

ORIGINAL

JAMES E. "JIM" KING, JR.

PRESIDENT



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JOHNNIE BYRD

SPEAKER



August 29, 2003

Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED FPSC  
AUG 29 PM 2:31  
COMMISSION  
CLERK

Re: Docket No. 020071-WS

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket are the original and 15 copies of OPC's Late-filed Exhibit 15.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Thank you for your attention to this matter.

Sincerely,

Stephen C. Burgess  
Deputy Public Counsel

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Enclosures

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

**Druid Isle/Oakland Shores Gain on Sale**

Original Cost	\$143,205 (1)
Book Basis/Net Book Value	27,308 (2)
Potential Gain Attributable to Ratepayers	\$115,897 (3)
Actual Gain	\$67,695 (4)
Gain Attributable to Ratepayers	\$67,695 (5)

- (1) OPC requested original cost information for all transfers/sales of land or assets from Utilities, Inc. in Interrogatory 159. In response to OPC's Interrogatory 159, Utilities, Inc. of Florida indicated that the "original cost [is] unknown" for Druid Isle and that the systems (Druid Isle and Oakland Shores) were purchased in 1976 with 11 other systems. Due to Utilities, Inc. of Florida's inability to provide the original cost of the Druid Isle/Oakland Shores systems, Ms. Dismukes estimated the original cost using public documents, specifically Commission Decisions. In Order No. 7053, the Commission approved the purchase of Druid Isle, Cresant Heights and Davis Shores from Southern Gulf Utilities, Inc. At the same time, the Commission was also involved in an application for rate increase by Southern Gulf Utilities, Inc., for the same three systems (Druid Isle, Cresant Heights and Davis Shores). Because of the sale, the Commission required Utilities, Inc. of Florida to become a party of the rate proceeding. Utilities, Inc. became a party to the proceeding and was substituted for Southern Gulf Utilities, Inc. In the order disposing of the rate case, Order No. 7140, the Commission found the gross plant in service for all three systems to be \$957,782. In that same Order the Commission indicated that the number of year-end customers was 244 for Cresant Hills, 49 for Druid Isle, and 38 for Davis Shores. To estimate the original cost attributable to Druid Isle, the total number of customers was divided into the gross plant in service of \$957,782 to arrive at an original cost per customer of \$2,893.60. The original cost per customer multiplied by the number of customers in Druid Isle, at essentially the same time as the sale, indicates that the original cost of the systems purchased attributable to Druid Isle is \$141,786. In Response to OPC Interrogatory 159, Utilities, Inc. of Florida indicated that it had made \$1,419 of improvements to Druid Isle since its acquisition. Therefore the original cost of the system, including improvements, is estimated at \$143,205.
- (2) In response to OPC's Interrogatory 159, Utilities, Inc. of Florida provided the "book basis" of Druid Isle/Oakland Shores. It is assumed that "book basis" is the same as net book value. (The words "book basis" was not defined or explained in the response.)
- (3) Original Cost minus Net Book Value

- (4) Dismukes testimony, p. 40.
- (5) Under the defined scenario, this represents portion of the gain equivalent to the difference between net book value and original cost that should be returned to ratepayers, as they have, in effect, overpaid depreciation.

### **Green Acres Gain on Sale**

It was not possible to develop the calculations requested by Commissioner Deason. According to Utilities, Inc. of Florida's response to OPC Interrogatory 159, the Green Acres Campground was purchased with the Trailwood Estates and Oakland Hills areas. This purchase was made for \$150,000 and according to Order No. PSC-99-2373-FOF-WS, there was no separate identification of the Green Acres Campground at the time of the purchase. In this same response, the Company did not provide an original cost associated with the Green Acres Campground, but indicated that the facilities were recorded as CIAC. Our research of Commission Orders did not produce any information that would allow us to estimate the cost attributable to Green Acres.