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VALERIE L. LORD

January 3, 2005
VIA HAND DELIVERY

Ms. Patti Daniel
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: FIMC Hideaway, Inc.; PSC Docket No. 040152-WS
Our File No. 29003.02

Dear Ms. Daniel:

I apologize for the delay in getting back to you in response to your November 1, 2004 letter and the questions raised therein. In addition to responding to each of your specific numbered questions below, we are also providing a letter of today's date addressed to Pat Brady, in order to provide her some more detailed information about the attempts of both the buyer and the seller to locate records to support plant additions in the early 90's and the results of that diligent search. Please review that letter, a copy of which was sent directly to you.

As to the specific questions outlined in your letter of November 1, 2004, I have repeated those questions with our answers below:

- 1. The reason the seller failed to maintain the utility's books and records in accordance with NARUC's USOA.**

The most recent audit by the Commission staff describes how the Utility failed to maintain its records in accordance with the NARUC USOA. It suggests that the failure to maintain the records supporting the capital additions from 1992 is the basis for the audit's contention that the Utility failed to comply with those standards.

As you know, this Utility was acquired by the seller many years ago through a foreclosure action. The Utility made efforts at that time to upgrade the quality of the accounting system incorporated by the Utility and made substantial improvements over the system of accounting that was maintained prior to their acquisition of the utility system.

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The Utility management was under the impression that after the Utility's books were audited in 1997 that the underlying source documentation dating back to 1992 was verified by the Commission staff and therefore not required to be maintained any longer. However, both the seller and the buyer have made every effort to try and relocate as much information as they can concerning those items and the description of those efforts and the information obtained is more fully discussed in the letter of even date to Pat Brady. With the exception of this one item, we believe the Utility is in conformance with the PSC's NARUC System of Accounts.

2. **Whether the utility's books and records are now being maintained in compliance with NARUC's USOA. If the books and records are not yet in compliance, when will compliance be achieved? If a professional consultant has been retained to assist in this matter, that information should also be disclosed.**

The Utility believes that the Utility books and records are being maintained in compliance with the NARUC System of Accounts. With regard to the maintenance of old records, the Utility is now aware of the requirements of the Commission and will maintain all records which it currently has and all future source documentation at least until specifically instructed that they have the authority to dispose of those by the Commission and its staff.

3. **Whether the buyer understands that Rule 25-30.1 10, Florida Administrative Code, requires utilities to follow NARUC's guidelines for preservation of records which requires continuing property records.**

The buyer has read the provisions of Rule 25-30.110, F.A.C. which requires utilities to follow the NARUC guidelines for preservation of records, and will comply with those requirements.

4. **The reason the seller failed to charge the utility's approved service availability charges and whether refunds have been issued. If refunds of the over collections of service availability charges have not yet been issued, when this will be done?**

Until receipt of the audit, the Utility was unaware that it had ever collected service availability charges that were not in conformance with the PSC approved charges. It suggests that for 1992, the Utility collected the correct amount but booked it incorrectly between water and wastewater. Therefore, we do not believe this is an incorrect collection, but rather an incorrect booking.

With regard to the three other charges noted for 2000 and 2002, the records do not currently reveal the reasons for the exact amounts of all those charges assessed. They were not directly related to water and wastewater service availability charges. However, the amount assessed is only slightly different from the amount required to be charged. The records, however, do not reveal why the difference was charged in those cases. No refunds of any of those monies have been undertaken at this time.

5. **Whether the buyer understands that it may only charge the utility's approved rates and charges.**

The buyer understands that it may only charge the Utility's approved rates and charges, including service availability charges and meter installation fees as outlined in its tariff.

6. **Whether the buyer understands that all customers must be metered and billed, including the park's clubhouse.**

The buyer understands that all customers must be metered and billed, including the park's clubhouse, and will do so on a going-forward basis.

If you have any further questions in this regard, please let me know.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tms

cc: Pat Brady
Blanca S. Bayo
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