

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint application for acknowledgment of sale of portion of land and facilities of Florida Water Services Corporation in Volusia County to City of Deltona, and for amendment of Certificate Nos. 238-W and 182-S.

DOCKET NO. 030920-WS
ORDER NO. PSC-03-1276-FOF-WS
ISSUED: November 10, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING TRANSFER OF DELTONA FACILITIES,
AMENDING CERTIFICATES NOS. 238-W AND 182-S HELD BY FLORIDA WATER
SERVICES CORPORATION, AND REQUIRING OPENING OF DOCKET TO
INVESTIGATE GAIN ON SALE

BY THE COMMISSION:

BACKGROUND

Florida Water Services Corporation (FWSC or utility) is a Class A utility providing water and wastewater service throughout Florida. Most of its systems are under our jurisdiction. FWSC's Deltona system serves approximately 28,932 water and 5,350 wastewater customers in Volusia County. The Deltona system is located in a priority water resource caution area of the St. Johns River Water Management District. The utility's 2002 annual report indicates that the Deltona system had gross revenue of \$7,564,996 and \$3,651,748 and net operating income of \$1,810,234 and \$883,656 for water and wastewater, respectively.

The water and wastewater systems were originally issued Certificate Nos. 107-WS and SS-89 pursuant to Order No. 4771, issued October 9, 1969, in Docket Nos. 69296-W and 69297-S, In Re:

DOCUMENT NUMBER-DATE

11203 NOV 10 8

FPSC-COMMISSION CLERK

Applications of The Deltona Corporation for certificates to operate an existing water system and sewer system in Volusia County, Florida. These certificates were subsequently changed to 47-W and 48-S by Order No. 6713, issued June 11, 1975, in Docket Nos. 74041-W(EX) and 74042-S, In Re: application of the Deltona Corporation to expand territory of existing Certificate Number 47-W and 48-S in Volusia County, Florida. The certificates numbers were again changed to 238-W and 182-S by Order No. 25575, issued January 7, 1992, in Docket No. 910662-WS, In Re: Petition for approval of restructuring of Southern States Utilities, Inc.; Deltona Utilities, Inc.; and United Florida Utilities Corporation and acknowledgment of name change of Citrus Springs Utilities (United Florida) and Pine Ridge Utilities (United Florida) in Citrus County, Spring Hill Utilities, Inc. (Deltona) in Volusia County, Marco Island Utilities (Deltona) and Marco Shores Utilities (Deltona) in Collier County, Marion Oaks Utilities (United Florida) in Marion County, and Sunny Hills Utilities (United Florida) in Washington County to Southern States Utilities, Inc.

On September 19, 2003, an application was filed for the transfer of the Deltona water and wastewater facilities to the City of Deltona (the City or buyer) and for the modification of Certificate Nos. 238-W and 182-S. The First Amended and Restated Utility System Asset Acquisition Agreement (Agreement) entered into as of August 25, 2003, states that the Agreement is among FWSC and the following buyers: Hernando County, the City of Marco Island, the City of Palm Coast, Osceola County, Florida Governmental Utility Authority, and the City of Deltona. This is one of the four dockets currently filed which relate to this Agreement.¹

¹ Docket No. 030920-WS - Joint application for acknowledgment of sale of portion of land and facilities of Florida Water Services Corporation in Volusia County to City of Deltona and for amendment of Certificate Nos. 238-W and 182-S; Docket No. 030921-WS - Joint application for acknowledgment of sale of land and facilities in Osceola County to Osceola County by Florida Water Services Corporation and for cancellation of Certificate Nos. 66-W and 289-S; Docket No. 030931-WS - Joint application for acknowledgment of sale of land and facilities of Florida Water Services Corporation in Charlotte County to Florida Governmental Utility Authority and for cancellation of Certificate Nos. 570-W and 496-S.

We have jurisdiction pursuant to Sections 367.045, 367.071(4)(a), and 367.081, Florida Statutes.

TRANSFER OF FACILITIES

On September 24, 2003, FWSC filed its application seeking acknowledgment of the transfer of its Lehigh facilities, located in Lee County, to the Florida Governmental Utilities Authority (FGUA), and for cancellation of Certificate Nos. 306-W and 255-S, pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4). We have jurisdiction pursuant to Sections 367.045, 367.071(4)(a), and 367.081, Florida Statutes.

TRANSFER AND AMENDMENT OF CERTIFICATES

On September 19, 2003, FWSC filed an application to transfer its Deltona facilities to the City pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Included with the application was a copy of the First Amended and Restated Utility System Asset Acquisition Agreement entered into as of August 25, 2003. That agreement states that the proposed closing date for all of the parties is on or before December 8, 2003, and that it is among FWSC and the following buyers: Hernando County, the City of Marco Island, the City of Palm Coast, Osceola County, Florida Governmental Utility Authority, and the City of Deltona. Therefore, December 8, 2003, is the anticipated effective date of the acquisition.

Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply. The application had no deficiencies. The application is in compliance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. The territory being transferred is described in Attachment A.

The application contains a statement that the City obtained FWSC's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-

in-aid-of-construction pursuant to Rule 25-30.037(4)(e), Florida Administrative Code. A statement that the customer deposits and interest earned, less any unpaid balances, will be transferred to the City for the benefit of the customers as required by Rule 25-30.037(4)(g), Florida Administrative Code, was also included in the application.

Pursuant to Rule 25-30.037(4)(f), Florida Administrative Code, the application is to contain the date on which the governmental authority proposes to take official action to acquire the utility. According to the agreement, the closing will take place on or before December 8, 2003. Since a firm date is not provided, FWSC shall provide proof of transfer, including the actual closing date, within 30 days of the actual closing to establish the effective date of the transfer.

Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), Florida Administrative Code, a statement was included that FWSC has no outstanding regulatory assessment fees (RAFs) and no fines or refunds are owed. The utility has filed its 2002 annual report and paid its 2002 RAFs, and there are no outstanding penalties and interest. For the period of January 1, 2003, through December 8, 2003, FWSC has agreed to file its RAF return and RAF payment for the Deltona facilities within 60 days of closing on the transfer.

Based on all the above, the utility appears to have complied with all provisions of Rule 25-30.037, Florida Administrative Code, and, pursuant to Section 367.071(4)(a), Florida Statutes, the transfer to the City shall be approved as a matter of right. Certificate Nos. 238-W and 182-S shall be amended to reflect the deleted territory described in Attachment A, effective upon the closing date of the sale. FWSC shall provide proof of transfer to the City within 30 days of closing for purposes of establishing an effective date. Regulatory Assessment Fees shall be submitted within 60 days of closing on the transfer.

OPENING OF GAIN ON SALE DOCKET

Pursuant to the acquisition agreement entered into on August 25, 2003, FWSC shall receive a total of \$59,478,752 from the City for the water and wastewater facilities. That sum appears to exceed the rate base values that this Commission has approved for those facilities. In Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, In Re: Application for rate increase and increase in service availability charges in Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties, the most recent rate proceeding for FWSC, the approved rate base value for the combined Deltona water and wastewater facilities was \$18,255,130 for the projected test year ending December 31, 1996. Restoring used and useful adjustments, the aggregate rate base balance was \$20,996,044. In its 2002 Annual Report, FWSC reported a combined rate base of \$16,043,966 for its Deltona systems. As the sale is planned to occur in 2003, an updated rate base calculation will be needed to determine the gain, if any, due to the sale of these facilities. Initial review indicates that FWSC will record a gain on this transaction, and there is a question of whether this Commission should open a gain on sale docket in regards to this sale.

By letter dated August 29, 2003, the attorney for FWSC discussed the gain on sale issue and whether it was even appropriate to raise the issue in dockets where facilities were transferred pursuant to an involuntary condemnation. In that letter, FWSC cites our decision concerning gain on sale in Order No. PSC-93-0423-FOF-WS, issued March 22, 1993, in Docket No. 920199-WS, In Re: Application for rate increase in Brevard, Charlotte/Lee, Citrus, Clay, Duval, Highlands, Lake, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, Volusia, and Washington Counties by Southern States Utilities, Inc.; Collier County by Marco Shores Utilities (Deltona); Hernando County by Spring Hill Utilities (Deltona); and Volusia County by Deltona Lakes Utilities (Deltona) (SSU Order). In the SSU Order, FWSC argues that this Commission concluded that there should be no

sharing in the gain arising from the condemnation of water and wastewater systems previously operated by FWSC. Because that decision concerning gain on sale was affirmed by the First District Court of Appeal in Citrus County v. Southern States Utilities, Inc., 656 So. 2d 1307 (Fla. 1st DCA 1995), FWSC argues that we are bound by the "Citrus County precedent."

Moreover, FWSC notes that "the Citrus County appellate court decision is consistent with" Order No. PSC-93-1821-FOF-WS, issued December 22, 1993, in Docket No. 930373-WS, In Re: Application for amendment of Certificate No. 247-S by North Fort Myers Utility, Inc., and cancellation of Certificate No. 240-S issued to Lake Arrowhead Village, Inc., in Lee County, and Docket No. 930379-SU, In Re: Application for a limited proceeding concerning the rates and charges for customers of Lake Arrowhead Village, Inc., in Lee County, by North Fort Myers Utility (North Fort Myers Order). In the North Fort Myers Order, FWSC points to the paragraph where we stated:

[C]ustomers of utilities do not have any proprietary claim to utility assets. Although customers pay a return on utility investment through rates for service, they do not have any ownership rights to the assets, whether contributed or paid for by utility investment.

We note that the sale to the City does not involve a condemnation proceeding. Moreover, FWSC has misinterpreted each of the above-noted Orders and court decision. In the SSU Order, this Commission, in addressing whether a sharing of the gain on sale was appropriate, specifically said, "Since SSU's remaining customers never subsidized the investment in the SAS [St. Augustine Shores] system, they are no more entitled to share in the gain from that sale than they would be required to absorb a loss from it." Therefore, our determination that a sharing of the gain on sale was not appropriate was limited to the specific facts of that case and was not a "blanket" legal determination that a gain on sale would never be appropriate. The Citrus County case merely confirmed this factual interpretation.

As to the North Fort Myers Order, the language quoted by FWSC

was merely addressing whether there should be a refund to the customers of the former utility, Lake Arrowhead Village, Inc. (LAVI). As to consideration of the gain on sale, this Commission said:

We first examined whether any gain on sale should be passed on to the customers. The costs to dismantle the plant would range from \$20,000 to \$50,000, depending on the public health and other sanitary requirements for the intended use of the land where the treatment and disposal facilities are located. Therefore, even if the few lots which might be created by clearing the former plant site were sold, a significant portion of the gain would be greatly offset by the cost of clearing the site and preparing the lots for sale.

Therefore, we again, on a factual basis, determined that a gain on sale adjustment was not appropriate. By reviewing the appropriate disposition of any gain on sale, we are merely carrying out our jurisdictional duty to "fix rates which are just, reasonable, compensatory, and not unfairly discriminatory" to the remaining customers of FWSC, as required by Section 367.081(2)(a)1., Florida Statutes.

The service rates for FWSC were established in Docket No. 950495-WS. According to FWSC's 2002 annual report the Deltona systems had net operating income of \$1,810,234 and \$883,656 for water and wastewater, respectively. Whether the other FWSC facilities subsidized income for the Deltona facilities needs to be determined. This is consistent with our prior decisions in the following Orders: Order No. PSC-98-0688-FOF-WS, issued May 19, 1998, in Docket No. 971667-WS, In Re: Application for approval of transfer of facilities of Florida Water Services Corporation to Orange County and cancellation of Certificate Nos. 84-W and 73-S in Orange County; Order No. PSC-99-2171-FOF-WU, issued November 8, 1999, in Docket No. 981589-WU, In re: Application for approval of transfer of a portion of the facilities operated under Certificate No. 40-W in Orange County from Utilities, Inc. of Florida to the City of Maitland; and Order No. PSC-99-2373-FOF-WS, issued December 6, 1999, in Docket No. 991288-WS, In re: Application for transfer

of a portion of Certificates Nos. 278-W and 225-S in Seminole County from Utilities, Inc. of Florida to the City of Altamonte Springs. In each of the above-three Orders, this Commission acknowledged the transfer to the respective governmental authority and opened another docket to evaluate the gain on sale. Therefore, a separate docket shall be opened to determine if the gain should be allocated among the remaining water and wastewater customers.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of the Deltona facilities in Volusia County of Florida Water Services Corporation to the City of Deltona shall be approved as a matter of right. It is further

ORDERED that Certificate Nos. 238-W and 182-S shall be amended to reflect the deleted territory described in Attachment A, effective upon the closing date of the sale. It is further

ORDERED that Florida Water Services Corporation shall provide proof of transfer to the City of Deltona, including the actual closing date, within 30 days of the actual closing to establish the effective date of the transfer. It is further

ORDERED that Florida Water Services Corporation shall submit regulatory assessment fees within 60 days of closing on the transfer. It is further

ORDERED that a docket to examine whether Florida Water Services Corporation's sale of its Deltona facilities involves a gain that should be shared with Florida Water Services Corporation's remaining customers shall be opened. It is further

ORDERED that this docket shall remain open until the conclusion of any pending dockets concerning the Deltona facilities, and until Certificate Nos. 238-W and 182-S are amended administratively.

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By ORDER of the Florida Public Service Commission this 10th
Day of November, 2003.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action on the transfer in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative

Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the decision to open a docket to examine gain on sale in this order, which is procedural in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure. Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

ATTACHMENT A

Florida Water Services Corporation

Description of Deltona Water and Wastewater Territory Deleted

Township 18 South, Range 30 East, Volusia County, Florida.

Sections 13, 24, 25, 35 and 36

That portion of said Sections 13, 24, 25, 35 and 36 which is lying Easterly of the right-of-way of Interstate 4.

Township 18 South, Range 31 East, Volusia County, Florida.

All of Sections 1, 2 and 3.

Section 8

The Southeast $\frac{1}{4}$ of said Section 8 and the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 8.

Section 10

The East $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 10 and that portion of the Northwest $\frac{1}{4}$ of said Section 10 which is more particularly described as follows: Begin at the Northeast corner of the Northwest $\frac{1}{4}$ of said Section 10; thence run North 88°49'22" West along the North boundary of the Northwest $\frac{1}{4}$ of said Section 10 to the Northwest corner of said Section 10; thence run South 00°24'01" East along the West boundary of said Section 10, 2350.93 feet; thence run North 89°56'04" East, 658.92 feet; thence run South 00°20'21" East, 333.80 feet; thence run North 89°43'08" East, 500.05 feet to a point which is also the Southeastern boundary of the Florida Power & Light Company 110 foot right-of-way; thence run North 47°52'27" East, along said Florida Power & Light boundary, 2022+ to a point on the East boundary of the Northwest $\frac{1}{4}$ of said Section 10; thence run northerly along the East boundary of the Northwest $\frac{1}{4}$ of said Section 10 to the Northeast corner of the Northwest $\frac{1}{4}$ of said Section 10 which is also the Point of Beginning.

All of Sections 11, 12 and 13.

Section 14

All of Section 14 less and except the following described territory: Begin at the Northwest corner of the South $\frac{1}{2}$ of said Section 14; thence run South $89^{\circ}51'38''$ East a distance of 1008.91 feet; thence run North $00^{\circ}09'11''$ West for a distance of 2461.10 feet; thence run North $51^{\circ}11'13''$ West for a distance of 286.17 feet; thence run North $89^{\circ}59'28''$ West for a distance of 767.61 feet to the Northwest corner of said Section 14; thence run Southerly along the West boundary of said Section 14 to the Northwest corner of the South $\frac{1}{2}$ which is also the Point of Beginning.

Section 15

The South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 and that portion of the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 that is more particularly described as follows: Begin at the Northwest corner of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$, thence run North $62^{\circ}43'46''$ East a distance of 2971.21 feet to the Northeast corner of the Southeast $\frac{1}{4}$ of said Section 15; thence run Southerly along the East boundary of said Section 15 to the Northeast corner of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15; thence run Westerly along the North boundary of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 to the Point of Beginning.

Section 17

All of said Section 17 less and except the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 17.

Section 18

That portion of the South $\frac{3}{4}$ of said Section 18 which is lying Easterly of the right-of-way of Interstate 4.

All of Sections 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36.

Township 18 South Range 32 East, Volusia County, Florida

Section 31

That portion of said Section 31 which is more particularly described as follows: Begin at the Northwest corner of the Southwest $\frac{1}{4}$ of said Section 31; thence run South $00^{\circ}26'20''$ East 122.22 feet; thence North $89^{\circ}35'55''$ East 3760.4 feet; thence run South $00^{\circ}26'20''$ East 1601.42 feet to a point intersecting with the Northern right-of-way line of S.R. 415; thence South $63^{\circ}48'55''$ West 667.21 feet along said North right-of-way line of S.R. 415; thence leaving right-of-way run South $89^{\circ}32'15''$ West 719.04 feet; thence South $00^{\circ}26'20''$ East 516.56 feet, to a point intersecting with the Northern right-of-way line of S.R. 415; thence South $46^{\circ}29'55''$ West 217.52 feet along said North right-of-way line of S.R. 415; thence leaving right-of-way run South $89^{\circ}32'15''$ West 2281.30 feet; thence Northwesterly along a curve to the right having a radius of 427.43 feet, and a central angle of $19^{\circ}26'58''$ a distance of 145.09 feet, then Westerly along a curve to the left having a radius of 270 feet, and a central angle of $19^{\circ}12'47''$ a distance of 90.54 feet, to the South line of said Section 31; thence run South $89^{\circ}46'26''$ along this line 49.11 feet to the Southwest corner of said Section 31; thence run North $00^{\circ}26'20''$ West along the West Section line of said Section 31, a distance of 1213+ to the said Point of Beginning.

Township 19 South, Range 30 East, Volusia County, Florida.

Section 1

That portion of Section 1 which is lying Northerly of the shoreline of Lake Monroe.

Section 2

That portion of the Northeast $\frac{1}{4}$ of said Section 2 which is more particularly described as follows: Begin at the Northeast corner of said Section 2; thence run South $00^{\circ}10'00''$ West along the East boundary of said Section 2, 1256.00 feet to a point which is also the North side of F.E.C. Railroad right-of-way; thence run South $76^{\circ}01'20''$ West along said right-of-way line, 2176.20 feet; thence run North $13^{\circ}15'20''$ East, 1498.65 feet + to a point on the North boundary of said Section 2; thence run South $89^{\circ}29'20''$ East along the North boundary of said Section 2

to the Northeast corner of said Section 2 which is also the Point of Beginning.

Plus,

That portion of the North 800 feet of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 2. Together with that portion of the North 1000 feet of the South 1320 feet of the East $\frac{3}{4}$ of the North $\frac{1}{2}$ of said Section 2, along with the South 1000 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ lying South of the F.E.C. Railroad right-of-way.

Section 3

That portion of the North 720 feet and the East 720 feet of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 3, together with that portion of the South 100+ feet of the East 720 feet of the Northeast $\frac{1}{4}$ lying South of F.E.C. Railroad right-of-way.

Township 19 South, Range 31 East, Volusia County, Florida.

Section 1

The West $\frac{1}{2}$ of said Section 1.

All of Sections 2, 3, 4 and 5.

Sections 6 and 7

That portion of said Section 6 & 7 which is located Northerly of Lake Monroe.

All of Sections 8, 9, 10 and 11

Section 12

The West $\frac{1}{2}$ of said Section 12.

Section 16

That portion of said Section 16 which is lying Northerly of the North shoreline of Lake Monroe.

Section 17

That portion of said Section 17 which is lying Northeasterly of the shoreline of Lake Monroe.

Section 2

That portion of the Northeast $\frac{1}{4}$ of said Section 2 which is more particularly described as follows: Begin at the Northeast corner of said Section 2; thence run South 00°10'00" West along the East boundary of said Section 2, 1256.00 feet to a point which is also the North side of F.E.C. Railroad right-of-way; thence run South 76°01'20" West along said right-of-way line, 2176.20 feet; thence run North 13°15'20" East, 1498.65 feet \pm to a point on the North boundary of said Section 2; thence run South 89°29'20" East along the North boundary of said Section 2 to the Northeast corner of said Section 2 which is also the Point of Beginning.

Plus,

That portion of the North 800 feet of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 2. Together with that portion of the North 1000 feet of the South 1320 feet of the East $\frac{3}{4}$ of the North $\frac{1}{2}$ of said Section 2, along with the South 1000 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ lying South of the F.E.C. Railroad right-of-way.

Section 3

That portion of the North 720 feet and the East 720 feet of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 3, together with that portion of the South 100 \pm feet of the East 720 feet of the Northeast $\frac{1}{4}$ lying South of F.E.C. Railroad right-of-way.

Township 19 South, Range 31 East, Volusia County, Florida.

Section 1

The West $\frac{1}{2}$ of said Section 1.

All of Sections 2, 3, 4 and 5.

Sections 6 and 7

That portion of said Section 6 & 7 which is located Northerly of Lake Monroe.

All of Sections 8, 9, 10 and 11

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Section 12

The West $\frac{1}{2}$ of said Section 12.

Section 16

That portion of said Section 16 which is lying Northerly of the North shoreline of Lake Monroe.

Section 17

That portion of said Section 17 which is lying Northeasterly of the shoreline of Lake Monroe.