

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of Certificates Nos. 277-W and 223-S in Seminole County from Alafaya Palm Valley Associates, Ltd. to CWS Communities LP d/b/a Palm Valley.

DOCKET NO. 991984-WS
ORDER NO. PSC-00-1675-PAA-WS
ISSUED: September 19, 2000

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
E. LEON JACOBS, JR.
LILA A. JABER

ORDER APPROVING TRANSFER OF CERTIFICATES NOS. 277-W AND 223-S
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE AND DECLINING TO INCLUDE AN
ACQUISITION ADJUSTMENT IN THE CALCULATION OF RATE BASE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions discussed herein, establishing rate base and declining to include an acquisition adjustment in the calculation of rate base, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Alafaya Palm Valley Associates, Ltd. (Alafaya or utility) is a Class C utility which provides water and wastewater services in Seminole County to 697 water and wastewater customers. The annual report for 1999 shows that the operating revenue was \$45,097 and \$21,738, with net operating losses of \$11,940 and \$117,757, for the water and wastewater systems, respectively. The utility's facilities consist of four systems: one water treatment plant, one water transmission and distribution system, one wastewater collection system, and one wastewater treatment plant.

DOCUMENT NUMBER-DATE

11758 SEP 198

FPSC-RECORDS/REPORTING

On December 21, 1999, CWS Communities LP d/b/a Palm Valley, (CWS or Buyer) filed an application for approval of the transfer of Certificates Nos. 277-W and 223-S currently held by Alafaya to CWS. The general partners of Alafaya were Clayton, Williams & Sherwood Financial Group 81. This entity was owned 50% by Steven J. Sherwood and 50% by Byron L. Williams. The general partners of CWS are Byron L. Williams and Steven J. Sherwood. On August 30, 1999, Alafaya and CWS entered into a real property exchange transaction where CWS exchanged three large apartment communities for six manufactured home communities in Florida owned by Alafaya. The Real Estate Exchange and Contribution Agreement contained no provisions making the agreement contingent upon Commission approval. The contributed value for the exchanged property is \$18,231,000. Included in this large property transaction, CWS received the Palm Valley Mobile Home Community and the Alafaya utility system. The proposed net book value of the utility system as of the date of the proposed transfer is \$396,564.

NO SHOW CAUSE REQUIRED

Transfer Prior to Commission Approval

On February 29, 2000, Alafaya closed on the transfer of its facilities to CWS prior to obtaining Commission approval. Furthermore, the Real Estate Exchange and Contribution Agreement contained no provisions making the agreement contingent upon Commission approval. Section 367.071(1), Florida Statutes, states:

No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof . . . , without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest However, a sale, assignment, or transfer of its certificate of authorization, facilities . . . may occur prior to commission approval if the sale, assignment, or transfer is made contingent upon commission approval.

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In closing on the transfer of its facilities prior to Commission approval, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order

No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although Alafaya's failure to obtain Commission approval prior to transferring the facilities is an apparent violation of Section 367.071(1), Florida Statutes, there are circumstances that appear to mitigate the utility's apparent violation. Based on information contained in a letter dated February 25, 2000, Alafaya was transferred on August 30, 1999 as part of a large property exchange which involved other time-sensitive sale transactions. Moreover, Alafaya was not aware that it was required to obtain prior approval of the transfer from the Commission.

Alafaya's failure to obtain the approval of this Commission prior to transferring its facilities appears to be due to a lack of understanding and knowledge of this Commission's rules and regulations. Although Alafaya is held to know the Commission's rules and statutes under which it must operate, when this matter was brought to its attention, Alafaya stated that it was not aware of the statutory requirement.

In this instance, we find that the apparent violation of Section 367.071, Florida Statutes, does not rise to the level which warrants the initiation of a show cause proceeding. Therefore, we find it unnecessary to require Alafaya to show cause for failing to obtain our approval prior to transferring its facilities to CWS. Nevertheless, the utility is placed on notice that it is expected to know and comply with this Commission's rules and regulations.

Accounts and Records

Rule 25-30.115(1), Florida Administrative Code, states that "Water and wastewater utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners." Accounting Instruction 2, of the NARUC USOA for Class C utilities states:

Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto. (emphasis added)

Further, Accounting Instruction 4, of the NARUC USOA for Class C utilities states:

Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission. (emphasis added)

Rule 25-30.450, Florida Administrative Code, states:

In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc., supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time. The supporting work sheets, etc., shall list all reference sources necessary to enable Commission personnel to track to original source of entry into the financial and accounting system and, in addition, verify amounts to the appropriate schedules. (emphasis added)

During our staff's audit of Alafaya's books and records in May, 2000, we learned that the utility's accounts are commingled with those of the Palm Valley Community. Nevertheless, our staff was able to extract the necessary information for transfer purposes.

Alafaya's failure to maintain its books and records in accordance with NARUC USOA is an apparent violation of Rule 25-30.115, Florida Administrative Code. However, we note that Alafaya

no longer operates the utility because CWS has acquired its facilities and is currently operating the utility. In light of these circumstances, we decline to initiate a show cause proceeding because the primary purpose of a show cause proceeding is to bring a utility into compliance with our orders, rules, and statutes. To order Alafaya to show cause under these circumstances would serve no purpose since the utility is being transferred to another party.

For the foregoing reasons, Alafaya shall not be ordered to show cause, in writing within 21 days, why it should not be fined up to \$5,000 per day for failure to maintain its accounts and records in conformance with the NARUC USOA, in apparent violation of Rule 25-30.115(1), Florida Administrative Code. However, CWS shall maintain its books and records in conformance with the 1996 NARUC USOA, and submit a statement to this Commission, with its 2000 annual report from its accountant by March 31, 2001, stating that its books and records are in conformance with 1996 NARUC USOA.

TRANSFER OF CERTIFICATES NOS. 277-W AND 223-S

As previously noted, on December 21, 1999, CWS filed an application for transfer of Certificate Nos. 277-W and 223-S from Alafaya to CWS. The application was deficient and a request for the required information was sent on January 25, 2000. CWS promptly submitted all requested information and complied with the required renoticing, by February 25, 2000. Except as noted above, the application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and rules concerning an application for transfer. The application contains a check in the amount of \$1,500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which its facilities are located, as required by Rule 25-30.037(3)(i), Florida Administrative Code.

In addition, 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 system being transferred. A renoticing was issued because of inaccuracies in the legal description of the property. No objections to the notice of application were received and the time for filing such has expired. A description of the territory served by the utility is appended to this Order as Attachment A, which by reference is incorporated herein.

The application states that the transfer is in the public interest because the transfer allows customers to continue receiving the same water and wastewater service as they have become accustomed to for the past several years without disruption. Additionally, the application contains a statement that CWS will fulfill the commitments, obligations and representations of Alafaya with regard to utility matters.

Regarding the Buyer's technical ability, CWS will continue with the management team that has operated the utility for the past ten years. According to the application, Alafaya provides safe and reliable water and wastewater service to its customers. In addition to more than 10 years of experience in operating water and wastewater utilities, CWS has the financial resources to maintain the utility in compliance with environmental regulations.

According to the application, the Buyer's financial ability will not be affected by this transfer. CWS provided a copy of its consolidated financial statements. The financial statements disclosed assets of \$367,257,000 and equity of \$303,160,000. CWS has indicated that it will provide the utility with the financial stability required to maintain the utility's systems in accordance with the Commission's standards.

According to our records, the utility is current on its regulatory assessment fees and has filed an annual report for 1999 and all prior years. CWS will be responsible for future annual reports and the payment of all regulatory assessment fees for the year 2000. The application states that CWS's representative has performed a reasonable investigation of the utility system. The water plant facilities appear to be in satisfactory condition and in compliance with all the applicable standards of the Florida Department of Environmental Protection (DEP). However, DEP issued a Revised Consent Order for the wastewater system. In response, the utility is expanding the disposal system and adding additional wastewater capacity to comply with the Consent Order. According to DEP, the utility is meeting the time frames outlined in the Consent Order, and DEP is satisfied with the utility's progress. Based on the above, we find that the transfer of Alafaya to CWS is in the public interest and it shall therefore be approved.

RATE BASE

According to the application, the net book value of the utility's combined systems is \$396,564. The utility's accountant explained that because of the consolidated record keeping method, a separate determination of the net book value for each system could not be calculated. In addition, the utility has never had a rate proceeding before the Commission.

Our staff conducted an audit of the books and records of the utility to determine the rate base (net book value) as of August 30, 1999. Rate base was determined after analyzing historical records and supporting source documentation provided by the company. The audit report contained four exceptions. In Audit Exception No. 1, our auditor stated that the utility did not maintain its accounts and records in conformance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). We have addressed this issue above.

The utility did not provide a response to the audit report and the three remaining audit exceptions resulted in the following adjustments:

Utility Plant-in-Service

The utility does not maintain a monthly general ledger. The utility recorded water and wastewater infrastructure additions at the off-site corporate office, and replacements and plant expansions are accounted for locally. The plant activity is summarized annually and extracted from the Alafaya Palm Valley Community general ledger to produce the annual report. The utility's 1999 annual report restated back to the August 30, 1999 transfer date, indicated plant-in-service balances of \$285,865 for water and \$1,134,245 for wastewater.

Our auditor calculated the plant balances by using the plant balances established by Order No. 16360, issued July 16, 1986, in Docket No. 860583-WS. By examining the utility's additions and retirements, our auditor found that the utility had understated plant by \$98,240 for water and \$105,256 for wastewater. Therefore, we find it appropriate to increase the water plant-in-service account by \$98,240 and the wastewater plant-in-service account by \$105,256, which results in a water balance of \$384,105 and wastewater balance of \$1,239,501.

Land

The utility indicated that it added land to its wastewater plant that cost \$113,866 in 1990. The documentation provided to support this cost revealed that a total cost of \$208,000 was paid for an 11.6 acre parcel. The cost per acre was \$17,931. The 11.6 acre parcel included 5.241 acres as the wastewater utility land. The documented cost of the 5.241 acres of wastewater land results in a total cost of \$93,977 ($\$17,931 * 5.241$ acres). Therefore, the wastewater land account is being decreased by \$19,889 to reflect the actual cost of the land addition which is \$93,977. Based upon the foregoing, the wastewater land account balance is \$96,409 and the water land account balance is \$2,433.

Accumulated Depreciation

The utility has not used the depreciation rates pursuant to Rule 25-30.140, Florida Administrative Code. The utility's 1999 annual report restated back to August 30, 1999, indicated an accumulated depreciation balance of \$204,503 for water and \$334,014 for wastewater. We recalculated the depreciation expense in accordance with Rule 25-30.140, Florida Administrative Code, for the audit period. The adjustments to accumulated depreciation are due to the utility missing major plant additions, retirements and using the incorrect depreciation rates for plant. Therefore, we decreased accumulated depreciation for water by \$7,968 to reflect a balance of \$196,535 and increased the wastewater accumulated depreciation account by \$170,721 to reflect a balance of \$504,734.

Contributions-in-Aid-of-Construction (CIAC) and Amortization of CIAC

The utility's 1999 annual report restated back to the August 30, 1999 transfer date, shows that water CIAC and accumulated amortization balances are \$89,509 and \$45,717, respectively. The utility's wastewater CIAC balance is \$390,046 and the accumulated amortization balance is \$99,513. The utility used amortization rates of 3.12 percent for water and 2.5 percent for wastewater, instead of annual composite rates.

Our auditor calculated the CIAC and accumulated amortization of CIAC balances by using the balances established by Order No. 16360, issued July 16, 1986, in Docket No. 860583-WS. Next, our staff verified all CIAC additions and recalculated the accumulated amortization of CIAC balances based on the annual composite rate

from January 1, 1986 to August 30, 1999. Based on our calculations, the CIAC water balance shall be increased by \$3,230 to reflect a balance of \$92,739. In addition, the CIAC wastewater balance shall be increased by \$34,867, to reflect a balance of \$424,913. Therefore, the corresponding accumulated amortization of CIAC water balance shall be decreased by \$3,808 to reflect a balance of \$41,909 and the accumulated amortization of CIAC wastewater balance shall be increased by \$59,101 to reflect a balance of \$158,614.

Summary of Rate Base

Our calculation of rate base for water and wastewater is shown on Schedules Nos. 1 and 2, which by reference are incorporated herein. Adjustments to rate base are itemized on Schedule No. 3, which by reference is incorporated herein. Based on the adjustments set forth herein, rate base for Alafaya is established as \$139,173 for the water system and \$564,877 for the wastewater system as of August 30, 1999. This rate base calculation is used solely to establish the net book value of the property being transferred and does not include the normal rate making adjustments of working capital calculations and used and useful adjustments.

ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the original cost calculation. As previously noted, the Buyer acquired the utility along with six other manufactured communities in a property exchange transaction, valued at \$18,231,000. The Buyer was unable to provide a separate purchase price for the utility's assets because the assets were included in the transaction for the manufactured home community parks. Therefore, an acquisition adjustment cannot be reasonably calculated in this case. However, in subsequent proceedings, the utility's purchase price may be further explored.

Because the Buyer stated in the application that it was not seeking an acquisition adjustment, a positive acquisition adjustment shall not be included in the calculation of rate base. Moreover, in the absence of extraordinary circumstances, it has been Commission practice that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. There are no extraordinary circumstances regarding this purchase that would justify an acquisition adjustment to rate base. Our treatment of the acquisition adjustment in this instance

is consistent with previous Commissions decisions. See Order No. PSC-00-0913-PAA-WU, issued May 8, 2000, in Docket No. 970201-WU; Order No. PSC-00-0579-PAA-SU, issued March 22, 2000, in Docket No. 990975-SU; Order No. PSC-00-0682-FOF-WU, issued April 12, 2000, in Docket No. 990253-WU; Order No. PSC-00-0758-PAA-SU, issued April 17, 2000, in Docket No. 991056-SU; Order No. PSC-98-1231-FOF-WU, issued September 21, 1998, in Docket No. 971670-WU; and Order No. PSC-98-0514-FOF-SU, issued April 15, 1998, in Docket No. 951008-SU.

RATES AND CHARGES

The utility's current rates for service were approved in a administrative price index proceeding effective February 16, 1999. The utility's approved service availability charges were effective April 16, 1991, by Order No. 24181, issued March 1, 1991, in Docket No. 900402-WS. The utility's approved rates and charges are reflected below:

Water Monthly Rates

Residential Service

Minimum Charge (Includes 2,000 gallons)	\$	2.69
All usage over 2,000 gallons per thousand gallons	\$	0.54
Minimum bill	\$	2.69

General Service

Gallonage Charge per 1,000 gallons (Charged through master meter for mobile home park only.)	\$	0.54
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Wastewater Monthly Rates

Residential Service

Base Facility Charge

Meter Size:

All Meter Sizes

Flat Rate	\$	8.77
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Minimum bill	\$	8.77
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General Service

Gallage Charge per 1,000 gallons \$ 0.56
(For mobile home park only)

Service Availability Charges

Initial Connection Charge - Water:

Residential - per ERC (300 GPD) \$ 170.00

Initial Connection Charge - Wastewater:

Residential - per ERC (170 GPD) \$1,835.00

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

In case[s] 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). . . .

CWS has not requested a change in the rates and charges of the utility. Accordingly, the utility shall continue operations under the existing tariff and apply the approved rates and charges until authorized to change by this Commission in a subsequent proceeding. The utility has filed a revised tariff reflecting the change in issuing officer due to the transfer. The tariff shall be effective for services rendered or connections made on or after the stamped approval date, in accordance with Rule 25-30.475, Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of Certificates Nos. 277-W and 223-S from Alafaya Palm Valley Associates, Ltd., 370C Palm Valley Circle, Oviedo, Florida 32765, to CWS Communities LP d/b/a Palm Valley, 3700 Palm Valley Circle, Oviedo, Florida 32765, is hereby approved. It is further

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ORDERED that the rate base for the water system at the time of transfer is \$139,173. It is further

ORDERED that the rate base for the wastewater system at the time of transfer is \$564,877. It is further

ORDERED that a positive acquisition adjustment shall not be included in the calculation of rate base for transfer purposes. In subsequent proceedings, the utility's purchase price may be further explored. It is further

ORDERED that CWS Communities LP d/b/a Palm Valley shall continue to charge the rates and charges approved for Palm Valley Associates LP, until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that the tariff reflecting the change in ownership shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that CWS Communities LP d/b/a Palm Valley shall maintain its books and records in conformance with the 1996 NARUC USOA, and submit a statement to this Commission with its 2000 annual report from its accountant by March 31, 2001, stating that its books and records are in conformance with 1996 NARUC USOA. It is further

ORDERED that Attachment A, and Schedule Nos. 1, 2 and 3 attached hereto are incorporated herein by reference.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 19th
day of September, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

DTV

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.

As identified in the body of this order, our actions establishing rate base and declining to include a positive acquisition adjustment in the calculation of rate base are preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 10, 2000. If such a petition is filed, 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. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting 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 or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting 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.

CWS COMMUNITIES LP D/B/A PALM VALLEY

SEMINOLE COUNTY

Description of Territory Served for Water and Sewer

Order No. 7518

In Township 21 South, Range 31 East, Seminole County
Sections 34 and 35

Portions of said Sections 34 and 35 known as Palm Valley
Mobile Home Park and more particularly described as follows:

Lots 7 and 15 according to the plat thereof as recorded in Plat
Book 11, Page 43, of the Public Records of Seminole County,
Florida.

Order No. 9626

Township 21 South, Range 31 East

Section 24

Begin at the East 1/4 Corner of said Section 34, thence North 00
degrees 18 minutes 03 seconds East, a distance of 1333.33 feet;
thence North 89 degrees 23 minutes 00 seconds West, a distance of
257.38 feet; thence South 00 degrees 18 minutes 03 seconds West, a
distance of 228.21 feet, thence South 88 degrees 35 minutes 41
seconds West, a distance of 541.44 feet; thence South 00 degrees 18
minutes 03 seconds West, a distance of 720.49 feet to an iron pipe
on the South right-of-way of park Road; said point being on a curve
with a radius of 2625.65 feet, thence continue Easterly along said
South right-of-way a distance of 334.71 feet to a concrete
monument, said point being the point of curve of said curve; thence
South 89 degrees 13 minutes 35 seconds East, a distance of 225.0
feet more or less to the Northeast corner of Lot 7 as recorded in
Plat Book 11, page 43 of the Public Records of Seminole County,
Florida, thence South 00 degrees 02 minutes, 08 seconds West, a
distance of 1485.0 feet more or less; thence South 00 degrees 02
minutes 08 seconds West, a distance of 560.00 feet; thence South 89
degrees 37 minutes 00 seconds East a distance of 235 feet more or
less to a point on the East boundary of said Section 34; thence

North 00 degrees 18 minutes 03 seconds East, a distance of 1100 feet to the POINT OF BEGINNING.

ALSO

Beginning at a point on the East right-of-way line of Alafaya Trail 279.01 feet South of the South right-of-way line of Park Road running thence South 89 degrees 27 minutes 05 seconds East 613.86 feet to a point; thence North 00 degrees 03 minutes 18 seconds North 300.31 feet to a point on the South right-of-way line of Park Road; thence along the South right-of-way line of Park Road, following the arc of 1156.78 feet radius curve 315.38 feet to a point; thence continuing along said South right-of-way line of Park Road North 63 degrees 49 minutes 52 seconds East, a distance of 1152.76 feet to a point; thence South 00 degrees 02 minutes 08 seconds West, a distance of 1670 feet more or less to a point; thence North 89 degrees 37 minutes 00 seconds West, a distance of 670 feet to a point, thence North 00 degrees 02 minutes, 05 seconds East, a distance of 381.05 feet to a point; thence North 89 degrees, 27 minutes, 05 seconds West a distance of 1275.70 feet to the Westerly right-of-way line of Alafaya Trail; thence North along said right-of-way line North 00 degrees 03 minutes 18 seconds West, 350.02 feet to the POINT OF BEGINNING.

ALSO

Begin at the Southwest corner of Lot 19, Orlando Industrial Park, run West 00 degrees 02 minutes 08 seconds East, 921 feet; thence North 89 degrees 57 minutes 05 seconds East 105 feet, thence North 00 degrees 02 minutes 08 seconds East, 25 feet; thence North 63 degrees 04 minutes 52 seconds East, 807.00 feet; thence South 60 degrees 02 minutes 08 seconds West, 889.52 to the Northerly right-of-way of Park Road; thence South 63 degrees 49 minutes 53 seconds West along said right-of-way 935.93 feet to the POINT OF BEGINNING. Said parcel known as Fox Run Subdivision.

Section 35

Begin at the West 1/4 corner of said Section 35; thence North 00 degrees 18 minutes 03 seconds East, a distance of 1333.33 feet; thence South 89 degrees 34 minutes 49 seconds East, a distance of 332.63 feet; thence South 00 degrees 14 minutes 18 seconds West 1333.71 feet; thence South 00 degrees 30 minutes 22 seconds East 1087.76 feet; thence North 89 degrees 37 minutes 00 seconds West 340 feet more or less to a point on the West boundary line of said

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Section 35; thence North 00 degrees 18 minutes 03 seconds East, a distance of 1100 feet more or less to the POINT OF BEGINNING.

Order No. 12714

Township 21 South, Range 31 East

Section 34

From the South 1/4 corner of said Section 34, run South 89 degrees 37 minutes 00 seconds East a distance of 740 feet along the South line of said Section; thence North 00 degrees 02 minutes 08 seconds East a distance of 2040 feet more or less, along the East R-O-W line of Seminole Avenue to a point at the intersection of said East line with the South R-O-W line of Jessup Street for a Point of Beginning. From said Point of Beginning thence run South 89 degrees 37 minutes 00 seconds East a distance of 800 feet along said South R-O-W line of Jessup Street, thence South 00 degrees 02 minutes 08 seconds West a distance of 500 feet parallel with said Seminole Avenue, thence North 89 degrees 37 minutes 00 seconds West a distance of 800 feet to said Seminole Avenue, thence North 00 degrees 02 minutes 08 seconds East a distance of 500 feet to the Point of Beginning.

Order No. 14480

Township 21 South, Range 31 East

Section 34

That portion of said Section 34 and all of Lot 8 and a portion of Lot 13, Orlando Industrial Park as recorded in Plat Book 10, Page 100 of the Public Records of Seminole County, Florida described as follows:

Commencing at the Southeast corner of said section, thence run North 89 degrees 37'00" West along the South line of said section and the centerline of an 80 foot R-O-W for a distance of 799.25 feet to a Southerly projection of the East line of Lot 11, Orlando Industrial Park; thence run North 00 degrees 02'08" East along said project line and the East line of Lot 11 for a distance of 840 feet to the Easterly most corner of Lot 13 of said Orlando Industrial Park for the Point of Beginning; thence run South 74 degrees 26'00" West along the South line of said Lot 13 a distance of 365.07 (calc) 364.01 (plat) to the Northeast corner of Lot 12 of said

industrial park; thence run North 89 degrees 37'00" West along said South line of Lot 13 for a distance of 760.19 feet to the Southwest corner of said Lot 13; thence run North 00 degrees 02'08" East along the West line of said Lot 13 for a distance of 387.76 feet; thence South 89 degrees 37'00" East for a distance of 225 feet; thence North 00 degrees 02'08" East a distance of 18.88 feet; thence South 89 degrees 37'00" East for a distance of 288 feet; thence North 01 degrees 20'29" West for a distance of 208.09 feet; thence North 89 degrees 37'00" West for a distance of 508 feet to the aforementioned West line of said Lot 13; thence run North 00 degrees 02'08" East along said West line a distance of 185.44 feet to the Northwest corner of said Lot 13; thence run South 89 degrees 37'00" East Along the North line of said Lot 13 for a distance of 800 feet to the Southwest corner of Lot 8 of said industrial park; thence run North 00 degrees 02'08" East along the West line of said Lot 8 a distance of 500 feet to the Northwest corner of said Lot 8; thence run South 89 degrees 37'00" East along the North line of said Lot 8 a distance of 780 feet to the Northeast corner of said Lot 8; thence run South 00 degrees 02'08" West along the East line of said Lot 8 a distance of 500 feet to the Southeast corner of said Lot 8; thence run North 89 degrees 37'00" West along the South line of said Lot 8 a distance of 355.63 feet to a point which lies South 89 degrees 37'00" East a distance of 424.37 feet from the aforementioned Southwest corner of Lot 8; thence South 00 degrees 29'25" East a distance of 218.33 feet; thence South 01 degrees 39'42" East a distance of 481.67 feet; thence North 89 degrees 37'00" West a distance of 129.01 feet to the Point of Beginning.

Section 35

The West 1/4 of the Northwest 1/4 of the Northwest 1/4 of said Section 35,

AND the East 1/2 of the West 1/2 of the Northwest 1/4 of the Southwest 1/4 of said Section 35,

AND the South 453.34 feet of the East 1/2 of the West 1/2 of the Southwest 1/4 of the Northwest 1/4 of said Section 35.

Order No. 16360 (Transfer)

Orders Nos. 19149 and 19149-A (Name Change)

Order No. 23094

Township 21 South, Range 31 East

In Sections 34 and 35

Parcels 5 and 6: This description is in Order No. 14480, except that is in a different format.

From a Northeast Corner of Section 34, run South along the East line of Section 34 3,250 feet. Thence run west 1,100 feet to the point of beginning. Thence South 00 degrees 30' 26" East 218.31 feet. Thence South 01 degrees 42' 27" East 180.76 feet. Thence South 01 degrees 42' 27" East 300.87 feet. Thence North 89 degrees 36' 50" West 129.82 feet. Thence South 74 degrees 26' 00" West 364.01 feet. Thence North 89 degrees 40' 34" West 68.30 feet. Thence North 89 degrees 40' 34" West 691.70 feet. Thence North 00 degrees 00' 38" West 387.73 feet. Thence South 89 degrees 34' 08" East 224.94 feet. Thence North 00 degrees 54' 35" East 18.92 feet. Thence South 89 degrees 44' 01" East 287.87 feet. Thence North 01 degrees 21' 41" West 208.21 feet. Thence North 89 degrees 40' 28" West 508.25 feet. Thence North 00 degrees 02' 34" West 185.42 feet. Thence South 89 degrees 38' 18" East 800.12 feet. Thence South 89 degrees 37' 25" East 424.39 feet to the point of beginning.

Parcel A-2:

The South 1/2 of the East 3/4 of the Southwest 1/4 of the Northwest 1/4, less the South 453.34 feet of the East 1/2 of the West 1/2 of said Southwest 1/4 of the Northwest 1/4, all in Section 35.

ALAFAYA PALM VALLEY ASSOCIATES, LTD.
SCHEDULE OF WATER RATE BASE
As of August 30, 1999

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 285,865	\$98,240	\$ 384,105
Land	\$ 2,433		\$ 2,433
Accumulated Depreciation	(\$ 204,503)	7,968	(\$ 196,535)
Contributions-in- aid-of-Construction	(\$ 89,509)	(\$ 3,230)	(\$ 92,739)
Amortization of Accumulated CIAC	<u>\$ 45,717</u>	<u>(\$ 3,808)</u>	<u>\$ 41,909</u>
TOTAL	\$ 40,003 =====	\$99,170 =====	\$ 139,173 =====

ALAFAYA PALM VALLEY ASSOCIATES, LTD.
SCHEDULE OF WASTEWATER RATE BASE
As of August 30, 1999

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$1,134,245	\$105,256	\$1,239,501
Land	\$ 116,298	(\$ 19,889)	\$ 96,409
Accumulated Depreciation	(\$ 334,013)	(\$170,721)	(\$ 504,734)
Contributions-in- aid-of-Construction	(\$390,046)	(\$ 34,867)	(\$ 424,913)
Amortization of Accumulated CIAC	<u>\$ 99,513</u>	<u>\$ 59,101</u>	<u>\$ 158,614</u>
TOTAL	\$ 625,997 =====	(\$ 61,120) =====	\$ 564,877 =====

ALAFAYA PALM VALLEY ASSOCIATES, LTD.
SCHEDULE OF WATER AND WASTEWATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENTS</u>	
	<u>Water</u>	<u>Wastewater</u>
<u>Plant In Service</u>		
Increase to plant to reflect additions	\$98,240	\$105,256
<u>Land</u>		
Reduction to reflect actual Land cost		(\$19,889)
<u>Accumulated Depreciation</u>		
Adjustments related to plant additions and retirements	\$7,968	\$170,721
<u>CIAC</u>		
To reflect Commission Order No. 16360 and correct the understatement	(\$3,230)	(\$34,867)
<u>Amortization of CIAC</u>		
Adjustments related to CIAC corrections	(\$3,808)	\$59,101