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## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Emergency Petition by D.R. Horton Custom Homes, Inc. to eliminate authority of Southlake Utilities, Inc. to collect service availability charges and AFPI charges in Lake County

In re: Complaint by D.R. Horton Custom Homes, Inc. against Southlake Utilities, Inc. In Lake County regarding collection of certain AFPI charges.

DOCKET NO. 980992-WS

DOCKET NO. 981609-WS

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## REBUTTAL TESTIMONY

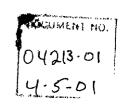
OF

## ROBERT E. IRWIN ON BEHALF OF SOUTHLAKE UTILITIES, INC.

- Q. Please state your name and address.
- A. My name is Robert E. Irwin. My business address is 1100 South Orange Avenue, Suite A, Orlando, Florida 32806-1217.
- Q. Are you the same Robert E. Irwin who previously filed direct testimony in this proceeding?
- 20 A. Yes.
- Q. Have you reviewed the prefiled direct testimony and exhibits of Michael Burton filed on behalf of D. R. Horton Custom Homes ("D.R. Horton")?
  - A. Yes.

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Q. Please comment on Mr. Burton's assertion that Southlake "is now attempting to justify that land lease based upon the value of that Utility property as multi-family housing property, rather than valued at its use as a Utility property site."

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- The appraisal I prepared provided the market value of the fee simple interest in the properties as of the two dates of valuation, September 22, 1990, and August 17, 1993. The highest and best use of the property was concluded multi-family for the sewer plant site and commercial development for the water plant site. The appraisal (Exhibit REI-2) provided two land sales (see pages 29 and 31 in the appraisal for sales 1 and 6, i.e., Exhibit REI-2, page numbers 000037 and 000039), both having a highest and best use as commercial development, which were purchased at a comparable price to commercial land sales, but utilized for utility purposes. Thus, it is evident that the use of these two sales for utility purposes did not result in the price being paid to be less than the market value at the time of sale.
- Q. Southlake witnesses have testified that the two sites for the utility treatment plants were first devoted to public service in 1993. Is the cost of the two sites to a related party relevant in

determining the fair market value of the sites in 1993?

- No. The cost of the land when originally purchased by a related party normally has no relationship to the apprised value of the property because it often is a non arms length sale. However, if it was an arms length transaction involving unrelated parties or even related parties, it could be used as a comparable sale if it was sold within a reasonable length of time prior to the valuation date. To the best of my knowledge, the bulk of the property was in the ownership of the Chapman family since prior Any acquisition prior to 1970 would be to 1970. no consideration in valuing the subject property as to the date of the valuation because there has been more recent market data to consider. Also, the original purchase was for substantially more acreage (in excess of 600 acres) than the utility treatment plant sites (10 acres and 2.52 Furthermore, the original purchase included lands which are not usable, whereas the two utility sites are one hundred percent (100%) usable.
- Q. Mr. Burton uses assessed value to determine the value of the utility plant sites. Please respond.

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Α.

- 1 Mr. Burton is in error in attempting to use assessed 2 values to determine the value of the utility plant 3 Assessed value does not always reflect sites. market value. I prepared an exhibit showing the sale 4 5 foot six per square οf the 6 commercial sales from the appraisal filed as Exhibit 7 REI-2 in this proceeding and the assessed value of 8 said parcels for 2000.
  - Q. I show you a document labeled Exhibit REI-3. Can you identify it?
  - A. It is the comparison of sales prices in 1989 and 1990 and the assessed values of these sales in year 2000 which I just discussed.
  - ||O. What does Exhibit REI-3 disclose?
    - A. It confirms that assessed value does not always correlate to the market value of property. In fact, only sales 4 and 5 show a sales price less than the year 2000 assessment, even though land values and demand have increased significantly since 1989 and 1990, a ten and eleven year time span.
    - Q. Does this conclude your rebuttal testimony?
    - A. Yes. However, I will be glad to answer any questions that anyone would like to ask.

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DOCKET NOS. 980992-WS AND 981609-WS EXHIBIT REI-3
R. IRWIN EXHIBIT NO. \_\_\_\_\_
COMPARISON OF ASSESSED VALUE
AND SALES PRICE

## Comparison of Assessed Values As of the Year 2000 Versus the Sales Price

Sale Year 2000	1	2	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Assessment/ Square Foot	\$0.08	\$0.69	\$0.55	\$1.76	\$0.67	\$1.24
Sale Date Sales Price/	12/85	12/86	1/89	11/89	4/90	1/94
Square Foot	\$1.40	\$1.69	\$1.38	\$1.04	\$0.62	\$1.33