

STATE OF FLORIDA

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DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

August 18, 2004

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COMMISSION
CLERK

Mr. Jack Espenship
Consolidated Water Works
P. O. Box 191
Lake City, FL 32056-0191

Re: Docket No. 030991-WU; Application for transfer of Suwannee Valley Estates to Consolidated Water Works

Dear Mr. Espenship:

We have discussed the issue of customer deposits that are addressed in the contract for sale, that will be transferred from Suwannee Valley Estates, and thought it would be best to specify the requirements delineated by rule. You should attempt to determine which customers of Suwannee Valley have paid deposits, when those deposits were paid, the amounts paid, that interest on those deposits is current, and whether those deposits are due to be refunded (see Rule 25-30.311(5) for refunds).

If you are unable to determine exactly when a deposit was paid, it would be best to use the date of the contract for purchase from Suwannee Valley, since at least at that point, Suwannee Valley acknowledged that the deposit existed. Once a satisfactory payment record has been established, the deposit shall be refunded, per Rule 25-30.311(5). While the deposit is held by the utility company, 6% interest is required to be paid annually to residential customers, per Rule 25-30.311(4).

For the company's books and records, you are aware that the NARUC Uniform System of Accounts is required. Staff engineer Mr. Walden has mailed a copy of the title page and table of contents from the Class C version of this accounting booklet to you. The Class C version is for utility companies that have annual revenues less than \$200,000, and Class B is for utility companies that have annual revenues greater than \$200,000, but less than \$1,000,000. To ensure a smooth transition of the books and records of Suwannee Valley to Consolidated, we would like to talk to your son, Sean, who you said will be doing the books for you. Please provide his phone number to us so he can be contacted.

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If you have any questions, please contact Cheryl Johnson at 850-413-6984 or Tom Walden at 850-413-6950.

Sincerely,

A handwritten signature in black ink that reads "Thomas Walden". The signature is written in a cursive style with a long horizontal stroke at the end.

Thomas Walden,
Engineer

TW

cc: Division of Records and Reporting ✓
Cheryl Johnson