

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: April 8, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Johnson, Kaproth, Walden) *JP, KK, AW, JS*
Office of the General Counsel (Gervasi) *DS, MCB, JDS*

RE: Docket No. 030891-WS – Joint application for transfer of Certificates Nos. 336-W and 291-S in Martin County from IHC Partnership L.P. d/b/a Plantation Utilities to Columbia Properties Stuart, LLC.

AGENDA: 04/20/04 – Regular Agenda – Proposed Agency Action For Issue 2 – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030891.RCM.DOC

Case Background

IHC Realty Partnership L.P. d/b/a Plantation Utilities (Plantation, utility, or seller) is a Class B utility which provides water and wastewater service in Martin County. The utility was issued Certificate Nos. 336-W and 291-S pursuant to Order No. 9885, issued March 17, 1981 in Docket No. 800754-WS, In Re: Application of Indian River Plantation Company, d/b/a Plantation Utilities, for Certificates to Operate Water and Sewer Utilities In Martin County. Plantation is located in the South Florida Water Management District (SFWMD). This area of the SFWMD is in a water use caution area. According to the utility's 2002 annual report, it serves 134 water and 115 wastewater customers. Residential customers provided 2% of the overall revenue, with the remaining 98% coming from the general service customers. In 2002, the utility had annual operating revenues of \$692,780 and \$673,411 for water and wastewater, respectively. Additionally, the utility had net operating income of \$18,717 for water and \$9,303 for wastewater.

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FPSC-COMMISSION CLERK

On September 8, 2003, Plantation and Columbia Properties Stuart, LLC. (Columbia Properties or buyer) filed a joint application for authority to transfer the water and wastewater certificates from Plantation to Columbia Properties. On April 29, 2003, the buyer acquired the Hutchinson Island Marriott Beach Resort and Marina for a total price of \$16,000,000 which includes the utility water and wastewater system. The utility system will remain with the seller until the Commission approves the transfer application. If the Commission approves the transfer application, a portion of the total purchase price equal to the Commission approved rate base will be allocated to the utility system. It should also be noted that on February 27, 2004. Utilities, Inc. filed an application to purchase the utility assets in docket no. 040179-WS.

This recommendation addresses the transfer of Plantation to Columbia Properties. The Commission has jurisdiction to consider this matter pursuant to Section 367.071, Florida Statutes, and Rule 25-30.037, Florida Administrative Code.

Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 336-W and 291-S from IHC Realty Partnership L.P. d/b/a Plantation Utilities to Columbia Properties Stuart, LLC. d/b/a Plantation Utilities be approved?

Recommendation: Yes, the transfer of the facilities and Certificate Nos. 336-W and 291-S from IHC Realty Partnership L.P. d/b/a Plantation Utilities to Columbia Properties Stuart, LLC. d/b/a Plantation Utilities should be approved. The transfer should be effective on the day of the Commission vote. Plantation has agreed to file the 2003 annual report on or before April 30, 2004. In addition, Plantation will be responsible for the payment of all RAFs due through the date of the final order approving the transfer and until the appeal time has run. Columbia will be responsible for the payment of all regulatory assessment fees (RAFs) due thereafter. Columbia will be responsible for filing the 2004 annual report for January 1, through December 31, 2004. Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, a warranty deed or evidence that the utility owns or has continued use of the land upon which its facilities are located should be submitted within 60 days of the date of the order issued as a result of the action taken at the agenda conference. Also, the utility should be required to provide proof of registration for the utility's fictitious name with the Division of Corporations, Florida Department of State, within 60 days of the transfer order. A description of the territory being transferred is appended to this recommendation as Attachment A. (JOHNSON, KAPROTH, WALDEN)

Staff Analysis: On September 8, 2003, Plantation and Columbia Properties jointly filed an application for transfer of Certificate Nos. 336-W and 291-S from Plantation to Columbia Properties. The application as filed is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and rules concerning an application for transfer. The application contained a check in the amount of \$3,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code.

Section 367.071, Florida Statutes, requires that no utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control, without prior approval of the Commission unless such sale, assignment, or transfer is made contingent upon Commission approval. The closing on the utility sale is scheduled to take place after the Commission approves the transfer. On the date of closing, Plantation will transfer ownership of the utility to Columbia Sussex Corporation. Columbia Sussex Corporation will assign all interest in the utility to its wholly owned subsidiary, Columbia Properties Stuart, LLC.

According to the application, upon Commission approval of the transfer, the name of the entity to hold the certificates of authorization will be Columbia Properties Stuart, LLC. d/b/a Plantation Utilities. However, the utility can not register the fictitious name with the Division of Corporations, Florida Department of State until IHC releases the name. The utility proposes to register the fictitious name after the Commission approves the transfer and after the closing. The utility should be required to provide proof of registration for the utility's fictitious name with the Division of Corporations, Florida Department of State, within 60 days of the transfer order.

Noticing. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the utility to be transferred. No objections to the notice of application have been received and the time for filing such has expired.

Sales Contract and Financing. The application contains documentation to comply with Rule 25-30.037(2)(g), (h), (i), and (k), Florida Administrative Code, including a copy of the purchase agreement which includes the purchase price, terms of payment and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, or leases that must be disposed of in relation to the transfer. The purchase price for the utility and land will be the Commission's approved rate base. The utility and the resort were purchased for a total price of \$16,000,000. According to the application, a portion of the total purchase price will be allocated to the utility equal to the rate base determined by the Commission. The cash for this transaction was generated from a combination of debt and equity contributions from Columbia Sussex Corporation the owner of Columbia Properties Stuart, LLC.

Proof of Ownership. Rule 25-30.037(2)(q), Florida Administrative Code, requires proof that the utility owns or has provided for the continued use of the land upon which the utility facilities are located. The application included an unexecuted sample of the special warranty deed to be recorded after closing on the sale. The applicants requested that they be allowed to provide proof that the utility owns the land upon which its facilities are located after the closing. According to the application, upon the issuance of the Commission's order approving the transfer application, the ownership of all utility land will be transferred to Columbia Properties. The utility should be required to provide a warranty deed or proof that the utility owns or has continued use of the land upon which its facilities are located within 60 days of the transfer order.

Public Interest. The application contains a statement, pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, that the transfer is in the public interest because the

buyer has a vested interest in the system due to the joint ownership of the resort and utility. The buyer will continue to utilize the name Plantation Utilities, so that from the customer perspective, no changes in the operation of the system will be readily apparent. In addition, the buyer has the financial resources and the technical expertise to efficiently and effectively provide high quality water and wastewater service to the customers of the utility.

With regard to the buyer's technical ability to operate the system, the application states that the buyer has not previously owned or operated any other water or wastewater utilities. However, the buyer will continue to employ the operations and clerical personnel currently employed by the utility. The application states that the continued employment of the personnel who operate the utility on a day to day basis will ensure that water and wastewater services will continue with the same high quality of service that has existed under the previous owner.

With regard to the buyer's financial ability, the application states that the buyer has the financial resources to provide real and significant benefits to the utility customers as the utility's capital or operational needs demand. Columbia Properties is wholly-owned by Columbia Sussex Corporation, which will provide all funding for the utility's capital and operations needs. Columbia Sussex Corporation currently owns and manages over 50 hotels and resorts with over 15,000 rooms and has been in the hotel and resort business for over 31 years. The buyer provided a copy of the December 31, 2002 financial statements for Columbia Sussex Corporation. According to the statement, as of December 31, 2002, Columbia Sussex Corporation held in excess of \$950 million in assets, over \$71 million of which was liquid assets. Current liabilities were slightly over \$87 million and equity was in excess of \$204 million. Net income for 2002 was over \$27 million. Based on the financial ability of the buyer's immediate parent company, staff believes the buyer has the financial ability to operate the water and wastewater facilities. Additionally, the application contains a statement that the buyer will fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

The application states that the buyer has performed a reasonable investigation of the utility system as required by Rule 25-30.037(2)(p), Florida Administrative Code. The buyer included a statement that the system appears to be in satisfactory condition and in compliance with all applicable standards set by the Florida Department of Environmental Protection (FDEP). Staff has contacted the FDEP and verified that there are no outstanding notices of violation.

The utility's service area is essentially built out. The utility has capacity to serve 1142 water equivalent residential connections (ERCs) and 1071 wastewater ERCs. The capacity of the water plant is 400,000 gallons per day (gpd) and the capacity of the wastewater plant is 300,000 gpd. The water treatment plant is composed of two wells and reverse osmosis is the form of treatment used. The average daily flow for the calendar year 2002, was approximately 142,504 gpd.

Annual Reports & Regulatory Assessment Fees. Rule 25-30.037(2)(r), Florida Administrative Code, requires the application to contain a statement regarding the disposition of any outstanding RAFs, fines, or refunds owed. The application states that all RAFs, fines, and refunds have been paid by the applicant. Staff verified that the utility paid all RAFs through December 31, 2003, filed all annual reports through 2002 and that there were no outstanding

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penalties, refunds or interest due as of December 31, 2003. Plantation has agreed to and file the 2003 annual report on or before April 30, 2004. In addition, Plantation will be responsible for the payment of all RAFs due through the date of the final order approving the transfer and until the appeal time has run. Columbia will be responsible for the payment of all RAFs due thereafter. Also, Columbia will be responsible for filing the 2004 annual report for January 1 through December 31, 2004.

Based on the above, staff recommends that the transfer of Certificate Nos. 336-W and 291-S from IHC Realty Partnership L.P. d/b/a Plantation Utilities to Columbia Properties Stuart, LLC d/b/a Plantation Utilities is in the public interest and should be approved. The transfer should be effective on the day of the Commission vote. Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, a warranty deed or evidence that the utility owns or has continued use of the land upon which its facilities are located should be submitted within 60 days of the date of the order issued as a result of the action taken at the agenda conference. Also, the utility should be required to provide proof of registration for the utility's fictitious name with the Division of Corporations, Florida Department of State, within 60 days of the transfer order. A description of the territory being transferred is appended to this recommendation as Attachment A.

Issue 2: What is the rate base of IHC Realty Partnership L.P. d/b/a Plantation Utilities at the time of transfer?

Recommendation: The rate base for transfer purposes is \$1,020,138 for the water system and \$510,917 for the wastewater system as of April 30, 2003. (JOHNSON)

Staff Analysis: According to the application, the net book value of the systems being transferred is approximately \$834,860 for water and \$504,438 for wastewater as of the date of the application, September 8, 2003. Rate base for this utility was previously established by Order No. PSC-98-0994-FOF-WS, issued July 20, 1998, in Docket No. 970429-WS, In Re: Joint Application for authority to transfer Certificates Nos. 336-W and 291-S In Martin County from Radnor/Plantation Corporation d/b/a Plantation Utilities to IHC Realty Partnership, L.P. d/b/a Plantation Utilities, as \$1,206,862, for the water system and \$660,420 for the wastewater system as of December 31, 1996.

Plantation entered into a contract on February 21, 2003, and amended it on April 29, 2003, to sell its resort and the utility facilities to Columbia Properties. On the date of closing, Plantation will transfer ownership of the utility to Columbia Sussex Corporation. Columbia Sussex Corporation will assign all interest in the utility to its subsidiary, Columbia Properties Stuart LLC.

An audit of Plantation's books and records was conducted to determine the rate base as of April 30, 2003. The audit report contained several adjustments primarily related to unrecorded plant items and unsupported plant additions. The utility filed a response to the audit report, requesting confirmation that a corresponding adjustment to accumulated depreciation of \$18,379 was made in relation to the wastewater plant retirement of \$18,379. Staff provided revised audit pages listing the adjustment as confirmation that the adjustment was made. The utility filed a second letter on March 31, 2004, stating that the new owners of the utility and the accountant understood the importance of adhering to the NARUC Uniform System of Accounts and of making adjustments to the utility's books and records in accordance with Commission orders. The following adjustments were made by staff as a result of the rate base audit.

UTILITY PLANT IN SERVICE (UPIS)

The utility's books reflected UPIS of \$1,591,325 for water and \$1,378,519 for wastewater as of December 31, 2002.

Order No. PSC-98-0994-FOF-WS established UPIS for water and wastewater at \$1,417,325 and \$1,200,007, respectively, as of December 31, 1996. Although the order required the utility to decrease UPIS for water by \$54,515 and wastewater by \$17,639, the adjustments were never made; therefore, the utility's UPIS balances should be reduced pursuant to the order.

The utility recorded plant additions that were replacement items for retirements, but failed to record the plant retirements. Staff estimated the retirement of wastewater assets based on 75% of the replacement cost, where no original cost documentation was available. UPIS should be reduced by \$18,379 for wastewater with a corresponding adjustment to accumulated

depreciation to reflect the plant retirement. The practice of using 75% of the replacement cost when there is no documented support is consistent with Order No. PSC-01-1574-PAA-WS, issued July 30, 2001, and consummated by Order No. PSC-01-1751-CO-WS, issued August 28, 2001, In Re: Application for approval of staff-assisted rate case in Martin County by Laniger Enterprises of America, Inc.

The auditor noted the removal of a hydropneumatic tank during the plant tour which was estimated to cost \$8,000. According to the utility's manager the tank was installed in 1969 and was removed from service in 1999. Therefore, staff recommends \$8,000 be removed from the water UPIS to reflect the retirement of the tank.

In addition, the utility recorded capital additions of \$390 for water and \$4,259 for wastewater for which it could not provide supporting documentation during the audit. Therefore, a reduction of \$390 to water and \$4,259 for wastewater UPIS is necessary to remove the cost for which the utility could not provide supporting documentation with corresponding adjustment to accumulated depreciation.

Based on these adjustments, staff recommends that UPIS be reduced by \$62,905 for water and \$40,277 for wastewater, which results in a UPIS balance of \$1,528,420 for the water system and \$1,338,242 for the wastewater system as of April 30, 2003.

LAND AND LAND RIGHTS

The utility's general ledger reflected a land balance of \$164,510, as of December 31, 2002 for the water system. Order No. PSC-98-0994-FOF-WS established the land value for water at \$162,868. No utility land has been sold since the land value was established. Therefore, staff recommends an adjustment of \$1,642 to reflect the appropriate land balance of \$162,868 for water and \$165,091 for wastewater.

ACCUMULATED DEPRECIATION

The utility's books reflected accumulated depreciation balances of \$773,445 for water and \$783,135 for wastewater as of December 31, 2002.

By Order No. 9507, issued August 28, 1980, in Docket No. 791033-WS, In Re: Application Of Indian River Plantation Company, D/B/A Plantation Utilities For An Increase In Water And Sewer Rates To Its Customers In Martin County, the Commission established a composite depreciation rate of 2.5 percent for water and wastewater. That same rate was applied again in the utility's certificate transfer case. Order No. 14630, issued July 25, 1985, in Docket No. 850054-WS, In Re: Application for Transfer of Certificates Nos. 336-W and 291-S from Indian River Plantation Company to RADNOR PLANTATION CORPORATION D/B/A Plantation Utilities. However, by Order No. 21415, issued June 20, 1989, in Docket No. 880654-SU, In Re: Application of RADNOR/PLANTATION UTILITIES For An Increase In Sewer Rates In Martin County, the Commission used the guideline depreciation rates contained in Rule 25-30.140, Florida Administrative Code, for the wastewater system only. Rule 25-30.140(4)(a), Florida Administrative Code, requires all utilities to maintain depreciation rates as

prescribed by the Commission. Accordingly, the utility should be using the composite depreciation rate of 2.5 percent for the water system and the guideline rates for the wastewater system as required by Order No. PSC-98-0994-FOF-WS.

Staff determined that the utility has been using the guideline depreciation rates for the water system rather than the Commission approved 2.5 percent composite depreciation rate. Therefore, staff recalculated the utility's accumulated depreciation for the water system using the composite rate. Accumulated depreciation was reduced by \$8,000 and \$18,379 for water and wastewater, respectively, to remove the retired plant. Based on the above adjustments, staff recommends that water accumulated depreciation be reduced by \$247,305 and wastewater accumulated depreciation by \$17,907. Staff recommends accumulated depreciation balances of \$526,140 for water and \$765,228 for wastewater as of April 30, 2003.

CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION (CIAC)

Staff recommends that the utility books reflect the appropriate CIAC balance of \$187,549 for water and \$407,182 for wastewater as of April 30, 2003.

ACCUMULATED AMORTIZATION OF CIAC

The utility's books reflect accumulated amortization of CIAC balances of \$40,018 for water and \$151,146 for wastewater as of December 31, 2002.

Order No. PSC-98-0994-FOF-WS required the utility to adjust its accumulated amortization of CIAC balances by \$220 and \$8,856 for water and wastewater, respectively; however the utility did not make these adjustments.

Staff recalculated the utility's accumulated amortization of CIAC to reflect the correct composite rates in the utility's balance. Based on the above information, staff recommends that accumulated amortization of CIAC should be increased by \$2,520 and \$28,848 for water and wastewater, respectively, to reflect accumulated amortization of CIAC of \$42,538 and \$179,994 for water and wastewater, respectively, as of April 30, 2003.

RATE BASE

Staff's calculation of rate base for water and wastewater is shown on Schedules Nos. 1 and 2, respectively. Adjustments to rate base are itemized on Schedule No. 3 for water and wastewater. Based on the adjustments set forth herein, staff recommends that rate base for the purposes of the transfer be established as \$1,020,137 for the water system and \$510,917 for the wastewater system as of April 30, 2003. This rate base calculation is used to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

Staff notes that Columbia Properties has indicated that the portion of the total \$16,000,000 purchase price for the entire resort, including the amount to be allocated to the

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utility, will be the amount of rate base determined by the Commission. Therefore, no acquisition adjustment will result from the transfer.

Issue 3: Should Columbia Properties Stuart, LLC. adopt and use the rates and charges approved by this Commission for IHC Realty Partnership L.P. d/b/a Plantation Utilities?

Recommendation: Yes, Columbia Properties Stuart, LLC. should continue charging the rates and service availability charges approved for this utility system until authorized to change by the Commission in a subsequent proceeding. The tariff reflecting the change in ownership should be effective for services rendered or connections made on or after the stamped approval date. (JOHNSON)

Staff Analysis: The utility's current water and wastewater rates were approved November 30, 1996 pursuant to an administratively approved 1996 price index adjustment. The utility's current miscellaneous service charges and wastewater service availability charges became effective September 29, 1989 pursuant to Order No. 21415, issued June 20, 1989, in Docket No. 880654-SU, In Re: Application of RADNOR/PLANTATION UTILITIES For An Increase In Sewer Rates In Martin County. The utility does not have any service availability charges for water service. The utility's approved rates and charges are as follows:

WATER

Residential and General Service

Monthly Service Rates

<u>Flat Rate per 1,000 gallons</u>	
All Customers	\$ 7.56

WASTEWATER

Monthly Service Rates

Residential

<u>Meter Size:</u>	<u>Base Facility</u>
	<u>Charge:</u>
All Meter Sizes	\$ 11.12
Gallonge Charge per 1,000 gallons (Maximum 6,000 gallons)	\$ 4.47

General Service

<u>Meter Size:</u>	<u>Base Facility</u>
	<u>Charge:</u>
5/8" x 3/4"	\$ 11.12
1"	\$ 27.79
1-1/2"	\$ 55.59
2"	\$ 88.94
3"	\$177.90
4"	\$333.56
6"	\$694.91

Gallonage Charge per 1,000 gallons (No Maximum)	\$ 5.38
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Miscellaneous Service Charges

Initial Connection Fee	\$ 15.00
Normal Reconnection Fee	\$ 15.00
Violation Reconnection Fee:	
Water	\$ 15.00
Wastewater	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$ 10.00

Service Availability Charges

Wastewater:

System Capacity Charge	\$1,000.00
Plan Review Charge	Actual Cost
Inspection Fee	Actual Cost

Rule 25-9.044(1), Florida Administrative Code, provides that:

In cases of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission).

Columbia Properties has not requested a change in the rates or service availability charges of the utility. Accordingly, staff recommends that the utility continue operations under the existing tariff and apply the approved rates and charges until authorized to change by the Commission in a subsequent proceeding. The utility has filed a tariff reflecting the transfer of ownership. The tariff should be effective for services rendered or connections made on or after the stamped approval date.

Issue 4: Should this docket be closed?

Recommendation: No, if there are no timely protests filed by a substantially affected person to the proposed agency action issue upon expiration of the protest period, this docket should remain open pending receipt of evidence that the utility owns or has continued use of the land upon which its facilities are located and has provided proof of registration for the utility's fictitious name with the Division of Corporations, Florida Department of State. Once the recorded deed has been filed and staff verifies that it satisfies the requirements of Rule 25-30.037(3)(i), Florida Administrative Code, and proof of registration is received, the docket should be closed administratively. (GERVASI)

Staff Analysis: If there are no timely protests filed by a substantially affected person to the proposed agency action issue upon expiration of the protest period, this docket should remain open pending receipt of evidence that the utility owns or has continued use of the land upon which its facilities are located and has provided proof of registration for the utility's fictitious name with the Division of Corporations, Florida Department of State. Once the recorded deed has been filed and staff verifies that it satisfies the requirements of Rule 25-30.037(3)(i), Florida Administrative Code, and proof of registration is received, the docket should be closed administratively.

COLUMBIA PROPERTIES STUART, LLC

MARTIN COUNTY

WATER AND WASTEWATER TERRITORY DESCRIPTION

UTILITY SERVICE AREA

Being a parcel of land lying in Government Lots 3, 4, 5, 6, 7, 8, 9 and 10 of Section 31, Township 37 South, Range 42 East and a portion of Government Lot 1 of Section 32, Township 37 South, Range 42 East, more particularly described as follows:

Begin at a point of intersection of the Southeasterly Right-of-Way line of State Road A-1-A (being a 200 feet Right-of-Way) and the South line of the North 1000 feet of Government Lots 3, 4 and 5 of said Section 31; thence North $88^{\circ}44'44''$ said South line of the North 1000 feet of Government Lots 3, 4 and 5, a distance of 1650 feet more or less to the Mean High Water line of the Atlantic Ocean; thence Southeasterly along the Mean High Water line of the Atlantic Ocean, a distance of 1880 feet more or less to the Easterly prolongation of the South line of Government Lot 6 of Section 31, Township 37 South, Range 42 East; thence North $89^{\circ}3'27''$ West along the Easterly prolongation of the South line of Government Lot 6, a distance of 510 feet more or less to the Easterly Right-of-Way of MacArthur Boulevard relocated, as recorded in O.R. Book 438, Page 293 through 295, Public Records of Martin County, Florida; thence along said South line of Government Lot 6 of Section 31, Township 37 South, Range 42 East, a distance of 396.89 feet; thence departing said South line of Government Lot 6, North $01^{\circ}10'31''$ East, a distance of 45.00 feet; thence North $89^{\circ}23'27''$ West, a distance of 231.50 feet; thence North $01^{\circ}10'31''$ East, a distance of 45.00 feet; thence North $89^{\circ}23'27''$ West, a distance of 60.00 feet; thence South $01^{\circ}10'31''$ West, a distance of 735.34 feet; thence South $43^{\circ}49'29''$ East, a distance of 69 feet more or less to the Mean High Water line of the Indian River; thence along the Mean High Water line of the Indian River, Southerly, Westerly and Northwesterly, a distance of 4950 feet more or less; thence North $12^{\circ}15'46''$ West, a distance of 174 feet more or less to the Easterly Right-of-Way line of State Road A-1-A; thence along the Easterly Right-of-Way of State Road A-1-A, (being a 200 foot Right-of-Way), North $62^{\circ}27'20''$ East, a distance of 1937.31 feet to the **Point of Beginning**.

TOGETHER WITH THE FOLLOWING:

Commence at a point of intersection of the Southeasterly right-of-way of State Road A-1-A being a 200 foot right-of-way and the South line of the North 1000 feet of Government Lot 4 of said Section 31, thence North $88^{\circ}44'44''$ West, along said South line of the north 1000 feet, a distance of 415.17 feet to the Northwesterly right-of-way line of State Road A-1-A and the Point of Beginning of the following described parcel:

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Thence continue North $88^{\circ}44'44''$ West, along the aforesaid South line of the North 1000 feet, a distance of 1505.00 feet more or less to the intersection with the Mean High Water line of the Indian River; thence meander the said Mean High Water line Southerly, a distance of 375.00 feet more or less to the intersection with the North line of said Government Lot 8; thence South $89^{\circ}07'26''$ East, along said North line of Government Lot 8, a distance of 351.00 feet more or less to that point of intersection with a line that is 880.00 feet West of, as measured at right angles and parallel with the East line of said Government Lot 8, thence South $00^{\circ}59'59''$ West, along lastly said line, a distance of 248.73 feet to the said Northwesterly right-of-way line of State Road A-1-A; thence North $62^{\circ}27'20''$ East, along said Northwesterly right-of-way line, a distance of 1245.66 feet to the **Point of Beginning**.

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SCHEDULE NO. 1

**COLUMBIA PROPERTIES STUART, LLC
SCHEDULE OF WATER RATE BASE
AS OF APRIL 30, 2003**

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$1,591,325	(62,905)	\$ 1,528,420
Land	164,510	(1,642)	162,868
Contributions in Aid of Construction (CIAC)	(187,549)	0	(187,549)
Accumulated Depreciation	(773,445)	247,305	(526,140)
Amortization of CIAC	<u>40,018</u>	<u>2,520</u>	<u>42,538</u>
WATER RATE BASE	<u>\$ 834,859</u>	<u>\$ 185,278</u>	<u>\$1,020,137</u>

SCHEDULE NO. 2

**COLUMBIA PROPERTIES STUART, LLC
SCHEDULE OF WASTEWATER RATE BASE
AS OF APRIL 30, 2003**

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$1,378,519	(40,277)	\$ 1,338,242
Land	165,091	0	165,091
Contributions in Aid of Construction (CIAC)	(407,182)	0	(407,182)
Accumulated Depreciation	(783,135)	17,907	(765,228)
Amortization of CIAC	<u>151,146</u>	<u>28,848</u>	<u>179,994</u>
WATER RATE BASE	<u>\$ 504,439</u>	<u>\$ 6,478</u>	<u>\$ 510,917</u>

COLUMBIA PROPERTIES STUART LLC.		SCHEDULE NO. 3	
ADJUSTMENTS TO RATE BASE			
AS OF APRIL 30, 2003			
<u>EXPLANATION</u>	<u>WATER</u>	<u>WASTEWATER</u>	
<u>PLANT IN SERVICE</u>			
1 To reflect adjustments per Order No 98-0994-FOF-WS	(\$54,515)	(\$17,639)	
2 To reflect adjustments for unsupported plant.	(390)	(4,259)	
3 To reflect plant retirement.	<u>(8,000)</u>	<u>(18,379)</u>	
Total	<u>(\$62,905)</u>	<u>(\$40,277)</u>	
<u>LAND</u>			
To reflect the appropriate balance per Order No. 98-0994-FOF-WS	<u>(\$1,642)</u>		
<u>ACCUMULATED DEPRECIATION</u>			
1 To reflect retired plant adjustment	\$8,000	\$18,379	
2 To correct depreciation rate	<u>\$239,305</u>	<u>(\$472)</u>	
	<u>\$247,305</u>	<u>\$17,907</u>	
<u>ACCUM. AMORT. OF CIAC</u>			
To reflect the recalculation of accumulated amortization	<u>\$2,520</u>	<u>\$28,848</u>	

COLUMBIA PROPERTIES STUART, LLC		SCHEDULE NO. 4	
STAFF RECOMMENDED PLANT BALANCE AS OF APRIL 30, 2003			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
301	Organization	\$21,466	\$3,044
304	Structures and Improvements	507,432	183,502
307	Wells and Springs	25,675	(3,807)
311	Pumping Equipment	64,916	29,447
320	Water Treatment Plant	385,714	129,752
330	Distribution Reservoirs & Standp	87,075	50,791
331	Transmission & Distribution	228,105	72,569
333	Services	49,326	8,705
334	Meters & Meter Installation	41,545	13,957
335	Hydrants	10,034	2,436
339	Other Plant & Misc. Equipment	98,060	34,365
340	Office Furniture & Equipment	4,440	148
341	Transportation Equipment	952	32
343	Tools, Shop and Garage Equipment	184	88
344	Laboratory Equipment Power Operated Equipment	984	263
345	Power Operated Equipment	420	83
347	Miscellaneous Equipment	1,496	622
348	Other Tangible Plant	596	143
	Total Water Plant	<u>\$1,528,420</u>	<u>\$(526,140)</u>

COLUMBIA PROPERTIES STUART, LLC		SCHEDULE NO. 5	
STAFF RECOMMENDED PLANT BALANCE AS OF APRIL 30, 2003			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
351	Organization	\$22,255	\$3,347
354	Structures and Improvements	460,955	220,886
360	Collection Sewers – Force	90,729	53,380
361	Collection Sewers – Gravity	148,541	51,722
363	Services to Customers	8,204	1,310
364	Flow Measuring Devices	3,066	3,521
371	Pumping Equipment	52,041	(5,562)
380	Treatment and Disposal Equipment	340,185	328,412
381	Plant Sewers	33,318	25,193
389	Other Plant Miscellaneous Equipment	169,700	79,289
390	Office Furniture and Equipment	3,341	2,096
391	Transportation Equipment	938	(860)
393	Tools, Shop and Garage Equipment	1,066	847
394	Laboratory Equipment	3,769	1,591
397	Miscellaneous Equipment	<u>134</u>	<u>56</u>
	Total Wastewater Plant	<u>\$1,338,242</u>	<u>\$765,228</u>