony today?

7 A Yes, I do.

8 MR. BURGESS: Commissioner, if it is your pleasure, I  
9 would ask Ms. DeRonne to give you a brief summary of what she  
10 has in her testimony.

11 COMMISSIONER DEASON: Yes. Please proceed.

12 MR. BURGESS: Would you please summarize your  
13 testimony.

14 MR. FRIEDMAN: Commissioner, if I might interject, I  
15 am going to move to strike some of -- a couple of portions of  
16 her testimony. I want to make sure that I don't procedurally  
17 give up that right by not doing it at this moment.

18 COMMISSIONER DEASON: Let's go ahead and take up your  
19 objection or your motion to strike before she gives the  
20 summary.

21 MR. FRIEDMAN: Okay. Your Honor, Commissioners, on  
22 Page 8, Line 20, through Page 9, Line 6, there is reference and  
23 quoting from a newspaper article. And I would suggest --

24 COMMISSIONER BRADLEY: Excuse me, give me those lines  
25 again.

1           MR. FRIEDMAN: I'm sorry. Page 8, Line 20, through  
2 Page 9, Line 6. And in that what the witness is doing is  
3 quoting from a newspaper article, or purports to quote from a  
4 newspaper article. And I would suggest to you that a newspaper  
5 article is hearsay, and she is not competent to testify about  
6 what a newspaper article says. If she is trying to say that  
7 the newspaper article's statements are, in fact, true and  
8 correct. That is clearly hearsay, and I would move that that  
9 provision be stricken.

10           COMMISSIONER DEASON: Mr. Burgess.

11           MR. BURGESS: Well, as Mr. Friedman knows, hearsay  
12 can be used to corroborate other evidence. But the point here  
13 is more exactly what he is saying. The purpose for actually  
14 going through all of these chain of events with the various  
15 corporations and partnerships, and then closing one down and  
16 starting another one, and foreclosing and beginning the -- that  
17 is not something that from our standpoint is all that critical  
18 for us to prove why he is doing it.

19           This is just in here to try to provide the Commission  
20 some sense as to the answer to this mystery of why we have  
21 basically the same owner, the same manager, the same  
22 everything, but an entirely different company. And so she has  
23 provided this based on a newspaper article of statements that  
24 Mr. Cozier's lawyer stated. So, you know, if that is something  
25 that troubles him, if Mr. Cozier's lawyer's statements trouble



1 Mr. Friedman, it is not critical to our case.

2 COMMISSIONER DEASON: So you are indicating it is  
3 okay to delete this from the testimony?

4 MR. BURGESS: He is saying from Line 20, Page 8,  
5 through Line 13?

6 COMMISSIONER DEASON: I believe it was Line 6.

7 MR. BURGESS: Line 6, Page 9?

8 COMMISSIONER DEASON: I guess at the end of the  
9 quotation mark.

10 MR. FRIEDMAN: Right. At the end of the quote is the  
11 end of the quotes about the newspaper article.

12 MR. BURGESS: I don't have an objection to it being  
13 removed.

14 COMMISSIONER DEASON: Very well.

15 MR. BURGESS: I don't know -- one of the problems  
16 with removing it, and, therefore, I would ask that the  
17 Commission to consider this subject to possible change, is that  
18 there has been testimony brought forward at deposition that  
19 basically corroborates this. And I don't know if throughout  
20 the process, because I don't know what all is going to happen  
21 on some of the following witnesses, if throughout the process  
22 that comes in, then this basically becomes corroborative and  
23 then becomes acceptable under the evidentiary requirements of  
24 Chapter 120.

25 So, you know, I guess I'm saying I don't mind it, but

1 if something else comes up that I recognize as being direct  
2 testimony that is not hearsay on the same subject, then this  
3 becomes acceptable and I would urge it back in.

4 COMMISSIONER DEASON: Well, for the time being, then,  
5 we will strike the prefiled testimony beginning at Line 20,  
6 Page 8, through Page 9, Line 6. Mr. Burgess, I will give you  
7 the latitude to request the reinsertion of that if events  
8 through this hearing show that it would be appropriate.

9 MR. BURGESS: Thank you.

10 MR. FRIEDMAN: I do have one other section. Starting  
11 on Page 19, on Line 9, there is a discussion with about an  
12 acquisition adjustment. That discussion runs through Page 20,  
13 Line 16. An acquisition adjustment is not an issue that has  
14 been identified by anybody, and I would suggest it is therefore  
15 irrelevant and should likewise be stricken.

16 COMMISSIONER DEASON: Mr. Burgess?

17 MR. BURGESS: I would say that that is an incorrect  
18 assessment of what is happening here. We are not trying to  
19 raise a negative acquisition adjustment as our issue. Our  
20 position is that the proposed agency action is correct, that  
21 the refund is an obligation that the current utilities is  
22 required to make. It is their position saying that they are  
23 not required to make a refund that spins off this, where we are  
24 basically saying, well, if that is so, then an examination of  
25 the actual -- if this is a third-party, which we dispute, an

1 independent third party, which we dispute, then a consideration  
2 should be made to examine whether a negative acquisition  
3 adjustment needs to be made. Again, though, this is just part  
4 of a position, it doesn't -- it is not something -- we are not  
5 asking the Commission to examine a negative acquisition  
6 adjustment. We are asking the Commission to hold to the  
7 proposed agency action decision made therein. And so, again,  
8 it is something that we don't need as being critical to our  
9 testimony, but I would say that it is not beyond the proper  
10 position --

11 COMMISSIONER DEASON: It's not introducing a new  
12 issue, it is just expanding upon a previous issue and exploring  
13 additional considerations associated with that existing issue.

14 MR. BURGESS: Absolutely. Similar to statements that  
15 if certain other adjustments that they recommend be made, then  
16 used and useful, and expenses, and all of these other things  
17 need to be adjusted. And that is what we are saying is one  
18 can't make the adjustments they want to make without examining  
19 other issues that arise as a result of that adjustment.

20 COMMISSIONER DEASON: Mr. Friedman?

21 MR. FRIEDMAN: And if they wanted to raise those  
22 issues, they should have raised those issues at the appropriate  
23 time. The prehearing order states that if it is not raised as  
24 an issue, then it is waived. And this is a discussion about  
25 you ought to consider an acquisition adjustment, and that is

1 not relevant.

2 COMMISSIONER DEASON: The objection is overruled and  
3 the testimony will stand. Further objections or motions to  
4 strike, Mr. Friedman?

5 MR. FRIEDMAN: No.

6 COMMISSIONER DEASON: All right.

7 THE WITNESS: I will start by just giving a brief  
8 summary. And a lot of my positions have already been  
9 summarized by Mr. Burgess in his opening statement.

10 The first issue addressed in my testimony is the  
11 ownership, and whether or not the changes in the names of the  
12 ownership should impact the amount of refund that is due to the  
13 customers in this case. These customers have been paying these  
14 unauthorized rates since January 1st of 1998, over five years  
15 now, and they fully deserve that refund for those unlawful  
16 rates that were put into place.

17 Staff's own analysis showed that the company, based  
18 on those rates, were overearning, and the customers deserve  
19 that refund and are entitled to that refund. It clearly is not  
20 appropriate for the company to have another related company  
21 that has a president who is the same individual as owns the  
22 water utility, then make the decision, and the president is the  
23 one who made the decision, to foreclose on those assets. And  
24 then to turn around four days later and to resell those assets  
25 to another company owned by the same individual.

1           Had this been an independent arm's-length transaction  
2 that was nonrelated, you wouldn't have a company closing on a  
3 mortgage and then four days later turning around and entering  
4 another mortgage with essentially the same owner. This clearly  
5 is not -- they are not independent parties, and they are not  
6 arm's-length transactions, and the utility should not be  
7 allowed through these foreclosures and setting up different  
8 companies to get out of refunding to these customers these  
9 amounts that they paid illegally and they are lawfully due.

10           COMMISSIONER DAVIDSON: I have a question here. Upon  
11 what do you base your conclusion, is this based upon your  
12 experience in similar cases, generally accepted accounting  
13 principles and transactions such as this? I'm trying to get at  
14 sort of what is your -- basing your conclusion, your ownership  
15 conclusions on?

16           THE WITNESS: That they are related parties. Well,  
17 the first sentence is the Woodlands of Lake Placid L.P. is  
18 owned by Camper Corral and Mr. Cozier jointly, and Mr. Cozier  
19 owns Camper Corral. For Highvest, Mr. Cozier is the president.  
20 And in his April 29th of this year deposition, it was indicated  
21 that he makes ultimate decision as to whether or not the  
22 foreclosure proceeds.

23           And, finally, L.P. Utilities is owned by Anbeth  
24 Corporation, which is also owned by Mr. Cozier. Under  
25 generally accepted accounting principles, specifically under

1 Statement of Financial Accounting Standard Number 57, it gives  
2 definitions of related parties. And these clearly -- joint  
3 management, joint decision control, all fall under the  
4 definition of related parties.

5           And I don't see how even just from a common sense  
6 standpoint beyond the regular accounting rules and principles  
7 one can consider these independent parties. They are under the  
8 same control, the same person makes the decisions in all three  
9 of these entities. So I guess my position is based on the  
10 management structure of the corporations in question, and the  
11 definition of related parties under generally accepted  
12 accounting principles.

13           To continue, the next issue I get into is the issue  
14 of whether or not the refund -- actually it is my understanding  
15 that has been stipulated to, so the next issue I wish to  
16 address is contributions in aid of construction, and Mr.  
17 Burgess did address this quite a bit in his opening statement.

18           Back in the time period of late 2000, early 2001 the  
19 individual privately owned lots were required to put meters.  
20 And it is my understanding that under the company's consumptive  
21 use permit they are required to install meters on all the lots.  
22 This wasn't a requirement come up with by a utility, it is  
23 required under their consumptive use permit. And at that time  
24 they charged the individual private lot owners \$189 per meter  
25 to recover the cost of those lots. And the proposed agency

1 action calculations that resulted in the rates in that proposed  
2 agency action order included both the rate base for those  
3 meters and the offset for the contributions in aid of  
4 construction.

5 And also in the February 2002 proposed agency action  
6 order involving the same utility, and that is  
7 PSC-02-0250-PAA-WS, the Commission specifically adopted and  
8 agreed with that meter charge, that that amount, the \$189 for  
9 five-eighths by three-fourth inch meters is appropriate. When  
10 Staff calculated rate base, they included pro forma rate base  
11 as those rental lots would also be required under the  
12 consumptive use permits to install meters on those lots.

13 But they did not take into consideration the  
14 contributions that would be required associated with their  
15 tariffed meter fee to offset that. So it would be appropriate  
16 that if that pro forma plant for those meters remain in the  
17 rate base calculation, then they should be offset by the  
18 related contributions in aid of construction.

19 The next issue I would like to address in my opening  
20 statement is rate case expense. Going through the case there  
21 were additional areas where upon my review of staff's  
22 calculations and work papers I think could have been treated  
23 different ways that could have resulted in a lower revenue  
24 requirement or a larger amount of refund to customers. But  
25 throughout this case we have been concerned with rate case

1 expense.

2           The company has estimated -- Mr. Lovelette has  
3 estimated it to be approximately \$60,000, and that is a  
4 significant amount of money for a utility of this size. And  
5 the customers were happy with the proposed agency action had  
6 the company not protested. So in an attempt to avoid rate case  
7 expense, we have not raised some of the issues that perhaps  
8 could have been raised. So it is my position this rate case  
9 expense should not be passed on to customers. I don't think it  
10 was prudent for them to file this challenge to the proposed  
11 agency action.

12           It seems to me the driver of this is to avoid having  
13 to pay the refund that is legally due to these customers, and  
14 therefore you shouldn't now saddle those same customers with  
15 the rate case expense incurred to fight paying that refund.

16           And that concludes my opening statement.

17           MR. BURGESS: Thank you, Ms. DeRonne. Commissioners,  
18 we would ask, before we tender the witness for  
19 cross-examination, that her testimony be inserted into the  
20 record as though read.

21           COMMISSIONER DEASON: It shall be inserted consistent  
22 with the previous ruling.

23           MR. BURGESS: Thank you.

24 BY MR. BURGESS:

25           Q     And may I ask, Ms. DeRonne, besides the list of



1 qualifications that has been distributed, do you have any other  
2 exhibits attendant to your testimony?

3 A Filed attached to the testimony, I believe, was  
4 Exhibit 1. I think it has been identified in the prehearing  
5 order.

6 MR. BURGESS: It has been identified in the  
7 prehearing order as HL-2, Commissioner, and I would ask if we  
8 could get a hearing exhibit number for that exhibit.

9 COMMISSIONER DEASON: It will be identified as  
10 Hearing Exhibit Number 4.

11 MR. BURGESS: Thank you, Commissioner.

12 COMMISSIONER DEASON: There is no need to identify  
13 HL-1, is that correct?

14 MR. BURGESS: Not unless someone just wants to have  
15 Hugh Larkin's qualifications.

16 COMMISSIONER DEASON: So HL-2 is identified as  
17 Hearing Exhibit 4.

18 (Hearing Exhibit 4 marked for identification.)

19

20

21

22

23

24

25

1 DIRECT TESTIMONY OF HUGH LARKIN, JR.  
2 ON BEHALF OF THE CITIZENS OF FLORIDA  
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
4 THE WOODLANDS OF LAKE PLACID, L.P.  
5 DOCKET NO. 020010-WS  
6

7 INTRODUCTION

8 Q. WHAT IS YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

9 A. My name is Hugh Larkin, Jr. I am a Certified Public Accountant licensed in the States  
10 of Michigan and Florida and the senior partner in the firm Larkin & Associates, PLLC,  
11 Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan  
12 48154.

13

14 Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.

15 A. Larkin & Associates, PLLC, is a Certified Public Accounting and Regulatory Consulting  
16 Firm. The firm performs independent regulatory consulting primarily for public  
17 service/utility commission staffs and consumer interest groups (public counsels, public  
18 advocates, consumer counsels, attorneys general, etc.). Larkin & Associates, PLLC, has  
19 extensive experience in the utility regulatory field as expert witnesses in over 450  
20 regulatory proceedings, including numerous electric, water and wastewater, gas and  
21 telephone utility cases.

22

23 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC  
24 SERVICE COMMISSION?

25

1 A. Yes. I have testified before the Florida Public Service Commission on numerous  
2 occasions during the past 25 years. I have also testified before Public Service/Utility  
3 Commissions in 35 state jurisdictions, the Federal Energy Regulatory Commission and  
4 the Canadian Natural Energy Board.

5

6 Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS  
7 AND EXPERIENCE?

8 A. Yes. I have attached Appendix I, which is a summary of my regulatory experience and  
9 qualifications.

10

11 Q. ON WHOSE BEHALF ARE YOU APPEARING?

12 A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel (OPC)  
13 to review the Staff-assisted rate case (SARC), along with the resulting Proposed Agency  
14 Action Order, Order No. PSC-02-~~1830~~<sup>1739</sup>-PAA-WS, issued December 10, 2002.  
15 Accordingly, I am appearing on behalf of the Citizens of Florida (Citizens).

16

17 Q. WHAT IS YOUR UNDERSTANDING OF THE CURRENT STATUS OF THE  
18 PROPOSED AGENCY ACTION (PAA) ORDER?

19 A. It is my understanding that on December 30, 2002, Highvest Corporation and L.P.  
20 Utilities Corporation (Petitioners) filed a petition protesting certain issues addressed in  
21 the PAA Order. Specifically, the utility, in its Petition for Formal Administrative Hearing  
22 and its Motion to Amend Petition for Formal Administrative Hearing, disputed the  
23 following issues:

24 - Whether "either Petitioner" can be responsible to make refunds in rates collected

25

- 1 by The Woodlands of Lake Placid, L.P.;
- 2 - The appropriate amount of office rent;
- 3 - What the appropriate amount of imputation of CIAC is;
- 4 - Whether underearnings in wastewater rates should have offset the overearnings
- 5 in water rates;
- 6 - The appropriate amount of rate case expense; and
- 7 - Imputation of revenue for water and wastewater service that should have been
- 8 billed to the Resort for the rental lots.
- 9

10 Q. DID THE UTILITY FILE TESTIMONY ADDRESSING EACH OF THE ISSUES  
11 CONTAINED IN HIGHVEST CORPORATION AND L.P. UTILITIES  
12 CORPORATION'S PETITION FOR FORMAL ADMINISTRATIVE HEARING AND  
13 SUBSEQUENT AMENDMENT TO THE PETITION?

14 A. No testimony was filed under the name of The Woodlands of Lake Placid, L.P. On  
15 January 31, 2003, L.P. Utilities Corporation and Highvest Corporation (or "Petitioners")  
16 filed the Direct Testimony of John Lovelette. The brief testimony filed addresses the  
17 ownership and management of the various entities involved in the ownership, present and  
18 past, of the utility assets; revenues to be collected from the Resort's rental lots; office  
19 rent; rate case expense; and revenues based on metered rates versus flat rates. Highvest  
20 Corporation and L.P. Utilities Corporation did not address several of the issues raised  
21 in their petitions.

22

23 Q. WHAT IS YOUR PROFESSIONAL OPINION REGARDING THE PROPOSED  
24 AGENCY ACTION (PAA) ORDER ISSUED BY THE FLORIDA PUBLIC SERVICE

1 COMMISSION IN THIS CASE?

2 A. In my opinion, the PAA Order in this case was more than fair to the utility owner and  
3 results in fair and reasonable rates for both the utility and its customers. The Office of  
4 Public Counsel supports the PAA Order as it stands, and recommends that no changes  
5 be made to the PAA Order. In fact, I am somewhat surprised that Highvest Corporation  
6 and L.P. Utilities ("Petitioners") protested the PAA Order.

7

8 Q. WHY IS THAT?

9 A. In my opinion, the PAA Order was generous to the current owner of the utility, who also  
10 happens to be the past owner. There are several areas within the PAA Order that could  
11 have been treated differently by the Commission that would have resulted in even lower  
12 rates and an even larger refund of past rates. Although the OPC is not contesting the  
13 PAA Order, assuming it ultimately remains as is, I will nonetheless discuss potential  
14 additional adjustments later in this testimony. First, however, I will address the issues  
15 specifically raised in Highvest Corporation and L.P. Utilities Corporation's Petitions,  
16 along with their prefiled testimony.

17

18 Ownership - Impact on Refunds

19 Q. PLEASE DISCUSS THE ISSUE OF OWNERSHIP OF THE UTILITY ASSETS AND  
20 THE IMPACT THE OWNERSHIP MAY HAVE ON THE REFUND OF OVER-  
21 COLLECTED WATER RATES.

22 A. Highvest Corporation and L.P. Utilities Corporation indicate in their December 30, 2002  
23 Petition for Formal Administrative Hearing that Highvest acquired the utility systems  
24 from The Woodlands of Lake Placid, L.P. in a mortgage foreclosure action on

25

1 September 27, 2002. The same petition also indicates that L.P. Utilities Corporation  
2 purchased the Utility system from Highvest Corporation on October 1, 2002. This is  
3 four days after the utility assets were acquired by Highvest Corporation. However, these  
4 dates are inconsistent with Highvest Corporation's Objection Or In The Alternative  
5 Motion To Cancel Proposed Agency Action, dated October 14, 2002. This document,  
6 dated fourteen days after L.P. Utilities purported purchase of the utility assets,  
7 specifically states that "Highvest Corp. owns all of the facilities of THE WOODLANDS  
8 OF LAKE PLACID, L.P., including the utility's property which furnishes the water and  
9 wastewater services to customers, by virtue of a recent foreclosure..." Under either  
10 circumstance, the utility should be required to refund the over-collections of water rates  
11 found in the PAA Order. Assuming L.P. Utilities Corporation is the current owner of  
12 the utility assets, as indicated in the December 30, 2002 Petition, the current owner is  
13 essentially the same individual as the previous owner. Additionally, the shift of  
14 ownership through the foreclosure by Highvest Corporation is a related party transaction  
15 that was not bargained at arms-length. Consequently, the ownership transfers should  
16 have no impact on the Commission's decision in this regard. The refund identified in the  
17 PAA Order should remain intact.

18

19 Q. WHO WAS/IS THE OWNER OF THE WOODLANDS OF LAKE PLACID, LP?

20 A. According to John Lovelette's Pre-filed testimony, The Woodlands of Lake Placid, LP  
21 is a limited partnership with Camper Corral, Inc. as its general partner. Anthony Cozier  
22 is the President and sole shareholder of Camper Corral, Inc.

23

24 Q. WHAT IS ANTHONY COZIER'S RELATIONSHIP WITH HIGHVEST

25

1 CORPORATION?

2 A. Mr. Lovelette's testimony indicates that Anthony Cozier is the President of Highvest  
3 Corporation. Additionally, Highvest Corporation's 2002 Uniform Business Report  
4 indicates that Anthony Cozier is the President and the Director of Highvest Corporation.  
5 In fact, he is the only director listed on the Uniform Business Report. I researched prior  
6 reports available on the Florida Department of State, Division of Corporations online  
7 public inquiry site. According to Highvest Corporation's 1996 Corporation Annual  
8 Report, Anthony Cozier was the only director, and the President, Secretary and  
9 Treasurer of Highvest Corporation at April 1, 1996.

10

11 Additionally, a substantial portion of the debt on Highvest Corporation's books is due  
12 to Anbeth Corporation, which is also owned by Anthony Cozier along with his wife,  
13 Elizabeth Cozier. Staff's Audit Report for the Staff Assisted Rate Case, Audit Control  
14 No. 02-029-4-3, provides a breakdown of Highvest Corporation's outstanding debt as  
15 of December 31, 2000 and December 31, 2001. According to Staff's listing, Highvest's  
16 long term debt outstanding to Anbeth as of December 31, 2001 was \$5,108,982.

17

18 Q. WHAT IS YOUR UNDERSTANDING OF THE MANAGEMENT AND  
19 OWNERSHIP STRUCTURE OF L.P. UTILITIES CORPORATION?

20 A. According to Mr. Lovelette's testimony, himself, his wife (Teresa Lovelette) and  
21 Anthony Cozier are directors of L.P. Utilities Corporation. His testimony also indicates  
22 that L.P. Utilities Corporation is owned by Anbeth Corporation, which, as previously  
23 mentioned, is owned by Anthony Cozier, along with his wife, Elizabeth Cozier.

24

25

1 Thus, if the Petitioners' assertion that L.P. Utilities Corporation is the current owner of  
2 the utility asset, then the current ownership interest in the utility assets is the same  
3 individual that had ownership interest in the utility assets (under The Woodlands of Lake  
4 Placid, L.P.) during the historic test year used by Staff in its Staff Assisted Rate Case.

5

6 Q. COULD YOU PLEASE PROVIDE AN EXHIBIT DEMONSTRATING THE  
7 OWNERSHIP INTERESTS AND MANAGEMENT POSITIONS OF ANTHONY  
8 COZIER AND JOHN LOVELETTE IN THE VARIOUS LEGAL ENTITIES  
9 MENTIONED IN MR. LOVELETTE'S PREFILED TESTIMONY?

10 A. While Mr. Lovelette's testimony discusses various ownership interests and management  
11 of the various entities, an exhibit is helpful in abbreviating some of the relationship  
12 between these various entities and related parties. I have prepared Exhibit 1, attached  
13 to this testimony, that provides Anthony Cozier and John Lovelette's, along with their  
14 wives', involvements in the various entities. The information in this exhibit is taken from  
15 information provided in Mr. Lovelette's prefiled testimony, Staff's response to  
16 Petitioner's First Request for Production, POD Nos. 4 and 5, along with the information  
17 from Uniform Business Reports available on the Florida Department of State, Division  
18 of Corporation's online information.

19

20 Q. WOULD YOU PLEASE COMMENT ON THE FORECLOSURE ON THE  
21 MORTGAGE WHICH PURPORTEDLY LEAD TO THE PURCHASE OF THE  
22 UTILITY ASSETS BY HIGHVEST CORPORATION?

23 A. To say the least, the foreclosure by the related party is a highly questionable transaction  
24 and Mr. Lovelette's testimony on this issue, in my opinion, is very misleading. Staff's

25



1 response to Petitioner's First Request for Production, Request Nos. 4 and 5 provides a  
2 significant amount of information regarding the mortgage, a promissory note, the  
3 foreclosure and transfer of the assets to Highvest. Mr. Lovelette, in his testimony,  
4 indicates that The Woodlands of Lake Placid, L.P. could not pay the mortgage, which  
5 was on real estate and the utility assets, so Highvest (for which Mr. Cozier is the  
6 President and director and Mr. Lovelette is the Vice President) had no choice but to  
7 foreclose. Mr. Lovelette indicates that a foreclosure complaint was filed on July 3, 2002,  
8 with a Final Judgement entered by the circuit judge on August 7, 2002. He also indicates  
9 that the real estate and utility assets were sold to Highvest Corporation on September 4,  
10 2002.

11  
12 The documents contained in response to Staff PODs 4 and 5 include a Mortgage and a  
13 Promissory Note both entered into on June 14, 2002 between Camper Corral, Inc.  
14 (general partner of The Woodlands of Lake Placid, LP) and Highvest Corporation, both  
15 of which are signed by Anthony Cozier. According to Mr. Lovelette's prefiled  
16 testimony, the foreclosure complaint was filed on July 3, 2002, less than three weeks  
17 after a mortgage and promissory note was entered into between Camper Corral, Inc. and  
18 Highvest Corporation.

19  
20 ~~Additionally, a July 9, 2002 article in Highlands Today entitled "Man's Company Sues~~  
21 ~~His Other Companies", which was provided in response to Staff PODs 4 and 5, states~~  
22 ~~the following:~~

23 Highvest Corp. is suing Camper Corral Inc., Camp Florida Resort, L.P.,  
24 and Woodlands L.P.

25 Tony Cozier owns Highvest Corp. He owns Camper Corral Inc. He

1 owns Camp Florida Resort. He owns Woodlands L.P.

2 So what gives?

3 "People who have different corporations do that from time to time," said  
4 attorney Jim McCollum, who is gathering Cozier's companies together as part  
5 of an estate plan. "They'll set up a couple of corporations and lend money, one  
6 to the other."

7 The article also quotes attorney Jim McCollum as stating: "The whole purpose is to  
8 consolidate and get away from having so many entities...." Attorney Jim McCollum  
9 and/or McCollum & Rinaldo, P.A. is listed as the current Registered Agent on the 2002  
10 Uniform Business Reports for Anbeth, LTD and L.P. Utilities Corporation. He is also  
11 indicated as the Attorney for Highvest Corporation in the "Objection Or In The  
12 Alternative Motion To Cancel Proposed Agency Action" filed in this case and dated  
13 October 14, 2002. As he is the Attorney for Highvest and the Registered Agent for L.P.  
14 Utilities Corporation, one would assume he was knowledgeable of the ownership  
15 interests and situation when quoted in the newspaper article.

16 In summary, it is clear that the owner of the utility assets during the historic test year  
17 used by Staff in its SARC is the same as the current owner. It is also clear that Highvest  
18 Corporation was not an independent third party and that the foreclosure and subsequent  
19 purchase of the utility assets cannot be considered an arms-length transaction. The utility  
20 should not be permitted to shirk its responsibility to refund the over-collections to its  
21 customers who were charged the excessive and unauthorized rates.

22 Q. WHO DO THE PETITIONERS CLAIM IS THE CURRENT OWNER OF THE  
23 UTILITY ASSETS?

24 A. Both the Petitions themselves and the prefled testimony of John Lovelette claim that

1 L.P. Utilities Corporation is the current owner of the utility assets. As previously  
2 mentioned, the December 30, 2002 Petition for Formal Administrative Hearing indicates  
3 that L.P. Utilities Corporation purchased the Utility system on October 1, 2002.  
4 Consequently, I am unsure upon what basis Highvest Corporation is a Petitioner and/or  
5 party in this case. They were not an owner of the utility assets in the test year and,  
6 according the to the Petition, are not the current owner. It is my understanding, as  
7 pointed out previously, the current owner of the utility system is the same individual as  
8 the owner of the utility system during the 2001 test year.

9

10 Refund - Offset for Wastewater Rates

11 Q. HAS THE PETITIONER TAKEN ANY ADDITIONAL POSITIONS WITH  
12 REGARDS TO THE REFUND OF WATER RATES?

13 A. Yes. The December 30, 2002 Petition states that the overearnings in water rates should  
14 have been offset by the underearnings in wastewater rates. The Petition states: "The  
15 PSC policy is where the water customers and wastewater customers are substantially the  
16 same, any underearnings in one systems (sic) is used to offset any overearnings in the  
17 other. That policy should have been applied in the instant case." The issue is not  
18 addressed in the Petitioners Pre-filed Testimony, so I am unsure if they have dropped this  
19 issue, or if they had no further support than the paragraph provided in the Petition itself.

20

21 Q. IS THE TERMINOLOGY USED BY THE PETITIONERS WITH REGARDS TO  
22 THIS ISSUE CORRECT?

23 A. No, it is not. The Petitioners make it sound as if the refund ordered by the Commission  
24 in the PAA Order is based on the level of water overearnings. This is not the case. The

25

1 amount of refund was calculated by the Commission based on the amount the utility  
2 collected from January 1, 1998 to December 31, 2002 based on the unauthorized  
3 increase in water rates that went into effect on January 1, 1998. The amount was  
4 calculated as the unauthorized \$6.29 per month increase in water rates during that period  
5 times the number of customers who were actually required by the utility to pay those  
6 higher rates, times the number of months in the period of unauthorized rates ( $\$6.29 \times 60$   
7 months  $\times$  183 customers = \$69,065). The Commission used this method because its  
8 Order No. PSC-02-0250-PAA-WS only held the amount of unauthorized rate increase  
9 subject to refund as opposed to the total amount of overearnings. Had the amount of  
10 refund ordered been based on the water overearnings during that five year period, the  
11 refund would have been \$190,670 ( $\$38,134 \times 5$  years) instead of the \$69,065 identified  
12 in the PAA Order. The Commission's PAA Order in the current case clearly states:  
13 "Since the amount held subject to refund is less than the amount of the utility's excess  
14 earnings, the utility shall only refund the amount held subject to refund."

15  
16 Furthermore, had the combined water and wastewater overearnings for that same period  
17 been used, the amount of refund would be \$165,795. This is calculated as the water  
18 excess earnings of \$38,134 per year less the wastewater underearnings of \$4,975 per  
19 year, or \$33,159, times the five year period the unauthorized rates were in effect.  
20 Clearly, even had the wastewater underearnings in effect during the five year period of  
21 unauthorized rates been considered, the amount of refund ordered by the Commission  
22 is still significantly less than the net overearnings amount. The Company's contention  
23 that the water overearnings should be offset by the wastewater underearnings is clearly  
24 without merit. If the Petitioners truly wish to use the actual level of water and

1 wastewater over and under earnings during the period of unauthorized rates, as  
2 contended in their Petition, then the result would be a substantially larger refund.

3

4 Q. IN YOUR OPINION, WAS THE COMMISSION CORRECT IN NOT OFFSETTING  
5 THE AMOUNT OF REFUND WITH THE COMPANY'S PURPORTED  
6 "WASTEWATER UNDEREARNINGS"?

7 A. Absolutely. As previously pointed out, the amount of refund ordered by the Commission  
8 is more than generous to the utility, and could have been significantly higher absent the  
9 parameters established in Order No. PSC-02-0250-PAA-WS. Had The Woodlands of  
10 Lake Placid, LP undergone a full rate case audit at the time it began charging its RV lot  
11 owner customers the unauthorized \$10 monthly increase (or \$35 total monthly rate) in  
12 combined water and wastewater rates, it would have collected substantially less from its  
13 customers during the period January 1, 1998 to date. The actual amount of net water  
14 and wastewater overearnings for that five year period is \$165,795 based on the  
15 information contained in the PAA Order, which is substantially higher than the \$69,065  
16 refund required. Clearly the Petitioners' argument with regards to this issue is without  
17 merit and is grossly unfair to the utility system's customers.

18

19 Contributions in Aid of Construction

20 Q. THE PETITION FOR FORMAL ADMINISTRATIVE HEARING FILED BY THE  
21 PETITIONERS ON DECEMBER 30, 2001 INDICATED THAT IT DISPUTED THE  
22 IMPUTATION OF CIAC. DO YOU WISH TO COMMENT ON THIS ISSUE?

23 A. The Petition stated, at page 3, that "It is improper to impute CIAC in the amount  
24 imputed in the Order." However, the Pre-filed testimony of the Petitioners, dated

25

1 January 31, 2002, did not address this issue. Consequently, I am unsure of exactly what  
2 aspect of the CIAC imputation the Petitioners are disputing. However, I do wish to  
3 point out that this is an area within the PAA Order in which the Commission was very  
4 generous to the utility owner in calculating the revenue requirement.

5

6 Q. HOW SO?

7 A. The PAA Order points out that the utility has been required to install meters for all of its  
8 connections under its Consumptive Use Permit. The PAA Order reflected a \$27,543  
9 increase in plant in service for the cost of purchasing and installing 162 meters for the  
10 rental lots, calculated as 162 meters times \$170 per meter. The \$170 per meter consists  
11 of \$105 for parts and \$65 for labor. However, the PAA Order failed to offset the  
12 \$27,543 increase in plant in service for associated Contributions in Aid of Construction  
13 that would result.

14

15 Q. SHOULD THE COMMISSION HAVE ALSO REFLECTED AN INCREASE IN  
16 CONTRIBUTIONS IN AID OF CONSTRUCTION FOR THE 162 METERS?

17 A. As previously mentioned, the OPC is not specifically recommending any revisions to the  
18 PAA Order, assuming it stands as is. The overall result of the PAA Order is reasonable  
19 and fair to consumers if taken as a whole. This particular issue, however, demonstrates  
20 how the PAA Order is generous to the owner of the utility, and therefore, should not  
21 have been protested.

22

23 Q. PLEASE EXPLAIN.

24 A. The issue of contributions in aid of construction for meter installation for The Woodlands

25

1 of Lake Placid, L.P. was addressed by the Commission in Order No. PSC-02-0250-PAA-  
2 WS in Docket No. 990374-WS, issued February 26, 2002. That PAA Order, at page 17,  
3 specifically addresses the issue of CIAC for meter installation as follows:

4 "The utility charges a meter installation fee of \$189 for a 5/8" x 3/4" meter and  
5 actual cost for larger meters. The proposal is reasonable and consistent with  
6 meter installation fees for other water utilities. No other service availability  
7 charges were proposed by the utility."

8 In that PAA Order, the Commission specifically approved a meter installation fees of  
9 \$189 for 5/8" x 3/4" meters and actual cost for larger meters.

10 There is ample evidence in the record of this case that the owners of the privately owned  
11 RV lots were required by The Woodlands of Lake Placid, L.P. to pay the \$189.00 meter  
12 installation fee. The owner of the rental lots for which the cost of installing meters has  
13 been included in plant in service also happens to be the ultimate owner of both The  
14 Woodlands of Lake Placid, L.P. and of L.P. Utilities Corporation. Thus, the failure of  
15 the Commission to include Contributions in Aid of Construction as an offset to rate base  
16 for the installation of meters on the owner's rental lots is very generous to the utility  
17 owner. If the owner of both the utility and the rental lots had been treated consistently  
18 with the with Order No. PSC-02-0250-PAA-WS, quoted above, and the owners of the  
19 privately owned RV lots, then the amount of CIAC included in rate base would be  
20 increased by \$30,608 (\$189 x 162). This would more than offset the increase in rate  
21 base for the meters.

22  
23 In the event that the Commission determines that the Petitioners are correct in any of the  
24 items disputed in their petition, which the OPC does not agree with, then the  
25

1 Commission should also consider increasing CIAC by the above identified amount (i.e.,  
2 \$30,618). This would also reduce expenses due to the associated increase the amount  
3 of CIAC amortization.

4  
5 Rent for Office

6 Q. THE PAA ORDER INCLUDES \$0 FOR RENT EXPENSE. THE PETITIONERS  
7 HAVE TAKEN THE POSITION THAT OFFICE RENT SHOULD BE INCLUDED  
8 IN RATES. WOULD YOU PLEASE COMMENT ON THIS ISSUE?

9 A. Yes. The PAA Order included \$0 in rent expense for the rental of office space,  
10 consistent with Commission Staff's recommendation. Staff's response to the Petitioner's  
11 First Set of Interrogatories, Interrogatory No. 1, gives the following reason for the  
12 exclusion of office rent expense in calculating rates:

13 The building where the utility's office is located is owned by the Camp Florida  
14 Property Owners Association. The association did not charge nor collect any  
15 rent from the utility during the test period. Therefore, since the utility is not  
paying rent for this office space, rent expenses should not be recovered through  
water and wastewater service rates.

16 The utility historically has not paid rent, and to the best of my knowledge, has not paid  
17 rent nor been charged rent to date. The Camp Florida Property Owners Association is  
18 composed of owners of the lots within the RV park, and these owners make up the vast  
19 majority of the utility's customers. Absolutely no evidence has been presented showing  
20 that the Camp Florida Property Owners Association, who are also the owners of the lots  
21 within the RV park, has begun to or intends to begin charging the utility rent for use of  
22 a portion of the office facility. Consequently, Staff's determination that \$0 rent expense  
23 should be included in the test year is appropriate and correct.



1 Q. DOES PETITIONERS WITNESS JOHN LOVELETTE ADDRESS THE RENT  
2 EXPENSE ISSUE ANY FURTHER IN HIS PRE-FILED TESTIMONY?

3 A. Yes. He indicates that a reasonable rent would be \$300.00 per month, and that the  
4 Petitioners have not paid rent for use of the office space "...since taking over the Utility  
5 on October 1<sup>st</sup> of last year because there have been insufficient funds with which to do  
6 so." In my opinion, this argument is completely irrelevant.

7  
8 As previously indicated, absolutely no support has been presented showing that the  
9 owners of the office space, who also consist of the vast majority of the utility's  
10 customers, intend to begin charging rent to the utility. Mr. Lovelette's testimony does  
11 not indicate that the utility has been billed for use of the facilities, nor does he provide  
12 any further discussion regarding why "...there have been insufficient funds" to pay rent.  
13 He does not elaborate on why the funds have been insufficient. To the best of my  
14 knowledge, the owner of more than 50% of the lots (i.e., the rental RV lots) has not paid  
15 revenues to the utility for the use of water and wastewater on those rental lots. This  
16 would presumably impact the "available funds." Mr. Lovelette also provides no  
17 information or support for how his determination that "reasonable rent is \$300.00 per  
18 month." In my opinion, Mr. Lovelette's testimony does not support the inclusion of rent  
19 expense in rates. While he indicates that rent payments have not been made since  
20 October 1, 2002, he does not, in any way, address the fact that no rent payments have  
21 ever historically been made, nor have they been required, for use of the office facility.  
22 The fact also remains that no rent was charged or paid for the facilities during the test  
23 year used by Staff in its analysis. Mr. Lovelette's testimony on this issue, in my opinion,  
24 is unsubstantiated and moot.

1 Revenue from Rental RV Lots

2 Q. WHAT POSITION DO THE PETITIONERS TAKE WITH REGARDS TO THE  
3 REVENUE THAT WILL BE RECEIVED FROM THE RENTAL RV LOTS?

4 A. In his Pre-Filed Testimony, Petitioners' witness John Lovelette states that "The owner  
5 of the R.V. lots has advised that it will physically disconnect those lots from the water  
6 and wastewater system. Thus, it is inappropriate to impute any revenue to the R.V.  
7 park."

8  
9 In his testimony, Mr. Lovelette does not indicate who the owner of the RV lots is. As  
10 previously mentioned in this testimony, the owner of those lots is a related party<sup>•</sup> which  
11 ~~may very well be Anthony Cozier.~~ Assuming that this case goes to hearing, the  
12 Commission or OPC will need to call Mr. Cozier, along with the owner of Highvest  
13 Corporation and any other witnesses deemed necessary, so that the ownership of the  
14 utility and the RV rental lots, along with the transactions resulting in the shifting of  
15 ownership between legal corporate entities and the purpose of such shifting, will be  
16 completely clear to the Commission. The threatened disconnection is, at best, a clumsy  
17 attempt to dissuade the Commissioners from doing what is fair and equitable to ALL of  
18 the utility's customers (i.e., adopting the PAA Order as is).

19  
20 Q. SHOULD THE IMPUTED REVENUES INCLUDED IN THE REVENUE  
21 REQUIREMENT CALCULATION FOR THE RENTAL LOTS BE REMOVED?

22 A. Absolutely not. The fact remains that the rental lots were connected to the water and  
23 wastewater systems during the test year used in the Staff Assisted Rate Case. They were  
24 also hooked up prior to that date. Presumably, they are still hooked up to the water and

1 wastewater system. The facts and circumstances existing during the 2001 test year used  
2 by Staff in its analysis should continue to be used in setting rates in this case. In fact, one  
3 could argue that the utility management was imprudent in not pursuing the collection of  
4 revenues previously from the owner of the RV rental lots.

5

6 Q. WOULD PHYSICALLY DISCONNECTING THE RV RENTAL LOTS FROM THE  
7 WATER AND WASTEWATER SYSTEM IMPACT THE ABILITY OF THE OWNER  
8 TO CONTINUE TO RENT THOSE LOTS?

9 A. One would presume so. My understanding is that rental rates for RV lots with water and  
10 sewer hook-ups available are much higher than rental rates for lots without water and  
11 sewer hook-ups. However, in either case, it is irrelevant to the case at hand. During the  
12 test year and subsequently to date, these rental RV lots were physically connected to the  
13 water and wastewater system. Thus, the revenue for the RV rental lots should continue  
14 to be imputed in setting rates.

15

16 Q. WOULD EXCLUDING THE IMPUTED REVENUE FOR THE RV RENTAL LOTS,  
17 AS RECOMMENDED BY THE PETITIONERS, IMPACT ANY ADDITIONAL  
18 AREAS IN THIS CASE?

19 A. Absolutely. The rental lots make up over half of the lots in the RV park. If the rental  
20 lots were physically disconnected from the wastewater and water systems, the removal  
21 of the 162 lots would significantly impact the used and usefulness of the water and  
22 wastewater systems. Consequently, if the imputed revenue for the lots are removed, then  
23 a further reduction to rate base for non-used and useful plant would be necessary. This  
24 would also result in reductions to property tax expense and depreciation expense due to

25

1 higher non-used and useful percentages. Additionally, operating costs at the plant would  
2 decline as less water and wastewater would need to be treated. The percentage of  
3 employee time spent on utility matters would presumably decline with significantly less  
4 lots receiving utility service. The following costs included in the PAA Order would also  
5 likely decline as a result of less water and wastewater being treated and sold: chemical  
6 costs, purchase power costs, sludge hauling expense, operator services, materials and  
7 supplies, and billing costs.

8  
9 Negative Acquisition Adjustment

10 Q. IN THE HIGHLY UNLIKELY EVENT THAT THE COMMISSION FINDS THE  
11 UTILITY ASSETS ARE NOW OWNED AND OPERATED BY A THIRD,  
12 INDEPENDENT PARTY, WOULD THIS TRIGGER ANY ADDITIONAL ISSUES  
13 WHICH WOULD REDUCE THE REVENUE REQUIREMENT OF THE UTILITY?

14 A. Yes. In his pre-filed testimony, Mr. Lovelette indicates that Highvest Corporation  
15 conveyed the utility assets to L.P. Utilities Corporation. He does not indicate the amount  
16 expended by L.P. Utilities Corporation to purchase the utility assets. In the highly  
17 unlikely event that the Commission determines the assets are now owned by an  
18 independent third party, and the refund of over-collected water rates is not required, then  
19 much more detailed analysis would be necessary to determine the actual cost of the utility  
20 assets to that third party owner. This could trigger a negative acquisition adjustment,  
21 further reducing the revenue requirement of the utility.

22  
23 Q. PLEASE EXPLAIN.

24 A. The Commission has recently addressed the issue of acquisition adjustments in Docket

1 No. 001502 - WS, Order No. PSC-02-0997-FOF-WS, issued July 23, 2002. In that  
2 Order, the Commission adopted Rule 25-30.0371, Florida Administrative Code, relating  
3 to acquisition adjustments for water and wastewater utilities. Under Rule 25-30.0371,  
4 Paragraphs (3), (3)(a), and (3)(b), a negative acquisition adjustment may be included in  
5 rate base if there is either proof of extraordinary circumstances or if the purchase price  
6 is less than 80 percent of the net book value.

7

8 Q. DO YOU RECOMMEND A NEGATIVE ACQUISITION ADJUSTMENT BE  
9 REFLECTED IN THIS CASE?

10 A. No, I do not. As discussed throughout this testimony, the OPC supports the PAA Order  
11 as it stands. However, if the Commission determines the utility is now owned by an  
12 independent third-party and does not require a refund of the over-collections, then  
13 further investigation must be made into the actual ownership interest and purchase price  
14 paid by the current owner that is specifically applicable to the utility assets. Since I  
15 believe it is impossible to reach the conclusion that the current owner is not the same  
16 person as the previous owner of the utility assets, this issue should be moot.

17

18 Additional Areas for Downward Adjustment

19 Q. ARE THERE ANY ADDITIONAL ADJUSTMENTS THAT YOU BELIEVE COULD  
20 BE JUSTIFIED THAT WOULD REDUCE RATES FURTHER?

21 A. During my examination, I discovered other areas in which a further downward  
22 adjustment could be justified. I will repeat, however, that we are not recommending any  
23 adjustments to the PAA because we believe that taken as a whole, the PAA produces a  
24 reasonable result.

25

1 Q. WHY ARE YOU NOT RECOMMENDING EVERY ADJUSTMENT THAT YOU  
2 BELIEVE COULD BE JUSTIFIED?

3 A. Frankly, one of our greatest concerns in this case is the avoidance of rate case expense,  
4 an issue which will be discussed next. In order to avoid any arguable justification for rate  
5 case expense, the Citizens have chosen to limit their response strictly to the issues already  
6 raised by the utility, rather than raise any additional issues. It seems a shame that the  
7 customers can be held hostage in this fashion, but the result is acceptable in this case  
8 because the overall effect of the PAA is reasonable.

9

10 Q. WOULDN'T THE CITIZENS BE CONSTRAINED FROM RAISING NEW ISSUES  
11 ANYWAY, SINCE THEY DID NOT FILE AN INITIAL PROTEST IDENTIFYING  
12 ALL ISSUES?

13 A. The utility sought and obtained permission to add an issue that was not included in its  
14 initial protest. I have to assume that the customers would receive the same treatment  
15 that was granted the utility, so I am confident the Commission would have entertained  
16 additional issues had we chosen to raise them. Because of the fear of rate case expense  
17 and the overall reasonableness of the PAA, we are not seeking the Commission to  
18 consider additional adjustments.

19 Rate Case Expense

20 Q. SHOULD THE COMPANY BE PERMITTED TO RECOVER RATE CASE  
21 EXPENSE FROM ITS CUSTOMERS?

22 A. No, it should not. John Lovelette indicates in his prefiled testimony that the Petitioners  
23 estimate legal rate case expense of \$60,000. In my opinion, this is an imprudent cost to  
24 incur in this specific situation. The Proposed Agency Action Order issued on December

25

1 10, 2002 was more than fair and reasonable to the utility. I have pointed out areas within  
2 this testimony in which the Commission could have adopted different adjustments that  
3 would have resulted in even lower utility rates. As also discussed throughout this  
4 testimony, the points upon which the Petitioners have disputed the PAA Order are  
5 without merit. The utility's customers should not be required to fund legal expenditures  
6 that appear to be driven by: (1) the utility owner's desire to avoid refunding the illegally  
7 over-collected rates to customers; and (2) the owner's apparent desire to not pay <sup>its</sup> ~~his~~ fair  
8 share of revenue requirements for the RV rental lots. Clearly the Petitions were not filed  
9 in the interests of the utility customers as a whole, but rather, based entirely on the  
10 interests of one individual. That individual should be required to pay his own legal fees  
11 for the unmerited petitions, not the captive utility customers.

12

13 Q. DOES THAT CONCLUDE YOUR TESTIMONY?

14 A. Yes, it does.

15

16

17

18

19

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24

25

1 MR. BURGESS: Thank you, Commissioner. And with that  
2 we would tender the witness for cross-examination.

3 COMMISSIONER DEASON: Mr. Friedman.

4 CROSS EXAMINATION

5 BY MR. FRIEDMAN:

6 Q Thank you. Is it your opinion or view that the  
7 foreclosure was not a legitimate foreclosure, and, therefore,  
8 it was not an arm's-length transaction?

9 A It is my opinion that the decision to foreclose on  
10 that was not made by an independent third-party and was not  
11 based on an arm's-length consideration.

12 Q If it were an arm's-length transaction, the  
13 foreclosure was an arm's-length consideration, as you put it,  
14 then would you agree that the company buying -- if somebody  
15 else bought that utility that they would not be strapped with  
16 any of the obligations of the party that was foreclosed on?

17 A I'm not sure what the legal precedent is, but there  
18 has to be some acknowledgment either at the time of the  
19 transfer case before the Commission or at some point in time  
20 that the customers are due this refund and have paid illegal  
21 rates for a number of years. I'm not sure if the Commission  
22 can take that up at the time of the -- to transfer ownership or  
23 when they could address that.

24 Q Well, I'm asking you. I mean, you are purporting to  
25 be an expert on some utility matters, and I'm asking you that



1 if that were an arm's-length foreclosure, would you expect that  
2 the purchasing entity or foreclosing entity would be  
3 responsible for making refunds or any other financial  
4 obligations of the party being foreclosed upon?

5 A Under the hypothetical which isn't true in this case,  
6 that that would be a third-party, I guess it would depend on  
7 how the original mortgage instruments were written up. I don't  
8 know.

9 Q Do you have any experience with utilities going  
10 through foreclosure in Florida?

11 A No, I don't.

12 Q Your Exhibit 4 under -- you list here the officers  
13 and the shareholders of all of these companies. Under Highvest  
14 conspicuously absent is a listing of the shareholder. Is there  
15 a reason for that?

16 A At the time I wasn't completely sure who the  
17 shareholder was, and now it is my understanding that Nancy  
18 Ayers is the sole shareholder of that corporation.

19 Q Thank you. And so you would like to correct your  
20 exhibit to state that fact?

21 A I don't think that the statement is incorrect. I  
22 don't identify a wrong person. I wouldn't oppose adding that  
23 to the exhibit, but the exhibit is not incorrect as it stands.

24 Q Even though every other officer and shareholder of  
25 all the other companies are listed and that one is not?

1 A That doesn't make the exhibit incorrect.

2 Q Not incorrect by omission?

3 A No, I never stated anywhere that this included all of  
4 the owners. I included all the information that I had  
5 knowledge of at that time, but that does not make this exhibit  
6 wrong. I don't identify an incorrect person as the owner.

7 Q Have you ever been the officer or director of a  
8 corporation?

9 A No, I have not.

10 Q So you don't have any firsthand view of what  
11 obligations an officer or director would have to the  
12 shareholders of a corporation, then, do you? You have no  
13 firsthand experience on that?

14 A Well, I'm a CPA, and I have been dealing with public  
15 utilities for almost 12 years now. And I do know that the  
16 directors and officers are responsible to the shareholders,  
17 yes.

18 Q And that is a fiduciary responsibility?

19 A Yes, it is.

20 Q Are you saying in your testimony that this  
21 foreclosure was somehow a ruse to get rid of the obligation of  
22 making this refund?

23 A It is my understanding from a review of everything I  
24 have seen in this case and the deposition transcripts conducted  
25 of Mr. Cozier, Mr. Lovelette, and Mrs. Lovelette, that this

1 utility which is effectively owned by Mr. Cozier, Woodlands,  
2 hasn't made regular payments on this mortgage in quite  
3 sometime.

4 The determination wasn't made to foreclose until, and  
5 I believe Mr. Cozier's deposition even indicated, some of those  
6 assets were at risk under a combination of the judgment, and he  
7 didn't specifically say the refund, but that would be another  
8 obligation of the corporation at that time.

9 Q So it is your understanding that that refund was an  
10 obligation of the corporation at the time they made the  
11 decision to foreclose on the assets of the Woodlands?

12 A It is an obligation of the utility, the existing  
13 utility and the Woodlands, a PC.

14 Q And they would have known about that at the time, and  
15 that was the reason that you think this transaction is somewhat  
16 less than kosher?

17 A At that time Staff was undergoing its audit, and the  
18 utility was aware that it had been collecting rates based on an  
19 increase that went into effect in 1998 that had not been  
20 approved by the Commission, and that was an issue that was  
21 being looked into by Staff. I'm not sure of the exact timing,  
22 if Staff had yet determined the amount of refund the company  
23 would be due, but they were fully aware back in February of  
24 2002 that amounts would be held subject to refund.

25 COMMISSIONER BRADLEY: Excuse me. Did I hear you say

1 the company would be due a refund?

2 THE WITNESS: If I said company, I misspoke. That  
3 the customers would be due a refund.

4 COMMISSIONER BRADLEY: Okay.

5 BY MR. FRIEDMAN:

6 Q Can you state for me the facts that you relied upon  
7 in concluding that the foreclosure was not an arm's-length  
8 transaction?

9 A There was the fact that the mortgage had been -- had  
10 not been paid regularly, so the timing was part of that. Mr.  
11 Cozier was president of Highvest Corporation and Mr. Lovelette  
12 was vice president. They were both responsible at the time for  
13 Woodlands of Lake Placid, L.P. I don't see how it is possible  
14 to conclude in any way that these are not related parties.

15 Q And what you have just told me are all the facts that  
16 you used in reaching your conclusion that it was not an  
17 arm's-length transaction, the ones you just articulated?

18 A My understanding of the ownership structure of those  
19 utilities -- my understanding of the ownership structure came  
20 through numerous documents. I obtained all of Staff's, the  
21 Commission Staff's responses to company data, to utility data  
22 requests, the company's responses to Staff's data requests, and  
23 I have very large stacks of all of Staff's workpapers used in  
24 this case. Those included ownership statements before the  
25 public -- let me get the name exact, just a moment. Included

1 in those documents would have been mortgage documents, the  
2 uniform business reports, copies of tax returns, corporate  
3 annual reports, along with additional information available on  
4 the Florida -- I believe Department of Business' website.

5 Q Okay. And are all of those things you just  
6 articulated related to the interrelationship of the officers  
7 and directors?

8 A Yes.

9 Q So other than the fact that the officers and  
10 directors are interrelated, and with some ownership in the  
11 Woodlands, those are the only facts you rely on in reaching the  
12 conclusion that it is not an arm's-length transaction?

13 A And the fact that these are not independent parties.  
14 They are clearly related parties, specifically under the  
15 definitions right within generally accepted accounting  
16 principles of related parties.

17 Q But you don't purport --

18 A In addition, Highvest, although Cozier is not the  
19 owner of Highvest, he is the president of Highvest, the  
20 director of Highvest, and Highvest has debt with another one of  
21 Cozier's corporations, Anbeth Corp, which is owned by Mr.  
22 Cozier and his wife, I believe Elizabeth Cozier. So while he  
23 is not the owner of Highvest, he has control over the  
24 decision-making processes in Highvest, and has a substantial  
25 stake in Highvest.

1 Q And what you have just told me are all the facts?

2 A Yes. And as I said, I relied on the corporate  
3 documents that show the ownership and the management of the  
4 entities, yes.

5 Q Let me clarify one thing in your prefiled. If you  
6 would look on Page 9 -- I'm sorry, that would be Page 8,  
7 Line 12. Do you see that? "The documents contained in  
8 response to the Staff's PODs 4 and 5 include," do you see that  
9 statement?

10 A Yes.

11 Q Does that mean that those documents were in responses  
12 that the company filed to the Staff's response to production of  
13 documents, or those were documents that the Staff responded to  
14 in response to the company's POD?

15 A Those are responses that Staff responded to in  
16 response to the company's PODs.

17 Q And in there you reference a particular note and  
18 mortgage?

19 A Uh-huh.

20 Q Entered into on June 14th?

21 A Uh-huh.

22 Q And is the fact that that note and mortgage was  
23 entered into in June and there was a foreclosure in July, is  
24 that another fact that you used in reaching the conclusion that  
25 it wasn't an arm's-length transaction?

1           A     Well, it shows that these dealings between Highvest  
2 and Mr. Cozier's companies are not arm's-length. This  
3 mortgage, I believe, was on that front office that was  
4 purchased by Camper Corral. And as we point out, Mr. Cozier is  
5 the sole owner of Camper Corral and that Camper Corral is one  
6 of the partners and owners of Woodlands, a P.C.

7                     And the fact that Highvest is willing to enter into a  
8 mortgage with Camper Corral on some new property when clearly  
9 the same owner, through Woodlands, has regularly not made  
10 mortgage payments, and here they are entering a month before  
11 they are foreclosing on property into another totally  
12 additional mortgage agreement with someone who has been in  
13 default for a number of months. This clearly demonstrates that  
14 Highvest is not an independent party.

15                    Additionally, an independent party, had Highvest been  
16 independent, it wouldn't turn around and four days after  
17 foreclosing on the Woodlands property, turn around four days  
18 later and essentially give a mortgage to the same individual to  
19 buy back that same property. Under an arms-lengths transaction  
20 that would not occur, you would not get a bank that would  
21 foreclose on a loan and four days later give a substantial  
22 additional loan to that same person.

23           Q     You have never seen that happen?

24           A     Not in my experience.

25                    COMMISSIONER DAVIDSON: Question here. Sorry,

1 Counsel. Taking the facts outside of this dispute and,  
2 hypothetically, if you were evaluating from an accounting  
3 standpoint, or for audit purposes these different entities,  
4 would they be treated as separate legal entities or as related  
5 and affiliated commonly controlled entities?

6 THE WITNESS: They would have to be treated as  
7 related parties under the accounting rules. And would have to  
8 if not consolidated, at a minimum be disclosed within the  
9 financial statements of the entities, all the transactions  
10 going back and forth between the entities.

11 COMMISSIONER DAVIDSON: If you could elaborate on  
12 that, what impact would that conclusion have on the work you  
13 would do as an auditor?

14 THE WITNESS: Well, you would have to give a lot more  
15 scrutiny to those actions to make sure that they are  
16 independent transactions and that they meet all the accounting  
17 rules for the treatment of the transactions. And then either,  
18 and I haven't done this analysis with this company, you would  
19 have to consolidate them in consolidated financial statements,  
20 or you would, at a minimum, have to disclose all of those  
21 transactions and the relationship between those parties.  
22 Because it is completely relevant to the users of those  
23 financial statements. In order to give the users of those  
24 financial statements all the information they need, this  
25 information would have to be disclosed.



1 BY MR. FRIEDMAN:

2 Q So in that particular paragraph of your prefiled  
3 testimony, you weren't saying that the loan given in June was  
4 the same loan that was foreclosed in July?

5 A I know this loan was foreclosed on, I'm not sure if  
6 it was foreclosed in July or soon thereafter. But, no, it is a  
7 different loan from the loan that was foreclosed on on  
8 Woodlands.

9 Q And you are saying you know for a fact that there was  
10 a foreclosure of the Camper Corral loan that is referenced  
11 here?

12 A I do know for a fact that Highvest now owns that  
13 property. And I'm trying to recall from the deposition -- I  
14 had thought that was also a foreclosure.

15 Q But you are not sure?

16 A But I can check that if you will give me a moment.  
17 (Pause).

18 Yes. In fact, in the April 23rd, 2003, deposition of  
19 Anthony Cozier, at Page 58, Lines 8 through 14, in the previous  
20 pages they discussed the purchase by Camper Corral of that  
21 front office building, and the ownership of that. Beginning at  
22 Line 8, the question was asked, "Okay. And that cash came from  
23 where?" And the response by Mr. Cozier was, "The cash came  
24 from a mortgage by Highvest Corporation on that property."

25 Then the questioner states, "Okay. And shortly

1 thereafter Highvest foreclosed on that mortgage?" And Mr.  
2 Cozier's response was, "Yes."

3 Q Now, on this imputed CIAC issue, you heard the  
4 testimony of Ms. Keller, did you not earlier today that she had  
5 not, in fact, paid her entire meter installation fee?

6 A Yes. She indicated she had paid half of it.

7 Q Your testimony doesn't take that into consideration  
8 that not all of it has been paid, does it?

9 A No. The Staff's rate base calculations would have  
10 included the rate -- the additions to plant in service for  
11 those meters and the contributions received for those meters.  
12 My testimony goes to the meters that staff added that are yet  
13 to be installed.

14 Q So yours doesn't go to the meters that are already  
15 installed?

16 A No. I didn't take issue with how Staff had  
17 calculated that in its recommendations.

18 Q And based on the changes that I saw that you made to  
19 your prefiled, you now agree that the office is not owned by  
20 the property owners association?

21 A I know they still have some concerns about that front  
22 office, but my understanding is it is currently owned by  
23 Highvest.

24 Q And has it been your experience -- let me ask you  
25 this. What is your experience in staff-assisted rate cases in

1 Florida? Have you ever been involved in any? There weren't  
2 any listed on your CV.

3 A I believe this is the first one I have done that has  
4 been -- involved a staff-assisted rate case.

5 Q Do you know whether it is typical in staff-assisted  
6 rate cases for the Commission to grant rent expense even when a  
7 utility hasn't had a rent expense in the test year?

8 A I don't know what their typical practice is. But if  
9 the utility has not paid any rent expense and still has not  
10 been charged any rent expense, then the ratepayer should not be  
11 responsible for paying an expense that doesn't exist.

12 Q Okay. The utility has an office, does it not, or has  
13 office space?

14 A Yes. It is my understanding that they conduct work  
15 out of the front office.

16 Q So it is your opinion that unless rent was actually  
17 paid in the test year, that none would be appropriate?

18 A It is my position that the utility has never paid  
19 rent for that space. They still have not to date. There is no  
20 rental agreement to date on that space, and it shouldn't be the  
21 responsibility of customers to pay expenses that do not exist  
22 that the utility does not incur. And during the test year in  
23 this case, they didn't pay any rent, and subsequent to date  
24 there have been no charges and they have not paid rent.

25 Q And so you think the customers should just get that

1 space for free?

2 A I don't think customers should have to pay amounts  
3 for which there is no real expense for it.

4 Q Isn't it typical in rate cases to make pro forma  
5 adjustments?

6 A Some pro forma adjustments are made, yes.

7 MR. FRIEDMAN: I don't have any more questions.

8 COMMISSIONER DAVIDSON: I have got one question. On  
9 the issue of imputing expenses, from an accounting standpoint,  
10 generally, if you can speak to this, when is it permissible to  
11 impute expenses, under what types of circumstances? And it  
12 doesn't have to be limited to a rate case, generally, I am just  
13 wondering when you would do an imputation as opposed -- let's  
14 say you don't have evidence of an actual exact expense, when  
15 might you impute?

16 THE WITNESS: Well, one example, although it is the  
17 opposite with revenue, in this case the rental lots have not  
18 paid any revenues, but yet Staff has imputed a revenue for  
19 those sites. That would be the opposite. And I have seen  
20 imputed expenses used in cases where it is a related party.  
21 For example, with a corporate office that allocates costs, if  
22 the allocation factors are determined to be inappropriate, the  
23 parties may impute or calculate separately a different expense  
24 level that would be more appropriate.

25 But I don't believe I have ever seen an instance

1 where a utility is not responsible to pay a cost whatsoever and  
2 then that expense is imputed anyway. I just haven't run into  
3 that in my experience.

4 COMMISSIONER DEASON: Staff, questions?

5 MR. HARRIS: May we have a moment?

6 COMMISSIONER DEASON: Sure.

7 (Off the record briefly.)

8 CROSS EXAMINATION

9 BY MR. HARRIS:

10 Q Ms. DeRonne, I just want a little bit of  
11 clarification about the pro forma adjustments. If the utility  
12 was presenting some type of a lease, or canceled checks, or  
13 something of that sort to show that they were paying office  
14 rent today, would that have any effect on your testimony today?

15 A If they had proven it in the record that they did, in  
16 fact, incur, or have begun to incur rental expenses, the  
17 circumstances since the test year had changed and they have, in  
18 fact, paid -- have a lease and are expected to pay, we would  
19 take that into consideration. That may be something I would  
20 agree would be appropriate.

21 MR. HARRIS: Great. Thank you.

22 THE WITNESS: You're welcome.

23 MR. HARRIS: That's all we have. Thank you.

24 COMMISSIONER DEASON: Commissioners? Redirect?

25 MR. BURGESS: No, Commissioner.

1 COMMISSIONER DEASON: Exhibits?

2 MR. BURGESS: I would move Hearing Exhibit 4 into the  
3 record.

4 COMMISSIONER DEASON: Without objection, show that  
5 Hearing Exhibit 4 is admitted.

6 Thank you, Ms. DeRonne.

7 THE WITNESS: Thank you.

8 (Hearing Exhibit 4 admitted into the record.)

9 MR. HARRIS: Staff, you may call your witness.

10 MS. FLEMING: William Troy Rendell.

11 - - - - -

12 WILLIAM TROY RENDELL

13 was called as a witness on behalf of the Staff of the Florida  
14 Public Service Commission and, having been duly sworn,  
15 testified as follows:

16 DIRECT EXAMINATION

17 BY MS. FLEMING:

18 Q Mr. Rendell, have you been sworn in?

19 A Yes, I have.

20 Q Mr. Rendell, please state your name and business  
21 address for the record?

22 A My name is Troy Rendell. I work at 2540 Shumard Oak  
23 Boulevard, Tallahassee, Florida 32399.

24 Q And in what capacity are you employed by the  
25 Commission?

1 A I am a public utility supervisor.

2 Q Have you prefiled direct testimony in this docket  
3 consisting of eight pages?

4 A Yes, I have.

5 Q Do you have any changes or corrections to your  
6 testimony?

7 A I have one minor revision. On Page 4, on Line 25, I  
8 would like to change the word -- where it says, "The building  
9 where the utility's office is located is owned by Camp  
10 Florida," I want to change that to "Was owned by Camp Florida,  
11 and is currently," and at the end of that sentence, on Page 5,  
12 Line 1, add "Is currently owned by Highvest."

13 Q Do you have any further changes?

14 COMMISSIONER BRADLEY: Excuse me. Where are you  
15 inserting that at Line 1?

16 THE WITNESS: At the end of that where it says  
17 Florida Property Owners Association.

18 MR. FRIEDMAN: What page are you on, Mr. Rendell?

19 THE WITNESS: Page 5, Line 1.

20 COMMISSIONER BRADLEY: Is owned by --

21 THE WITNESS: Is owned by Highvest.

22 BY MS. FLEMING:

23 Q Do you have any further corrections.

24 A No, I do not.

25 MS. FLEMING: Commissioner, may we have Mr. Rendell's

1 testimony inserted into the record as though read?

2 COMMISSIONER DEASON: Without objection the testimony  
3 shall be inserted into the record.

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## 1 DIRECT TESTIMONY OF WILLIAM TROY RENDELL

2 Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

3 A. My name is Troy Rendell, and my business address is 2540 Shumard Oak  
4 Boulevard, Tallahassee, Florida 32399.

5 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

6 A. I am employed by the Florida Public Service Commission as a Public  
7 Utilities Supervisor in the Staff Assisted Cases Section, Bureau of Rate  
8 Cases, Division of Economic Regulation.

9 Q. HOW LONG HAVE YOU BEEN EMPLOYED WITH THE COMMISSION?

10 A. Since November, 1987.

11 Q. WOULD YOU PLEASE GIVE A BRIEF DESCRIPTION OF YOUR EDUCATIONAL BACKGROUND  
12 AND PROFESSIONAL EXPERIENCE?13 A. I graduated from Gulf Coast Community College in 1985 with an Associate  
14 of Arts Degree in Business Administration. In 1987, I graduated from the  
15 Florida State University with a Bachelor of Science Degree in Finance.16 After graduation, I was employed as a comptroller for Port Panama City  
17 Marina, Inc. In November 1987, I began working for the Florida Public Service  
18 Commission as a Regulatory Analyst I in the Bureau of Gas Regulation, Division  
19 of Electric and Gas. In January, 1991, during a structural reorganization of  
20 the Commission, I joined the Division of Auditing and Financial Analysis in  
21 the Bureau of Accounting. In October, 1991, I transferred to the Division of  
22 Water and Wastewater as a Regulatory Analyst IV in the Bureau of Industry  
23 Structure and Policy Development. On March 1, 1994 I accepted my current  
24 position within the Bureau of Rate Filings in the Division of Economic  
25 Regulation.

1 Q. HAVE YOU HAD CAUSE TO TESTIFY IN OTHER DOCKETS BEFORE THE FLORIDA PUBLIC  
2 SERVICE COMMISSION?

3 A. Yes. I testified in Docket No. 930880-WS, (Investigation of SSU's Rate  
4 Structure). I have also filed direct testimony in Docket No. 980992-WS -  
5 Complaint by D.R. Horton Customer Homes, Inc. Against Southlake Utilities,  
6 Inc.; Docket No. 960329-WS, (Gulf Utility Company Rate Case); and Docket No.  
7 880002-EG, the Energy Conservation Cost Recovery (ECCR) docket.

8 Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES WITH THE COMMISSION?

9 A. I am responsible for supervising a professional technical staff who are  
10 involved in accounting, engineering, and rate aspects of formal rate increase  
11 applications, reverse make-whole proceedings, service availability, limited  
12 proceedings, and reuse applications. The primary responsibility of my section  
13 is in staff assisted rate cases, limited proceedings, and reuse dockets. My  
14 responsibilities also include preparing and presenting expert testimony  
15 concerning accounting and rate matters at formal hearings before the  
16 Commission, as well as advising and making recommendations to the  
17 Commissioners. I am also responsible for conducting research, generic  
18 investigations and recommending statutory and rule changes, and Commission  
19 policies on areas of my responsibility.

20 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

21 A. The purpose of my testimony is to provide information regarding the  
22 protested items in the staff assisted rate case of The Woodlands of Lake  
23 Placid, L.P. Specifically, I am addressing (1) the appropriate amount of  
24 imputed revenue for the Camp Florida Resort; (2) the appropriate amount of  
25 office rent; (3) whether the utility should be required to refund overearnings

1 | due to an unauthorized rate increase.

2 | Q. WAS YOUR SECTION DIRECTLY INVOLVED IN THE STAFF ASSISTED RATE CASE FOR  
3 | THE WOODLANDS?

4 | A. Yes. I directly supervised the staff members who worked on The  
5 | Woodland's staff assisted rate case.

6 | Q. COULD YOU EXPLAIN THE NECESSITY OF IMPUTING REVENUES FOR THE RENTAL LOTS  
7 | LOCATED IN THE CAMP FLORIDA RESORT?

8 | A. Yes. Camp Florida Resort, L.P. was owned by Camper Corral, Inc. during  
9 | the test year in this case. Camper Corral, Inc. was also the general partner  
10 | of The Woodlands of Lake Placid, L.P. According to Audit Exception No. 15 and  
11 | a utility letter dated August 5, 2002 from Mr. John Lovelette, Camp Florida  
12 | Resort, LP owns a total of 232 lots in Lake Placid Camp Florida Resort. The  
13 | utility provides water and wastewater service to both the rental lots, as well  
14 | as the lots that are privately owned by customers. According to the utility,  
15 | 70 of these rental lots are undeveloped and cannot be rented. Therefore,  
16 | based upon this representation, staff did not use these 70 lots in calculating  
17 | water and wastewater revenues. Since water and wastewater services are  
18 | provided to all of the lots located within the Camp Florida Resort, except for  
19 | the undeveloped lots, revenues should be imputed and recorded for the rental  
20 | lots.

21 | Q. WHAT ARE THE APPROPRIATE AMOUNT OF REVENUES THAT SHOULD BE IMPUTED AND  
22 | RECORDED FOR WATER AND WASTEWATER?

23 | A. The appropriate revenues that should be imputed and recorded is \$42,768  
24 | for water and \$25,272 for wastewater. This figure is derived by taking the  
25 | total RV lots in Camp Florida of 397, less the individually owned lots of 165

1 | lots and the 70 undeveloped lots which results in 162 rental lots. Then the  
2 | monthly water rate of \$22 and monthly wastewater rate of \$13 are applied to  
3 | these 162 rental lots.

4 | Q. DO YOU HAVE ANY OTHER DOCUMENTS WHICH INDICATE THAT THESE LOTS WERE  
5 | BEING RENTED DURING THE TEST YEAR?

6 | A. Yes, the utility provided rental data for the 12 month period ending  
7 | June, 2002. According to this data, Camp Coral Florida's busiest rental  
8 | season occurs during the months of January through March. For January, there  
9 | were 143 lots rented; for February, there were 156 lots rented; and for March,  
10 | there were 124 lots rented.

11 | Q. WHY SHOULD REVENUES BE IMPUTED FOR THE RENTAL LOTS?

12 | A. Essentially, Camp Florida Resort is a bulk water and wastewater customer  
13 | of the Woodlands of Lake Placid. This is an affiliated non-regulated company.  
14 | The water and wastewater service has been provided to this RV park since its  
15 | inception. If revenues are not imputed for this service, all of the other  
16 | water and wastewater customers, including the residential customers, would be  
17 | subsidizing the unregulated resort. Since Camp Florida Resort receives  
18 | compensation through rental fees of these lots, they should be billed and  
19 | reimburse the utility company for the water and wastewater services it  
20 | receives.

21 | Q. WHAT IS THE NEXT ISSUE YOU ARE ADDRESSING?

22 | A. I am addressing the appropriate amount of rent expense for the utility.

23 | Q. WHY DID STAFF RECOMMEND THAT THE UTILITY SHOULD NOT RECEIVE ANY OFFICE  
24 | RENT IN THIS RATE CASE?

25 | A. The building where the utility's office is located ~~is~~<sup>was</sup> owned by the Camp

*is currently owned by Highvest.*

1 Florida Property Owners Association<sup>1</sup> The association did not charge nor  
2 collect any rent from the utility during the test period. Further, according  
3 to the 2002 Proposed Budget of the Camp Florida Property Owners Association  
4 submitted by Mr. John Lovelette, president of the association, the individual  
5 lot owners pay a portion of the electric expense, water and wastewater  
6 expense, insurance expense, cleaning expense, and maintenance expense for the  
7 sales office. This is the office that the utility also occupies. Therefore,  
8 since the utility is not paying rent for this office space and all other  
9 expenses are being passed onto the lot owners, rent expense should not be  
10 recovered through water and wastewater service rates.

11 Q. CONCERNING THE ISSUE RELATED TO REFUNDS, HAS THE COMMISSION PREVIOUSLY  
12 ADDRESSED THE UNAUTHORIZED RATES?

13 A. Yes. Pursuant to order PSC-02-0250-PAA-WA, issued February 26, 2002,  
14 in Docket No. 990374-WS, the Commission granted Woodlands its water and  
15 wastewater certificates and allowed it to collect its current rates on a  
16 temporary basis. However, in that same order, the Commission required the  
17 utility to hold revenues subject to refund from the time of its unauthorized  
18 rate increase through the pendency of the staff assisted rate case.  
19 Therefore, the amount held subject to refund is \$6.29 per month for water and  
20 \$3.71 per month for wastewater. The Commission found that the utility would  
21 be required to make refunds to its customers if, in the staff assisted rate  
22 case, the utility was found to have exceeded its authorized rate of return for  
23 the interim collection period.

24 Q. WHAT IS THE PROPER METHODOLOGY TO DETERMINE WHETHER THE UTILITY SHOULD  
25 BE REQUIRED TO REFUND THESE UNAUTHORIZED RATES?

1 A. For this utility, the interim collection period is the time from the  
2 implementation of the unauthorized rate increase, January 1998, until the  
3 implementation of the Commission approved final rates. In this proceeding the  
4 test period for establishment of prospective rates was the average test year  
5 ended December 31, 2001, with pro forma adjustments for known and measurable  
6 changes in 2002. The utility has not made any major plant additions, nor has  
7 it had significant changes in its operating expenses or the number of  
8 customers since it implemented its unauthorized rate increase, in January  
9 1998. Additionally, the utility's prior years were unaudited and there were  
10 numerous adjustments made to the utility's test year balances. Based on the  
11 above, I believe the December 31, 2001, test year is representative of the  
12 prior years and should be used as a proxy for determining the utility's  
13 earnings during the interim collection period.

14 Therefore, to determine the interim revenue requirement, the final  
15 revenue requirement should be adjusted for items not representative of the  
16 period the unauthorized rates were in effect. Adjustments should make for pro  
17 forma plant, the related adjustments for accumulated depreciation and  
18 depreciation expense, and any prudent rate case expense from the calculation.

19 Q. IF IT IS DETERMINED THAT A REFUND IS REQUIRED, WHAT IS THE APPROPRIATE  
20 REFUND METHODOLOGY?

21 A. The unauthorized rate increase was only collected from the 150  
22 residential lot owners within the Camp Florida Park, as well as the 33  
23 residential customers outside the park. Therefore, any refunds should only  
24 be paid to the actual residential customers who paid the unauthorized increase  
25 in rates.

1 Q. IS THERE ANYTHING FURTHER YOU WOULD LIKE TO ADDRESS IN YOUR TESTIMONY?

2 A. Yes. In the direct testimony of company's witness John Lovelette, he  
3 indicates that the owner of the RV lots has advised the utility that it will  
4 physically disconnect these rental lots from the water and wastewater system.  
5 If this disconnect occurs, it will effect several other issues contained  
6 within the calculated revenue requirement and the resulting rates.

7 Q. COULD YOU EXPLAIN FURTHER?

8 A. Yes. These rental lots have been receiving water and wastewater service  
9 as part of the RV park's rental services and included as part of the rental  
10 amount charged. This information is readily available on the Camp Florida  
11 Resort's website at [www.campfla.com](http://www.campfla.com). These lots were included in several  
12 aspects of the revenue requirement calculation. These include the calculation  
13 of used and useful, the inclusion of water meters in the proforma plant  
14 allowance, the imputation of revenues, the meter reading expense, the billing  
15 expense, and the inclusion of ERCs and gallons in the rate calculation. If  
16 the reduction in consumption could be quantified, it could also possibly  
17 affect purchased power expense and chemical expense as well. If these rental  
18 lots are subsequently disconnected from the water and wastewater service  
19 immediately after the decision in this rate case, these calculations should  
20 be revisited.

21 Q. DOES THIS EFFECT THE REFUND CALCULATION?

22 A. No. To determine if a refund of unauthorized rates is appropriate,  
23 staff must calculate the revenues and revenue requirement for the past periods  
24 when these rates were charged. These rental lots received water and  
25 wastewater service as part of the RV parks services, and were included in the

1 | lot rent charged. Therefore, these revenues must be imputed as I have  
2 | discussed previously in my testimony.

3 | Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 | A. Yes.

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1 BY MS. FLEMING:

2 Q Mr. Rendell, did you file any exhibits with your  
3 prefiled testimony?

4 A No, I did not.

5 Q Mr. Rendell, could you briefly summarize your  
6 testimony?

7 A Yes, I can provide a brief summary. I provided  
8 prefiled testimony on several issues. The first issue was the  
9 imputation of revenue for the rental lots at Camp Florida.  
10 That subsequently has been withdrawn by the utility at the  
11 prehearing, so that no longer is an issue. I also provided  
12 testimony on the appropriate office rent for Woodlands Utility  
13 as well as whether the utility should be required to refund  
14 overearnings. Also in that overearnings amount I also provided  
15 testimony as to the appropriate methodology to calculate that  
16 refund. And that concludes my summary.

17 MS. FLEMING: Thank you, Mr. Rendell.

18 I now tender the witness for cross-exam.

19 COMMISSIONER DEASON: Mr. Burgess.

20 MR. BURGESS: We have no questions.

21 COMMISSIONER DEASON: Mr. Friedman.

22 MR. FRIEDMAN: I do have a couple. Thank you.

23 CROSS EXAMINATION

24 BY MR. FRIEDMAN:

25 Q Mr. Rendell, is it still your position and opinion

1 that this utility is not entitled to any rental expense?

2 A Based on my testimony and the facts that were  
3 examined throughout the rate case, it is still my testimony  
4 that they are not entitled to a rent expense.

5 Q And what specifically is the reason why they are not?

6 A Based on the information that was obtained subsequent  
7 to the customer meeting, it was indicated that the association  
8 owned the building and that no rent was being paid to the  
9 association for rental. Also there were other expenses that  
10 were being passed on to the customers, those being some of the  
11 electrical expenses, maintenance, I believe there is some  
12 groundkeeping for that rental office. So I believe that there  
13 was adequate information that there were other expenses being  
14 passed on through that property association.

15 Q And now you understand that not to be the current  
16 fact?

17 A That is correct. And at the time of the audit, the  
18 auditors did look at an allocation, because they also were  
19 under the assumption at the time that it was owned by Highvest.  
20 And we went down to the customer meeting with a rent expense in  
21 the Staff report. The Staff report is compiled by Staff in  
22 order to go down and conduct a customer meeting in the area to  
23 get comment and feedback from customers. And we did include a  
24 rent expense at that time.

25 It was subsequent to that customer meeting that we

1 obtained information that it was not owned by Highvest. So if  
2 there was an appropriate amount of rent expense that was  
3 determined to be allowed, I can fully support the audit amount  
4 which is included in Ms. Welch's audit report. And that was  
5 based on the auditor's assessment of rental fees in the area  
6 from two real estate agents. And they took an average per  
7 square footage and allocated an amount based on the square  
8 footage for that one utility office. And it is included in the  
9 audit.

10 Q Do you remember what amount that you had recommended  
11 to be a rent expense when you took it down, as you say, to the  
12 customer meeting?

13 A Yes, I do. One moment. Based on the audit, and I  
14 believe this is in Exhibit Number 1 that has been identified  
15 today, there is an amount that was allocated of \$573.89 for  
16 water, and \$479.12 for wastewater. And that was based on  
17 rental spaces in the area from two rental agencies, or two real  
18 estate agencies.

19 Q And you subsequently changed your mind based upon  
20 your understanding that the building was owned by the  
21 association?

22 A That is correct.

23 Q And so when that understanding, when you learned that  
24 understanding was incorrect, why didn't you go back to your  
25 original position that they were entitled to rental expense?

1           A     I just found out today. That was the first time I  
2 have heard the building was not owned by the association was  
3 this morning in testimony.

4           Q     You didn't read any of the depositions that were  
5 taken?

6           A     I glanced over them, but I do not remember it being  
7 in the depositions.

8           Q     And isn't it common Commission practice in staff --  
9 you are involved in almost all the staff-assisted rate cases,  
10 are you not?

11          A     That is correct. I supervise a section that deals  
12 with staff-assisted rate cases.

13          Q     And is it not correct that it is not uncommon to  
14 grant rent expense even when none was paid in the test year?

15          A     That is correct. There are many expenses we have to  
16 look at in staff-assisted rate cases that may not have been  
17 booked in a test year, and that was one of the reasons we  
18 originally had recommended in the Staff report preliminarily a  
19 rent expense. We have to look at each individual case on its  
20 own merits and look at a reasonable amount. So it is very  
21 common to allow expenses that were not booked.

22          Q     Do you recall the Breeze Hill Utilities  
23 staff-assisted rate case?

24          A     Yes, I do.

25          Q     Do you recall whether the utility had any rent in

1 that account during the test year?

2 A They did not, and we recommended an amount of \$100  
3 per month.

4 Q And do you know what that \$100 a month, what that  
5 space -- do you recall what that space encompassed?

6 A I believe it was a room or an office in one of the  
7 employee's mobile homes, which was subsequently, I believe,  
8 sold to the owner of the utility.

9 Q So in that case, correct me if I'm wrong, the  
10 Commission granted \$100 a month for a room in somebody's mobile  
11 home as reasonable rent?

12 A That is correct.

13 Q And in this case you are not, the rent doesn't even  
14 come out to 100 a month, does it?

15 A Because it is based on an allocation from a parent  
16 corporation or an affiliated corporation, which is Highvest, by  
17 the auditor, and it is based on the allocation of the square  
18 footage. That is also common in rate cases.

19 Q All right. Were you involved in the Pinecrest Ranch  
20 rate case?

21 A Yes, I was.

22 Q In that case do you recall whether any rent was  
23 included in the --

24 A I don't recall. I don't recall.

25 Q Let me see if I can refresh your memory on this. In

1 that particular case, do you recall that the space was shared  
2 by three companies, one of which was the utility?

3 A I don't recall.

4 Q If you don't recall, you don't recall. Do you recall  
5 the Keen Sales and Rental, the Sunrise Water Company part of  
6 their system?

7 A Yes, I do.

8 Q Do you remember what rate, what monthly rent you gave  
9 them?

10 A I don't remember.

11 Q Would \$900 a month refresh your memory?

12 A I would have to look at the order.

13 Q Do you recall on any of those three I just mentioned  
14 the relative size of those utilities versus L.P. Utilities?

15 A I would have to look at the order.

16 Q Now, in your testimony you referenced that on the  
17 issue of the revenue from the RV park, and with regard to the  
18 statement from the -- not RV park, I apologize, from the RV  
19 lots, rental lots, that the RV rental lot owner was going to  
20 cease collecting -- getting wastewater and water service. And  
21 in response to that you said that if they do, then it would  
22 affect, would affect other things such as used and usefulness?

23 A That is correct. It would affect numerous items  
24 which I expressed on Page 7 of my testimony.

25 Q You are familiar with the PSC's rule on used and

1 useful, are you not?

2 A That is correct.

3 Q And isn't it true that that rule includes a provision  
4 that when making a used and useful determination that you have  
5 to consider whether the flows decreased due to a reduction in  
6 the number of customers?

7 A That is correct.

8 Q So doesn't that mean that if a utility prudently  
9 designed and built its facilities for its customer base and one  
10 of its customers went away, that the utility is not penalized  
11 for that?

12 A That would be one fact that would have to be  
13 considered in the used and useful calculation.

14 Q So the used and useful calculation in a situation  
15 like that wouldn't be a pure mathematical calculation?

16 A There would be other considerations that would have  
17 to go into the determination of how to calculate it, but that  
18 could be one that could be determined.

19 Q And wouldn't you agree that you wouldn't penalize a  
20 utility for that situation?

21 A It would depend on the unique circumstances. I  
22 believe that you would not penalize a company that actually  
23 goes out and participates in a conservation program to get the  
24 utilities to conserve water. And, therefore, if you found in a  
25 previous order that a used and useful percentage was higher

1 than a calculation in a current order, and it has already been  
2 established by the Commission, and the company actually went  
3 out and went and got a conservation program to get customers to  
4 conserve, that is one fact that should be considered.

5 Q That is a whole another -- that rule set uses that  
6 fact separate and apart from the reduction in customers fact,  
7 though, does it not? Those are two different criteria in that  
8 rule, are they not, in evaluating used and useful? Those are  
9 not the same thing.

10 MS. FLEMING: Commissioner, objection. I want to  
11 know what the relevance of this is, because this is beyond Mr.  
12 Rendell's direct testimony.

13 MR. FRIEDMAN: No, he talked about used and useful.

14 COMMISSIONER DEASON: Just a second.

15 MR. FRIEDMAN: I apologize.

16 COMMISSIONER DEASON: There is an objection, Mr.  
17 Friedman. You may now respond.

18 MR. FRIEDMAN: You're correct. I'm overruled.

19 Your Honor, this witness testified that if you made  
20 the adjustment that we requested, which is that no revenue be  
21 imputed for these lots, since the RV rental lots are not going  
22 to be using water and sewer anymore, Mr. Rendell makes the  
23 comment in his prefiled testimony that that affects used and  
24 useful percentages. And I'm exploring that with him. That, in  
25 fact, his rule would not necessarily mean that it would affect



1 the used and useful.

2 COMMISSIONER DEASON: I will allow the question. You  
3 may continue.

4 A Without having the rule in front of me, I think it is  
5 one of the items we would have to look at in determining the  
6 used and useful. We would also have to look at since there  
7 would be a significant amount of customers that would go off  
8 line, it is just one item that we would have to look at. I  
9 don't -- I did not provide any testimony of what that used and  
10 useful may be, and what we would look at. I basically said it  
11 would have to be looked at and possibly recalculated.

12 Q But not necessarily recalculated?

13 A I believe I stated beginning on Line 19 and 20 that  
14 these calculations should be revisited. I did not indicate  
15 that they would be recalculated, I just said revisited and  
16 reconsidered.

17 MR. FRIEDMAN: That's all. Thank you.

18 COMMISSIONER DEASON: Redirect.

19 REDIRECT EXAMINATION

20 BY MS. FLEMING:

21 Q Just a couple of questions, Mr. Rendell. Did the  
22 utility provide you any information as to the ownership of the  
23 office building prior to this hearing?

24 A No, they did not.

25 Q Would your testimony be any different if the utility

1 could provide proof that it is paying rent today?

2 A Possibly. We would look at the reasonableness of it.  
3 And as I stated earlier, if there was an amount that was  
4 determined should be allowed, I can support the audit, and the  
5 Exhibit Number 1, and the amount that was included in that  
6 audit.

7 Q Okay. Mr. Rendell, based on the evidence that we  
8 heard earlier that Highvest is not paying L.P. for water,  
9 should Highvest collect rent from L.P.?

10 A That is a very good question. It may not be  
11 appropriate to collect rent if they are not paying the revenue  
12 for the water and wastewater service, or maybe you could reduce  
13 it by an amount.

14 MS. FLEMING: Thank you. I have no further  
15 questions.

16 COMMISSIONER DEASON: Commissioner Davidson.

17 COMMISSIONER DAVIDSON: Thank you, Chairman.

18 Mr. Rendell, in your opinion as a supervisor over  
19 staff-assisted rate cases, would the reasonableness of  
20 allocating a rent payment be impacted by either the fact --  
21 assuming the fact is established that the rent is basically  
22 paid from one commonly controlled party to another commonly  
23 controlled party, fact one, assuming it is proven; and, fact  
24 two, would the reasonableness of imputing rent be impacted by  
25 the fact that any rent payment established occurred sort of

1 after the audit, after Staff recommendation, near the close of  
2 the hearing?

3 THE WITNESS: When we went to -- when we filed the  
4 recommendation which it was deferred off several agendas at the  
5 request of the utility, we were relying on the facts as we  
6 examined them during the test year and during the analysis of  
7 this rate case. One of those facts was that the building was  
8 not owned by Highvest as originally thought by the auditors,  
9 and was owned by the association. The association being the  
10 lot owners as well as the rental lot owners, and they were  
11 paying the service rates. And it was brought up by several  
12 customers at the customer meeting, and they provided numerous  
13 documents which showed that they did not pay a rent amount. A  
14 rent was never included, and there were other expenses being  
15 allocated to them through their monthly fees to the  
16 association.

17 I believe this foreclosure or the sale, subsequent  
18 sale to Highvest from the association occurred after we had  
19 already scheduled this item, scheduled agenda several times,  
20 which subsequently was deferred. So I believe that is my basis  
21 of still testifying that a rent amount of zero should be  
22 allowed. Because it was based on all the facts that were given  
23 to staff during the audit and the analysis of this case.

24 We worked very closely with utilities through  
25 staff-assisted rate cases, that is the way it was intended to

1 be by the legislature, and we have to rely on documents and  
2 information given to the utility, which the ultimate burden of  
3 proof is on, and so we were relying on the information that was  
4 given to us by the utility. And, you know, it was only today  
5 that I found out that it was subsequently sold.

6 COMMISSIONER DAVIDSON: One follow-up, Mr. Chairman.  
7 Mr. Rendell, can you recall any staff-assisted rate  
8 cases where a rent expense was not allocated?

9 THE WITNESS: Subject to check, I believe there may  
10 have been a couple. I don't have references in front of me,  
11 but I could say subject to check I believe there would be some  
12 where there is no rent.

13 COMMISSIONER DAVIDSON: One final follow-up. In your  
14 opinion as supervisor of staff-assisted rate cases, do you  
15 believe that it would be a proper exercise of discretion to not  
16 allocate a rent expense?

17 THE WITNESS: Yes, I do.

18 COMMISSIONER DAVIDSON: Thank you.

19 COMMISSIONER DEASON: Any further redirect?

20 MS. FLEMING: No, sir.

21 MR. FRIEDMAN: Do we get recross based upon the  
22 questions that Commissioner Davidson asked?

23 COMMISSIONER DEASON: I will allow you that ability.

24 MR. FRIEDMAN: There are only two, and they are  
25 specifically related to that.

## REXCROSS EXAMINATION

1  
2 BY MR. FRIEDMAN:

3 Q I don't think you answered the second part of  
4 Commissioner Davidson's question which was whether the Staff  
5 recognizes rent or gives a rent expense when the rent is to a  
6 related party. And that is a pretty common practice, is it  
7 not?

8 A Yes, it is.

9 Q Hasn't the utility taken the position consistently  
10 that it did own that building?

11 A I cannot verify that.

12 COMMISSIONER DEASON: And we have no exhibits for  
13 this witness, correct?

14 MS. FLEMING: No.

15 COMMISSIONER DEASON: Thank you, Mr. Rendell, you're  
16 excused.

17 And just so we are clear, this would be the point  
18 where the testimony of Kathy Welch would be inserted into the  
19 record, is that correct?

20 MR. HARRIS: That is correct.

21 COMMISSIONER DEASON: Okay. And we can now proceed  
22 into the direct adverse phase of the hearing. Before we do  
23 that, let's take a short recess. Ten minutes.

24 (Exhibit 1 marked for identification and admitted  
25 into the record.)

(Recess.)

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## DIRECT TESTIMONY OF KATHY L. WELCH

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Q. Please state your name and business address.

A. My name is Kathy L. Welch and my business address is 3625 N.W. 82nd Ave., Suite 400, Miami, Florida, 33166.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission as a Public Utilities Supervisor in the Division of Auditing and Safety.

Q. How long have you been employed by the Commission?

A. I have been employed by the Florida Public Service Commission since June, 1979.

Q. Briefly review your educational and professional background.

A. I have a Bachelor of Business Administration degree with a major in accounting from Florida Atlantic University and a Masters of Adult Education and Human Resource Development from Florida International University. I have a Certified Public Manager certificate from Florida State University. I am also a Certified Public Accountant licensed in the State of Florida and I am a member of the American and Florida Institutes of Certified Public Accountants. I was hired as a Public Utilities Analyst I by the Florida Public Service Commission in June of 1979. I was promoted to Public Utilities Supervisor on June 1, 2001.

Q. Please describe your current responsibilities.

A. Currently, I am a Public Utilities Supervisor with the responsibilities of administering the District Office and reviewing work load and allocating resources to complete field work and issue audit reports when due. I also

1 supervise, plan, and conduct utility audits of manual and automated accounting  
2 systems for historical and forecasted financial statements and exhibits.

3 Q. Have you presented expert testimony before this Commission or any other  
4 regulatory agency?

5 A. Yes. I testified in the following cases before this Commission: Tamiami  
6 Village Utility, Inc. rate case, Docket No. 910560-WS; Tamiami Village  
7 Utility, Inc. transfer to North Fort Myers, Docket No. 940963-SU; General  
8 Development Utilities, Inc. rate case, Docket No. 911030-WS; Transcall  
9 America, Inc. complaint, Docket No. 951232-TI, Econ Utilities Corporation  
10 transfer to Wedgefield Utilities, Inc., Docket No. 960235-WS, Gulf Utility  
11 Company rate case, Docket No. 960329-WS, and the Fuel and Purchased Power cost  
12 recovery clause case, Docket No. 010001-EI.

13 Q. What is the purpose of your testimony today?

14 A. The purpose of my testimony is to sponsor the staff audit report of The  
15 Woodlands of Lake Placid, L.P. (Woodlands, or utility), Docket No. 020010-WS.  
16 The audit report is filed with my testimony and is identified as K LW-1.

17 Q. Was this audit report prepared by you or under your supervision?

18 A. Yes, I supervised and participated in the work performed in this audit.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

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1 was called as an adverse witness on behalf of the Florida  
2 Public Service Commission Staff and, having been duly sworn,  
3 testified as follows:

4 DIRECT EXAMINATION

5 BY MR. HARRIS:

6 Q May it please the Commission.

7 Mr. Cozier, you have been sworn today already, is  
8 that correct?

9 A Yes.

10 Q Could you state your name and address, please?

11 A Ronald Anthony Cozier, 241 Shoreline Drive, Lake  
12 Placid, Florida.

13 Q And, Mr. Cozier, it is my understanding that you are  
14 an officer or director of Highvest Corporation, is that  
15 correct?

16 A That is correct.

17 Q But you are not a shareholder of that corporation, is  
18 that correct?

19 A No, I'm not.

20 Q And you are an officer or director of the Woodlands  
21 of Lake Placid, is that correct?

22 A Yes.

23 Q And you are also a partner in that, is that correct?

24 A Yes.

25 Q And you are an officer or director of L.P. Utilities,

1 Incorporated, is that correct?

2 A Correct.

3 Q Are you an owner of L.P. Utilities, Incorporated?

4 A I think that one of my corporations is the owner.

5 Q Specifically that would be Anbeth Corporation,

6 correct?

7 A Correct.

8 Q And you are an owner of Anbeth Corporation, is that

9 correct?

10 A I think myself and my wife 50/50. But she may take  
11 the other 50, I don't know.

12 Q And you were an officer or director of Camper Corral,  
13 is that correct?

14 A Yes, sir.

15 Q And you are also the sole owner of Camper Corral, is  
16 that correct?

17 A Yes.

18 Q Do you receive any compensation of any type, either  
19 salary, or bonuses, or income distributions as an officer or  
20 director of any of the five corporations I have mentioned,  
21 Highvest, L.P., Woodlands, Anbeth or Camper Corral?

22 A Yes, I get compensation from Highvest.

23 Q Is that in the form of a salary, or a bonus, or a  
24 percentage; how is that paid?

25 A Salary.

1 Q A salary. And that is in your role as an officer of  
2 Highvest, is that correct?

3 A Yes.

4 Q Does your spouse receive any income of any type,  
5 either salary, or bonuses, or profit distributions from any of  
6 those five corporations?

7 A I believe she gets something from Anbeth. She used  
8 to get from Camper Corral, but doesn't any more.

9 Q With regard to Highvest Corporation, do you receive  
10 any type of fees as a consultant, or an independent contractor,  
11 or anything?

12 A No.

13 Q Do you consider yourself or are you legally a  
14 creditor of any of those five corporations?

15 A Yes. They owe me money, yes.

16 Q No. Do you receive interest from those corporations,  
17 then, as a creditor?

18 A No.

19 Q Do you receive any type of property or monetary  
20 distributions in your role as a creditor of those corporations?

21 A Not to my knowledge, no.

22 Q There was a substantial amount of testimony earlier  
23 today from Mr. Lovelette about the different corporations, and  
24 I don't intend to revisit that at any length, but would it be a  
25 fair characterization to say that with respect to Highvest, and

1 L.P. Utilities, and the Woodlands of Lake Placid, you are  
2 basically the ultimate decision-maker?

3 A I am the ultimate what, sir?

4 Q The ultimate decision-maker.

5 A Yes.

6 Q And there was some discussion about a decision that  
7 Highvest Corporation would foreclose its interest in the  
8 Woodlands of Lake Placid. Do you recall that discussion?

9 A Yes.

10 Q Would it be fair to say that it was your decision for  
11 Highvest Corporation to foreclose on the Woodlands of Lake  
12 Placid?

13 A Well, finally it was my decision, but it was in  
14 consultation with the other board members and our attorney.

15 Q Can you explain to me why you or the board that made  
16 the decision to foreclose Highvest's interest in the Woodlands  
17 of Lake Placid, when it was made last year, about the time it  
18 was made?

19 A Yes, I can explain that. Highvest Corporation had  
20 taken over the mortgage from a trust corporation out of  
21 Indianapolis when Woodlands was unable to meet the  
22 requirements, financial requirements of that mortgage.  
23 Woodlands made periodic payments on their mortgage, but it was  
24 very much in arrears.

25 Now, through that period it was not in the interest

1 of Highvest Corporation to foreclose on the mortgage. However,  
2 when our security was threatened by a judgment, and I know in  
3 my banking career of many years, one of the first things that  
4 we would do as a banker is to foreclose a mortgage if either  
5 that mortgage was threatened by judgments or by unpaid taxes.  
6 And so that prompted our decision when there was a judgment to  
7 call the mortgage in and foreclose on it.

8 Q And why was it not in Highvest's corporate interest  
9 to foreclose on the Woodlands -- you mentioned it wasn't in  
10 their interest to foreclose, why is that?

11 A Well, mostly the mortgage covered land, acreage to be  
12 developed, and we were hoping that at some period Woodlands  
13 would get the permission to develop. And, secondly, Highvest  
14 had no desire to run a utilities company.

15 Q You mentioned there were periodic payments made from  
16 Woodlands to Highvest. Could you give me an idea of what you  
17 mean by periodic?

18 A Well, I couldn't tell you offhand what dates and when  
19 they were. All I know is that they were in arrears in their  
20 mortgage and they had not met the requirements of the mortgage  
21 as per the mortgage agreement.

22 Q So you don't have any precise information on how many  
23 payments or with what frequency the Woodlands made payments to  
24 Highvest?

25 A No, I couldn't tell you that offhand. I deal with a

1 number of different corporations and different mortgages. I  
2 can't tell you exactly which one is in arrears at what time.

3 Q Would it be a fair characterization to say that --  
4 let me withdraw that question for the moment.

5 Mr. Cozier, I would like to ask you to explain to me  
6 what difference you see, if any, in the corporate structure of  
7 the Woodlands of Lake Placid and L.P. Utility Corporation  
8 today?

9 A What difference?

10 Q What difference.

11 A Well, I don't know, I have heard a lot of things  
12 about corporations, and because one owner has different  
13 corporations, it sounds to me like it is some kind of criminal  
14 activity. And I believe that this is the essence of corporate  
15 structures in the United States, that many companies have  
16 different entities for different purposes.

17 Now Woodlands was in arrears, their security was  
18 threatened, and we exercised our right to foreclose. And we  
19 did this according to law. We had legal opinion. We went  
20 through the proper channels. There was nothing underhanded or  
21 disguised, it was public knowledge. Now, Highvest has no  
22 interest in running a utility company. And, therefore, to  
23 continue it, a corporation was formed in order to ensure the  
24 continuance of that utility company.

25 Q Is it true that you will be the ultimate

1 decision-maker for L.P. Utilities Corporation?

2 A Well, ultimately all decisions have to come back in  
3 my lap. I mean, it is like running the country. You know, you  
4 have got Senates and Houses and everything else, but ultimately  
5 when you are going to go to war it is the president that has to  
6 press the button, and he has got to take the responsibility.  
7 And that happens in corporations. And I am quite prepared to  
8 take that responsibility when it is necessary to do so.

9 Q Would it be a fair characterization of your testimony  
10 today that you believe the fact that the Woodlands of Lake  
11 Placid L.P. was a different corporate entity than the L.P.  
12 Utilities, Incorporated, means that L.P. has no liability for  
13 any refunds to the customers?

14 A Well, I don't even think Woodlands has any  
15 responsibility. And when we foreclosed on it, Woodlands had no  
16 responsibility. We were not made aware of any responsibility  
17 to refund money to anybody.

18 Q You don't believe the Woodlands of Lake Placid owed  
19 any refunds to anybody?

20 A No, I don't, sir. I think they got a -- they were  
21 charged a reasonable fee. They got good service throughout all  
22 the years. Now, we were not aware that there was anything like  
23 a public utility commission that was responsible for what we  
24 were doing. We thought we were just running -- we took it  
25 over, we were running a little utility there for the benefit of



1 the people who lived there and they were charged a reasonable  
2 fee. And I know that the costs were far more than the \$35 they  
3 were charged, and we had to foot the bill, that difference out  
4 of our pocket.

5 Q Why were you willing to do that?

6 A Why? Because we had a responsibility to those  
7 people. They came there, they need water, they need sewer, you  
8 can't just say, well, we are going to walk away from it. I  
9 have 200-and-something more lots to sell in there, what am I  
10 going to tell the people who want to buy those lots? We don't  
11 know if you are going to get water and sewer? No. We have got  
12 to be able to say to these people, look, we are standing behind  
13 this obligation.

14 Q Of your own personal knowledge, do you know why  
15 Highvest Corporation has not paid L.P. Utilities for water  
16 service rendered for the past two quarters?

17 A Okay. Highvest Corporation foreclosed on those lots.  
18 L.P. Utilities was formed. We agreed, and we told the -- we  
19 wrote the utility company that we had no intention of  
20 continuing to use the water and sewer after a certain period.  
21 During that period, Mrs. Colley was appointed to take care of  
22 the utility's accountability. Up to now I have not seen  
23 anything, I don't even know what they are paying and what they  
24 are not paying. But we talked about the water and we talked  
25 about the mortgage.

1           And I said to them, well, speak with Mrs. Colley. I  
2 told Mrs. Lovelette, who handles that, I said get with Mrs.  
3 Colley, make whatever journal entries needed to be made or  
4 switch checks, swap checks with each other. If Highvest owes  
5 the utilities money, fine. If the utilities owes a mortgage to  
6 Highvest, swap your checks, make a journal entry, discuss that  
7 with them.

8           Q     My understanding is Ms. Teresa Lovelette was the  
9 person who paid the bills for Woodlands, is that correct?

10          A     Yes, she writes all the checks.

11          Q     And now you have mentioned a different person for  
12 L.P. Utilities, a Mrs. Colley, is that correct?

13          A     Yes.

14          Q     How is that spelled, do you know?

15          A     I think it is C-O-L-L-E-Y. I don't think it is like  
16 the dog thing, I think it is E-Y.

17          Q     Did you make the decision to hire Mrs. Colley?

18          A     I agreed with the decision that was made. John  
19 Lovelette really talked to Mrs. Colley about handling the  
20 utilities, because she apparently also handles the books of the  
21 association. And I said that would be perfectly in order with  
22 me, because Terri was already overworked with the other  
23 corporations, and I didn't think adding another one was kosher.

24                 So I told them, I said, fine, let Mrs. Colley do it,  
25 collect, do whatever needs to be done, set up the escrow

1 accounts, and pay your bills. I said, now -- and as I said, up  
2 until right now this moment, I have not over these months,  
3 however many months they are, I have not seen any  
4 accountability from Mrs. Colley personally with regard to L.P.  
5 Utilities.

6 Q Is that your usual business practice to go months  
7 without seeing any accounting from your corporations?

8 A No, it is not. But, you know, I had trust in what  
9 she was doing. I mean, I didn't have any reason to have any  
10 fear about what was happening. And I just told John, go ahead,  
11 set it up and pay your bills.

12 Q Have you had a prior working relationship with Mrs.  
13 Colley?

14 A No.

15 Q Have you ever met Mrs. Colley?

16 A I don't think I ever did, no.

17 Q So would it be a fair thing to say then that you  
18 entrusted the operation of a utility to someone who you have  
19 never met and you have no prior working knowledge with?

20 MR. FRIEDMAN: I object to the articulation of that  
21 question because that is not what the witness testified. He  
22 did not -- he used the word operation, and Mr. Cozier has been  
23 talking about bookkeeping. And I don't think that Mr. Harris'  
24 articulation of the question accurately reflected what Mr.  
25 Cozier testified to.

1           COMMISSIONER DEASON: Mr. Harris, rephrase your  
2 question.

3           MR. HARRIS: I will be happy to rephrase it.

4 BY MR. HARRIS:

5           Q     So, Mr. Cozier, would it be a fair characterization  
6 to say that you have entrusted the bookkeeping of L.P.  
7 Utilities to a person who you have, perhaps, not met and no  
8 working relationship with?

9           A     Yes. Because, as I said, Mrs. Colley has been doing  
10 the books of the property owners association for many, many  
11 years. And she was a chartered accountant, and I believe that  
12 I should accept people at face value and not judge them. She  
13 is a professional person, and I give her the right to be a  
14 professional person. Quite frankly, she can't do anything,  
15 there isn't no money to run away with. So what's the big deal.

16          Q     I wanted to ask you just one or two questions, and it  
17 is an area I'm not quite clear on.

18          A     Yes.

19          Q     Do you have any personal knowledge of why Ms. Nancy  
20 Ayers chose to invest a significant amount of money in Highvest  
21 Corporation and the Woodlands of Lake Placid and any of the  
22 other corporations that you are an officer or director of?

23          A     Well, people invest in corporations because they  
24 think that it is a good investment. I think she has  
25 investments in many corporations. But Highvest Corporation was

1 incorporated, I think, sometime in 1989 to buy -- take into  
2 account real estate that I had -- she had in Highlands County  
3 and in Florida, and I was chosen to be the president of that  
4 corporation.

5 Q Who made that chose?

6 A Well, she did, I suppose, in consultation with her  
7 attorneys up there, and a brother whom I knew personally.

8 Q Did you approach Mrs. Ayers about investing in these  
9 corporations?

10 A In Woodlands?

11 Q In Woodlands or Highvest?

12 A Yes, I talked to the attorneys in Indianapolis, and  
13 that I wanted to buy this particular resort, because we  
14 operated Camp Florida -- Camper Corral as an RV dealership.  
15 And then they stated at the time that they had funds available  
16 in a charitable trust that they could use as mortgage money.  
17 And so it was set up with the charitable trust holding the  
18 mortgage on these two limited partnerships.

19 And I can tell you that those Indiana attorneys sent  
20 me down a thing of documents, I thought I was taking over  
21 General Motors Corporation, quite frankly, because this thing  
22 came in, and it took the local attorneys from 8:00 o'clock one  
23 morning until 4:30 the following morning to get it all closed  
24 up.

25 Q Do you believe that you have some type of a fiduciary

1 duty to Mrs. Ayers as a shareholder of Highvest Corporation?

2 A Definitely. I have more of a fiduciary duty as the  
3 president of Highvest Corporation than I have even to my own  
4 corporations. Because I have to make sure that when I am  
5 dealing with my corporation that whatever I do relative to  
6 Highvest Corporation has to be very, very much above board.

7 Q And it is your testimony today that these different  
8 dealings you had between the corporations, the foreclosure of  
9 the Woodlands, the sale of the assets from Highvest to L.P. are  
10 to those standards?

11 A Oh, yes. I acted in the highest ethical standard  
12 with regard to that.

13 Q And you believe those were what I could characterize  
14 as arm's-length transactions?

15 A Definitely.

16 Q And you believe those were done to fulfill your  
17 fiduciary duty to Ms. Ayers, the shareholder?

18 A Well, to Highvest Corporation of which I am  
19 president, yes.

20 Q And was your compensation from Highvest in any way  
21 tied to those dealings with L.P. and the Woodlands?

22 A What was that?

23 Q Did you receive any type of additional, or  
24 supplemental, or increased compensation from Highvest?

25 A No.

1 Q I want to ask you a specific question. When the  
2 Woodlands of Lake Placid was an operating utility, there has  
3 been testimony from Mr. Lovelette that there was a significant  
4 amount of time where it did not have the money to pay its  
5 bills. Would you agree with that?

6 A I would probably agree there more than likely were  
7 times when they would not have enough money. I couldn't tell  
8 you specifically when, but I'm sure there must have been times,  
9 yes.

10 Q Of your own personal knowledge, did you ever  
11 personally loan money to the Woodlands of Lake Placid?

12 A I believe I may have, yes.

13 Q Did you ever give any money to the Woodlands of Lake  
14 Placid?

15 A Give it to them?

16 Q Correct.

17 A Well, I certainly wouldn't give them money. I might  
18 lend them money or --

19 Q Did you ever have any money transferred from any type  
20 of personal checking, or savings, or monetary account of yours  
21 into an account by the Woodlands of Lake Placid?

22 A From my account to Woodlands?

23 Q Yes.

24 A I couldn't tell you that I did. I'm sure there may  
25 have been times, as I said. I mean, I have many corporations

1 in different situations, and I may have at times said, well, I  
2 am lend you so much money if you need to pay bills. I mean, I  
3 think that is a normal situation for any owner of a company.

4 Q And would you have transferred money from other  
5 corporations into the account of the Woodlands of Lake Placid  
6 to pay the bills of the Woodlands of Lake Placid?

7 A From any of the other corporations?

8 Q Yes, from any of your other corporations.

9 A I don't think so. Because I'm pretty strict about  
10 money flying from around corporations. Usually either they  
11 borrow from the bank, or there is a loan made, or it comes from  
12 me personally to a corporation. But not to be sending money  
13 from one corporation to the other, that will drive an  
14 accountant crazy.

15 Q So is it your testimony that you would not have  
16 transferred money from any of the corporations that you owned  
17 into the Woodlands of Lake Placid?

18 A I don't think I would send it from different  
19 companies, no, that is not my mode of operation. I like very  
20 clean traceable situations. That is why when the public  
21 utilities came we were able to give them the books of the  
22 utilities and set them up in a nice office and say, go for it,  
23 all the information you need. I Introduced them to my  
24 accountant, and I said please, you have my authority to give  
25 any information they require.



1 Q Do you anticipate that there will be any difference  
2 in your management style with respect to the way you did manage  
3 or conduct the business of the Woodlands of Lake Placid with  
4 the way you will manage or conduct the business of L.P.  
5 Utilities, Incorporated?

6 A I don't know how you could answer that, because every  
7 situation requires a different method of operation or decision.  
8 I mean, I expect L.P. Utilities to have enough money to pay  
9 their bills. And I am assured when I first spoke to the  
10 gentleman who came down that this was the objective of the  
11 public utilities to make sure that the utility company always  
12 had enough money to pay their bills. As a matter of fact, he  
13 even told me I would get a return of about 12 to 15 percent. I  
14 said, well, if you can do that for me, I'm a happy camper.

15 MR. HARRIS: May I have a moment?

16 COMMISSIONER DEASON: Yes.

17 BY MR. HARRIS:

18 Q I just have one last line of questions for you. You  
19 indicated a little bit earlier that you feel some sort of  
20 obligation to the people who live in the Camp Florida Resort to  
21 keep the water on, is that correct, is that a fair  
22 characterization?

23 A Definitely, yes.

24 Q But you feel a higher standard to the shareholders of  
25 your corporations, would that be a correct characterization?

1           A     I said I feel a higher standard to the shareholders  
2 of Highvest Corporation because I cannot allow my personal  
3 feelings to interfere with my fiduciary duty.

4           Q     With respect to what has been commonly called today  
5 rental lots that are either owned or -- owned indirectly or  
6 controlled by you either directly through yourself or through  
7 your corporations --

8           A     Yes.

9           Q     -- do you feel it is appropriate to vote those shares  
10 in homeowner association meetings for the benefit of your  
11 corporations?

12                   MR. FRIEDMAN: I object --

13           A     Absolutely --

14                   MR. FRIEDMAN: I object to that question. I don't  
15 think the homeowners association and what Mr. Cozier or any of  
16 those companies have has got anything to do with this case.  
17 Whether it is appropriate to vote shares in a homeowners  
18 association meeting?

19                   COMMISSIONER DEASON: There has been an objection  
20 based upon relevancy.

21                   MR. HARRIS: I think it is a relevant question,  
22 Commissioner. I think we can inquire into Mr. Cozier's -- we  
23 have been inquiring into his beliefs about keeping the water  
24 on, his beliefs about his corporations. We can inquire as to  
25 what understanding he -- I'm sorry, what feelings he has about

1 his duty to the homeowners association of which he owns the  
2 majority shares and what his practice is in voting those  
3 shares.

4 COMMISSIONER DEASON: I will allow the question. You  
5 may answer.

6 A Yes. I pay association dues on all of my lots. And  
7 as a result of that, and I believe this is still a free  
8 democratic country, I am allowed to vote my votes if I pay. As  
9 a matter of fact, the documents allow me to vote even if I  
10 don't pay. So, you know, I think we operate in this country  
11 under the direction of law, and that is why we have  
12 corporations, and that is why we have documents and memorandum  
13 of association, and by-laws, and all of these different legal  
14 documents that controls the corporate structure of this entire  
15 country.

16 And as long as that structure allows you to do things  
17 legally, then you have the right to do it. And those documents  
18 allow me to vote my votes on issues that I deem the right to  
19 make a decision on. And I have to make decisions on 250-odd  
20 lots. Not one or two. So therefore I think I do have the  
21 right to exercise my right to vote.

22 Q If I could take you away from the homeowners  
23 association then to something you just said. You indicated you  
24 believe if the law allows you to do something, you have the  
25 right to do that. Would that be correct with respect to how

1 you govern your corporations, also?

2 A If the law says I can do it and if the documents say  
3 I can do it, then I have the right to do it, yes.

4 MR. HARRIS: I have no further questions.

5 COMMISSIONER DEASON: Mr. Burgess.

6 MR. BURGESS: I have no questions.

7 COMMISSIONER DEASON: Mr. Friedman, I guess this  
8 would be cross-examination, wouldn't it?

9 MR. FRIEDMAN: And I just have one question.

10 CROSS EXAMINATION

11 BY MR. FRIEDMAN:

12 Q Mr. Cozier, when Highvest made the decision to  
13 foreclose on the Woodlands mortgage, isn't it true that at that  
14 time you had no idea there was going to be a refund?

15 A No, there was no idea whatsoever.

16 MR. FRIEDMAN: That's all.

17 COMMISSIONER DEASON: And we have no exhibits. I'm  
18 sorry, what about redirect?

19 MR. HARRIS: No redirect.

20 COMMISSIONER DEASON: And we have no exhibits?

21 MR. HARRIS: No exhibits.

22 COMMISSIONER DEASON: Thank you, sir, you may be  
23 excused. You may call your next witness.

24 MR. HARRIS: We would like to call --

25 COMMISSIONER DEASON: I'm sorry, we are going to take

1 a five-minute recess.

2 (Recess.)

3 COMMISSIONER DEASON: Call the hearing back to order.  
4 You may call your next witness, Mr. Harris.

5 MR. HARRIS: Yes. The list in the prehearing order  
6 lists Mr. John Lovelette as an adverse direct. I do not intend  
7 to call him as an adverse direct. So I would pass to Mrs.  
8 Teresa Lovelette.

9 MR. FRIEDMAN: You know, I missed that for some  
10 reason. That went right over my head.

11 MR. HARRIS: I'm not going to call Mr. John Lovelette  
12 as one of our witnesses.

13 MR. FRIEDMAN: Okay. Thank you. I apologize.

14 TERESA LOVELETTE

15 was called as an adverse witness on behalf of the Florida  
16 Public Service Commission Staff and, having been duly sworn,  
17 testified as follows:

18 DIRECT EXAMINATION

19 BY MR. HARRIS:

20 Q May it please the Commission.

21 Could you state your name and your address, please.

22 A Sure. It is Teresa A. Lovelette, 38 Hidden Harbor  
23 Lane, Lake Placid, Florida 33852.

24 Q And have you already been sworn in this proceeding?

25 A Earlier this morning, yes.

1 Q Now, it is my understanding that you work for Mr.  
2 Cozier, is that correct?

3 A I work for Mr. Cozier, yes.

4 Q Do you get a paycheck? Do you receive any kind of  
5 compensation?

6 A Do you mean do I volunteer my time?

7 Q Yes.

8 A No.

9 Q How are you compensated by Mr. Cozier?

10 A I am a leased employee from Presidian (phonetic).

11 Q What is Presidian?

12 A Presidian is a leasing staff management company here  
13 in Sebring.

14 Q And that has a contract with one of Mr. Cozier's  
15 companies?

16 A Yes, sir.

17 Q Does it have it with one company or more than one  
18 company?

19 A Two of Mr. Cozier's companies.

20 Q And which companies would those be?

21 A Camper Corral and Highvest Corporation.

22 Q And pursuant to the contract that Highvest and Camper  
23 Corral have with Presidian, you receive compensation for doing  
24 work for those corporations, is that correct?

25 A For doing work -- I am employed by Highvest, I do my

1 work for Highvest.

2 Q You work for Highvest. Do you ever do any work for  
3 the Woodlands of Lake Placid?

4 A When there was a Woodlands of Lake Placid, I used to  
5 pay the bills.

6 Q Approximately how many hours per week do you recall  
7 you would work for the Woodlands of Lake Placid?

8 A Oh, I don't know, sir.

9 Q You have no idea?

10 A No.

11 Q Did you do anything else for the Woodlands other than  
12 pay the bills?

13 A No.

14 Q Did you serve as any type of officer or director of  
15 the Woodlands of Lake Placid?

16 A No, sir.

17 Q You had no position with the Woodlands. You do have  
18 a position as an officer or director with Highvest Corporation,  
19 is that correct?

20 A Yes, sir.

21 Q And in conjunction with your duties as an officer or  
22 director of Highvest, do you receive any compensation?

23 A All I get is a paycheck, sir. That is all I get is a  
24 paycheck. I get no compensation for being a director of  
25 Highvest.

1 Q How about for being a director of L.P. Utilities?

2 A No, sir.

3 Q Do you perform any duties for L.P. Utilities  
4 Corporation?

5 A No, sir.

6 Q Do you pay the bills for L.P. Utilities?

7 A No, sir.

8 Q Do you know of your own personal knowledge why you  
9 are not paying the bills for L.P. as you did for the Woodlands?

10 A They are two separate corporations, sir.

11 Q Did you ever have a discussion with either Mr. John  
12 Lovelette or Mr. Cozier about whether you would assume similar  
13 duties for L.P. Corporation as you did with the Woodlands?

14 A Why would I do things similar if they were two  
15 different corporations?

16 Q That is the question I'm asking you.

17 A No.

18 Q So is it a fair characterization of your testimony  
19 today that you performed some duty for the Woodlands?

20 A I did perform some -- I paid the bills for the  
21 Woodlands.

22 Q And you do not do those for L.P.?

23 A No, sir, I do not.

24 Q And you had no discussions with anybody about why you  
25 are not doing anything for L.P.?



1           A     No. They never said you are definitely not going to  
2 pay the bills, I just never assumed I would.

3           Q     As an officer or director of Highvest, did you have  
4 any role in the discussions about who would pay the bills for  
5 L.P. Utilities?

6           A     Would you ask that question again?

7           Q     As an officer or director of Highvest Corporation --

8           A     Yes, sir.

9           Q     -- did you have any role in any decision-making about  
10 who would pay the bills for L.P. Utilities?

11          A     I think I concurred with John who said that having  
12 Mrs. Colley paying the bills was a good idea, and I thought it  
13 was a great idea.

14          Q     In your position as an officer or director of L.P.  
15 Utilities, did you have any discussions or participate in  
16 discussions about who would pay the bills for that company?

17          A     I can't recall.

18          Q     So it is your testimony that you have, outside of  
19 your role as an officer or director, nothing to do with the  
20 L.P. Utilities Corporation?

21          A     I have absolutely nothing to do with L.P. Utilities.

22                COMMISSIONER DAVIDSON: I have a question there, if I  
23 may, Chairman.

24                COMMISSIONER DEASON: Sure.

25                COMMISSIONER DAVIDSON: As a director of L.P.

1 Utilities, what are some of your responsibilities?

2 THE WITNESS: I think -- I believe that I am  
3 necessary for a quorum. I listen to discussions that we have  
4 when we meet with our attorneys and the accountants, and, I  
5 mean --

6 COMMISSIONER DAVIDSON: I'm just trying to  
7 reconcile -- you have stated a couple of times that you don't  
8 have anything to do with L.P. Utilities, but you are identified  
9 as a director, so I'm trying to figure out -- reconcile that  
10 you don't have anything to do with the company with your role  
11 as a director of the company.

12 THE WITNESS: That is correct. I don't have any  
13 day-to-day, any day-to-day operations with, I don't have  
14 anything to do on a day-to-day basis with L.P. Utilities.

15 COMMISSIONER DAVIDSON: Recognizing then that you  
16 don't have day-to-day responsibility, if you could, again, sort  
17 of characterize what are your non-day-to-day responsibilities  
18 as a director.

19 THE WITNESS: All right. I attend meetings when  
20 there have been decisions that had to be made. And those are  
21 not only with the board of L.P., but with advice of counsel and  
22 accountants. And I have never really been on that many  
23 corporations before. And it is a learning experience. So  
24 usually I just keep my mouth shut and my ears open and I learn  
25 a lot. And the advice of our attorneys and the accountant is

1 what has always kind of guided what we have done, and I have  
2 always concurred with that.

3 COMMISSIONER DAVIDSON: What types of decisions have  
4 you been involved in as a director, what are some of the types  
5 of things that you all decide?

6 THE WITNESS: When we discussed -- okay. It is easy  
7 for someone to say, you know, that this isn't an arm's-length  
8 transaction, or this isn't this, or this isn't that, if they  
9 haven't lived through it.

10 COMMISSIONER DAVIDSON: I appreciate that. I'm not  
11 asking for your characterizations, I'm trying to just figure  
12 out what types of issues that you are involved in as a  
13 director.

14 THE WITNESS: Okay. All right. When there is talk  
15 that you are going to make this decision that you are going to  
16 make, everybody says that I pay the bills, which is true, and I  
17 can assure you that Mr. Cozier's decision about not using any  
18 water, he is not going to budge from that because we would lose  
19 over \$100,000 if we went with your decision. And Highvest  
20 Corporation, who it has been established here over and over  
21 again that Mr. Cozier, or John Lovelette, or I, we have no  
22 fiduciary -- I mean we have every fiduciary duty, but no  
23 interest financially in, we have got to keep that corporation  
24 as pristine and clear as we possibly can.

25 And when he says that he is not going to utilize

1 water, you can bet your bottom dollar there is not going to be  
2 any water on those lots. And that is something that I concur  
3 with as an officer, because financially it just doesn't make  
4 sense. Where is the money going to come from?

5 COMMISSIONER DAVIDSON: As a director of L.P.  
6 Utilities, does it concern you that Highvest has not paid its  
7 bills to L.P.?

8 THE WITNESS: Oh, I don't think that that has really  
9 been clarified to you all, so let me try to do that for you. I  
10 wrote out an invoice as Highvest Corporation, who I work for,  
11 and I wrote out an invoice to L.P. Utilities for the mortgage  
12 that L.P. Utilities owes to Highvest. I put it in an envelope,  
13 mailed it to their P.O. Box, John went and got it from the P.O.  
14 Box.

15 He has given me an invoice from L.P. Utilities for  
16 the water that Highvest owed -- is due since October 1st. And  
17 Mrs. Colley and I, all we are going to do is, we are going to  
18 trade checks. And, I mean, it is not exactly the same amount,  
19 but if you look at those figures it is nearly the same, and I  
20 just have to call her and do that. But it is not that we are  
21 not going to pay and they are not going to pay. But that is  
22 just -- it is my understanding that once L.P. Utilities pays  
23 that mortgage, there is not a whole lot left. We don't have  
24 enough money to pay our bills. And to think that \$35 a month  
25 is overcharging or was an illegal charge, I don't know. I just

1 don't see how you can come to that.

2 BY MR. HARRIS:

3 Q I'm sorry here, you have totally confused me.

4 A Okay.

5 Q Is Highvest paying L.P. Utilities for the water it is  
6 using, yes or no?

7 A Yes.

8 Q If I looked at the books of L.P. Utilities today I  
9 would see payments for bills rendered for water service since  
10 October of 2002, is that correct, yes or no?

11 A Yes.

12 Q So the testimony earlier that we heard that it has  
13 not been paid is incorrect, is that correct?

14 A It has not been paid. The invoices have been there,  
15 and I just thought I testified to the fact that I was going to  
16 contact Mrs. Colley, I'm doing --

17 Q No, ma'am, I'm sorry.

18 A Okay.

19 Q My question is, and I'm very confused, but my  
20 question is has Highvest paid L.P. Utilities for water used  
21 since October of 2002?

22 A No. And L.P. Utilities has not paid for their  
23 mortgage.

24 Q Okay. Is it my understanding of your testimony,  
25 correct me if I'm wrong, that you don't believe that these need

1 to be made because it would just be an exchange of amounts that  
2 are almost equal?

3 A No. I think it needs to be done.

4 Q Why hasn't Highvest Corporation paid L.P. Utilities  
5 for water used since October of 2002?

6 A I don't know.

7 Q Why don't you know?

8 A Why don't I know?

9 Q Why don't you know why Highvest hasn't paid L.P.?

10 A I don't know why I don't know.

11 Q Has Mr. Cozier told you to pay L.P. Utilities for  
12 water billed since October of 2002?

13 A I think that if there is not any money to pay that it  
14 is difficult to pay.

15 Q So is it your testimony that Highvest Corporation  
16 does not have the money to pay L.P. for the water it is using?

17 A Highvest has the money to pay for the water it is  
18 using.

19 Q But you don't know why it hasn't paid.

20 A No.

21 Q And you don't know why you don't know?

22 MR. FRIEDMAN: Oh, come on. I object to that. I  
23 mean, she has already testified about what it is, and I think  
24 that his comments to keep raising those points I think is  
25 argumentative and I think it is highly inappropriate.

1 MR. HARRIS: Mr. Friedman, I'm trying to get some  
2 information from a witness who either doesn't know but isn't  
3 making it clear why, or does know and is trying not to answer  
4 my questions. I'm sorry, I'm directing that to the chair. I'm  
5 sorry.

6 COMMISSIONER DEASON: Mr. Harris, I think that the  
7 witness has answered your question, and I would think you need  
8 to move on.

9 MR. HARRIS: I will move on.

10 BY MR. HARRIS:

11 Q To your personal knowledge, did Mr. Cozier ever  
12 deposit monies into an account for the Woodlands of Lake  
13 Placid?

14 A I don't have personal knowledge of Mr. Cozier  
15 personally depositing money. It would always be through  
16 Highvest Corporation making a loan to Woodlands.

17 Q Did any of Mr. Cozier's other corporations loan money  
18 to Woodlands of Lake Placid?

19 A No. To my knowledge that was never done. To my  
20 knowledge that was never done. It was always done through  
21 Highvest Corporation.

22 Q Okay. Do you recall that I took your deposition  
23 earlier this -- I mean, late last month I believe it was?

24 A Uh-huh.

25 Q And that would be on April 29th of 2003?

1 A Uh-huh.

2 Q Do you recall that I asked you a question, were you  
3 responsible for making the decisions as to which bills, which  
4 priority of bills got paid and which didn't?

5 A That sounds familiar, yes.

6 Q Would you agree that your answer as transcribed was  
7 on a day-to-day basis, probably, but when I really got into a  
8 jam and money had to be given to me by Mr. Cozier, one of his  
9 corporations, then I went to Mr. Cozier?

10 A Yes, one of his other corporations, Highvest.

11 Q So your testimony today is that was the only  
12 corporation?

13 A Yes, sir.

14 Q And it would be fair to say you have no idea of the  
15 financial situation of L.P. Utilities today?

16 A Absolutely none.

17 Q Do you talk to Mrs. Colley on a regular basis?

18 A No, sir.

19 Q Do you discuss changing checks or journal entries  
20 about bills that are due from one to the other?

21 A We have talked to each other about exchanging checks,  
22 we just have not done so yet. But that phone call has been  
23 made.

24 MR. HARRIS: I don't believe I have any further  
25 questions. Thank you.



1 MR. BURGESS: No questions.

2 MR. FRIEDMAN: No questions.

3 COMMISSIONER DEASON: Commissioners, questions?

4 You have no exhibits for this witness?

5 MR. HARRIS: No exhibits.

6 COMMISSIONER DEASON: You may be excused. Thank you.

7 I believe we are to the rebuttal phase of the hearing.

8 Mr. Friedman, you may call your rebuttal witness. Or  
9 did you do direct and rebuttal earlier?

10 MR. FRIEDMAN: No, no, no, I still have Mr.  
11 Lovelette. It is very brief rebuttal testimony.

12 COMMISSIONER DEASON: Very well.

13 JOHN LOVELETTE

14 was called as a rebuttal witness on behalf of L.P. Utilities  
15 Corporation and Highvest Corporation and, having been duly  
16 sworn, testified as follows:

17 DIRECT EXAMINATION

18 BY MR. FRIEDMAN:

19 Q Mr. Lovelette, have you prefiled rebuttal testimony?

20 A Yes, I have.

21 Q And that rebuttal testimony consists of two pages, I  
22 believe?

23 A Yes, sir.

24 Q And if I asked you those questions would your  
25 responses be the same?

1           A     Yes, sir.

2                   MR. FRIEDMAN: I would move his testimony. I think  
3 it is so brief that he doesn't need to summarize it.

4                   COMMISSIONER DEASON: Without objection, the rebuttal  
5 testimony will be inserted into the record.

6                   And he is available for cross-examination, Mr.  
7 Burgess.

8                   MR. BURGESS: Thank you.

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- 1 Q. What is the purpose of your rebuttal testimony?
- 2 A. The purpose is to address that portion of Mr. Larkin's testimony regarding the  
3 imputation of CIAC.
- 4 Q. Please explain what portion of Mr. Larkin's testimony with which you take  
5 exception.
- 6 A. Mr. Larkin suggests that CIAC be imputed based upon the erroneous assumption that  
7 the Utility installed 162 meters and that all of the customers have paid the Utility for  
8 the meters installed on their lots. A total of 157 meters were installed. Of those, 150  
9 were for lots, and 7 for bathhouses. Of the 157 meters installed, 11 owners have not  
10 fully paid for their meters; and of those 11, 6 owners have not paid anything and the  
11 remaining 5 have made partial payments. The owners of Lots E-5, F-36, F-40, F-25,  
12 K-13 and M-24, have not made any payment. The owners of Lots E-6 and M286 still  
13 each owe \$94.00, and the owners of Lots G-5, G-7 and J-2 each owe \$99.00.
- 14 Q. What is the total amount collected to date for meter installation?
- 15 A. The Utility has collected \$28,084 to date and is owed \$1,589.00
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## CROSS EXAMINATION

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BY MR. BURGESS:

Q Mr. Lovelette, I asked you some questions during your deposition about the testimony, and I have questions of a similar nature today. I just want to go over and clarify the nature of the lot owners for the 157 meters that have been installed. My understanding from your testimony is that included in those 157 meters is seven for bathhouses, is that correct?

A Yes, sir.

Q And has the CIAC, the contribution been collected from the property owners association for those meters?

A Yes, sir.

Q So of the remaining 150 meters, there are 11 owners that have not fully paid, is that right?

A That was my testimony, yes, sir.

Q So is that still the circumstance today?

A Yes, I have not received a check from them.

Q So does that mean that 139 have paid in full?

A Yes.

Q And five have partially paid?

A I will have to count what we have here. But if that is what I have testified, yes. It says six owners have not paid anything and the remaining five have made partial payments, yes.

1 Q Thank you. And to your knowledge, and I realize from  
2 your earlier testimony that you may not have detailed knowledge  
3 on this, but to your knowledge is the CIAC that is reflected in  
4 the proposed agency action simply the total amount that had  
5 been collected up to that point?

6 A I'm not sure what the exact dollar figure that the  
7 CIAC has in there.

8 Q Let me put it another way and see if you can answer  
9 this. Are those payments that have not been received by the  
10 utility as reflected in here, are those also not included in  
11 the CIAC account that was included in the proposed agency  
12 action?

13 A I still don't know if they have.

14 MR. BURGESS: Thank you, Mr. Lovelette. That's all  
15 we have.

16 MR. HARRIS: May I have a moment?

17 COMMISSIONER DEASON: Sure.

18 MR. HARRIS: Thank you.

19 CROSS EXAMINATION

20 BY MR. HARRIS:

21 Q You are the manager of L.P. Utilities, is that  
22 correct?

23 A Yes, I manage it.

24 Q Would it be fair to say that your duties are  
25 analogous to those you performed for the Woodlands of Lake

1 Placid?

2 A I'm sorry?

3 Q Would it be fair to say your duties are analogous to  
4 those that you performed for the Woodlands of Lake Placid?

5 A Yes, they are similar.

6 Q Do you have any personal knowledge of the financial  
7 situation of L.P. Utilities at this point?

8 MR. FRIEDMAN: Your Honor, I would object to these  
9 questions as being beyond the scope of the limited rebuttal  
10 which is only dealing with the CIAC issue. These are questions  
11 that I believe counsel could have brought up during the  
12 previous examination or even had this witness listed as an  
13 adverse witness and could have addressed any issues over and  
14 above and beyond the rebuttal that he wanted. But the rebuttal  
15 is very limited.

16 MR. HARRIS: I will agree with that. I will withdraw  
17 the questions. I just have one thing. I've got a copy of rate  
18 case expense that was submitted by Mr. Friedman. I was going  
19 to see if we could introduce that through Mr. Lovelette. Mr.  
20 Burgess, I think, has seen a copy. I have a copy I think that  
21 Mr. Friedman may or may not have seen.

22 MR. FRIEDMAN: However you want to do it is fine.

23 MR. HARRIS: If I may approach the witness.

24 COMMISSIONER DEASON: Surely.

25 BY MR. HARRIS:

1 Q I am handing you a document and I'm asking if you can  
2 identify that?

3 A It appears to be a summary from an actual billing  
4 from the attorneys firm that is representing us.

5 Q Have you ever seen a document like that before?

6 A I believe Mr. Friedman has sent me a copy of this.

7 Q Does that appear to be a true and correct copy of the  
8 version you got from Mr. Friedman?

9 A Yes. I think this was the updated, the latest one  
10 that he gave me, yes.

11 MR. HARRIS: I would like to have this marked as a  
12 hearing exhibit, please.

13 COMMISSIONER DEASON: It will be identified as  
14 Hearing Exhibit Number 5. Is that your only copy?

15 MR. HARRIS: Yes, sir.

16 COMMISSIONER DEASON: Okay. If you'll just give that  
17 to the court reporter.

18 MR. HARRIS: And with that, that is all the questions  
19 I have. I would seek to introduce the exhibit.

20 MR. FRIEDMAN: No objection.

21 COMMISSIONER DEASON: Any objection from Public  
22 Counsel?

23 MR. BURGESS: No.

24 MR. HARRIS: And that's all the questions we had.

25 COMMISSIONER DEASON: Show that Exhibit 5 is admitted

1 without objection.

2 (Exhibit 5 marked for identification and admitted  
3 into the record.)

4 COMMISSIONER DEASON: Commissioners, any questions?  
5 Redirect?

6 MR. FRIEDMAN: No, thank you.

7 COMMISSIONER DEASON: Thank you, sir, you may be  
8 excused.

9 THE WITNESS: Thank you, sir.

10 COMMISSIONER DEASON: That is our last scheduled  
11 witness.

12 MR. FRIEDMAN: That is our understanding. We don't  
13 have anything further.

14 COMMISSIONER DEASON: Staff, anything further at this  
15 point?

16 MR. HARRIS: We don't have anything further. I  
17 believe we have noticed a customer service portion again at  
18 6:00 o'clock. It is 5:00 o'clock now.

19 COMMISSIONER DEASON: Mr. Burgess, do you have  
20 anything before we recess?

21 MR. BURGESS: We have nothing further. Thank you,  
22 Commissioner.

23 COMMISSIONER DEASON: Mr. Friedman, do you have  
24 anything before we recess?

25 MR. FRIEDMAN: Nothing further.



1                   COMMISSIONER DEASON: Commissioners? Very well, we  
2 will stand in recess until 6:00 p.m.

3                   (The technical hearing concluded at 5:00 p.m.)  
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STATE OF FLORIDA     )  
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COUNTY OF LEON     )

CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 5th day of June, 2003.



\_\_\_\_\_  
JANE FAUROT, RPR  
Chief, Office of Hearing Reporter Services  
FPSC Division of Commission Clerk and  
Administrative Services  
(850) 413-6732

EXHIBIT K LW-1 - STAFF AUDIT REPORT

DOCKET NO.: 020010-WS - Application for Staff-Assisted Rate Case in Highlands County by the Woodlands of Lake Placid, L.P.

WITNESS: Direct Testimony of Kathy L. Welch, Appearing on behalf of the Staff of the Florida Public Service Commission

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 020010-WS EXHIBIT NO. 1  
COMPANY/  
WITNESS: F.P.S.C. | Kathy Welch  
DATE: 05-28-03



**FLORIDA PUBLIC SERVICE COMMISSION**

*Division of Auditing and Safety  
Bureau of Auditing*

*Miami District Office*


**WOODLANDS OF LAKE PLACID, L.P.  
STAFF ASSISTED RATE CASE**

**PERIOD ENDED DECEMBER 31, 2001**

**DOCKET NO. 020010-WS  
AUDIT CONTROL NO. 02-029-4-3**

  
\_\_\_\_\_  
*Yan Ngo, Audit Manager*

  
\_\_\_\_\_  
*Gabriela Leon, Audit Staff*

  
\_\_\_\_\_  
*Kathy Welch, District Audit Supervisor*

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**DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING**

**March 28, 2002**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to prepare the accompanying schedules of Rate Base , Net Operating Income, and Cost of Capital as of December 31, 2001, for The Woodlands of Lake Placid, L.P. , as part of our work in Docket No. 020010-WS.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definition applies when used in this report.

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied and account balances were tested to the extent further described.

**Confirmed** - Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verified** - The items were tested for accuracy, and compared to the substantiating documentation.

**RATE BASE:** Verified account balances for utility plant-in-service (UPIS), CIAC, accumulated depreciation, and accumulated amortization of CIAC for the year 2001. Tested 100 percent of plant additions for the proper amount, classification, and period. Verified CIAC additions. Calculated accumulated depreciation and accumulated amortization per the Commission rule.

**NET OPERATING INCOME:** Determined revenues billed by the company and prepared a billing analysis for one month where meter readings occurred. Examined all expense invoices and reclassified according to the NARUC chart of accounts.

Calculated depreciation and amortization expense. Determined costs paid by the affiliate that related to the utility and allocated them.

**COST OF CAPITAL:** Prepared a cost of capital schedule for the utility and for Hivest, the affiliate company that provided most of the debt to the utility.

**OTHER:** Verified the existing rates, miscellaneous service charges, late charges, service availability charges, and customer deposits charged by the utility. Verified the number of residential and general service customers by service.



**Audit Exception No. 1**

**Subject: Adjust to Prior Audit Rate Base Balances**

**Statement of Fact:** The balances booked in the utility general ledger did not agree with the balances determined in the rate base audit done as of December 31, 2000.

**Opinion:** We compared the balances from the books to the audit and determined that the attached adjustment was necessary to bring the books to the appropriate balance. The differences can be found on the next page.

		DEBIT	CREDIT
		15,598.00	
303.1	Land & Land Rights	66,428.00	
304	Structures	18,707.00	
307.1	Wells and Springs		6,460.00
309.1	Supply Mains		3,000.00
311.1	Pumping Equipment		52,218.00
320	Water Treatment Equipment		
330	Dist. Res	32,416.00	
331.1	Trans. & Dist. Lines	107,829.00	
333.1	Services	57,693.00	
334.1	Meters & Meter Installations	42,480.00	
335.1	Hydrants	1,764.00	
336.1	Backflow Prevention Devices	854.00	
340.1	Office Furniture & Equip.	686.00	600.00
343.1	Tools, Shop & Garage Equip.		
353.2	Land & Land Rights	16,000.00	
353.3	Land		71,112.00
354.2	Structures & Improvements		57,824.00
354.3	Improvements		392,985.69
360.2	Collection Sewers - Force	5,378.00	
361.2	Collection Sewers - Gravity	116,605.00	
362	Special Collection	1,040.00	
363.2	Services	108,860.00	
371.2	Pumping Equip.		5,500.00
380	Treat/Disp	68,822.00	
389.3	Furniture & Fixtures		76,242.00
390.3	Equipment		12,187.00
393	Tools	947.00	
397.3	Clubhouse - New		42,933.47
398.3	Buildings		343,146.00
108.1	Accumulated Depreciation - Water		49,566.00
108.2	Accumulated Depreciation - Wastewater		115,220.00
	CIAC WATER		204,307.00
	CIAC WASTEWATER		65,600.00
	ACC. AMORT. CIAC WATER	28,096.40	
	ACC. AMORT. CIAC WASTEW.	11,192.41	
	NON-UTILITY PROPERTY	938,606.16	
	PARTNERS EQUITY		138,900.81

THIS ENTRY IS TO ADJUST THE COMPANY TRIAL BALANCE TO THE AMOUNTS DETERMINED IN  
THE TRANSFER AUDIT 01-075-3-1

**Audit Exception No. 2**

**Subject:** LaGrow System Inc. Invoice

**Statement of Fact:** A statement was found for LaGrow Systems, Inc. for \$5,136.49 from March 18, 2001. It was paid with check number 1066 and the company recorded it in account 186.3. The statement was for several invoices but the company could not locate the actual invoices. The statement contained a handwritten note that indicated the invoices were for meters.

**Opinion:** We were unable to determine if the invoices were actually for meters. Because the company, after repeated requests, did not provide the information, we have recorded the invoice as non-utility expense.

**Audit Exception No. 3**

**Subject: Plant Additions Charged to Wrong Account**

**Statement of Fact:** The company paid two invoices for plant additions. The first was for a 2" water line for \$4,573 that was charged to account 132.3. The invoice was from LaGrow Systems and paid with check 1055. The second was for meters and installation for \$552.00 and was charged to account 515.3. The invoice was also from LaGrow and paid with check 1076.

**Opinion:** These invoices should have been charged to account 331 and 334 respectively. They have been adjusted in adjustment number 6 in the attached journal entries.

**Audit Exception No. 3A**

**Subject: Depreciation and Amortization Expenses**

**Statement of Fact:** The company did not record depreciation and amortization for the utility for the year 2001.

The last audit workpapers did not break down contributed plant from cash contributions and thus amortization was computed using a composite rate for all Contributions in Aid of Construction (CIAC).

**Opinion:** The plant balances from the last audit were adjusted for the additions found in this audit and depreciation was calculated using rates in the commission rule. The schedules computing the depreciation are attached. The accumulated depreciation and depreciation expense needs to be increased by \$14,868 for water and \$13,396 for wastewater. They have been adjusted in adjustment 3 in the attached journal entries.

Another schedule is attached that shows the computation of amortization of CIAC if the contributed plant was separated out and amortized as the same rates as the plant. This would increase the beginning balance of Accumulated Amortization of CIAC for water by \$3,204. The same schedule also shows that amortization expense of \$6,164.68 for water and \$2,328.80 for wastewater needs to be recorded for 2001.

Company: The Woodland of Lake Placid  
 Title: Recalculation of Plant (Water)  
 Period: TYE 12/31/01

Source: Rate Base and Rates Audit Dkt. No. 990374-WS

2001		PLANT					ACCUMULATED DEPRECIATION			
Account No.	Description	2001 Beginning	Addition	Retirement	2001 Ending	Depreciation Rate	2001 Beginning	Depreciation Expense	Retirement	2001 Ending
303	Land	20,598	0	0	20,598	0	0	0	0	0
304	Structures	66,428	0	0	66,428	3.57%	0	2,371	0	2,371
307	Wells	41,707	0	0	41,707	3.70%	25,493	1,543	0	27,037
309	Sup. Mains	1,040	0	0	1,040	2.63%	5,739	27	0	5,767
310	Gen Eq	0	0	0	0	5.88%	41	0	0	41
311	E-Pump Eq	0	0	0	0	5.88%	0	0	0	0
320	Treat Eq	0	0	0	0	5.88%	0	0	0	0
330	Dist Res	32,416	0	0	32,416	3.03%	0	982	0	982
331	T & D Mains	201,739	4,573	0	206,312	2.63%	10,559	5,366	0	15,925
333	Services	58,563	0	0	58,563	2.86%	38,398	1,675	0	40,073
334	Met & Inst	44,480	552	0	45,032	5.88%	17,216	2,632	0	19,848
335	Hydro	5,364	0	0	5,364	2.50%	4,086	134	0	4,220
336	Backflow	1,254	0	0	1,254	5.88%	1,442	74	0	1,515
340	Off F&E	946	0	0	946	6.67%	208	63	0	271
341	Trans Eq	0	0	0	0	16.67%	32	0	0	32
#343	Tools	0	0	0	0	6.67%	0	0	0	0
<b>TOTAL</b>		<b>474,535</b>	<b>5,125</b>	<b>0</b>	<b>479,660</b>		<b>103,213</b>	<b>14,868</b>	<b>0</b>	<b>118,081</b>

Company: Woodlands of Lake Placid LP.  
 Title: Recalculation of Plant (Wastewater)  
 Period: TYE 12/31/01

Source: Rate Base and Rates Audit Dkt. No. 990374-WS

10

2001 Account No.	Description	PLANT			ACCUMULATED DEPRECIATION					
		2001 Beginning	Addition	Retirement	2001 Ending	Depreciation Rate	2001 Beginning	Depreciation Expense	Retirement	2001 Ending
353	Land	36,000	0	0	36,000	0	0	0	0	0
354	Structures	42,176	0	0	42,176	3.70%	0	1,561	0	1,561
360	Collect (F)	11,557	0	0	11,557	3.70%	16,776	428	0	17,203
361	Collect (G)	141,805	0	0	141,805	2.50%	4,176	3,540	0	7,716
362	Special Collection	1,040	0	0	1,040	2.70%	37,955	28	0	37,983
363	Services	111,860	0	0	111,860	2.86%	42	3,199	0	3,241
364	Flow Meas	0	0	0	0	20.00%	34,391	0	0	34,391
370	Rcv Wells	0	0	0	0	4.00%	0	0	0	0
380	Treat/Disp	68,622	0	0	68,622	6.67%	0	4,577	0	4,577
389	Oth/Misc	0	0	0	0	6.67%	48,156	0	0	48,156
390	Off F&E	0	0	0	0	6.67%	0	0	0	0
391	Trans Eq	0	0	0	0	16.67%	0	0	0	0
393	Tools	947	0	0	947	6.67%	0	63	0	63
395	Pow Op Eq	0	0	0	0	10.00%	32	0	0	32
398	Oth Tang P	0	0	0	0	10.00%	0	0	0	0
999	Misc	0	0	0	0	16.67%	0	0	0	0
<b>TOTAL</b>		<b>413,807</b>	<b>0</b>	<b>0</b>	<b>413,807</b>		<b>141,528</b>	<b>13,396</b>	<b>0</b>	<b>154,923</b>

Company: The Woodland of Lake Placid  
 Title: CIAC Amortization  
 Period: TYE 3/31/90 to 12/31/2001

Source: Rate Base and Rates Audit Dkt. No.990374-WS

**WATER**

Year	Average Balance	Less Plant	Cash Contribution	Rate	Cash Annual Amortization	Property Annual Amortization	Amortization Balance	Account	CIAC Balance	Depreciation Rates	Depreciation Exp
1990	1,300		1,300	3.10%	30.23		30.23				
1991	4,800		4,800	3.10%	148.80		148.80				
1992	11,900		11,900	3.10%	368.90		517.70				
1993	20,100		20,100	3.10%	623.10		623.10				
1994	25,400		25,400	3.10%	787.40		1,410.50				
1995	98,999	65,699	31,300	2.58%	801.28	1,893.92	4,105.70	331	118,727	0.0283	3,123
1996	167,873	131,398	36,475	3.03%	1,105.19	3,787.85	8,998.74	333	2,640	0.0288	78
1997	169,348	131,398	37,950	3.03%	1,148.89	3,787.85	13,936.47	334	8,450	0.0588	558
1998	169,648	131,398	38,250	3.03%	1,158.98	3,787.85	18,883.30	336	581	0.0588	34
1999	170,048	131,398	38,650	3.01%	1,163.37	3,787.85	23,834.51				
2000	187,328	131,398	55,930	3.00%	1,677.89	3,787.85	29,300.24	Total	131,398		3,788
2001	204,307	131,398	72,909	3.28%	2,378.83	3,787.85	35,464.92				
Total Cash & Property 2001 Amortization						6,164.88					

**SEWER**

Year	Average Balance	Rate	Annual Amortization	Amortization Balance
1990	2600	3.54%	69.03	69.03
1991	9,600	3.54%	339.84	339.84
1992	23,800	3.54%	842.52	1,182.36
1993	40,200	3.54%	1,423.08	1,423.08
1994	50,800	3.54%	1,798.32	3,221.40
1995	56,600	3.54%	2,003.64	5,225.04
1996	60,200	3.54%	2,131.08	7,356.12
1997	62,400	3.54%	2,208.96	9,565.08
1998	63,000	3.54%	2,230.20	11,795.28
1999	63,600	3.53%	2,252.14	14,047.42
2000	65,000	3.54%	2,301.00	16,348.42
2001	65,600	3.55%	2,328.80	18,677.22

	Water	Wastewater
Per Transfer Audit 12/00	28,096	11,192
Per Above	29,300	11,192
Difference	(3,204)	0



**Audit Exception No. 4**

**Subject: LaGrow Invoices**

**Statement of Fact:** An analysis was made of all invoices paid to LaGrow. The company recorded these invoices in several different accounts that included Special Deposits, Miscellaneous Deferred Debits, Purchased Water, Purchased Power, Materials and Supplies and Repairs and Maintenance.

**Opinion:** The accounts used do not conform with the NARUC chart of accounts. An analysis of what accounts the company recorded the invoices in and what accounts we have assigned the amounts to is on the following page. It includes the plant additions discussed in exception two. The entry to correct for these amounts can be found in number 6 of the attached journal entries. According to the staff engineer, the invoice to replace the headshaft and bearings of the well of \$2,807.17 should be deferred and amortized. The entry amortizes the invoice over four years or \$701.79 a year. The other invoices increase the water plant accounts by \$4,573 for lines and \$552 for meters, the material supply account for water by \$587.01, contract service expense for water by \$1,334.77, and non-utility expense by \$5,136.49. Accounts receivable was increased by \$112.20 because the utility paid twice for the same invoice.

Company: The Woodland of Lake Placid  
 Title: LaGrow System, Inc.  
 Period: TYE 12/31/01

Vendor	Description	Company Account	Date	Invoice No.	Check No.	Account A/R	Account 186 Misc. Def. Debits	Account 331&334 Plant	Account 629 Materials & Supplies	Account 630 Contractual Service	Non-Utility	Total
LaGrow Systems, Inc.	Replaced 2" water line in 2000 to replace 1"	132.3	01/02/01	4782	1055			4,573.00				4,573.00
LaGrow Systems, Inc.	Repairs to 25 HP 3 phase motor, replaced bearing	515.3	03/08/01	4809	1063					569.09		569.09
LaGrow Systems, Inc.	Meter/Coupling	188.3	03/27/01	4823	1071				108.67			108.67
LaGrow Systems, Inc.	Materials & Labor to Grout 2 well heads	188.3	03/21/01	4821	1071					80.00		80.00
LaGrow Systems, Inc.	Company did not provide backup, see Disclosure	188.3	03/18/01		1066						5,136.49	5,136.49
LaGrow Systems, Inc.	Meter & Meter Installation	515.3	10/01/01		1076			552.00				552.00
LaGrow Systems, Inc.	Meter/ Coupling	515.3	04/13/01		1089				112.20			112.20
LaGrow Systems, Inc.	Replaced APCO Air Release Valve on Hydro ta	515.1	07/27/01	4854	1122					325.68		325.68
LaGrow Systems, Inc.	Replaced headshaft & bearings	515.1	07/27/01	4857	1123		2,807.17					2,807.17
LaGrow Systems, Inc.	Labor to Prime Pumps @ wells	515.1	08/07/01	4864	1131					360.00		360.00
LaGrow Systems, Inc.	Meter/ Coupling (A)	515.1	09/12/01	4877	1148	112.20						112.20
LaGrow Systems, Inc.	Meter Box & washer	520.3	10/12/01	4882	1155				30.05			30.05
LaGrow Systems, Inc.	Pump - Replacement	581.3	11/18/01	4431	1168				336.09			336.09
<b>Total</b>						<b>112.20</b>	<b>2,807.17</b>	<b>5,125.00</b>	<b>687.01</b>	<b>1,334.77</b>	<b>5,136.49</b>	<b>15,102.84</b>

A. This amount was paid twice & reimbursed to the company by the vendor.

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**Audit Exception No. 5**

**Subject: Accounting Services**

**Statement of Fact:** The accounting services were not separated between water and wastewater.

**Opinion:** According to the accountant, the services provided on the invoices relate mainly to the water and wastewater business. A schedule breaking down the invoices using the number of customers follows this exception. The total costs of \$3,730.60 were allocated using number of customers at \$2,033.18 for water and \$1,697.42 for wastewater.

Company: The Woodland of Lake Placid  
 Title: Accounting Fee  
 Period: TYE 12/31/01

Vendor	Description	Acc't 531.3	Date	Invoice No.	Check No.	Amount	Acc't 630 54.50% Water Allocation	Acc't 730 45.50% Wastewater Allocation
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	12/14/00	855	1038	22.00	11.99	10.01
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	01/26/01	928	1043	57.20	31.17	26.03
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	02/01/01	1027	1064	39.60	21.58	18.02
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	03/20/01	1202	1077	1,227.70	669.10	558.60
	S corp. tangible return	Acc't 531.3						
	Individual tax preparation	Acc't 531.3						
	Partnership tax preparation	Acc't 531.3						
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	04/18/01	1321	1095	1,014.20	552.74	461.46
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	05/31/01	1371	1103	250.80	136.69	114.11
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	06/29/01	1407	1118	897.60	489.19	408.41
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	07/31/01	1450	1130	98.30	53.57	44.73
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	08/31/01	1488	1142	30.80	16.79	14.01
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	10/31/01	1582	1163	61.60	33.57	28.03
Forrest Hilton, CPA	Accounting & Bookkeeping	Acc't 531.3	11/30/01	1611	1180	30.80	16.79	14.01
<b>Total</b>						<b>3,730.60</b>	<b>2,033.18</b>	<b>1,697.42</b>
JE								
630						Contractual Services - Water	2,033.18	
730						Contractual Services - Wastewater	1,697.42	
531.3						Contractual Services - Professional		3,730.60

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**Audit Exception No. 6****Subject: Amounts Paid by Affiliate Companies**

**Statement of Fact:** Several bills were paid by affiliate companies such as Camp Florida or Hivest that relate to the utility company. They are:

1. Property and general liability insurance was paid by Camp Florida. A separate amount of \$561 was shown on the bill for the utility under liability insurance. An allocation of the property coverage of \$9,556 was made using the liability insurance ratio of utility to total of 8.28%. \$791.98 was added to the \$561 for a total of \$1,352.98. This amount was allocated using the customer ratio and \$737.37 has been charged to water and \$615.61 to wastewater on the attached journal entries (number 8).

2. Salaries and wages and employment taxes were paid by Camp Florida. Employees were interviewed to determine the amount of time they spent working on utility business and their W-2's were obtained. This may increase now that metered billing will be done. No provision was made for this in the attached schedules. The attached schedules show the current amounts and percentages. The entry to correct payroll can be found in the attached journal entries (number 10). The entry records salary at \$14,055.99 for water and \$8,865 for wastewater. Taxes associated with these salaries amount to \$1,075.28 for water and \$678.17 for wastewater. These total \$2,265.81 more than what is in the company salary account of \$22,408.63.

3. Office supplies and garbage pickup for the office were paid by Camp Florida. These costs have been allocated based on office space used for the utility. A schedule is attached and the adjusting entry can be found in the attached journal entries (number 12). They increase miscellaneous expense by \$240.57 for water and \$200.90 for wastewater. The schedule also shows the alarm monitoring invoices which can be found in the adjusting journal entries (number 13) and increase water miscellaneous expense by \$10.56 and wastewater by \$8.76.

4. Wireless telephone expenses for the utility employees were allocated based on the percent of time spent doing utility work. A schedule of the allocation is attached. The correcting entry can be found in the attached journal entries (number 14). The entry increases water miscellaneous expense by \$223.01 and wastewater by \$186.18.

5. The utility offices are maintained in the Camp Florida sales/rental office. The office space for people doing work on utility business was allocated based on the time they spent on utility business. Using this allocation, 129 square feet of the space relates to the utility. According to a local real estate agent, rental space in the area rents for an average of \$8.125 per square foot. Rent of \$1,053.01 has been included in the attached schedules (see journal entry number 30). It was allocated based on number of customers or \$573.89 to water and \$479.12 to wastewater. If the utility were to have stand alone offices, rent would be higher.

6. The manager of the park and the utility has a truck. Hivest pays for the lease and the gasoline. The costs were allocated based on the manager's time. A schedule is attached. This is charged to the utility on the attached entries (number 31). It charges \$993.46 to water and \$829.41 to wastewater.

COMPANY: WOODLANDS OF LAKE PLACID  
 TITLE: SALARY DETAIL  
 PERIOD: TEST YEAR ENDED 12/31/01

EMPLOYEE	POSITION	PAID BY	TOTAL WAGES	ALLOCATION PERCENTAGE	UTILITY RELATED	AMOUNT WATER	AMOUNT WASTEWATER
JOHN LOVELETEE	MANAGER/BILLING/COLLECT/ COMPLAINTS/OVERSEER MTC.	HIVEST CORP.	\$36,400.00	25.00%	\$9,100.00	\$4,959.50	\$4,140.50
TERESA LOVELETT	PAYS BILLS/POSTS	HIVEST CORP.	\$42,432.00	9.23%	\$3,916.47	\$2,134.48	\$1,782.00
PATRICIA DASILVA	DEPOSITS/POST RECEIVABLE COLLECTIONS	HIVEST CORP.	\$18,200.00	12.50%	\$2,275.00	\$1,239.88	\$1,035.13
LARRY KORZEP	METER READING/MTC.	CAMPER CORRAL	\$17,654.50	9.23%	\$1,629.51	\$1,222.13	\$407.38
ROGER GOODMAN	MOW THE PONDS/FIX BREAKS/ REPLACE VALVES	CAMPER CORRAL	\$20,000.00	30.00%	\$6,000.00	\$4,500.00	\$1,500.00
FICA					\$22,920.98	\$14,055.99	\$8,865.00
						\$1,075.28	\$678.17

40 HOUR WORKWEEK		2080	
JOHN	2 HRS./DAY	520	25.00%
TERRY	2 DAYS/MONTH	192	9.23%
LARRY	2 DAYS/MONTH	192	9.23% 75% WATER
ROGER	12 HRS/WEEK	624	30.00% 75% WATER
PAT'S MAX. 2 DAYS/WK		832	
PAT	2 HOURS/WEEK	104	12.50%

CUSTOMER RATIO USED FOR OFFICE STAFF:

TOTAL CUSTOME	193	
WATER	193	54.50%
WASTEWATER	161	45.50%
		100.00%

Company: The Woodland of Lake Placid  
 Title: Common Expenses  
 Period: TYE 12/31/01  
 Common Expense - Allocation (8%)

Vendor	Description	Date	Invoice No.	Check No.	Amount	6.00% Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Staples	Office supplies	12/07/01	L723516001	2963	107.67	6.46	3.52	2.94
	Office supplies	12/07/01	L723516003		1.44	0.09	0.05	0.04
	Office supplies	12/07/01	L723516004		3.16	0.19	0.10	0.09
Staples	Office supplies	01/15/01	AE00416001	3008	316.59	19.00	10.36	8.65
	Office supplies	01/15/01	AE00416002		141.59	8.50	4.63	3.87
	Office supplies	01/15/01	4126		33.30	2.00	1.09	0.91
	Office supplies	01/15/01	AE00416004		23.52	1.41	0.77	0.64
	Office supplies	01/15/01	1977		127.73	7.66	4.17	3.49
Staples	Office supplies	02/07/01	B71341001	3064	300.12	18.01	9.82	8.19
Staples	Office supplies	03/22/01	CL12452001		91.36	5.48	2.99	2.49
		03/22/01	CL12452002		25.46	1.53	0.83	0.70
		03/22/01	CQ10461001	220.36	13.22	7.20	6.02	
Staples	Office supplies	05/03/01	E300947011	3100	192.59	11.56	6.30	5.26
		05/03/01	E300947002		58.84	3.53	1.92	1.61
		05/03/01	E300947001		36.74	2.20	1.20	1.00
		05/03/01	E808637001		186.83	11.21	6.11	5.10
		05/03/01	EP00500001		70.68	4.24	2.31	1.93
		05/03/01	F413763001		27.81	1.67	0.91	0.76
Staples	Office supplies	06/25/01	FO04273001	3158	192.58	11.55	6.29	5.26
		06/25/01	FO04273003		64.16	3.85	2.10	1.75
		06/25/01	FO04273002		149.79	8.99	4.90	4.09
		06/25/01	FO04273004		855.98	51.36	27.99	23.37
Staples	Office supplies	11/16/01	KF09433001	3193	114.61	6.88	3.75	3.13
BFV/FL Recycling Service	Trash Pickup Monthly Service - Jan.	12/31/00	12000-1452	2957	332.44	19.95	10.87	9.08
BFV/FL Recycling Service	Trash Pickup Monthly Service - Feb.	01/31/01	01001-1452	2999	332.44	19.95	10.87	9.08
BFV/FL Recycling Service	Trash Pickup Monthly Service - March	02/28/01	001831	3074	325.92	19.56	10.66	8.90
	Trash Pickup Monthly Service - April	04/27/01	002983	3127	418.90	25.13	13.70	11.43
BFV/FL Recycling Service	Trash Pickup Monthly Service - May	04/27/01	002983	3149	325.92	19.56	10.66	8.90
BFV/FL Recycling Service	Trash Pickup Monthly Service - June	05/15/01	003420	3154	325.92	19.56	10.66	8.90
BFV/FL Recycling Service	Trash Pickup Monthly Service (2 Mons.) - Ju	06/01/01	003983	3194	685.23	41.11	22.40	18.71
BFV/FL Recycling Service	Trash Pickup Monthly Service - August	07/01/01	004353	3276	178.93	10.74	5.85	4.89
	Solid Waste	07/01/01	004551		325.92	19.56	10.66	8.90
	Yard Waste	06/30/01	004317		60.69	3.64	1.98	1.66
BFV/FL Recycling Service	Trash Pickup Monthly Service - October	09/01/01	005695	3313	325.92	19.56	10.66	8.90
BFV/FL Recycling Service	Trash Pickup Monthly Service - December	11/01/01	006731	3391	375.92	22.56	12.30	10.26

Company: The Woodland of Lake Placid  
 Title: Common Expenses  
 Period: TYE 12/31/01  
 Common Expense - Allocation (6%)

Vendor	Description	Date	Invoice No.	Check No.	Amount	6.00% Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Staples	Office supplies	12/07/01	L723516001	2983	107.67	6.46	3.52	2.94
	Office supplies	12/07/01	L723516003		1.44	0.09	0.05	0.04
	Office supplies	12/07/01	L723516004		3.16	0.19	0.10	0.09
Staples	Office supplies	01/15/01	AE00416001	3008	316.59	19.00	10.36	8.65
	Office supplies	01/15/01	AE00416002		141.59	8.50	4.63	3.87
						<u>441.47</u>	<u>240.58</u>	<u>200.90</u>
675	Misc. Expense - Water				240.58			
775	Misc. Expense - Wastewater 233				200.90			
	To record common cost			Payable to affiliate company	441.47			
Protection One	Alarm Monitoring	01/18/01	901	2975	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	02/14/01	778	3010	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	03/14/01	1159	3062	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	04/07/01	838	3103	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	05/14/01	774	3133	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	06/14/01	1148	3167	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	07/14/01			26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	08/14/01	730	3251	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	09/14/01	1105	3287	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	10/14/01	757	3324	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	11/14/01	713	3352	26.75	1.61	0.88	0.73
Protection One	Alarm Monitoring	12/14/01	1115	3393	26.75	1.61	0.88	0.73
					<u>321.00</u>	<u>19.32</u>	<u>10.56</u>	<u>8.76</u>
426	Misc. Nonutility Expense				301.68			
675	Misc. Expense - Water				10.56			
775	Misc. Expense - Wastewater 581.3				8.76			
	To correct Security expense			Repairs & Maintenance	321.00			

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Company: The Woodland of Lake Placid  
 Title: Wireless Telephone Bills (Nexel)  
 Period: TYE 12/31/01

User Name	Jan 01	Feb 01	Mar 01	April 01	May 01	June 01	July 01	Aug 01	Sept 01	Oct 01	Nov 01	Dec 01	Total	Utility Allocation Percentage	Utility Allocation	Water Allocation Percentage	Wastewater Allocation Percentage	
Tina	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40					
Dele	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40					
Dele 1							85.47	49.99	49.99	49.99	49.99	49.99	285.43					
Unit A								49.99	49.99	49.99	49.99	49.99	285.43					
Highwest Corp	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40					
Pat	42.53	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	49.95	599.40					
Tony	117.99	111.99	97.28	83.10	81.80	102.23	75.95	137.40	290.19	291.00	200.87	118.34	1,589.50	12.50%	84.11	45.84	38.27	
Tony	95.92	85.48	81.05	82.57	80.15	82.00	124.74	122.47	187.11	283.39	98.82	118.34	1,420.04	9.23%	131.07	71.43	59.84	
John	67.37	59.95	59.95	81.05	59.95	59.95	59.95	59.95	65.23	98.05	59.95	64.87	776.02	25.00%	194.00	105.73	88.27	
<b>Total</b>	<b>473.66</b>	<b>456.92</b>	<b>438.06</b>	<b>428.52</b>	<b>421.70</b>	<b>443.98</b>	<b>831.38</b>	<b>619.80</b>	<b>842.31</b>	<b>1,012.03</b>	<b>678.52</b>	<b>382.90</b>	<b>6,827.50</b>			<b>409.19</b>	<b>223.01</b>	<b>166.18</b>

The expense only allocated to water related employees.

Water 54.50%  
 Wastewater 45.50%

Company: The Woodlands of Lake Placid  
 Title: Management Fee  
 Period: TYE 12/31/01

Description	Amount	25.0% Utility Allocation	54.5% Water Allocation	45.5% Wastewater Allocation
Nissan Lease Payment	4,759.44	1,189.86	648.47	541.39
Gas	994.04	248.51	135.44	113.07
Automobile Insurance	1,538.00	384.50	209.55	174.95
	<u>7,291.48</u>	<u>1,822.87</u>	<u>993.46</u>	<u>829.41</u>

JE

650 Transportation - Water	993.46
750 Transportation - Wastewater	829.41
233 ffiliate company	1,822.87
To record transportation expense	

Company: The Woodland of Lake Placid  
 Title: Lease Payment  
 Period: TYE 12/31/01

The Nissan truck is being used by John Lovelette

Month	Amount	Utility Allocation Percentage	Utility Allocation	54.50% Water Allocation	45.50% Wastewater Allocation
Jan	396.62	25.00%	99.16	54.04	45.12
Feb	396.62	25.00%	99.16	54.04	45.12
Mar	396.62	25.00%	99.16	54.04	45.12
Apr	396.62	25.00%	99.16	54.04	45.12
May	396.62	25.00%	99.16	54.04	45.12
June	396.62	25.00%	99.16	54.04	45.12
July	396.62	25.00%	99.16	54.04	45.12
August	396.62	25.00%	99.16	54.04	45.12
September	396.62	25.00%	99.16	54.04	45.12
October	396.62	25.00%	99.16	54.04	45.12
November	396.62	25.00%	99.16	54.04	45.12
December	396.62	25.00%	99.16	54.04	45.12
<b>Total</b>	<b>4,759.44</b>		<b>1,189.86</b>	<b>648.47</b>	<b>541.39</b>

Executive Corporate Card (Gasoline)

Month	Amount	Utility Allocation Percentage	Utility Allocation	Water Allocation	Wastewater Allocation
Jan	91.95	25.00%	22.99	12.53	10.46
Feb	102.75	25.00%	25.69	14.00	11.69
Mar	72.52	25.00%	18.13	9.88	8.25
Apr	48.25	25.00%	11.56	6.30	5.26
May	151.78	25.00%	37.95	20.68	17.26
June	94.48	25.00%	23.62	12.87	10.75
July		25.00%	0.00	0.00	0.00
August	108.84	25.00%	27.21	14.83	12.38
September	93.62	25.00%	23.41	12.76	10.65
October	153.83	25.00%	38.46	20.96	17.50
November	78.02	25.00%	19.51	10.63	8.87
December		25.00%	0.00	0.00	0.00
<b>Total</b>	<b>994.04</b>		<b>248.51</b>	<b>135.44</b>	<b>113.07</b>

**Audit Exception No. 7**

**Subject: Purchased Power**

**Statement of Fact:** The utility did not allocate purchased power between water and wastewater and non-utility operations and did not include the December invoice.

**Opinion:** An analysis of the electric bills are attached. The company's books were adjusted in the attached journal entries (number 9). Total electric bills for the water plants are \$4,079.53 and the wastewater plant are \$3,421.69.

Company: The Woodland of Lake Placid  
 Title: Billing - Electricity  
 Period: TYE Dec 31, 2001

Acc'l. No.	Description	Check # 100151002 January 2001	Check # 1001 February 2001	Check # 1075 March 2001	Check # 1001 April 2001	Check # 1100 May 2001	Check # 1110 June 2001	Check # 1133 July 2001	Check # 1141 August 2001	Check # 1157 September 2001	Check # 1167 October 2001	Check # 1181 November 2001	Check # 1197 December 2001	TOTAL
82015 10502	Water													
82015 10502	100 County Rd. 29 Pump	13.06	12.90	12.90	12.90	14.10	18.48	13.93	15.12	27.40	13.14	13.23	14.85	163.90
73147 40272	1010 Lake Placid, US 27 Pump	111.83	102.11	114.90	99.93	87.55	80.84	80.70	74.80	71.02	70.93	83.71	80.30	1,000.80
00101 30502	1010 Lake Placid, Camp FL Water Plant	83.17	88.85	103.78	90.54	70.40	84.76	55.87	71.02	55.00	58.82	100.44	88.55	852.21
10003 71440	1010 Lake Placid Pump, Camp Corral	152.80	215.24	184.30	180.20	197.92	147.50	129.90	143.80	120.02	140.16	145.82	179.82	1,803.05
	TOTAL	341.74	419.81	475.18	390.83	329.97	340.63	280.40	308.61	280.13	283.78	302.00	372.31	4,070.83
82040 00533	Wastewater													
46570 03370	1010 Lake Placid, Camp FL LR Station	50.90	81.87	82.87	44.40	33.82	31.18	38.46	35.30	31.00	43.34	41.50	48.23	522.74
	1010 Lake Placid, Camp FL Sewage	344.80	330.03	475.47	281.83	188.37	182.12	186.82	163.68	134.94	167.82	216.80	280.19	2,888.95
	TOTAL	395.70	400.70	538.34	308.23	201.80	193.30	180.30	180.07	188.03	230.30	258.10	338.42	3,421.80
	Total Water & Wastewater	738.92	810.51	863.50	698.86	531.96	533.93	464.77	504.68	468.16	524.11	610.10	708.73	7,501.22
	Par WP 12-1 Acct 515.3	1,000.40	1,120.85	1,315.82	1,118.23	922.77	843.83	1,112.27	1,073.00	1,012.10	882.33	854.40	1,370.80	12,338.54
	Non-Utility Allocation	302.87	320.14	285.02	481.37	300.81	400.70	847.80	588.50	506.03	28.22	44.30	671.16	4,825.32

Acc'l. No.	Description	January 2001	February 2001	March 2001	April 2001	May 2001	June 2001	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	TOTAL
82015 10502	Water													
82015 10502	100 County Rd. 29 Pump	8	0	0	0	13	63	11	30	105	2	3	22	321
73147 40272	1010 Lake Placid, US 27 Pump	1,181	1,067	1,155	950	852	670	848	705	853	862	808	671	10,490
00101 30502	1010 Lake Placid, Camp FL Water Plant	801	804	1,037	880	658	820	480	663	488	640	1,102	805	9,180
10003 71440	1010 Lake Placid Pump, Camp Corral	1,881	2,423	1,956	1,801	1,653	1,478	1,294	1,485	1,180	1,428	1,729	2,147	20,112
	Total	3,469	4,304	4,147	3,536	3,174	3,240	2,404	2,880	2,505	2,736	3,642	3,835	40,071
82040 00533	Wastewater													
46570 03370	1010 Lake Placid, Camp FL LR Station	454	583	570	360	236	208	281	50	207	347	327	412	4,000
	1010 Lake Placid, Camp FL Sewage	5,205	4,485	5,480	3,304	1,820	1,794	1,705	1,820	1,288	16	2,349	3,441	33,795
	Total	5,659	5,078	7,050	3,783	2,054	2,002	1,986	1,870	1,475	363	2,676	3,853	37,846
	Total Water & Wastewater	9,129	9,472	11,197	7,389	5,238	5,242	4,400	4,750	3,980	3,099	6,318	7,788	77,918

The 12/01 billing statement for acct 73147 40272 was not provided by the company.  
 Staff took the average of 11 mos. for the 12/01 billing amount.

672.20 88.30  
 9,570.00 670.82

Acc'l. No.	Description	Location	Meter No.
82015 10502	100 County Rd. 29 Pump	Located on the north side of Country Rd 29 (sewage plant)	5254442
73147 40272	1010 Lake Placid, US 27 Pump	Irrigation pump in front of main office	3185782
00101 30502	1010 Lake Placid, Camp FL Water Plant	Located in the RV Park, Hidden Cove	4822332
82040 00533	1010 Lake Placid, Camp FL LR Station	Located in the RV Park, Freedom Way	4823210
46570 03370	1010 Lake Placid, Camp FL Sewage	Located on the north side of Country Rd 29	4828073
10003 71440	1010 Lake Placid Pump, Camp Corral	Located adjacent to the office	4828173

**Audit Exception No. 8**

**Subject: Short Utility Service**

**Statement of Fact:** The utility booked the invoices for its operator service in purchased water and purchased power accounts.

**Opinion:** A schedule of the invoices follows this exception and includes the accounts staff determined the amounts should be recorded in. The cost of the operating service increased during the year so a proforma adjustment was made to the attached schedules, increasing water operation by \$150 and wastewater operation by \$75. The entry to correct these invoices can be found in the journal entries attached to this report (number 11). It increases water chemicals by \$1,410.50, water operation by \$3,210, water lab expenses by \$1,404, wastewater chemicals by \$3,014.17, wastewater operation by \$3,105, wastewater lab by \$1,788.10 and wastewater sludge testing by \$360. These invoices had been charged to water and purchased power and the adjusting entry removes them from those accounts.

Company: The Woodland of Lake Placid  
 Title: Short Utility Service, Inc.  
 Period: TYE 12/31/01

Vendor	Description	Company Account	Date	Invoice No.	Check No.	Account 618.00	Account 630	Account 635.00	Account 718	Account 730	Account 735	Account 735	Total
						Water Chemical	Water Operation	Water Lab	Wastewater Chemical	Wastewater Operation	Wastewater Lab	Wastewater Sludge Ana.	
Short Utility Service, Inc.	Operation - December	515.3	01/03/01	1432	1032	128.50	250.00	80.00	288.28	250.00	148.20		1,124.98
Short Utility Service, Inc.	Operation - January	515.3	01/30/01	1458	1045	0.00	250.00	120.00	328.50	250.00	148.20		1,096.70
Short Utility Service, Inc.	Operation & Sludge Analysis - February	515.3	03/05/01	1500	1062	257.00	250.00	80.00	295.85	250.00	148.20	380.00	1,640.85
Short Utility Service, Inc.	Operation, & Well #1 Clearance - March	515.3	04/03/01	1528	1072	128.50	250.00	300.00	273.75	250.00	148.20		1,350.45
Short Utility Service, Inc.	Operation - April	515.3	05/03/01	1571	1088	0.00	250.00	80.00	284.70	250.00	148.20		1,012.90
Short Utility Service, Inc.	Operation - May	515.1	05/29/01	1607	1102	128.50	280.00	284.00	240.90	265.00	148.20		1,328.60
Short Utility Service, Inc.	Operation - June	515.3	06/28/01	1642	1118	128.50	280.00	80.00	202.58	265.00	148.20		1,104.28
Short Utility Service, Inc.	Operation - July	515.1	07/31/01	1678	1124	254.00	280.00	80.00	219.00	265.00	148.20		1,246.20
Short Utility Service, Inc.	Operation - August	515.1	08/30/01	1704	1138	0.00	280.00	80.00	219.00	265.00	148.20		992.20
Short Utility Service, Inc.	Operation - September	515.1	09/30/01	1741	1150	128.50	280.00	80.00	106.93	265.00	148.20		1,008.63
Short Utility Service, Inc.	Operation - October	515.1	10/28/01	1781	1159	128.50	280.00	80.00	262.80	265.00	148.20		1,164.50
Short Utility Service, Inc.	Operation - November	515.1	11/30/01	1817	1175	128.50	280.00	80.00	312.08	265.00	157.90		1,223.48
<b>Total</b>						<b>1,410.50</b>	<b>3,210.00</b>	<b>1,404.00</b>	<b>3,014.17</b>	<b>3,105.00</b>	<b>1,788.10</b>	<b>380.00</b>	<b>14,291.77</b>

JE					
618	Water Chemical		1,410.50		
630	Water operation		3,210.00		
635	Water Lab		1,404.00		
718	Wastewater Chemical		3,014.17		
730	Wastewater Operation		3,105.00		
735	Wastewater Lab		2,148.10		
	515.1	Purchased Water		7,330.18	
	515.3	Purchased Power		6,961.61	

To properly record water & wastewater operation

**Proforma Adjustment**

630	Water operation	150.00
730	Wastewater Operation	75.00
To adjust increase in operation		

**Audit Exception No. 9**

**Subject: Non-Utility Expense**

**Statement of Fact:** In reviewing the general ledger, there were several expenses that the company did not provide invoices for and told us that they were not related to the utility.

**Opinion:** Since the company does not use the NARUC chart of accounts, several entries have been made to move these expenses to non-utility accounts. They can be found on the attached journal entries (number 15, 16, 18, 19, 22, and 29).



**Audit Exception No. 10**

**Subject: Allocation between Water and Wastewater**

**Statement of Fact:** Several accounts contained costs that were related to the utility but not allocated between water and wastewater.

**Opinion:** These costs have been allocated using a customer ratio of 54.5% water and 45.5% wastewater. The entries to correct these accounts can be found in the attached journal entries (number 17, 21, 23, and 24).

**Audit Exception No. 11**

**Subject: Organization Costs**

**Statement of Fact:** The utility paid invoices related to forming a separate company for water and wastewater and costs to obtain foreign representation.

These costs were included in the company account 531.3-contractual services.

**Opinion:** The costs related to the organization of the new company of \$760 have been allocated between water and wastewater and charged to organization costs. The amounts related to foreign representation were charged to non-utility expense. The organization costs were depreciated over 40 years. See the attached journal entries (number 20) for the adjustment made to the attached schedules. It increases water organization costs by \$414.20 and wastewater by \$345.80. Depreciation of \$10.36 for water and \$8.65 for wastewater have also been increased for this adjustment.

**Audit Exception No. 12**

**Subject: Mis-classification of Expenses**

**Statement of Fact:** Several accounts contained invoices that were for water, wastewater and non-utility expenses that were grouped together in one account.

**Opinion:** These accounts were analyzed and charged to the proper account in the attached journal entries (number 25, 26, and 27). Entry 27 adjusts regulatory assessment fees for prior years of \$15,294.90 to the capital account.

**Audit Exception No. 13**

**Subject: Postage**

**Statement of Fact:** The company did not charge postage to the utility. It is either paid by Camp Florida or Highvest.

**Opinion:** Since the utility will now have to send bills because the customers will be metered we included this cost in our adjustment. The expense was computed using 193 bills and 12 accounts payable each month or 205 mailings per month at 34 cents each. This would total \$69.70 per month or \$836.40 a year. This amount was allocated using the number of customer allocation. The attached journal entries (number 28) adjusts expenses for this amount.

**Audit Exception No. 14**

**Subject: Property Tax**

**Statement of Fact:** Property tax was reconciled to the land deeds. The water plant called "Water Plant #2" and the wastewater treatment plant land are both owned by the Woodlands. The land for "Water Plant #2" is part of a large parcel of land that is not utility related. The land for water plant number one, is owned by Camp Florida resorts. The invoices were not paid until 3/01. Based on the information from the court clerk, the taxes were reduced by 4% for interest paid.

**Opinion:** The property tax bill for land that includes "Water Plant #2" was allocated at 2.54% based on the total water plant acreage to total land in the parcel. The Camp Florida tax bill for "Water Plant #1" was included in taxes other than income. A schedule of taxes is attached. The expense was adjusted in the attached journal entries (number 32) and increases water taxes other than income by \$453.79 and wastewater by \$3,607.50..

Company: The Woodlands of Lake Placid  
 Title: Recalculation of Property Tax  
 Period: TYE 12/31/01

The court clerk was unable to pull the property tax for the period ended 11/00 due to the set up of the information.

The tax amount would increase 4% if it was paid in 3/01.

Account No.	Reference	03/31/01 Amount	Less: 4%	11/30/00 Amount	
<b>Water Plant</b>					
C173730-040D0000000		117.85	104.00%	109.12	Water Plant 1
C173730-A0000200000	*	372.24	104.00%	344.67	Water Plant 2
<b>TOTAL</b>		<u>490.09</u>		<u>453.79</u>	
<b>Wastewater Plant</b>					
C083730-A0001300020		3,896.10	104.00%	3,607.50	Wastewater 1
<b>TOTAL</b>		<u>3,896.10</u>		<u>3,607.50</u>	

\* Allocated @ 2.54 %

**Audit Exception No. 15**

**Subject: Revenue**

**Statement of Fact:** The company could not provide documentation to support its revenue amounts. It did not use metered rates in the test year. Meter readings were available for one month in 2002. These readings showed that there were 188 residential customers. Since two were added during the year, 186 should have been in service at the beginning of the year. The utility has four general service customers that they have been billing at metered rates and 7 kiosks, a pool house and the Camp Florida office building that were not. The utility also provides service for lots rented. No revenues are recorded for these rentals. No records were kept of these rentals so revenues could not be imputed.

**Opinion:** Although revenue will change once a tariff is developed, revenue was estimated using the above information times the rates the utility claims to use. A schedule is attached. The regulatory assessment fee has been adjusted to these revenues. The adjustment for this schedule can be found in the attached journal entries (number 33).

WOODLANDS OF LAKE PLACID  
ANALYSIS OF REVENUE  
TEST YEAR ENDED 12/31/01

RESIDENTIAL	CUSTOMERS		FLAT RATE		ESTIMATED REVENUE		TOTAL
	WATER	WASTE-WATER	WATER	WASTE-WATER	WATER	WASTE-WATER	
PARK	153	153	\$22.00	\$13.00	\$40,392.00	\$23,868.00	64,260
KIOSKS	7	7	\$22.00	\$13.00	\$1,848.00	\$1,092.00	2,940
POOLHOUSE	1	1	\$22.00	\$13.00	\$284.00	\$156.00	420
WOODLANDS BLDG.	1	1	\$22.00	\$13.00	\$284.00	\$156.00	420
OFFICE	1	1	\$22.00	\$13.00	\$284.00	\$156.00	420
NEW CUSTOMER SEPTEMBER	1	1	\$22.00	\$13.00	\$88.00	\$52.00	140
NEW CUSTOMER	1	1	\$22.00	\$13.00	\$88.00	\$52.00	140
	165	165					
CUSTOMERS LAKE RIDGE	33		\$22.00		\$8,712.00	\$0.00	8,712
	198				\$51,920.00	\$25,532.00	\$77,452.00

COMMERCIAL							
FOOD LION					\$1,134.49		1,134
LAKE GRASSY					\$1,570.00		1,570
LAKE PLACID FASHION					\$590.93		591
SHOPS OF LAKE PLACID					\$611.74		612
					\$55,827.16	\$25,532.00	\$81,359.16
PER GENERAL LEDGER							\$76,802.31
DIFFERENCE							\$4,756.85

Accounts Receivable	4,757
Non-utility Revenue	76,802
General Service Water	6,547
Residential Water	49,280
Residential Wastewater	25,532
Regulatory Assessment Fee water	2,512
Reg. Assessment Fee wastewater	1,149
Total due	

Per G/L	Difference
	633
	(357)
	276

SHOULD KIOSKS AND POOL HOUSE AND OFFICE BE COMMERCIAL? Recorded as General Service here.

THE PARK HAS 397 LOTS. 232 ARE NOT SOLD. THEY ARE RENTED AND NO WATER OR WASTEWATER FEE IS CHARGED FOR THESE LOTS.

ACCORDING TO THE COMPANY, OF THE 185 LOTS THAT ARE SOLD, 15 HOMES TAKE UP TWO LOTS. THAT LEAVES 150 CUSTOMER, 2 OF WHICH WERE ADDED IN 2001. HOWEVER, THE BILLING BY METER FOR THE ONE MONTH IN 2002 SHOWS 188.

NO METER READINGS WERE DONE ON RESIDENTIAL UNTIL JANUARY 2002. THE COMPANY DOES NOT BREAK DOWN BETWEEN WATER AND WASTEWATER. A BILLING ANALYSIS WAS DONE FOR THE ONE MONTH AVAILABLE IN 2002 FOR RESIDENTIAL CUSTOMERS AND THE 12 MONTHS OF 2001 FOR THE 4 COMMERCIAL CUSTOMERS.



**Audit Disclosure No. 1**

**Subject: Future Plant Additions**

**Statement of Fact:** The company has plans to add plant additions in the near future. They did not provide us with supporting documentation for them.

**Opinion:** The staff engineer, Lee Munroe agreed to obtain and review the information related to these additions. The costs need to be added to the attached schedules.

**Audit Disclosure No. 2**

**Subject: Contributions in Aid of Construction (CIAC)**

**Statement of Fact:** The company did not record CIAC for its two new customers in 2001. There is no tariff rate. The current sales agreement does not contain any language that indicates there is a connection fee for these lots.

**Opinion:** Because we were unable to determine that CIAC was collected and there was no tariff rate to use to impute the amount, no adjustment has been made to the attached exhibits.

**Audit Disclosure No. 3**

**Subject: Annual Report**

**Statement of Fact:** Annual report revenues and expenses do not agree with the general ledger because the ledger includes non-utility accounts. These amounts have been corrected in the exceptions in this audit.

**Audit Disclosure No. 4****Subject: Cost of Capital**

**Statement of Fact:** Most of the utility's debt comes from Hivest or other affiliate companies. Therefore, the Hivest Capital Structure was used to calculate the Cost of Capital.

The company did not provide debt instruments for the following debt but its accountant did provide the rates:

Account	Description
318	Long Term Debt-Ford Ranger
319	Long Term Debt-Ford Taurus
320	Long Term Debt-Windstar
320.1	Long Term Debt-Kubota Cr. Tractor
333.4	Long Term Debt-Nancy Ayres
334	Long Term Debt-Anbeth Inc.
334.5	Long Term Debt-Patricia Silva
335	Long Term Debt-Wilkins and Huffman
346.1	Investment Loan Payable-Nancy Ayres
346.2	Investment Loan Payable-Anbeth

According to Pete Lester, a finance analyst at the Commission, the interest rate used whenever the company does not provide the debt instruments should be 2% plus the prime rate. The average prime rate for 2000 and 2001 is 5.415%. None of the rates provided by the accountant were over the 7.415% recommended.

The company's common equity ratio is -7.526%, therefore according to Commission order, PSC-01-2514-FOF-WS, if the equity ratio is 40% or less the return on equity should be 11.34%.

**EXHIBITS**

- 1. Rate Base**
- 2. Net Operating Income Water**
- 3. Net Operating Income Wastewater**
- 4. Cost of Capital**
- 5. Adjusting Journal Entries**

WOODLANDS OF LAKE PLACID  
 RATE BASE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01	AVERAGE BALANCE
	WATER PLANT	182,358.00	282,177.00	ADJ 1	474,535.00	182,358.00	287,716.20	ADJ. 1, 2B, 5		480,074.20	477,304.80
	ACCUMULATED DEPRECIATION WAT	(53,847.00)	(49,588.00)	ADJ 1	(103,213.00)	(53,847.00)	(84,444.38)	ADJ. 1, 3, 2B		(118,081.38)	(110,652.18)
	CIAC WATER		(204,307.00)	ADJ 1	(204,307.00)		(204,307.00)	ADJ. 1		(204,307.00)	(204,307.00)
	ACC. AMORT. CIAC WATER		29,300.40	ADJ 1, 4	29,300.40		35,465.08	ADJ. 1, 4, 5		35,465.08	32,382.74
	WORKING CAPITAL ALLOWANCE										4,117.58
	TOTAL WATER RATE BASE	138,711.00	57,604.40		196,315.40	138,711.00	54,428.82		0.00	193,140.82	198,845.74
	WASTEWATER PLANT	1,098,285.16	(684,478.16)	ADJ 1	413,807.00	1,098,285.16	(684,132.38)	ADJ. 1		414,152.80	413,979.80
	ACCUMULATED DEP. WASTEWATER	(28,308.00)	(118,220.00)	ADJ 1	(141,828.00)	(28,308.00)	(128,824.85)	ADJ. 1, 3, 2B		(154,832.85)	(148,230.33)
	CIAC WASTEWATER		(85,800.00)	ADJ 1	(85,800.00)		(85,800.00)	ADJ. 1		(85,800.00)	(85,800.00)
	ACC. AMORT. CIAC WASTEWA.		11,192.41	ADJ 1	11,192.41		13,821.21	ADJ. 1, 5		13,821.21	12,368.81
	WORKING CAPITAL ALLOWANCE										3,440.21
	TOTAL WASTEWATER RATE BASE	1,071,977.16	(654,105.75)		217,871.41	1,071,978.16	(684,835.80)		0.00	207,141.36	215,946.58

WOODLANDS OF LAKE PLACID  
NET OPERATING INCOME  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01
400.00	Residential Revenues - Water		(49,280.00)	Adj 33		(49,280.00)
400.00	General Service Revenue Water		(6,547.00)	Adj 33		(6,547.00)
	Total Water Revenue	0.00	(55,827.00)		0.00	(55,827.00)
<b>Operation and Maintenance Expenses</b>						
515.10	Purchased Water	10,589.66	(10,589.66)	Adj 8, 11		3.00
515.30	Purchased Power	21,229.82	(21,229.82)	Adj 8, 9, 11, 18		0.00
520.30	Materials & Supplies	1,319.85	(1,319.85)	Adj 8, 19		0.00
531.30	Contractual Services - Professional	4,685.60	(4,685.60)	Adj 7, 20		0.00
536.30	Contractual Services - Other	22,408.63	(22,408.63)	Adj 10		0.00
640.30	Rents	1,661.34	(1,661.34)	Adj 15		0.00
554.30	Advertising	1,451.40	(1,451.40)	Adj 16		0.00
555.30	Telephone	438.16	(438.16)	Adj 17		0.00
576.30	Bank Charges	66.15	(66.15)	Adj 21		0.00
578.30	Resort Entertainment Expense	747.25	(747.25)	Adj 22		0.00
579.30	Office Expense	247.32	(247.32)	Adj 23		0.00
580.30	Postal Expense	12.15	(12.15)	Adj 24		0.00
581.30	Repairs & Maintenance	6,759.31	(6,759.31)	Adj 8, 13, 25		0.00
601.00	Salaries & Wages - Employees (Water)		14,055.99	Adj 10		14,055.99
615.00	Purchased Power - Water		4,079.53	Adj 9		4,079.53
618.00	Water Chemical		1,410.50	Adj 11		1,410.50
620.00	Materials & Supplies - Water		587.01	Adj 8		587.01
630.00	Contractual Services - Water		7,339.74	Adj 6, 7, 11, 25	150.00	7,489.74
635.00	Water Lab		1,404.00	Adj 11		1,404.00
650.00	Transportation - Water		993.46	Adj 31		993.46
640.00	Rent - Water		573.89	Adj 30		573.89
655.00	Water Insurance		737.37	Adj 8		737.37
665.10	Regulatory Commission Exp.	18,254.06	(18,254.06)	Adj 27		0.00
675.00	Misc. Exp - Water		1,806.14	Adj 12, 13, 14, 16, 17, 21, 23, 24, 26, 28		1,806.14
	Total	89,848.50	(57,057.87)		150.00	32,940.63
403.00	Depreciation Expense - Water		14,878.36	Adj 3, 20		14,878.36
403.00	Amortization CIAC - water		(8,184.68)	Adj 5		(8,184.68)
	Total Depreciation and Amortization	0.00	8,713.68		0.00	8,713.68
408.00	Taxes Other than Income - Water		4,041.27	Adj 10, 26, 32, 33		4,041.27
	Total Expenses Water	89,848.50	(44,302.92)		150.00	45,865.58
	Net Operating (Income) Loss Water	89,848.50	(100,129.92)		150.00	(10,131.42)

WOODLANDS OF LAKE PLACID  
NET OPERATING INCOME  
TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/01	STAFF ADJUSTMENTS	ADJ. NO.	PROFORMA ADJUSTMENT	ADJUSTED BALANCE 01
521.10	Residential Revenues - Wastewater		(25,532.00)	Adj 33		(25,532.00)
701.00	Salaries & Wages - Employees (Wastewater)		8,865.00	Adj 10		8,865.00
711.00	Sludge Removal Expense		1,883.44	Adj 25		1,883.44
715.00	Purchased Power - Wastewater		3,421.69	Adj 9		3,421.69
718.00	Wastewater Chemical		3,014.17	Adj 11		3,014.17
730.00	Contractual Services - Wastewater		5,049.22	Adj 7,11,25	75.00	5,124.22
735.00	Wastewater lab		2,148.10	Adj 11		2,148.10
740.00	Rent - Wastewater		479.12	Adj 30		479.12
750.00	Transportation - Wastewater		829.41	Adj 31		829.41
755.00	Wastewater Insurance		615.61	Adj 8		615.61
775.00	Misc. Expense - Wastewater		1,340.91	Adj 12,13,14,16,17,21,23,24,26,28		1,340.91
903.30	Interest Expense	0.00				0.00
904.30	Insurance Expense	0.00				0.00
918.30	Miscellaneous Expense	211.14	(211.14)	Adj 29		0.00
939.30	Survey Expense	0.00				0.00
		<b>211.14</b>	<b>27,235.53</b>		<b>75.00</b>	<b>27,521.67</b>
403.00	Depreciation Expense - Wastewater		13,404.86	Adj 3,20		13,404.86
403.00	Amortization CIAC - wastewater		(2,328.80)	Adj 5		(2,328.80)
		<b>0.00</b>	<b>11,075.85</b>		<b>0.00</b>	<b>11,075.85</b>
408.00	Taxes Other than Income - Wastewater		5,434.73	Adj 10,26,32,33		5,434.73
	<b>Total Expenses</b>	<b>211.14</b>	<b>43,746.11</b>		<b>75.00</b>	<b>44,032.25</b>
	<b>Net Operating (Income) Loss Wastewater</b>	<b>211.14</b>	<b>18,214.11</b>		<b>75.00</b>	<b>18,500.25</b>
401.30	Nonutility Income	(76,602.31)	76,602.31	Adj 33		0.00
402.30	Other Income	0.00				0.00
426.00	Nonutility Expense		44,693.86	Adj 8,9,13,15,16,18,19,22,25,26,27,29,30,32		44,693.86
627.30	Interest Expense, Highest	63,000.00				63,000.00
603.30	Depreciation Expense - Nonutility	51,852.00				51,852.00
607.30	Amortization Expense - Nonutility	3,552.00				3,552.00
608.30	Taxes Other Than Income	24,859.66	(24,859.66)	Adj 26,32		0.00
	<b>Total Non-utility</b>	<b>66,661.35</b>	<b>96,436.51</b>		<b>0.00</b>	<b>163,097.86</b>



WOODLANDS OF LAKE PLACID  
CAPITAL STRUCTURE  
12/31/01

ACCOUNT NUMBER	DESCRIPTION	12-31-00 AMOUNT	12-31-01 AMOUNT	AVERAGE	% of TOTAL	RATE BASE	INTEREST	WEIGHTED COST OF CAPITAL
318	Long Term Debt-Ford Credit 99-Ford Ranger	\$8,363.41	\$5,289.38	\$6,811.39	0.042%	\$173.13	0.910%	0.0004%
319	Long Term Debt-Ford Credit 99-Ford Taurus	\$14,730.48	\$9,308.90	\$12,019.88	0.074%	\$305.52	3.989%	0.0029%
320	Long Term Debt-Ford Credit -2001 Ford Windstar	\$32,382.28	\$21,518.88	\$26,940.47	0.165%	\$684.78	1.950%	0.0032%
320.1	Long Term Debt-Kubota Credit-Tractor	\$27,285.99	\$20,830.23	\$23,968.11	0.147%	\$908.98	8.990%	0.0103%
331.1	Long Term Debt-National City Bank 9-37-8387-7	\$1,080,000.00		\$530,000.00	3.248%	\$13,471.72	8.230%	0.2023%
331.2	Long Term Debt-National City Bank 9-38-4070	\$2,000,000.00		\$1,000,000.00	8.128%	\$25,418.33	4.930%	0.3021%
331.3	Long Term Debt-National City Bank 9-37-2803	\$2,131,814.15		\$1,085,807.08	6.531%	\$27,081.04	4.930%	0.3220%
333.4	Long Term Debt-Nancy Ayres		\$5,271,814.15	\$2,635,807.08	16.152%	\$68,997.82	7.415%	1.1977%
334	Long Term Debt-ANBETH INC.	\$721,822.78	\$1,082,388.37	\$902,005.57	5.498%	\$22,873.29	7.415%	0.4053%
334.5	Long Term Debt-Patricia Silva		\$32,948.02	\$16,474.51	0.101%	\$418.75	7.415%	0.0075%
335	Long Term Debt-Wilkins & Huffman	\$220,000.00	\$220,000.00	\$220,000.00	1.348%	\$5,582.03	7.415%	0.1000%
337.5	Long Term Debt-WSS 44933-5	\$471,811.02	\$481,811.02	\$488,811.02	2.981%	\$11,885.56	5.750%	0.1645%
337.8	Long Term Debt-WSS 48933-5	\$204,382.25	\$137,284.98	\$170,828.82	1.047%	\$4,342.18	9.500%	0.0894%
337.8	Long Term Debt-NCB 9-38-6114-AVRNT	\$898,173.07	\$982,935.02	\$985,554.05	3.850%	\$15,137.99	8.900%	0.3102%
340.5	Lease: Current Portion of LTD	(\$224,000.00)	(\$224,000.00)	(\$224,000.00)	-1.373%	(\$5,883.71)	6.138%	-0.0842%
346.1	Long Term Debt-Investment Loan Payable Nancy Ayres	\$6,088,197.00	\$6,056,197.00	\$6,061,197.00	37.143%	\$154,085.51	7.415%	2.7541%
346.2	Long Term Debt-Investment Loan Payable ANBETH	\$4,048,583.72	\$4,048,583.72	\$4,048,583.72	24.797%	\$102,857.88	7.415%	1.8387%
		\$17,379,138.11	\$17,714,480.43	\$17,546,808.27	107.828%	\$448,010.88		7.638%
351	Capital Stock	\$6,000.00	\$6,000.00	\$6,000.00	0.037%	\$182.61		
354	Retained Earnings	(\$1,517,844.05)	(\$933,147.87)	(\$1,225,395.96)	-7.51%	(\$31,147.52)		
356	Other Comprehensive Income	(\$32,889.46)	\$15,303.67	(\$8,782.90)	-0.054%	(\$223.25)		
		(\$1,550,513.51)	(\$917,844.20)	(\$1,234,178.86)	-7.883%	(\$31,570.77)	11.34%	
	<b>TOTAL</b>	<b>\$15,834,622.90</b>	<b>\$16,802,638.23</b>	<b>\$16,318,829.42</b>	<b>100.000%</b>	<b>\$414,792.33</b>		

INDEX

\* The company provided the bill, not the debt instrument.

(A) 2% + LIBOR (4.230%)

(B) .70of 1% + LIBOR (4.230%)

(C) 2% + PRIME (5.415%)

AVERAGE RATE BASE

WATER	\$188,845.74
WASTEWATER	\$215,946.59
	\$414,792.33

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
				DEBIT	CREDIT
	1				
303.10	Land & Land Rights			15,598.00	
304.00	Structures			66,428.00	
307.10	Wells and Springs			18,707.00	
309.10	Supply Mains				8,480.00
311.10	Pumping Equipment				3,000.00
320.00	Water Treatment Equipment				52,218.00
330.00	Dist. Res			32,416.00	
331.10	Trans. & Dist. Lines			107,829.00	
333.10	Services			57,693.00	
334.10	Meters & Meter Installations			42,480.00	
335.10	Hydrants			1,764.00	
336.10	Backflow Prevention Devices			854.00	
340.10	Office Furniture & Equip.			686.00	
343.10	Tools, Shop & Garage Equip.				800.00
353.20	Land & Land Rights			16,000.00	
353.30	Land				71,112.00
354.20	Structures & Improvements				57,824.00
354.30	Improvements				392,985.69
360.20	Collection Sewers - Force			5,378.00	
361.20	Collection Sewers - Gravity			116,605.00	
362.00	Special Collection			1,040.00	
363.20	Services			108,860.00	
371.20	Pumping Equip.				5,500.00
380.00	Treat/Disp			68,622.00	
389.30	Furniture & Fixtures				76,242.00
390.30	Equipment				12,187.00
393.00	Tools			947.00	
397.30	Clubhouse - New				42,933.47
398.30	Buildings				343,146.00
108.10	Accumulated Depreciation - Water				49,586.00
108.20	Accumulated Depreciation - Wastewater				115,220.00
	CIAC WATER				204,307.00
	CIAC WASTEWATER				65,600.00
	ACC. AMORT. CIAC WATER			26,096.40	
	ACC. AMORT. CIAC WASTEW.			11,192.41	
	NON-UTILITY PROPERTY			938,606.16	
	PARTNERS EQUITY				138,900.81

THIS ENTRY IS TO ADJUST THE COMPANY TRIAL BALANCE TO THE AMOUNTS DETERMINED IN THE TRANSFER AUDIT 01-075-3-1

2  
 Not Used

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>3</b>				
	Depreciation Expense Water			14,868.00	
	Depreciation Expense Sewer			13,396.00	
	Accumulated Depreciation Water				14,868.00
	Accumulated Depreciation Sewer				13,396.00
	To record 2001 expense				
	<b>4</b>				
	Accumulated Amortization CIAC Water			3,204.00	
	Proprietary Capital				3,204.00
	To correct transfer audit amount based on rule for contributed plant - Beginning & Ending				
	<b>5</b>				
	Acc. Amort of CIAC Water			6,164.68	
	Acc. Amort of CIAC Wastewater			2,328.80	
	Amort Expense Water				6,164.68
	Amort Expense Wastewater				2,328.80
	To record amount expense for 2001				
	<b>6</b>				
331.00	Transmission Lines			4,573.00	
186.00	Misc. Deferred Debits			2,807.17	
334.00	Meters & Meter Installations			552.00	
620.00	Materials & Supplies - Water			587.01	
630.00	Contractual Services - Water			1,334.77	
	Acc't Receiv			112.20	
426.00	Nonutility expense			5,136.49	
	132.30	Special Deposits - Water Meters			4,573.00
	186.30	Misc. Deferred Debits - Water Permit			5,325.16
	515.10	Purchased Water - Deferred Debit			3,605.05
	515.30	Purchased Power			1,233.29
	520.30	Materials & Supplies			30.05
	581.30	Repairs & Maintenance			336.09
	To record plant, materials & supplies, Contractual services, and cash. LaGrow				
630.00	Contractual Services - Water			701.79	
	186.00	Misc. Deferred Debit			701.79
	To amortize line replacement over 4 yrs. in Acc.t 515.10				
	<b>7</b>				
630.00	Contractual Services - Water			2033.18	
730.00	Contractual Services - Wastewater			1697.42	
	531.30	Contractual Services - Professional			3,730.60
	To record accounting services				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>8</b>				
655.00	Water Insurance			737.37	
755.00	Wastewater Insurance			615.61	
	233.00		Payable to Affiliate Co. (Camp Florida)		1,352.98
	To record Insurance				
	<b>9</b>				
426.00	Misc. Non-Utility Purchased Power			4,825.32	
615.00	Purchased Power - Water			4,079.53	
715.00	Purchased Power - Wastewater			3,421.69	
	Retained Earnings (12/00 billing)			952.47	
	515.30		Purchased Power		11,899.12
	233 Payable to Affiliate Company				1,379.89
	To record purchased power				
	<b>10</b>				
408-WATER	Taxes Other Than Income			1,075.28	
08-WASTEWATE	Taxes Other Than Income			678.17	
601.00	Salaries & Wages - Employees			14,055.99	
701.00	Salaries & Wages - Employees			8,865.00	
	536.30				22,408.63
	233.00		Payable to Affiliate Co. (Camp Florida)		2,265.81
	To record FICA & Salaries Camp Fla				
	<b>11</b>				
618.00	Chemical - Water			1,410.50	
630.00	Contractual Services - Water			3,210.00	
635.00	Lab - Water			1,404.00	
718.00	Chemical - Wastewater			3,014.17	
730.00	Contractual Services - Wastewater			3,105.00	
735.00	Lab - Wastewater			2,148.10	
	515.10		Purchased Water		6,961.61
	515.30		Purchased Power		7,330.16
	To properly record water & wastewater operation Short Utilities				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>12</b>				
675.00	Misc. Expense - Water			240.57	
775.00	Misc. Expense - Wastewater			200.90	
		233.00	Payable to affiliate company		441.47
	To record common cost Staples & BFI Trucking				
	<b>13</b>				
426.00	Misc. Nonutility Expense			301.68	
675.00	Misc. Expense - Water			10.56	
775.00	Misc. Expense - Wastewater			8.76	
		581.30	Repairs & Maintenance		321.00
	To correct Security expense Protection One				
	<b>14</b>				
675.00	Misc. Expense - Water			223.01	
775.00	Misc. Expense - Wastewater			186.18	
		233.00	Payables to Affiliate Company (Camp Fla)		409.19
	To record wireless telephone expense				
	<b>15</b>				
426.00	Misc. Nonutility Expense			1,661.34	
		540.30	Rents		1,661.34
	To remove nonutility expense				
	<b>16</b>				
426.00	Misc. Nonutility Expense			1,372.00	
675.00	Misc. Expense - Water			43.27	
775.00	Misc. Expense - Wastewater			36.13	
		554.30	Advertising		1,451.40
	To correct advertising expense				
	<b>17</b>				
675.00	Misc. Expense - Water			259.91	
775.00	Misc. Expense - Wastewater			216.99	
		233.00	Payables to Affiliate Company (Camp Florida)		40.74
		555.30	Telephone		436.16
	To record telephone expense				
	<b>18</b>				
426.00	Misc. Non-Utility			767.25	
		515.3	Purchased Power		767.25
	To remove Pugh Utility to Non-Utility Expense				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>19</b>				
426.00	Misc. Non-Utility			1,289.60	
	520.3	Materials & Supplies			1,289.60
	To remove non-utility materials & supplies				
	<b>20</b>				
301.00	Organization Cost - Water			414.20	
351.00	Organization - Wastewater			345.80	
426.00	Nonutility Expense			195.00	
	531.3	Contractual Services			955.00
	To record foreign representation				
408.00	Depreciation Expense - Water			10.36	
408.00	Depreciation Expense - Wastewater			8.65	
	108	Accumulated Depreciation - Water			10.36
		Accumulated Depreciation - Wastewater			8.65
	Depreciation over 40 yrs.				
	<b>21</b>				
675.00	Misc. Expense - Water			36.05	
775.00	Misc. Expense - Wastewater			30.10	
	576.3	Bank Charges			66.15
	To correct bank charge				
	<b>22</b>				
426.00	Misc. Nonutility Expense			747.25	
	578.3	Resort Entertainment Expense			747.25
	To remove Nonutility expense				
	<b>23</b>				
675.00	Misc. Expense - Water			134.79	
775.00	Misc. Expense - Wastewater			112.53	
	579.3	Office Expense			247.32
	To record checks & billing cards				
	<b>24</b>				
675.00	Misc. Expense - Water			6.62	
775.00	Misc. Expense - Wastewater			5.53	
	580.3	Postal Expense			12.15
	To book postal expense				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>25</b>				
426.00	Misc. Nonutility Expense			4,111.98	
630.00	Contractual Services - water			60.00	
711.00	Sludge Removal Expense			1,683.44	
730.00	Contractual Services - Wastewater			246.80	
	581.3		Repairs & Maintenance		6,102.22
	To adjust repairs & maintenance				
	<b>26</b>				
408.00	Taxes Other Than Income - Water			1,879.20	
408.00	Taxes Other Than Income - Wastewater			1,506.06	
426.00	Misc. Nonutility Expense			303.24	
675.00	Misc. Expense - Water			195.52	
775.00	Misc. Expense - Wastewater			163.23	
	608.3		License & Permits		4,047.25
	To correct gross receipt tax				
	<b>27</b>				
426.00	Misc. Nonutility Expense			2,959.16	
	Proprietary Capital			15,294.90	
	665.1		Regulatory Commission Exp		18,254.06
	To correct Regulatory Assessment Fee prior year.				
	<b>28</b>				
675.00	Misc. Expense - Water			455.84	
775.00	Misc. Expense - Wastewater			380.56	
	Payable to associated co.				836.40
	To record postage paid by an affiliate company (193*.34)+(12*.34) No. of customers' bills & No. of bills paid by the company				
	69.70 per month times 12 months				
	<b>29</b>				
426.00	Misc. Nonutility Expense			211.14	
	916.3		Misc. Expense		211.14
	To remove nonutility expense				

WOODLANDS OF LAKE PLACID  
 AVERAGE TRIAL BALANCE  
 TEST YEAR ENDED DECEMBER 31, 2001

ACCOUNT NO.	ACCOUNT	BALANCE 12/31/00	STAFF ADJUSTMENTS	ADJ. NO.	ADJUSTED BALANCE 00
	<b>30</b>				
640.00	Rent Water			573.89	
740.00	Rent Wastewater			479.12	
	233 Payable to Affiliate Company				1,053.01
	To allocate 6% of the office space to the utility at an average annual rental rate of 8.125/sq. ft. per local real est agent.				
	<b>31</b>				
650.00	Transportation- Water			993.46	
750.00	Transportation - Wastewater			829.41	
	233 Payable to Affiliate Company				1,822.87
	To record transportation expense				
	<b>32</b>				
426.00	Misc. Nonutility Expense			20,812.41	
408 Water	Taxes Other than Income			453.79	
408 Wastewater	Taxes Other than Income			3,607.50	
	608.3 Taxes Other than Income				20,812.41
	233 Payable to Affiliate Company				4,061.29
	<b>33</b>				
401.30	Nonutility			76,602.31	
141.00	Customer Accounts Receivable			4,756.85	
	400.00	Residential Revenues - Water			49,280.00
	400.00	Commercial Revenues - water			6,547.00
	521.10	Residential - Wastewater			25,532.00
	To record revenues				
408.00	Regulatory Assessment Fee Water			633.00	
	408	Regulatory Assessment Fee WW			357.00
	233	Accounts Payable			276.00
	To record regulatory assessment fees to match revenues				
TOTAL				<u>1,898,954.51</u>	<u>1,898,954.35</u>
<b>Proforma adjustment</b>					
630.00	Water Operation			150.00	
730.00	Wastewater Operation			75.00	
	To Adjust Increase in operation				



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in Highlands County by The Woodlands of Lake Placid, L.P.

DOCKET NO. 020010-WS  
FILED: March 14, 2003

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony of Kathy L. Welch has been furnished to **Martin S. Friedman, Esquire**, 600 S. North Lake Blvd, Suite 160, Altamonte Springs, Florida 32701, on behalf of Highvest Corporation and L.P. Utilities Corporation, and that a true and correct copy thereof has been furnished by U.S. mail to the following on this 14th day of March, 2003:

Highlands Utilities Corporation  
720 U.S. Highway 27 South  
Lake Placid, FL 33852-9515

Andrew Jackson, Esquire  
P.O. Box 2025  
Sebring, FL 33871

The Woodlands of Lake Placid, L.P.  
100 Shoreline Drive  
Lake Placid, FL 33852-5022

James V. Loboazzo, Jr.  
Trombley, Loboazzo, et al.  
329 South Commerce Avenue  
Sebring, FL 33870-3607

Highvest Corporation  
100 Shoreline Drive  
Lake Placid, FL 33852-5022

L.P. Utilities Corporation  
129 South Commerce Avenue  
Sebring, FL 33870

James F. McCollum, Esquire  
McCollum & Rinaldo, P.L.  
129 South Commerce Avenue  
Sebring, FL 33870

Stephen C. Burgess  
Office of Public Counsel  
c/o The Florida Legislature  
111 W. Madison St., Room 812  
Tallahassee, FL 32399-1400


  
\_\_\_\_\_  
LAWRENCE D. HARRIS, SENIOR ATTORNEY  
FLORIDA PUBLIC SERVICE COMMISSION  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850  
Telephone No. (850) 413-6076

EXHIBIT NO. 2

**DESCRIPTION:**

**STAFF COMPOSITE EXHIBIT - 1**

Highvest/L.P.'s Responses to Staff's Interrogatories Nos. 1-10, 13, 14, 16

**PROFERRING PARTY: STAFF**

**DOCKET NO. 020010-WS  
THE WOODLANDS OF LAKE PLACID, L.P.**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 020010-WS EXHIBIT NO. 2  
COMPANY/  
WITNESS: F.P.S.C./Staff Composite 1  
DATE: 05-28-03

**STAFF COMPOSITE EXHIBIT 1**

**HIGHVEST/L.P.'S RESPONSES TO**  
**STAFF'S INTERROGATORIES**  
**NOS. 1-10, 13, 14, 16**

1. Did Woodlands of Lake Placid, LP (Woodlands) pay office rent during 2001:

**ANSWER:** No. The Woodlands was not able to meet all of the financial obligations during 2001, including payment of rent.

2. Who are the officers and director of The Woodlands of Lake Placid, LP (Woodlands)? If any officers and directors have changed at any time within the past 5 years, list any changes and when they occurred.

**ANSWER:** There are no officers or directors of The Woodlands of Lake Placid, L.P. The Woodlands of Lake Placid, LP, was a limited partnership. The partners were, R. Anthony Cozier and Camper Corral, as General Partner.

3. What is the current relationship between Highvest Corp. and Woodlands?

**ANSWER:** They are two separate corporations. Highvest Corp. loaned money to The Woodlands. When The Woodlands defaulted, Highvest Corp. foreclosed on the mortgage.

4. Who are the current officers and directors of Highvest Corporation? If any officers and directors have changed at any time within the past 5 years, list any changes, and when they occurred.

**ANSWER:** R. Anthony Cozier, President  
John H. Lovelette, Vice President  
Teresa A. Lovelette, Secretary/Treasurer

5. Who are the current officers and directors of L.P. Utilities Corporation? If any officers and directors have changed at any time within the past 5 years, list any changes, and when they occurred.

**ANSWER:** R. Anthony Cozier, Director  
John H. Lovelette, Director  
Teresa A. Lovelette, Director

6. Who are the current officers and directors of Camper Corral? If any officers and directors have changed at any time within the past 5 years, list any changes, and when they occurred

**ANSWER:** R. Anthony Cozier, President

7. What is the relationship between Woodlands and Camper Corral? If this relationship has changed in any way in the past five years, list the changes and when they occurred.

**ANSWER:** The Woodlands was a limited partnership and Camper Corral was the general partner. The Woodlands and Camper Corral operate as two separate entities.

8. What is the relationship between Camper Corral and L.P. Utilities? If this relationship has changed in any way in the past five years, list the changes and when they occurred.

**ANSWER:** There is no relationship. Both are separate companies that are in different businesses.

9. What was the relationship between Highvest and Woodlands during the years 1997-2002.

**ANSWER:** They are two separate entities. Highvest Corporation was the Mortgagee and Woodlands was the Mortgagor between 1997-2002. Highvest Corporation foreclosed on the mortgage in 2002.

10. What is the relationship between Highvest Corporation and L.P. Utilities. If this relationship has changed in any way in the past five years, list the changes and when they occurred.

**ANSWER:** They are separate corporations. Highvest Corp. provides management services and rents office space to L.P. Utilities. Highvest Corp. is the mortgagee for the purchase of the water and wastewater systems owned by L.P. Utilities, which is the Mortgagor.

13. Please provide an organizational chart showing the Woodlands parent companies, subsidiaries and affiliates as of December 31, 2001. If there were any changes in this organizational chart within the past 5 years, list the changes and when they occurred.

**ANSWER:** The Woodlands of Lake Placid, LP was a limited partnership. Please see answer for interrogatory No. 2. There are no parent companies, no subsidiaries and no affiliates.

14. Please provide an organizational chart for L. P. Utilities. If there were any changes in this organizational chart within the past 5 years, list the changes and when they occurred.

**ANSWER:** Please see the answer to interrogatory No. 5. In addition, John H. Lovelette, is the manager of the Utility, Teresa A. Lovelette is administrative Assistant, Larry Korcep, is the meter reader and maintenance person.

16. Mr. Lovelette states on Page 4, Line 20, of his direct testimony that he believes \$300 per month is reasonable for office rent. Provide an explanation of the methodology used, including all calculations, to support the \$300 in office rent.

**ANSWER:** Brookline Development has an office building across the street from L.P. Utilities' current office. The smallest office space available there is 600 square feet at \$8.50 per square foot (\$425/mo.), plus sales tax, common area maintenance and utilities.

**EXHIBIT NO. \_\_\_\_\_**

**DESCRIPTION:**

**STAFF EXHIBIT - 2**

**Matrix of Officers, Directors and Owners of 5 Related Corporations**

**PROFERRING PARTY: STAFF**

**DOCKET NO. 020010-WS  
THE WOODLANDS OF LAKE PLACID, L.P.**

STAFF EXHIBIT 2  
 Matrix of Officers,  
 Directors and  
 owners of 5 related  
 corporations

ENTITY	Officers, Directors, or General Partners	Shareholders or General and Limited Partners	Percentage of entity owned by each Officer, Director, Shareholder, or Partner
Woodlands of Lake Placid, L.P	Camper Corral, Inc. General Partner	Camper Corral, Inc - General Partner Anthony R. Crozier, Limited Partner	Camper Corral - 1% Anthony R. Crozier - 99%
Camper Corral, Inc.	Anthony R. Crozier, President/Secretary	Anthony R. Crozier	100% ownership by Anthony R. Crozier
L.P. Utilities Corporation	Anthony R. Crozier, Director John Lovelette, Director Teresa Lovelette, Director	Anbeth Corporation	100% ownership by Anbeth Corporation
Anbeth Corporation	Anthony R. Crozier Elizabeth Crozier	Anthony R. Crozier Elizabeth Crozier	Unknown
Highvest Corporation	Anthony R. Crozier, President John Lovelette, Vice President Teresa Lovelette, Secretary/Treasurer	Nancy Ayers	100% ownership by Nancy Ayers

EXHIBIT NO. 3

**DESCRIPTION:**  
**STAFF EXHIBIT - 2**

Matrix of Officers, Directors and Owners of 5 Related Corporations

**PROFERRING PARTY: STAFF**

**DOCKET NO. 020010-WS**  
**THE WOODLANDS OF LAKE PLACID, L.P.**

**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET**  
NO. 020010-WS EXHIBIT NO. 3  
COMPANY/  
WITNESS: F.P.S.C. / Staff Exhibit 2  
DATE: 05-28/03



STAFF EXHIBIT 2  
 Matrix of Officers,  
 Directors and  
 owners of 5 related  
 corporations

ENTITY	Officers, Directors, or General Partners	Shareholders or General and Limited Partners	Percentage of entity owned by each Officer, Director, Shareholder, or Partner
Woodlands of Lake Placid, L.P	Camper Corral, Inc. General Partner	Camper Corral, Inc - General Partner Anthony R. Crozier, Limited Partner	Camper Corral - 1% Anthony R. Crozier - 99%
Camper Corral, Inc.	Anthony R. Crozier, President/Secretary	Anthony R. Crozier	100% ownership by Anthony R. Crozier
L.P. Utilities Corporation	Anthony R. Crozier, Director John Lovelette, Director Teresa Lovelette, Director	Anbeth Corporation	100% ownership by Anbeth Corporation
Anbeth Corporation	Anthony R. Crozier Elizabeth Crozier	Anthony R. Crozier Elizabeth Crozier	Unknown
Highest Corporation	Anthony R. Crozier, President John Lovelette, Vice President Teresa Lovelette, Secretary/Treasurer	Nancy Ayers	100% ownership by Nancy Ayers

APPENDIX I

QUALIFICATIONS OF HUGH LARKIN, JR.

Q. WHAT IS YOUR OCCUPATION?

A. I am a certified public accountant and a partner in the firm of Larkin & Associates, PLLC, Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan.

Q. PLEASE DESCRIBE YOUR EDUCATION AND EXPERIENCE.

A. I graduated from Michigan State University in 1960. During 1961 and 1962, I fulfilled my military obligations as an officer in the United States Army.

In 1963 I was employed by the certified public accounting firm of Peat, Marwick, Mitchell & Co., as a junior accountant. I became a certified public accountant in 1966.

In 1968 I was promoted to the supervisory level at Peat, Marwick, Mitchell & Co. As such, my duties included the direction and review of audits of various types of business organizations, including manufacturing, service, sales and regulated companies.

Through my education and auditing experience of manufacturing operations, I obtained an extensive background of theoretical and practical cost accounting.

I have audited companies having job cost systems and those having process cost systems, utilizing both historical and standard costs.

I have a working knowledge of cost control, budgets and reports, the accumulation of overheads and the application of same to products on the various recognized methods.

Additionally, I designed and installed a job cost system for an automotive parts manufacturer.

I gained experience in the audit of regulated companies as the supervisor in charge of all railroad audits for the Detroit office of Peat, Marwick, including audits of the Detroit, Toledo and Ironton Railroad, the Ann Arbor Railroad, and portions of the Penn Central Railroad Company. In 1967, I was the supervisory senior accountant in charge of the audit of the Michigan State Highway Department, for which Peat, Marwick was employed by the State Auditor General and the Attorney General.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET

NO. 020010-WS EXHIBIT NO. 4

COMPANY/

WITNESS: OPC/Larkin

DATE: 05-28-03

In October of 1969, I left Peat, Marwick to become a partner in the public accounting firm of Tischler & Lipson of Detroit. In April of 1970, I left the latter firm to form the certified public accounting firm of Larkin, Chapski & Company. In September 1982 I re-organized the firm into Larkin & Associates, a certified public accounting firm. The firm of Larkin & Associates performs a wide variety of auditing and accounting services, but concentrates in the area of utility regulation and ratemaking. I am a member of the Michigan Association of Certified Public Accountants and the American Institute of Certified Public Accountants. I testified before the Michigan Public Service Commission and in other states in the following cases:

U-3749	Consumers Power Company - Electric Michigan Public Service Commission
U-3910	Detroit Edison Company Michigan Public Service Commission
U-4331	Consumers Power Company - Gas Michigan Public Service Commission
U-4332	Consumers Power Company - Electric Michigan Public Service Commission
U-4293	Michigan Bell Telephone Company Michigan Public Service Commission
U-4498	Michigan Consolidated Gas sale to Consumers Power Company Michigan Public Service Commission
U-4576	Consumers Power Company - Electric Michigan Public Service Commission
U-4575	Michigan Bell Telephone Company Michigan Public Service Commission
U-4331R	Consumers Power Company - Gas - Rehearing Michigan Public Service Commission
6813	Chesapeake and Potomac Telephone Company of Maryland, Public Service Commission, State of Maryland

Formal Case No. 2090	New England Telephone and Telegraph Co. State of Maine Public Utilities Commission
Dockets 574, 575, 576	Sierra Pacific Power Company, Public Service Commission, State of Nevada
U-5131	Michigan Power Company Michigan Public Service Commission
U-5125	Michigan Bell Telephone Company Michigan Public Service Commission
R-4840 & U-4621	Consumers Power Company Michigan Public Service Commission
U-4835	Hickory Telephone Company Michigan Public Service Commission
36626	Sierra Pacific Power Company v. Public Service Commission, et al, First Judicial District Court of the State of Nevada
American Arbitration Assoc.	City of Wyoming v. General Electric Cable TV
760842-TP	Southern Bell Telephone and Telegraph Company, Florida Public Service Commission
U-5331	Consumers Power Company Michigan Public Service Commission
U-5125R	Michigan Bell Telephone Company Michigan Public Service Commission
770491-TP	Winter Park Telephone Company, Florida Public Service Commission
77-554-EL-AIR	Ohio Edison Co., Public Utility Commission of Ohio
78-284-EL-AEM	Dayton Power and Light Co., Public Utility Commission of Ohio

0R78-1	Trans Alaska Pipeline, Federal Energy Regulatory Commission (FERC)
78-622-EL-FAC	Ohio Edison Co., Public Utility Commission of Ohio
U-5732	Consumers Power Company - Gas, Michigan Public Service Commission
77-1249-EL-AIR, et al	Ohio Edison Co., Public Utility Commission of Ohio
78-677-EL-AIR	Cleveland Electric Illuminating Co., Public Utility Commission of Ohio
U-5979	Consumers Power Company, Michigan Public Service Commission
790084-TP	General Telephone Company of Florida, Florida Public Service Commission
79-11-EL-AIR	Cincinnati Gas and Electric Co., Public Utilities Commission of Ohio
790316-WS	Jacksonville Suburban Utilities Corp., Florida Public Service Commission
790317-WS	Southern Utility Company, Florida Public Service Commission
U-1345	Arizona Public Service Company, Arizona Corporation Commission
79-537-EL-AIR	Cleveland Electric Illuminating Co., Public Utilities Commission of Ohio
800011-EU	Tampa Electric Company, Florida Public Service Commission
800001-EU	Gulf Power Company, Florida Public Service Commission
U-5979-R	Consumers Power Company, Michigan Public Service Commission

800119-EU Florida Power Corporation,  
Florida Public Service Commission

810035-TP Southern Bell Telephone and Telegraph  
Company,  
Florida Public Service Commission

800367-WS General Development Utilities, Inc., Port  
Malabar,  
Florida Public Service Commission

TR-81-208\*\* Southwestern Bell Telephone Company,  
Missouri Public Service Commission

810095-TP General Telephone Company of Florida,  
Florida Public Service Commission

U-6794 Michigan Consolidated Gas Company, 16  
refunds  
Michigan Public Service Commission

U-6798 Cogeneration and Small Power Production -  
PURPA,  
Michigan Public Service Commission

0136-EU Gulf Power Company,  
Florida Public Service Commission

E-002/GR-81-342 Northern State Power Company  
Minnesota Public Utilities Commission

820001-EU General Investigation of Fuel Cost Recovery  
Clauses,  
Florida Public Service Commission

810210-TP Florida Telephone Corporation,  
Florida Public Service Commission

810211-TP United Telephone Co. of Florida,  
Florida Public Service Commission

810251-TP Quincy Telephone Company,  
Florida Public Service Commission

810252-TP Orange City Telephone Company,

	Florida Public Service Commission
8400	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission
U-6949	Detroit Edison Company - Partial and Immediate Rate Increase Michigan Public Service Commission
18328	Alabama Gas Corporation, Alabama Public Service Commission
U-6949	Detroit Edison Company - Final Rate Recommendation Michigan Public Service Commission
820007-EU	Tampa Electric Company, Florida Public Service Commission
820097-EU	Florida Power & Light Company, Florida Public Service Commission
820150-EU	Gulf Power Company, Florida Public Service Commission
18416	Alabama Power Company, Public Service Commission of Alabama
820100-EU	Florida Power Corporation, Florida Public Service Commission
U-7236	Detroit Edison-Burlington Northern Refund Michigan Public Service Commission
U-6633-R	Detroit Edison - MRCS Program, Michigan Public Service Commission
U-6797-R	Consumers Power Company - MRCS Program, Michigan Public Service Commission
82-267-EFC	Dayton Power & Light Company, Public Utility Commission of Ohio

U-5510-R	Consumers Power Company - Energy Conservation Finance Program, Michigan Public Service Commission
82-240-E	South Carolina Electric & Gas Company, South Carolina Public Service Commission
8624	Kentucky Utilities, Kentucky Public Service Commission
8648	East Kentucky Power Cooperative, Inc., Kentucky Public Service Commission
U-7065	The Detroit Edison Company (Fermi II) Michigan Public Service Commission
U-7350	Generic Working Capital Requirements, Michigan Public Service Commission
820294-TP	Southern Bell Telephone Company, Florida Public Service Commission
Order RH-1-83	Westcoast Gas Transmission Company, Ltd., Canadian National Energy Board
8738	Columbia Gas of Kentucky, Inc., Kentucky Public Service Commission
82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
6714	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
82-165-EL-EFC	Toledo Edison Company, Public Utility Commission of Ohio
830012-EU	Tampa Electric Company, Florida Public Service Commission
ER-83-206**	Arkansas Power & Light Company, Missouri Public Service Commission



U-4758	The Detroit Edison Company (Refunds), Michigan Public Service Commission
8836	Kentucky American Water Company, Kentucky Public Service Commission
8839	Western Kentucky Gas Company, Kentucky Public Service Commission
83-07-15	Connecticut Light & Power Company, Department of Utility Control State of Connecticut
81-0485-WS	Palm Coast Utility Corporation, Florida Public Service Commission
U-7650	Consumers Power Company - (Partial and Immediate), Michigan Public Service Commission
83-662**	Continental Telephone Company, Nevada Public Service Commission
U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-6488-R	Detroit Edison Co. (FAC & PIPAC Reconciliation), Michigan Public Service Commission
Docket No. 15684	Louisiana Power & Light Company, Public Service Commission of the State of Louisiana
U-7650 Reopened	Consumers Power Company (Reopened Hearings) Michigan Public Service Commission
38-1039**	CP National Telephone Corporation Nevada Public Service Commission
83-1226	Sierra Pacific Power Company (Re application to form holding company) Nevada Public Service Commission

U-7395 & U-7397	Campaign Ballot Proposals Michigan Public Service Commission
820013-WS	Seacoast Utilities Florida Public Service Commission
U-7660	Detroit Edison Company Michigan Public Service Commission
U-7802	Michigan Gas Utilities Company Michigan Public Service Commission
830465-EI	Florida Power & Light Company Florida Public Service Commission
U-7777	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7779	Consumers Power Company Michigan Public Service Commission
U-7480-R	Michigan Consolidated Gas Company Michigan Public Service Commission
U-7488-R	Consumers Power Company - Gas Michigan Public Service Commission
U-7484-R	Michigan Gas Utilities Company Michigan Public Service Commission
U-7550-R	Detroit Edison Company Michigan Public Service Commission
U-7477-R	Indiana & Michigan Electric Company Michigan Public Service Commission
U-7512-R	Consumers Power Company - Electric Michigan Public Service Commission
18978	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9003	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission

R-842583	Duquesne Light Company Pennsylvania Public Utility Commission
9006*	Big Rivers Electric Corporation Kentucky Public Service Commission *Company withdrew filing
U-7830	Consumers Power Company - Electric (Partial and Immediate) Michigan Public Service Commission
7675	Consumers Power Company - Customer Refunds Michigan Public Service Commission
5779	Houston Lighting & Power Company Texas Public Utility Commission
U-7830	Consumers Power Company - Electric - "Financial Stabilization" Michigan Public Service Commission
U-4620	Mississippi Power & Light Company (Interim) Mississippi Public Service Commission
U-16091	Louisiana Power & Light Company Louisiana Public Service Commission
9163	Big Rivers Electric Corporation Kentucky Public Service Commission
U-7830	Consumers Power Company - Electric - (Final) Michigan Public Service Commission
U-4620	Mississippi Power & Light Company - (Final) Mississippi Public Service Commission
76-18788AA & 76-18788AA	Detroit Edison (Refund - Appeal of U-4807) Ingham County Circuit Court Michigan Public Service Commission

U-6633-R	Detroit Edison (MRCS Program Reconciliation) Michigan Public Service Commission
19297	Continental Telephone Company of the South - Alabama, Alabama Public Service Commission
9283	Kentucky American Water Company Kentucky Public Service Commission
850050-EI	Tampa Electric Company Florida Public Service Commission
R-850021	Duquesne Light Company Pennsylvania Public Service Commission
TR-85-179**	United Telephone Company of Missouri Missouri Public Service Commission
6350	El Paso Electric Company The Public Utility Board of the City of El Paso
6350	El Paso Electric Company Public Utility Commission of Texas
85-53476AA & 85-534855AA	Detroit Edison-refund-Appeal of U-4758 Ingham County Circuit Court Michigan Public Service Commission
U-8091/ U-8239	Consumers Power Company-Gas Michigan Public Service Commission
9230	Leslie County Telephone Company, Inc. Kentucky Public Service Commission
85-212	Central Maine Power Company Maine Public Service Commission
850782-EI & 850783-EI	Florida Power & Light Company Florida Public Service Commission
ER-85646001 & ER-85647001	New England Power Company Federal Energy Regulatory Commission

Civil Action * No. 2:85-0652	Allegheny & Western Energy Corporation, Plaintiff, - against - The Columbia Gas System, Inc. Defendent
Docket No. 850031-WS	Orange Osceola Utilities, Inc. Before the Florida Public Service Commission
Docket No. 840419-SU	Florida Cities Water Company South Ft. Myers Sewer Operations Before the Florida Public Service Commission
R-860378	Duquesne Light Company Pennsylvania Public Service Commission
R-850267	Pennsylvania Power Company Pennsylvania Public Service Commission
R-860378	Duquesne Light Company - Surrebuttal Testimony - OCA Statement No. 2D Pennsylvania Public Service Commission
Docket No. 850151	Marco Island Utility Company Before the Florida Public Service Commission
Docket No. 7195 (Interim)	Gulf States Utilities Company Public Utility Commission of Texas
R-850267 Reopened	Pennsylvania Power Company Pennsylvania Public Service Commission
Docket No. 87-01-03	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control
Docket No. 5740	Hawaiian Electric Company Hawaii Public Utilities Commission
1345-85-367	Arizona Public Service Company Arizona Corporation Commission
Docket 011	Tax Reform Act of 1986 - California No. 86-11-019 California Public Utilities Commission

Case No. 29484	Long Island Lighting Company New York Department of Public Service
Docket No. 7460	El Paso Electric Company Public Utility Commission of Texas
Docket No. 870092-WS*	Citrus Springs Utilities Before the Florida Public Service Commission
Case No. 9892	Dickerson Lumber EP Company - Complainant vs. Farmers Rural Electric Cooperative and East Kentucky Power Cooperative - Defendants Before the Kentucky Public Service Commission
Docket No. 3673-U Commission	Georgia Power Company Before the Georgia Public Service
Docket No. U-8747	Anchorage Water and Wastewater Utility Report on Management Audit
Docket No. 861564-WS Commission	Century Utilities Before the Florida Public Service
Docket No. FA86-19-001	Systems Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 870347-TI	AT&T Communications of the Southern States, Inc. Florida Public Service Commission
Docket No. 870980-WS	St. Augustine Shores Utilities Inc. Florida Public Service Commission
Docket No. 870654-WS*	North Naples Utilities, Inc. Florida Public Service Commission
Docket No. 870853	Pennsylvania Gas & Water Company Pennsylvania Public Utility Commission

Civil Action\*  
No. 87-0446-R

Reynolds Metals Company, Plaintiff, v.  
The Columbia Gas System, Inc.,  
Commonwealth Gas Services, Inc.,  
Commonwealth Gas Pipeline Corporation,  
Columbia Gas Transmission Corporation,  
Columbia Gulf Transmission Company,  
Defendants - In the United States District  
Court for the Eastern District of Virginia -  
Richmond Division

Docket No.  
E-2, Sub 537

Carolina Power & Light Company  
North Carolina Utilities Commission

Case No. U-7830

Consumers Power Company - Step 2  
Reopened  
Michigan Public Service Commission

Docket No.  
880069-TL

Southern Bell Telephone & Telegraph  
Florida Public Service Commission

Case No.  
U-7830

Consumers Power Company - Step 3B  
Michigan Public Service Commission

Docket No.  
880355-EI

Florida Power & Light Company  
Florida Public Service Commission

Docket No.  
880360-EI

Gulf Power Company  
Florida Public Service Commission

Docket No.  
FA86-19-002

System Energy Resources, Inc.  
Federal Energy Regulatory Commission

Docket Nos.  
83-0537-Remand &  
84-0555-Remand

Commonwealth Edison Company  
Illinois Commerce Commission

Docket Nos.  
83-0537 Remand &  
84-0555 Remand

Commonwealth Edison Company  
Surrebuttal  
Illinois Commerce Commission

Docket No.  
880537-SU

Key Haven Utility Corporation  
Florida Public Service Commission

Docket No.  
881167-EI\*\*\*

Gulf Power Company  
Florida Public Service Commission

Docket No. 881503-WS	Poinciana Utilities, Inc. Florida Public Service Commission
Cause No. U-89-2688-T	Puget Sound Power & Light Company Washington Utilities & Transportation Committee
Docket No. 89-68	Central Maine Power Company Maine Public Utilities Commission
Docket No. 861190-PU	Proposal to Amend Rule 25-14.003, F.A.C. Florida Public Service Commission
Docket No. 89-08-11 Utility Control	The United Illuminating Company State of Connecticut, Department of Public
Docket No. R-891364	The Philadelphia Electric Company Pennsylvania Public Utility Commission
Formal Case No. 889	Potomac Electric Power Company Public Service Company of the District of Columbia
Case No. 88/546*	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (In the Supreme Court County of Onondaga, State of New York)
Case No. 87-11628*	Duquesne Light Company, et al, plaintiffs, against Gulf + Western, Inc. et al, defendants (In the Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
Case No. 89-640-G-42T*	Mountaineer Gas Company West Virginia Public Service Commission
Docket No. 890319-EI	Florida Power & Light Company Florida Public Service Commission
Docket No. EM-89110888	Jersey Central Power & Light Company Board of Public Utilities Commissioners



Docket No. 891345-EI	Gulf Power Company Florida Public Service Commission
BPU Docket No. ER 8811 0912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 6531	Hawaiian Electric Company Hawaii Public Utilities Commissioners
Docket No. 890509-WU	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Docket No. 880069-TL	Southern Bell Telephone Company Florida Public Service Commission
Docket Nos. F-3848, F-3849, and F-3850	Northwestern Bell Telephone Company South Dakota Public Utilities Commission
Docket Nos. ER89-* 678-000 & EL90-16-000	System Energy Resources, Inc. Federal Energy Regulatory Commission
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company, Inc. Delaware Public Service Commission
Case No. 90-243-E-42T*	Wheeling Power Company West Virginia Public Service Commission
Docket No. 900329-WS	Southern States Utilities, Inc. Florida Public Service Commission
Docket Nos. ER89-* 678-000 & EL90-16-000	System Energy Resources, Inc. (Surrebuttal) Federal Energy Regulatory Commission
Application No. 90-12-018	Southern California Edison Company California Public Utilities Commission
Docket No. 90-0127	Central Illinois Lighting Company Illinois Commerce Commission
Docket No. FA-89-28-000	System Energy Resources, Inc. Federal Energy Regulatory Commission

Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. R-911966	Pennsylvania Gas & Water Company The Pennsylvania Public Utility Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 860001-EI-G	Florida Power Corporation Florida Public Service Commission
Docket No. 6720-TI-102	Wisconsin Bell, Inc. Wisconsin Citizens' Utility Board
(No Docket No.)	Southern Union Gas Company Before the Public Utility Regulation Board of the City of El Paso
Docket No. 6998	Hawaiian Electric Company, Inc. Before the Public Utilities Commission of the State of Hawaii
Docket No. TC91-040A	In the Matter of the Investigation into the Adoption of a Uniform Access Methodology Before the Public Utilities Commission of the State of South Dakota
Docket Nos. 911030-WS & 911067-WS	General Development Utilities, Inc. Before the Florida Public Service Commission
Docket No. 910890-EI	Florida Power Corporation Before the Florida Public Service Commission
Docket No. 910890-EI	Florida Power Corporation, Supplemental Before the Florida Public Service Commission

Case No. 3L-74159	Idaho Power Company, an Idaho corporation In the District Court of the Fourth Judicial District of the State of Idaho, In and For the County of Ada - Magistrate Division
Cause No. 39353*	Indiana Gas Company Before the Indiana Utility Regulatory Commission
Docket No. 90-0169 (Remand)	Commonwealth Edison Company Before the Illinois Commerce Commission
Docket No. 92-06-05	The United Illuminating Company State of Connecticut, Department of Public Utility Control
Cause No. 39498	PSI Energy, Inc. Before the State of Indiana - Indiana Utility Regulatory Commission
Cause No. 39498	PSI Energy, Inc. - Surrebuttal testimony Before the State of Indiana - Indiana Utility Regulatory Commission
Docket No. 7287	Public Utilities Commission - Instituting a Proceeding to Examine the Gross-up of CIAC Before the Public Utilities Commission of the State of Hawaii
Docket No. 92-227-TC	US West Communications, Inc. Before the State Corporation Commission of the State of New Mexico
Docket No. 92-47	Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket Nos. 920733-WS & 920734-WS	General Development Utilities, Inc. Before the Florida Public Service Commission
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut, Department of Public Utility Control

Docket Nos. EC92-21-000 & ER92-806-000	Entergy Corporation Before the Federal Energy Regulatory Commission
Docket No. 930405-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. UE-92-1262	Puget Sound Power & Light Company Before the Washington Utilities & Transportation Commission
Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut, Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation, Supplemental State of Connecticut, Department of Public Utility Control
Docket No. 93-057-01	Mountain Fuel Supply Company Before the Utah Public Service Commission
Cause No. 39353 (Phase II)	Indiana Gas Company Before the Indiana Utility Regulatory Commission
PU-314-92-1060	US West Communications, Inc. Before the North Dakota Public Service Commission
Cause No. 39713	Indianapolis Water Company Before the Indiana Utility Regulatory Commission
93-UA-0301*	Mississippi Power & Light Company Before the Mississippi Public Service Commission
Docket No. 93-08-06	SNET America, Inc. State of Connecticut, Department of Public Utility Control

Docket No. 93-057-01	Mountain Fuel Supply Company - Rehearing on Unbilled Revenues - Before the Utah Public Service Commission
Case No. 78-T119-0013-94	Guam Power Authority vs. U.S. Navy Public Works Center, Guam - Assisting the Department of Defense in the investigation of a billing dispute. Before the American Arbitration Association
Application No. 93-12-025 - Phase I	Southern California Edison Company (Before the California Public Utilities Commission)
Case No. 94-0027-E-42T	Potomac Edison Company (Before the Public Service Commission of West Virginia)
Case No. 94-0035-E-42T	Monongahela Power Company (Before the Public Service Commission of West Virginia)
Docket No. 930204-WS**	Jacksonville Suburban Utilities Corporation (Before the Florida Public Service Commission)
Docket No. 5258-U	Southern Bell Telephone and Telegraph Company (Before the Georgia Public Service Commission)
Case No. 95-0011-G-42T*	Mountaineer Gas Company (Before the West Virginia Public Service Commission)
Case No. 95-0003-G-42T*	Hope Gas, Inc. (Before the West Virginia Public Service Commission)
Docket No. 95-02-07	Connecticut Natural Gas Corporation State of Connecticut, Department of Public Utility Control
Docket No. 95-057-02*	Mountain Fuel Supply Before the Utah Public Service Commission

Docket No. 95-03-01	Southern New England Telephone Company State of Connecticut, Department of Public Utility Control
BRC Docket No. EX93060255 OAL Docket PUC96734-94	Generic Proceeding Regarding Recovery of Capacity Costs Associated with Electric Utility Power Purchases from Cogenerators and Small Power Producers Before the New Jersey Board of Public Utilities
Docket No. U-1933-95-317	Tucson Electric Power Before the Arizona Corporation Commission
Docket No. 950495-WS	Southern States Utilities Before the Florida Public Service Commission
Docket No. 960409-EI	Prudence Review to Determine Regulatory Treatment of Tampa Electric Company's Polk Unit 1
Docket No. 960451-WS	United Water Florida Before the Florida Public Service Commission
Docket No. 94-10-05	Southern New England Telephone Company State of Connecticut Department of Public Utility Control
Docket No. 96-UA-389	Generic Docket to Consider Competition in the Provision of Retail Electric Service Before the Public Service Commission of the State of Mississippi
Docket No. 970171-EU	Determination of appropriate cost allocation and regulatory treatment of total revenues associated with wholesale sales to Florida Municipal Power Agency and City of Lakeland by Tampa Electric Company Before the Florida Public Service Commission

Case No. PUE960296 *	Virginia Electric and Power Company Before the Commonwealth of Virginia State Corporation Commission
Docket No. 97-035-01	PacifiCorp, dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. G-03493A-98-0705*	Black Mountain Gas Division of Northern States Power Company, Page Operations Before the Arizona Corporation Commission
Docket No. 98-10-07	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 98-10-07	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket NO. 99-02-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-36	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-35	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-04	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-08-02	Yankee Energy System, Inc. State of Connecticut Department of Public Utility Control
Docket No. 99-08-09	CTG Resources, Inc. State of Connecticut Department of Public Utility Control

Docket No. 99-07-20	Connecticut Energy Corporation / Energy East State of Connecticut Department of Public Utility Control
Docket No. 99-09-03 Phase II	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 99-09-03 Phase III	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 99-04-18 Phase II	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 99-057-20*	Questar Gas Company Public Service Commission of Utah
Docket No. 99-035-10	PacifiCorp dba Utah Power & Light Company Public Service Commission of Utah
Docket No. T-1051B-99-105	U.S. West Communications, Inc. Arizona Corporation Commission
Docket No. 01-035-10*	PacifiCorp dba Utah Power & Light Company Public Service Commission of Utha
Docket No. 991437-WU	Wedgefield Utilities, Inc. Before the Florida Public Service Commission
Docket No. 991643-SU	Seven Springs Before the Florida Public Service Commission
Docket No. 98P55045	General Telephone and Electronics of California California Public Utilities Commission



Docket No. 00-01-11	Consolidated Edison, Inc. and Northeast Utilities Merger State of Connecticut Before the Department of Public Utility Control
Docket No. 00-12-01	Connecticut Light & Power Company State of Connecticut Before the Department of Pubic Utility Control
Docket No. 000737-WS	Aloha Utilities/Seven Springs Utilities Before the Florida Public Service Commission
Consolidated Docket Nos. EL00-66-000 ER00-2854-000 EL95-33-000	Entergy Services, Inc. Before the Federal Energy Regulatory Commission
Docket No. 950379-EI	Tampa Electric Company Before the Florida Public Service Commission
Docket No. 010503-WU	Aloha Utilities, Inc. – Seven Springs Water Division Before the Florida Public Service Commission
Docket No. 01-07-06*	The Towns of Durham and Middlefield State of Connecticut Before the Department of Pubic Utility Control
Docket No. 99-09-12-RE-02	Connecticut Light & Power/Millstone State of Connecticut Before the Department of Public Utility Control
Civil Action No. C2-99-1181	The United States et al v. Ohio Edison et al U.S. District Court, S.D. Ohio
Docket No. 001148-ET****	Florida Power & Light Company Before the Florida Public Service Commission

Civil Action No. 99-833-Per

The United States et al v. Illinois Power  
Company  
U.S. District Court, S.D. Illinois

Civil Action No. IP99-1692-C-M/s

The United States et al v. Southern Indiana  
Gas and Electric Company  
U.S. District Court, S.D. Indiana

Civil Action No. 1:00 CV 1262

The United States et al v. Duke Power  
Company  
U.S. District Court, M.D. North Carolina

Docket No. 02-057-02\*

Questar Gas Company  
Public Service Commission of Utah

\*Case Settled

\*\*Issues Stipulated

\*\*\*Testimony Withdrawn

\*\*\*\*Case Settled, Testimony Not Filed

EXHIBIT 1

Docket No. 020010-WS  
Witness: Hugh Larkin, Jr.  
Exhibit 1

Woodlands of Lake Placid, LP

General Partner - (owned by) Camper Coral

*R. Anthony Cozier - Manager*

John Lovelette - General Manager

Teresa Lovelette - secretary/bookkeeper

Camper Coral, Inc.

*R. Anthony Cozier - Sole Shareholder*

*R. Anthony Cozier - President*

Highvest Corporation

*R. Anthony Cozier - Director*

*R. Anthony Cozier - President*

John Lovelette - Vice-President

Teresa Lovelette - Secretary

LP Utilities Corp

Owned by Anbeth Corp

*R. Anthony Cozier - Director*

John Lovelette - Director

Teresa Lovelette - Director

Anbeth Corporation

*R. Anthony Cozier - Owner*

*R. Anthony Cozier - Director*

Elizabeth Cozier - Owner

Elizabeth Cozier - Director

L.P. UTILITIES CORPORATION  
 SCHEDULE OF ACTUAL AND ESTIMATED RATE CASE LEGAL EXPENSE  
 DOCKET NO.: 020010-WS

ROSE, SUNDSTROM & BENTLEY, LLP

**ACTUAL BILLINGS**

<u>Month of Service</u>	<u>Invoice Date</u>	<u>Time Charges</u>	<u>Expenses</u>	<u>Total</u>
December 2002	1/24/03	\$ 1,642.50	\$ 0.75	\$ 1,643.25
January 2003	2/19/03	\$ 1,845.00	\$ 15.08	\$ 1,860.08
February 2003	3/14/03	\$ 1,620.00	\$ 77.00	\$ 1,697.00
March 2003	4/11/03	\$ 1,012.50	\$ 252.92	\$ 1,265.42
TOTAL ACTUAL BILLINGS THROUGH 4/11/03		\$ 6,120.00	\$ 345.75	\$ 6,465.75
April 2003	UNBILLED	\$ 4,095.00	\$ 101.25	\$ 4,196.25

**ESTIMATE TO COMPLETE THROUGH PAA**

Numerous telephone conferences with client, OPC and Staff; Travel to Tallahassee to attend Prehearing Conference; Legal Research; Trial Preparation; Attend Trial; Review Transcript; Prepare Post-Hearing Brief; Review Staff Recommendation; Monitor PSC Agenda Conference; Research and Draft Post-Order Motions and advise client accordingly. - 80 HOURS

Total Estimate to Complete	\$18,000.00	\$ 450.00	\$18,450.00
TOTAL ACTUAL & ESTIMATED LEGAL EXPENSE	\$28,215.00	\$ 897.00	\$29,112.00

FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET  
 NO. 020010-WS EXHIBIT NO. 5  
 COMPANY/  
 WITNESS. L.P. Util / Summary of Billing from Attorney  
 DATE: 05-28-03

05/13/03

ROSE, SUNDBLUM & BENTLEY  
DRAFT STATEMENT

CLIENT# 37074 L.P. UTILITIES CORPORATION  
MATTER# 1 PROTEST PAA STAFF ASSISTED RATE CASE

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MATR

\*\* UNBILLED HOURS & FEES \*\*\*\*\* *psc attorney* \*\*\*\*\*

INIT	DATE	HOURS	DESCRIPTION	RATE	FEES	CUMULATIVE
VLL	04/02/03	0.10	TELEPHONE CONFERENCE WITH K. ECHTERNACHT RE: FORM OF NOTICE TO CUSTOMERS.	225.00	22.50	22.50
VLL	04/03/03	1.00	PREPARE NOTICE OF HEARING; COMMUNICATIONS WITH <i>K. ECHTERNACHT</i> OF PSC.	225.00	225.00	247.50
MSF	04/04/03	0.20	TELEPHONE CONFERENCE WITH PSC ATTORNEY <i>Harris</i> <del>GAINES</del> WHO TELEPHONED; TELEPHONE CONFERENCE WITH MR. LOVELETTE.	225.00	45.00	292.50
MSF	04/06/03	1.00	REVIEW PUBLIC COUNSEL'S RESPONSE TO WITHDRAWAL OF ISSUES AND MOTION TO ACCEPT UNTIMELY FILING; RESEARCH AND DRAFT RESPONSE THERETO.	225.00	225.00	517.50
VLL	04/07/03	0.40	PREPARE NOTICE OF HEARING; COMMUNICATIONS WITH <i>K. ECHTERNACHT</i> OF PSC RE: NOTICE.	225.00	90.00	607.50
MSF	04/16/03	0.30	REVIEW NOTICE OF TAKING DEPOSITIONS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	225.00	67.50	675.00
MSF	04/17/03	1.60	REVIEW PSC ORDER AND LETTER TO MR. LOVELETTE CONCERNING SAME; REVIEW OPC'S PREFILED TESTIMONY ON CIAC AND LETTER TO MR. LOVELETTE CONCERNING SAME; RESEARCH AND DRAFT OF PREHEARING STATEMENT.	225.00	360.00	1,035.00
VLL	04/17/03	1.50	PREPARE AFFIDAVIT OF MAILING AND NOTICE OF HEARING TO CUSTOMERS; NOTICE OF FILING; LETTER TO JOHN LOVELETTE RE: MAILING NOTICE OF HEARING TO CUSTOMERS AND NEWSPAPER NOTICE; COMMUNICATIONS WITH PSC STAFF RE: NEWSPAPER NOTICE.	225.00	337.50	1,372.50
MSF	04/18/03	0.30	TELEPHONE CONFERENCE WITH MR. LOVELETTE REGARDING REBUTTAL TESTIMONY ON WATER METERS.	225.00	67.50	1,440.00
VLL	04/18/03	0.80	PREPARE LETTER TO J. LOVELETTE, DISPLAY ADVERTISEMENT FOR NEWSPAPER; COMMUNICATIONS WITH <i>K. ECHTERNACHT</i> OF PSC RE: NEWSPAPER NOTICE.	225.00	180.00	1,620.00
MSF	04/22/03	1.50	REVIEW SCHEDULE FROM MR. LOVELETTE OF METERS; TELEPHONE CONFERENCE WITH MR. LOVELETTE; TELEPHONE CONFERENCE WITH PSC ATTORNEY ECTENAUGHT WHO TELEPHONED; REVIEW PREHEARING STATEMENT OF PSC STAFF AND PUBLIC COUNSEL.	225.00	337.50	1,957.50
VLL	04/23/03	0.20	COMMUNICATIONS WITH <i>K. ECHTERNACHT</i> RE: NEWSPAPER NOTICE; LETTER TO HIGHLANDS CO. NEWSPAPER.	225.00	45.00	2,002.50

05/13/03

ROSE, SUNDBACH & GENTLEY  
DRAFT STATEMENT

CLIENT# 37074 L.P. UTILITIES CORPORATION  
MATTER# 1 PROTEST PMA STAFF ASSISTED RATE CASE

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MATT

\*\* UNBILLED HOURS & FEES \*\*\*\*

INIT	DATE	HOURS	DESCRIPTION	RATE	FEES	CUMULATI
MSF	04/25/03	0.50	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED; TELEPHONE CONFERENCE WITH MR. LOVELETTE.	225.00	112.50	2,115.
MSF	04/28/03	0.50	PARTICIPATE IN PRE-PREHEARING CONFERENCE.	225.00	112.50	2,227.
MSF	04/29/03	8.20	TRAVEL TO LAKE PLACID; CONFERENCE WITH MR. AND MRS. LOVELETTE AND MR. COLIER REGARDING DEPOSITION; ATTEND DEPOSITIONS; RETURN.	225.00	1,867.50	4,095.

TOTAL HOURS	16.20	TOTAL FEES	4,095.
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\*\* UNBILLED DISBURSEMENTS \*\*\*\*

INIT	DATE	DETAILS	REFERENCE	AMOUNT	TAX	CUMULA
	04/25/03	LONG DISTANCE CALLS		1.25		

TOTAL DISBURSEMENTS

*+ travel to depositions \$100.00 est.*

LAW OFFICES  
**ROSE, SUNDBROM & BENTLEY, LLP**

P. O. BOX 1567  
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER  
WHEN REMITTING

F.E.I. # 59-2783536

L.P. UTILITIES CORPORATION  
P O BOX 478  
LAKE PLACID, FL 33862

INVOICE # 26715  
APRIL 11, 2003  
FILE # 37074-0001

PAGE 1

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MATTER	PROTEST PAA STAFF ASSISTED RATE CASE		
ACCOUNTS RECEIVABLE BALANCE FORWARD			\$1,643.25
03/03/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE REGARDING DISCOVERY RESPONSE.	0.20	
03/04/03	REVIEW OPC PREFILED TESTIMONY OF MR. LARKIN AND LETTER TO MR. LOVELETTE CONCERNING SAME; TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	0.70	
03/10/03	REVIEW OPC RESPONSE TO DISCOVERY AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40	
03/24/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED; REVIEW PSC STAFF'S PREFILED TESTIMONY; REVIEW OPC'S RESPONSE TO DOCUMENT REQUEST; DRAFT NOTICE WITHDRAWING REGRESSION AND CIAC ISSUES; LETTER TO MR. LOVELETTE.	1.30	
03/26/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE REGARDING RESPONSES TO PSC'S SECOND SET OF DISCOVERY AND PREFILED TESTIMONY; REVIEW PREFILED TESTIMONY IN PREPARATION OF REBUTTAL TESTIMONY FOR MR. LOVELETTE.	0.90	
03/29/03	RESEARCH AND DRAFT RESPONSES TO PSC STAFF'S SECOND SET OF DISCOVERY.	1.00	
		4.50	
			1,012.50
LONG DISTANCE CALLS		0.50	
FEDERAL EXPRESS		16.17	
TELECOPIER		1.50	
PHOTOCOPIES		224.75	
LEXIS SERVICE		10.00	

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L.P. UTILITIES CORPORATION

INVOICE # 26715  
APRIL 11, 2003  
FILE # 37074-0001

PAGE 2

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TOTAL COSTS ADVANCED	252.92
TOTAL STATEMENT	\$1,265.42
TOTAL DUE ON ACCOUNT	\$2,908.67

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L.P. UTILITIES CORPORATION  
P O BOX 478  
LAKE PLACID, FL 33862

INVOICE # 26586  
MARCH 14, 2003  
FILE # 37074-0001

PAGE 1

MATTER PROTEST PAA STAFF ASSISTED RATE CASE

ACCOUNTS RECEIVABLE BALANCE FORWARD \$1,643.25

02/03/03	REVIEW PSC STAFF RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.50
02/04/03	TRAVEL TO TALLAHASSEE; PREPARE FOR AND ATTEND CONFERENCE WITH PSC STAFF AND OFFICE OF PUBLIC COUNSEL REGARDING ISSUES; RETURN TO ORLANDO.	3.20
02/09/03	REVIEW PSC DISCOVERY RESPONSES TO PSC DISCOVERY REQUESTS AND LETTER TO MR. LOVELETTE CONCERNING SAME; LETTER TO PSC ATTORNEY HARRIS.	0.50
02/12/03	REVIEW CORRESPONDENCE AND DOCUMENTS FROM MR. LOVELETTE AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40
02/18/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE; RESEARCH AND DRAFT OBJECTIONS TO DISCOVERY.	0.80
02/20/03	TELEPHONE CONFERENCE WITH MR. COZIER WHO TELEPHONED; RESEARCH AND DRAFT LETTER TO MR. CAMAREN AT UTILITIES, INC. REGARDING PROSPECTIVE SALE.	0.70
02/26/03	REVIEW PROPOSED RESPONSES TO STAFF'S INTERROGATORIES; REVIEW PSC STAFF'S SECOND SET OF INTERROGATORIES AND PRODUCTION OF DOCUMENTS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.80
02/27/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	0.30
		7.20

1,620.00

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TALLAHASSEE, FLORIDA 32302-1567

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F.E.I. # 58-2783536

L.P. UTILITIES CORPORATION

INVOICE # 26586  
MARCH 14, 2003  
FILE # 37074-0001

PAGE 2

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LONG DISTANCE CALLS	7.50	
TELECOPIER	6.50	
PHOTOCOPIES	53.00	
LEXIS SERVICE	10.00	
TOTAL COSTS ADVANCED		77.00
TOTAL STATEMENT		\$1,697.00
TOTAL DUE ON ACCOUNT		\$3,340.25

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L.P. UTILITIES CORPORATION  
P O BOX 478  
LAKE PLACID, FL 33862

INVOICE # 26433  
FEBRUARY 19, 2003  
FILE # 37074-0001

PAGE 1

MATTER	PROTEST PAA STAFF ASSISTED RATE CASE		
01/07/03	RESEARCH AND DRAFT MOTION TO AMEND PETITION; LETTER TO MR. LOVELETTE; TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	1.50	
01/09/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE WHO TELEPHONED.	0.20	
01/15/03	REVIEW STAFF'S PROPOSED ISSUES; REVIEW AND PREPARE FOR TELEPHONE CONFERENCE WITH STAFF ON ISSUES; TELEPHONE CONFERENCE WITH PSC STAFF AND PUBLIC COUNSEL REGARDING ISSUES.	0.80	
01/16/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE AND REDRAFT ESCROW AGREEMENT AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40	
01/18/03	REVIEW PUBLIC COUNSEL'S NOTICE OF INTERVENTION AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.30	
01/19/03	RESEARCH AND DRAFT INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO THE PSC STAFF; REDRAFT DISCOVERY FOR PUBLIC COUNSEL.	1.20	
01/20/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE.	0.20	
01/22/03	FINALIZE DISCOVERY TO PSC STAFF AND PUBLIC COUNSEL.	0.40	
01/27/03	TELEPHONE CONFERENCE WITH MR. COZIER AND MR. LOVELETTE WHO TELEPHONED.	1.00	
01/30/03	RESEARCH AND DRAFT PREFILED TESTIMONY FOR MR. LOVELETTE; REVIEW PSC ORDER ALLOWING AMENDMENT TO PETITION AND LETTER TO MR. LOVELETTE CONCERNING SAME.	2.20	
		8.20	1,845.00
	FEDERAL EXPRESS	15.08	

Continued

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L.P. UTILITIES CORPORATION

INVOICE # 26433  
FEBRUARY 19, 2003  
FILE # 37074-0001

PAGE 2

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TOTAL COSTS ADVANCED	15.08
TOTAL STATEMENT	\$1,860.08

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WHEN REMITTING

F.E.I. # 59-2783536

L.P. UTILITIES CORPORATION  
C/O JOHN H LOVELETTE  
129 SOUTH COMMERCE AVE  
SEBRING, FL 33870

INVOICE # 26300  
JANUARY 24, 2003  
FILE # 37074-0001

PAGE 1

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MATTER	PROTEST PAA STAFF ASSISTED RATE CASE		
12/06/02	REVIEW STAFF RECOMMENDATION AND COMMISSION VOTE SHEET.	0.40	
12/18/02	REVIEW DOCUMENTATION FROM MS. LOVELETTE; CONFERENCE WITH MR. LOVELETTE.	2.80	
12/20/02	DRAFT ESCROW AGREEMENT AND EMAIL TO MR. LOVELETTE; REVIEW LETTER FROM MR. LOVELETTE AND DRAFT RESPONSE.	1.00	
12/23/02	RESEARCH AND DRAFT PETITION FOR FORMAL ADMINISTRATIVE HEARING; REDRAFT ESCROW AGREEMENT AND EMAIL TO MR. LOVELETTE.	2.10	
12/24/02	FINALIZE PETITION FOR FORMAL HEARING.	0.70	
12/26/02	TELEPHONE CONFERENCE WITH MR. RENDELL AT PSC WHO TELEPHONED.	0.30	
		7.30	1,642.50
	LONG DISTANCE CALLS	0.75	
	TOTAL COSTS ADVANCED		0.75
	TOTAL STATEMENT		\$1,643.25

PLEASE REFER TO INVOICE # WHEN REMITTING

LAW OFFICES  
**ROSE, SUNDSTROM & BENTLEY, LLP**  
2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

CHRIS H. BENTLEY, P.A.  
ROBERT C. BRANNAN  
DAVID F. CHESTER  
F. MARSHALL DETERDING  
JOHN R. JENKINS, P.A.  
STEVEN T. MINDLIN, P.A.  
DAREN L. SHIPPY  
WILLIAM E. SUNDSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON  
  
ROBERT M. C. ROSE, *OF COUNSEL*  
WAYNE L. SCHIEFELBEIN, *OF COUNSEL*

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FAX (407) 830-8522

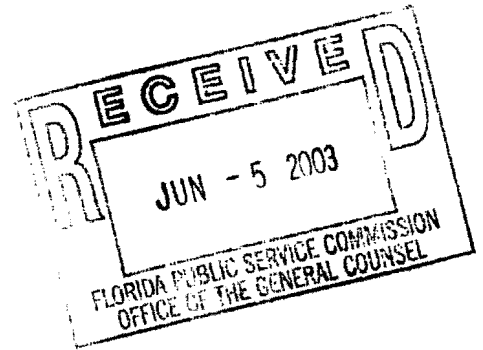
REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD, *OF COUNSEL*  
(LICENSED IN TEXAS ONLY)

June 5, 2003

HAND DELIVERY

Larry Harris, Staff Attorney  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399



Re: Docket No. 020010-WS; Highvest Corporation's and L.P. Utilities Corporation's  
Protest of PAA SARC Order  
Our File No.: 37074.01

Dear Larry:

In accordance with our agreement, enclosed is an updated Schedule of Actual and Estimated Rate Case Expense in the above-referenced matter.

Very truly yours,

MARTIN S. FRIEDMAN  
For the Firm

MSF:dmp  
Enclosure

cc: Mr. John H. Lovelette (w/enclosure)  
Steve Burgess, Esquire (w/enclosure) (via Hand Delivery)

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET  
NO. 020010-WS EXHIBIT NO. 6  
COMPANY/  
WITNESS: L.P. Utilities/Update of Rate Case

L.P. UTILITIES CORPORATION  
 SCHEDULE OF ACTUAL AND ESTIMATED RATE CASE LEGAL EXPENSE  
 DOCKET NO.: 020010-WS

ROSE, SUNDSTROM & BENTLEY, LLP

**ACTUAL BILLINGS**

<u>Month of Service</u>	<u>Invoice Date</u>	<u>Time Charges</u>	<u>Expenses</u>	<u>Total</u>
December 2002	1/24/03	\$ 1,642.50	\$ 0.75	\$ 1,643.25
January 2003	2/19/03	\$ 1,845.00	\$ 15.08	\$ 1,860.08
February 2003	3/14/03	\$ 1,620.00	\$ 77.00	\$ 1,697.00
March 2003	4/11/03	\$ 1,012.50	\$ 252.92	\$ 1,265.42
April 2003	5/19/03	\$ 4,095.00	\$ 101.25	\$ 4,196.25
TOTAL ACTUAL BILLINGS THROUGH 5/19/03		\$10,215.00	\$ 447.00	\$10,622.00
May 2003	UNBILLED	\$ 8,842.50	\$ 292.71	\$ 9,135.21

**ESTIMATE TO COMPLETE THROUGH PAA**

Numerous telephone conferences with client, OPC and Staff; Review Transcript; Prepare Post-Hearing Brief; Review Staff Recommendation; Monitor PSC Agenda Conference; Research and Draft Post-Order Motions and advise client accordingly. - 29 HOURS

Total Estimate to Complete	\$ 6,525.00	\$ 300.00	\$ 6,825.00
TOTAL ACTUAL & ESTIMATED LEGAL EXPENSE	\$25,582.50	\$ 1,039.71	\$26,622.21

06/02/03

ROSE, SUNDSTROM & BENTLEY  
DRAFT STATEMENT

17:28:

CLIENT# 37074 L.P. UTILITIES CORPORATION  
MATTER# 1 PROTEST PAA STAFF ASSISTED RATE CASE

OPE  
FEE TARGET  
MATTER AMOUNT

\*\* UNBILLED HOURS & FEES \*\*

INIT	DATE	HOURS	DESCRIPTION	RATE	FEES	CUMULATIVE	TAX CODE
MSF	05/01/03	0.90	REVIEW PSC STAFF'S PROPOSED PRELIMINARY STATEMENT AND TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS CONCERNING SAME; TELEPHONE CONFERENCE WITH ATTORNEY HARRIS WHO TELEPHONED; LETTER TO ATTORNEY HARRIS WITH CORRECTIONS TO PROPOSED PREHEARING STATEMENT.	225.00	202.50	202.50	0
MSF	05/01/03	0.00	PROPOSED PREHEARING STATEMENT.	225.00	0.00	202.50	0
MSF	05/05/03	9.30	TRAVEL TO TALLAHASSEE AND ATTEND PREHEARING CONFERENCE AND RETURN TO ORLANDO.	225.00	2,092.50	2,295.00	0
MSF	05/09/03	0.30	REVIEW LETTER FROM MR. LOVELETTE AND RESEARCH AND DRAFT RESPONSE.	225.00	67.50	2,362.50	0
MSF	05/16/03	1.90	RESEARCH AND DRAFT UPDATED RATE CASE EXPENSE EXHIBIT; REVIEW PROPOSED LETTER TO CUSTOMERS; TELEPHONE CONFERENCE WITH MR. LOVELETTE CONCERNING SAME; BEGIN RESEARCH RENT IN SARG'S.	225.00	427.50	2,790.00	0
MSF	05/21/03	1.20	REVIEW LETTER FROM MR. LOVELETTE REGARDING PREHEARING ORDER AND RESEARCH AND DRAFT LETTER OF MR. LOVELETTE; TELEPHONE CONFERENCE WITH MR. COZIER WHO TELEPHONED.	225.00	270.00	3,060.00	0
MSF	05/23/03	0.30	REVIEW AND RESPOND TO LETTER FROM MR. LOVELETTE.	225.00	67.50	3,127.50	0
MSF	05/26/03	7.20	PREPARE FOR TRIAL; LEGAL RESEARCH.	225.00	1,620.00	4,747.50	0
MSF	05/27/03	7.20	TRAVEL TO LAKE PLACID AND CONFERENCE WITH MR. LOZIER AND LOVELETES; FINAL TRIAL PREPARATION.	225.00	1,620.00	6,367.50	0
MSF	05/28/03	11.00	CONFERENCE WITH MR. LOZIER, MR. AND MRS. LOVELETTE; TRIAL; RETURN TO ORLANDO.	225.00	2,475.00	8,842.50	0

TOTAL HOURS	39.30	TOTAL FEES	8,842.50
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\*\* UNBILLED DISBURSEMENTS \*\*

INIT	DATE	DETAILS	REFERENCE	AMOUNT	TAX	CUMULATIVE	TYPE
	04/22/03	FEDERAL EXPRESS		15.93		15.93	2
	04/23/03	FEDERAL EXPRESS		20.84		36.77	2
	04/23/03	LEXIS SERVICE		10.00		46.77	42
	05/25/03	PHOTOCOPIES		45.00		91.77	20
	05/29/03	TRAVEL EXPENSE		200.94		292.71	3

msf 5/27-28



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TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

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WHEN REMITTING

F.E.I. # 59-2783536

L.P. UTILITIES CORPORATION  
P O BOX 478  
LAKE PLACID, FL 33862INVOICE # 26875  
MAY 19, 2003  
FILE # 37074-0001

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MATTER PROTEST PAA STAFF ASSISTED RATE CASE

ACCOUNTS RECEIVABLE BALANCE FORWARD \$1,643

04/02/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY K. ECHERNACHT RE: FORM OF NOTICE TO CUSTOMERS.	0.10
04/03/03	PREPARE NOTICE OF HEARING; COMMUNICATIONS WITH PSC ATTORNEY ECHTERNACHT.	1.00
04/04/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED; TELEPHONE CONFERENCE WITH MR. LOVETTE.	0.20
04/06/03	REVIEW PUBLIC COUNSEL'S RESPONSE TO WITHDRAWAL OF ISSUES AND MOTION TO ACCEPT UNTIMELY FILING; RESEARCH AND DRAFT RESPONSE THERETO.	1.00
04/07/03	PREPARE NOTICE OF HEARING; COMMUNICATIONS WITH PSC ATTORNEY ECHTERNACHT RE: NOTICE.	0.40
04/16/03	REVIEW NOTICE OF TAKING DEPOSITIONS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.30
04/17/03	REVIEW PSC ORDER AND LETTER TO MR. LOVELETTE CONCERNIGN SAME; REVIEW OPC'S PREFILED TESTIMONY ON CIAC AND LETTER TO MR. LOVELETTE CONCERNING SAME; RESEARCH AND DRAFT OF PREHEARING STATEMENT.	1.60
04/17/03	PREPARE AFFIDAVIT OF MAILING AND NOTICE OF HEARING TO CUSTOMERS; NOTICE OF FILING; LETTER TO JOHN LOVELETTE RE: MAILING NOTICE OF HEARING TO CUSTOMERS AND NEWSPAPER NOTICE; COMMUNICATIONS WITH PSC STAFF RE: NEWSPAPER NOTICE.	1.50
04/18/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE	0.30

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MAY 19, 2003  
FILE # 37074-0001

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	REGARDING REBUTTAL TESTIMONY ON WATER METERS.		
04/18/03	PREPARE LETTER TO J. LOVELETTE, DISPLAY ADVERTISEMENT FOR NEWSPAPER; COMMUNICATIONS WITH PSC ATTORNEY ECHTERNACHT RE: NEWSPAPER NOTICE.	0.80	
04/22/03	REVIEW SCHEDULE FROM MR. LOVELETTE OF METERS; TELEPHONE CONFERENCE WITH MR. LOVELETTE; TELEPHONE CONFERENCE WITH PSC ATTORNEY ECTENAUCHT WHO TELEPHONED; REVIEW PREHEARING STATEMENT OF PSC STAFF AND PUBLIC COUNSEL.	1.50	
04/23/03	COMMUNICATIONS WITH PSC ATTORNEY ECHTERNACHT RE: NEWSPAPER NOTICE; LETTER TO HIGHLANDS CO. NEWSPAPER.	0.20	
04/25/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED; TELEPHONE CONFERENCE WITH MR. LOVELETTE.	0.50	
04/28/03	PARTICIPATE IN PRE-PREHEARING CONFERENCE.	0.50	
04/29/03	TRAVEL TO LAKE PLACID; CONFERENCE WITH MR. AND MRS. LOVELETTE AND MR. COZIER REGARDING DEPOSITION; ATTEND DEPOSITIONS; RETURN.	8.30	
		18.20	
			4,095.00
	LONG DISTANCE CALLS	3.50	
	TRAVEL EXPENSE	277.84	
	LEGAL ADVERTISEMENTS	81.20	
	TELECOPIER	7.50	
	PHOTOCOPIES	130.75	
	TOTAL COSTS ADVANCED		500.79
	TOTAL STATEMENT		\$4,595.79

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LAKE PLACID, FL 33862

INVOICE # 26715  
APRIL 11, 2003  
FILE # 37074-0001

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MATTER	PROTEST PAA STAFF ASSISTED RATE CASE	
ACCOUNTS RECEIVABLE BALANCE FORWARD		\$1,643.25
03/03/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE REGARDING DISCOVERY RESPONSE.	0.20
03/04/03	REVIEW OPC PREFILED TESTIMONY OF MR. LARKIN AND LETTER TO MR. LOVELETTE CONCERNING SAME; TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	0.70
03/10/03	REVIEW OPC RESPONSE TO DISCOVERY AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40
03/24/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED; REVIEW PSC STAFF'S PREFILED TESTIMONY; REVIEW OPC'S RESPONSE TO DOCUMENT REQUEST; DRAFT NOTICE WITHDRAWING REGRESSION AND CIAC ISSUES; LETTER TO MR. LOVELETTE.	1.30
03/26/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE REGARDING RESPONSES TO PSC'S SECOND SET OF DISCOVERY AND PREFILED TESTIMONY; REVIEW PREFILED TESTIMONY IN PREPARATION OF REBUTTAL TESTIMONY FOR MR. LOVELETTE.	0.90
03/29/03	RESEARCH AND DRAFT RESPONSES TO PSC STAFF'S SECOND SET OF DISCOVERY.	1.00
		4.50
		1,012.50
LONG DISTANCE CALLS		0.50
FEDERAL EXPRESS		16.17
TELECOPIER		1.50
PHOTOCOPIES		224.75
LEXIS SERVICE		10.00

Continued

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TOTAL COSTS ADVANCED	252.92
TOTAL STATEMENT	\$1,265.42
TOTAL DUE ON ACCOUNT	\$2,908.67

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INVOICE # 26586  
MARCH 14, 2003  
FILE # 37074-0001

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MATTER	PROTEST PAA STAFF ASSISTED RATE CASE	
ACCOUNTS RECEIVABLE BALANCE FORWARD		\$1,643.25
02/03/03	REVIEW PSC STAFF RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.50
02/04/03	TRAVEL TO TALLAHASSEE; PREPARE FOR AND ATTEND CONFERENCE WITH PSC STAFF AND OFFICE OF PUBLIC COUNSEL REGARDING ISSUES; RETURN TO ORLANDO.	3.20
02/09/03	REVIEW PSC DISCOVERY RESPONSES TO PSC DISCOVERY REQUESTS AND LETTER TO MR. LOVELETTE CONCERNING SAME; LETTER TO PSC ATTORNEY HARRIS.	0.50
02/12/03	REVIEW CORRESPONDENCE AND DOCUMENTS FROM MR. LOVELETTE AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40
02/18/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE; RESEARCH AND DRAFT OBJECTIONS TO DISCOVERY.	0.80
02/20/03	TELEPHONE CONFERENCE WITH MR. COZIER WHO TELEPHONED; RESEARCH AND DRAFT LETTER TO MR. CAMAREN AT UTILITIES, INC. REGARDING PROSPECTIVE SALE.	0.70
02/26/03	REVIEW PROPOSED RESPONSES TO STAFF'S INTERROGATORIES; REVIEW PSC STAFF'S SECOND SET OF INTERROGATORIES AND PRODUCTION OF DOCUMENTS AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.80
02/27/03	TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	0.30

7.20

1.620.00

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MARCH 14, 2003  
FILE # 37074-0001

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LONG DISTANCE CALLS	7.50	
TELECOPIER	6.50	
PHOTOCOPIES	53.00	
LEXIS SERVICE	10.00	
TOTAL COSTS ADVANCED		77.00
TOTAL STATEMENT		\$1,697.00
TOTAL DUE ON ACCOUNT		\$3,340.25

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FEBRUARY 19, 2003  
FILE # 37074-0001

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MATTER		
	PROTEST PAA STAFF ASSISTED RATE CASE	
01/07/03	RESEARCH AND DRAFT MOTION TO AMEND PETITION; LETTER TO MR. LOVELETTE: TELEPHONE CONFERENCE WITH PSC ATTORNEY HARRIS WHO TELEPHONED.	1.50
01/09/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE WHO TELEPHONED.	0.20
01/15/03	REVIEW STAFF'S PROPOSED ISSUES; REVIEW AND PREPARE FOR TELEPHONE CONFERENCE WITH STAFF ON ISSUES; TELEPHONE CONFERENCE WITH PSC STAFF AND PUBLIC COUNSEL REGARDING ISSUES.	0.80
01/16/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE AND REDRAFT ESCROW AGREEMENT AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.40
01/18/03	REVIEW PUBLIC COUNSEL'S NOTICE OF INTERVENTION AND LETTER TO MR. LOVELETTE CONCERNING SAME.	0.30
01/19/03	RESEARCH AND DRAFT INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO THE PSC STAFF; REDRAFT DISCOVERY FOR PUBLIC COUNSEL.	1.20
01/20/03	TELEPHONE CONFERENCE WITH MR. LOVELETTE.	0.20
01/22/03	FINALIZE DISCOVERY TO PSC STAFF AND PUBLIC COUNSEL.	0.40
01/27/03	TELEPHONE CONFERENCE WITH MR. COZIER AND MR. LOVELETTE WHO TELEPHONED.	1.00
01/30/03	RESEARCH AND DRAFT PREFILED TESTIMONY FOR MR. LOVELETTE; REVIEW PSC ORDER ALLOWING AMENDMENT TO PETITION AND LETTER TO MR. LOVELETTE CONCERNING SAME.	2.20
		8.20
		1,845.00
FEDERAL EXPRESS		15.08

Continued

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TOTAL COSTS ADVANCED	15.08
TOTAL STATEMENT	\$1,850.08

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L.P. UTILITIES CORPORATION  
C/O JOHN H LOVELETTE  
129 SOUTH COMMERCE AVE  
SEBRING, FL 33870

INVOICE # 26300  
JANUARY 24, 2003  
FILE # 37074-0001

PAGE 1

MATTER			
	PROTEST PAA STAFF ASSISTED RATE CASE		
12/06/02	REVIEW STAFF RECOMMENDATION AND COMMISSION VOTE SHEET.	0.40	
12/18/02	REVIEW DOCUMENTATION FROM MS. LOVELETTE; CONFERENCE WITH MR. LOVELETTE.	2.80	
12/20/02	DRAFT ESCROW AGREEMENT AND EMAIL TO MR. LOVELETTE; REVIEW LETTER FROM MR. LOVELETTE AND DRAFT RESPONSE.	1.00	
12/23/02	RESEARCH AND DRAFT PETITION FOR FORMAL ADMINISTRATIVE HEARING; REDRAFT ESCROW AGREEMENT AND EMAIL TO MR. LOVELETTE.	2.10	
<del>12/24/02</del>	<del>FINALIZE PETITION FOR FORMAL HEARING.</del>	<del>0.70</del>	
12/26/02	TELEPHONE CONFERENCE WITH MR. RENDELL AT PSC WHO TELEPHONED.	0.30	
		7.30	1,642.50
	LONG DISTANCE CALLS	0.75	
	TOTAL COSTS ADVANCED		0.75
	TOTAL STATEMENT		\$1,643.25

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