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COMMISSION CLERK

September 26, 2014

DATE DEPOSIT

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FILED SEP 29, 2014 DOCUMENT NO. 05497-14 FPSC - COMMISSION CLERK

Carlotta S. Stauffer, Commission Clerk Office of Commission Clerk Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399

RE: Docket No. 140145-SU; Application for Authority to Transfer Assets of Utility Corporation of Florida, Inc. and Certificate No. 550-S to South Highlands Investment Corporation in Highlands County, Florida Our File No.: 47102.01

Dear Ms. Stauffer:

The following is South Highlands Investments, Inc.'s ("SHIC") response to Staff's deficiency letter dated August 29, 2014.

Deficiencies

- 1. Assets and Liabilities. Rule 25-30.037(2)(g)(2), Florida Administrative Code (F.A.C.) requires a list of and the dollar amount of the assets and liabilities assumed or not assumed of non-regulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.

Response. Enclosed is a list from the Seller, Utility Corporation of Florida, Inc.'s ("UCF") 2013 Annual Report of the assets purchased. SHIC did not assume any liabilities of UCF nor purchase any non-regulated operations or entities from UCF (although it did purchase non-regulated assets from a related party to UCF in a simultaneous transaction).

- 2. Additional Consideration. Rule 25-30.037(2)(g)(3), F.A.C., requires a description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, and assumption of obligations. Please provide a statement describing the existence or non-existence of all items of consideration along with a description of all consideration between the buyer and the seller.

Response. The sale of the utility assets by UCF was simultaneous with the sale of undeveloped real property owned by a party related to UCF, which was a "short-sale", with the total consideration of \$2,242,400.00 being paid to UCF and the related party's lender to satisfy outstanding delinquent mortgages. No other consideration was paid to UCF or its owner.

- 3. Books and Records. Rule 25-30.037(2)(n), F.A.C., requires that if the books and records of the seller are not available for inspection by the Commission or are not adequate for purposes of

establishing net book value of the system, a statement by the buyer that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records.

Response. SHIC has possession of the books and records of UCF since rate base was last established, including Tax Returns.

4. **Financial Statements.** Rule 25-30.037(k), F.A.C., requires a list of all entities upon which the applicant is relying funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the Utility. Please provide current financial statements of any person or entity with an ownership interest of 10 percent or greater.

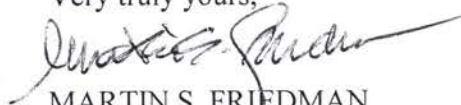
Response. Attached is redacted Balance Sheet of SHIC. The unredacted version is being filed simultaneously pursuant to a Request for Confidential Classification.

5. **Filing Fee.** Rule 25-30.020(2)(c), F.A.C., states that for applications in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERCs, the filing fee is \$1,500. Based on the Utility's application for an original certificate in Docket No. 080079-SU, in which the Utility stated that it was serving 310 units at that time, with future development projected to increase that number to 900 units, staff believes that the correct filing fee for the instant application is \$1,500. The Utility paid a filing fee of \$750. Please remit the \$750 balance.

Response. The original filing fee was based upon S-6 of the 2013 Annual Report filed by UCF which stated that the maximum number of ERCs which can be served is 400±. Notwithstanding that discrepancy, enclosed is a check for \$750 for the additional filing fee.

Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/
Enclosure

cc: Stephen Heine (via email)
Melinda Watts (via email)
Kyesha Mapp (via email)
Lydia Roberts (via email)
Clarence Prestwood (via email)