

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of transfer of majority organizational control of CWS Communities LP d/b/a Crystal Lake Club, holder of Certificate Nos. 525-W and 454-S in Highlands County, from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership.

DOCKET NO. 020101-WS
ORDER NO. PSC-02-1027-FOF-WS
ISSUED: July 29, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING TRANSFER OF MAJORITY
ORGANIZATIONAL CONTROL AND CLOSING DOCKET

BY THE COMMISSION:

Background

On February 6, 2002, CWS Communities LP d/b/a Crystal Lake Club (Crystal Lake or utility) filed an application for approval to transfer majority organizational control of the utility from CWS Communities Trust (Trust or seller) to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership (Chateau or buyer). The Agreement as to Transfer of Florida Public Service Commission Certificated Utilities (Agreement) was executed on August 2, 2001. The closing occurred on August 3, 2001, contingent upon Commission approval.

Crystal Lake is a Class C utility serving 457 residential water and wastewater customers in Highlands County. The utility is located in the Highlands Ridge Water Use Caution Area in the

DOCUMENT NUMBER-DATE

07887 JUL 29 02

FPSC-COMMISSION CLERK

ORDER NO. PSC-02-1027-FOF-WS
DOCKET NO. 020101-WS
PAGE 2

Southwest Florida Water Management District (SWFWMD). Crystal Lake was granted Certificate No. 454-S by Order No. 21515, issued July 7, 1989, in Docket No. 881002-SU, and Certificate No. 525-W by Order No. 22300, issued on December 12, 1989, in Docket No. 891011-WS. The utility was transferred to CWS Communities LP by Order PSC-01-0428-PAA-WS, issued February 22, 2001, in Docket No. 991889-WS.

Crystal Lake is one of three regulated utilities transferred as part of a larger transaction. The other two utilities are CWS Communities, LP and CWS Communities, LP d/b/a Palm Valley. According to information provided, the transaction included 46 manufactured home communities and three recreational vehicle communities in 11 states.

We have jurisdiction pursuant to Section 367.071, Florida Statutes.

Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains the correct filing fee, pursuant to Rule 25-30.020, Florida Administrative Code. The application also contains proof that the utility owns the land upon which its facilities are located as required by Rule 25-30.037(3)(i), Florida Administrative Code.

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

Pursuant to Rules 25-30.037(3)(e) and (g), Florida Administrative Code, the application contains a statement describing the financing of the purchase, the entities providing funding to the buyer, and an explanation of the manner and amount of such funding. According to the buyer, the following were used to finance the transaction: 2,040,878 operating partnership units (OP units) at a value of \$30.935 per OP unit, \$151 million in assumed liabilities, \$9.9 million in 10 year 7.5 percent unsecured

installment notes, and \$323 million in cash (including the payoff of \$20 million in debt). Those with ownership interests in the Trust were given OP units or cash.

Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contains a statement from the buyer that, after reasonable investigation, the systems being acquired appear to be in satisfactory condition and in compliance with all standards set by the Florida Department of Environmental Protection (DEP). Our staff verified with the SWFWMD that there are no outstanding compliance issues with the utility.

The application contains a statement that the transfer is in the public interest because the customers will continue to receive the same quality service to which they are accustomed. Although the buyer has limited prior utility experience, Crystal Lake's existing structure and staff will be retained allowing for a seamless transfer from one owner to another.

To indicate financial ability, the buyer provided a 2000 annual report for Chateau Communities which contains a consolidated financial statement that indicate sufficient liquid assets to maintain normal utility operations and handle any utility emergencies which may arise. The buyer also provided a statement of intent to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

With regard to rate base and an acquisition adjustment, it has been Commission practice not to establish rate base for transfers of majority organizational control because a stock transfer has no regulatory impact on rate base. Similarly, an acquisition adjustment is not made for a stock transfer. Therefore, rate base is not being set for Crystal Lake in this proceeding. Rate base was established for the utility in Docket No. 991889-WS at \$161,702 for the water system and \$223,687 for the wastewater system as of August 30, 1999.

Based on the foregoing, we find that the transfer of majority organizational control of Crystal Lake from the Trust to Chateau is in the public interest and it is approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

Rates and Charges

The utility's current rates for service became effective January 14, 2000, pursuant to a price index rate adjustment. The remainder of the utility's charges became effective pursuant to Order No. PSC-94-0243-FOF-WS, issued March 4, 1994, in Docket No. 930572-WS. Crystal Lake's current rates and charges are set forth below.

Water - Monthly Service Rates
Residential and General Service

Base Facility Charge

Meter Sizes:

5/8" x 3/4"	\$ 2.78
3/4"	\$ 4.16
1"	\$ 6.94
1 1/2"	\$ 13.87
2"	\$ 22.19
3"	\$ 44.40
4"	\$ 69.37
6"	\$138.76

Gallonage Charge

Per 1,000 Gallons	\$ 1.29
-------------------	---------

Wastewater - Monthly Service Rates
Residential and General Service

Base Facility Charge

Meter Sizes:

5/8" x 3/4"	\$ 3.63
3/4"	\$ 5.44
1"	\$ 9.06
1 1/2"	\$ 18.11
2"	\$ 28.99
3"	\$ 57.96
4"	\$ 90.57
6"	\$181.13

Gallonage Charge (per 1,000 Gallons)

Residential (maximum of 6,000 gallons)	\$ 1.42
General Service	\$ 1.71

Miscellaneous Service Charges

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$ 15.00	\$ 15.00
Normal Reconnection	\$ 15.00	\$ 15.00
Violation Reconnection	\$ 15.00	Actual Cost
Premises Visit (in lieu of disconnection)	\$ 10.00	\$ 10.00

Service Availability Charges

Water

System Capacity Charge Residential-per
Equivalent Residential Connection \$375.00

Meter Installation Charge \$100.00

Wastewater

System Capacity Charge Residential-per
Equivalent Residential Connection \$700.00

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates and charges, classifications, and regulations of the former owner unless authorized to change by this Commission. Chateau has not requested to change the rates and charges of the utility, and we see no reason to change them at this time. Crystal Lake shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. Because there has been no change in the utility organization or operation as a result of the transfer of majority organizational control, Crystal Lake's current tariff shall remain in effect.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of majority organizational control of CWS Communities LP d/b/a Crystal Lake Club from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership, is hereby approved. The territory the utility is

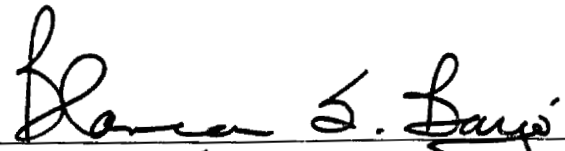
ORDER NO. PSC-02-1027-FOF-WS
DOCKET NO. 020101-WS
PAGE 6

authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDERED that CWS Communities LP d/b/a Crystal Lake Club shall continue to charge the rates and charges approved in its tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission this 29th day of July, 2002.



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

(S E A L)

ALC

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.

ORDER NO. PSC-02-1027-FOF-WS
DOCKET NO. 020101-WS
PAGE 7

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 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.

ATTACHMENT A

CWS COMMUNITIES LP d/b/a CRYSTAL LAKE CLUB

**HIGHLANDS COUNTY
WATER AND WASTEWATER SERVICE AREA**

In Section 2, Township 34 South, Range 28 East

All that part of the Southeast 1/4 and the Southeast 1/4 of the Northeast 1/4 of Section 2, Township 34 South, Range 28 East, lying West of the A.C.L. Railroad right-of-way together with that part of lots 9 to 14 inclusive, of WARREN AND MONDAY'S SUBDIVISION as recorded in P.B. 1, Page 10, Highlands County, Florida, lying within the following described boundary.

Commence at the Southeast corner of Section 2, Township 34 South, Range 28 East; run thence North 1°08'50" West along the line between Section 1 and 2 for 242.14 feet for a point of beginning, thence North 89°48'08" West, 2042.29 feet; thence North 1°16'18" West in and parallel with the West line of said Southeast 1/4 for 2352.93 feet to intersect the North line of said Southeast 1/4 (being also the South line of said WARREN AND MONDAY SUBDIVISION); thence run North 20°20'23" West 899.56 feet to a point herein designated point "A" which is the Westerly end of a control line along Lake Denton; thence continue North 20°20'23" West 30 feet, more or less, to the shore of Lake Denton, thence Easterly along the meanders of Lake Denton, 370 feet, more or less to intersect the North line of lot 9 of WARREN AND MONDAY SUBDIVISION; thence North 88°38'32" East, 50.0 feet, more or less along said North line to a point of the aforesaid control line which bears North 68°29'12" East, 417.65 feet from said point "A", thence continue North 88°38'32" East along said North line of Lot 9, 626.48 feet to intersect the East line of Southwest 1/4 of Northeast 1/4, thence North 1°12'34" West, 331.46 feet to the Northwest corner of Southeast 1/4 of Northeast 1/4, thence North 88°38'48" East along North line of Southeast 1/4 of Northeast 1/4, 220.95 feet to the Westerly right-of-way line of the A.C.L. Railroad right-of-way, thence South 18°16'58" East along said Westerly right-of-way, 3746.87 feet to the East line of Section 2; thence South 1°08'50" East, along the section line 149.60 feet to the point of beginning. Lying in Section 2, Township 34 South, Range 28 East, Highlands County, Florida. Also a 50 foot easement whose centerline is

ORDER NO. PSC-02-1027-FOF-WS

DOCKET NO. 020101-WS

PAGE 9

ATTACHMENT A

described as beginning at a point 437.82 feet North and 2051.50 feet West of the Southeast corner of Section 2, Township 34 South, Range 28 East, Highlands County, Florida, run North 89°48'08" West, 1548.40 feet, to the beginning of a 100 foot easement, thence continue North 89°48'08" West, 300.0 feet to a point in the East right-of-way boundary of SR-17A.