

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer  
of facilities and Certificates  
Nos. 431-W and 364-S in  
Highlands County from Buttonwood  
Bay Water & Sewer Company, LLC  
to Sun Communities Acquisitions,  
LLC d/b/a Buttonwood Bay  
Utilities.

DOCKET NO. 020892-WS  
ORDER NO. PSC-03-0759-PAA-WS  
ISSUED: June 23, 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, DECLINING TO  
INITIATE A SHOW CAUSE PROCEEDING  
AND  
NOTICE OF PROPOSED AGENCY ACTION  
ORDER ESTABLISHING RATE BASE FOR PURPOSES  
OF THE TRANSFER

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service  
Commission that the action discussed herein establishing rate base  
for purposes of the transfer is 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

On August 17, 2002, Sun Communities Acquisitions, LLC d/b/a  
Buttonwood Bay Utilities (Sun Communities or Buyer) filed an  
application for transfer of Buttonwood Bay Water & Sewer Company,

DOCUMENT NUMBER-DATE

05595 JUN 23 2003

FPSC-03-0759-PAA-WS CLERK

LLC (Buttonwood Bay or utility) to Sun Communities. Buttonwood Bay is a Class C utility that serves approximately 961 water and wastewater residential and general service customers in Highlands County. The utility is located in a portion of the Southwest Florida Water Management District that is designated as a water-use caution area. The utility was granted Certificates Nos. 431-W and 364-S by Order No. 13672, issued September 11, 1984, in Docket No. 840177-WS.

Sun Communities, LLC acquired the utility and ownership of the development property at a foreclosure sale on November 26, 2001. The transfer of Buttonwood to Sun Communities occurred without prior Commission approval which is an apparent violation of Section 367.071, Florida Statutes, which is addressed below.

Show Cause

As stated previously, the sale of the utility through foreclosure occurred on November 26, 2001, without the prior approval of this Commission, which is an apparent violation of Section 367.071(1), Florida Statutes. Section 367.071(1), Florida Statutes, states, in part, that:

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 . . . .

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. Although the utility's facilities were transferred as a result of foreclosure, in closing on the transfer without prior 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 Buttonwood Bay's failure to obtain our approval prior to closing on the transfer of its facilities to Sun Communities is an apparent violation of Section 367.071(1), Florida Statutes, there are circumstances which appear to mitigate the utility's apparent violation. The transfer occurred through foreclosure. According to the Summary Judgment as to Counts I (Action to Foreclose Mortgage on Real Property) and II (Action to Foreclose Security Interest in Personal Property), dated November 5, 2001, in the Circuit Court of the Tenth Judicial Circuit in and for Highlands County, Florida, Case No. GC-01-370, Judge J. David Langford ordered the property to be sold at the entrance of the Highlands County Courthouse on November 26, 2001.

We do not find that the apparent violation of Section 367.071, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, we do not find it appropriate to initiate a show cause proceeding against Buttonwood for failing to obtain Commission approval prior to the transfer of its facilities to Sun Communities.

#### Application

The application, as filed, was deficient. Sun Communities corrected the deficiencies on February 4, 2003. The application is now in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains a filing fee in the amount of \$3,000, pursuant to Rule 25-30.020, Florida Administrative Code.

Rule 25-30.037(2)(q), Florida Administrative Code, requires a utility to provide proof that it owns or has continued use of the land upon which its facilities are located. Because the transfer occurred through a foreclosure, the Sun Communities has provided a recorded Certificate of Title dated December 7, 2001, and a Certificate of Sale dated November 26, 2001, as proof that the utility has continued use of the land upon which its facilities are

located, as required by Rule 25-30.037(2)(q), Florida Administrative Code.

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. No objections to the application have been received and the time for filing such has expired.

Sun Communities is wholly-owned by Sun Communities Operating, LP. Sun Communities Operating, LP also owns and operates the system (formerly CHC 2, Ltd.) in Marion County that serves the Saddle Oak Club Mobile Home Park. Sun Communities Finance Limited Partnership, an affiliate of Sun Communities Operating, LP, owns and operates the Water Oak Utilities Company, Inc. in Lake County. According to the information provided, Sun Communities Operating, LP, has the financial strength to meet the capital needs of the utility. Further, Sun Communities Operating, LP, states that the transfer is in the public interest because of its experience in the utility industry, and its technical and financial ability.

With regard to technical ability, Sun Communities Operating, LP, will continue to utilize the same professional operation and management personnel used by the previous owner to operate and maintain the utility. Further, as stated previously, Sun Communities Operating, LP, owns and operates another utility system in Florida. Therefore, the buyer appears to have the technical ability to continue to provide quality service to the customers of Buttonwood Bay.

With regard to the buyer's financial ability, a statement was provided that it has both the regulatory experience and the financial ability to provide investment capital and operational funding as needed by the utility. In addition, the buyer provided financial statements indicating that it has sufficient resources to ensure compliance with Commission regulations and Florida Department of Environmental Protection (DEP) regulations.

Sun Communities Acquisitions, LLC acquired the utility assets and ownership of the development property in November 2001, as a result of a foreclosure on the development's second mortgage of \$3,616,806. The purchased assets were subject to an existing first

mortgage of \$15,500,000. In March, 2002, Sun Communities Operating, LP purchased the first mortgage. The first and second mortgages included all of the development property and all of the utility assets for a total purchase price of \$19,116,806.

The application contains a statement that the buyer will fulfill the commitments, obligations, and representations of the sellers with regard to utility matters. There are no outstanding customer deposits, guaranteed revenue contracts, customer advances, or leases. The application contains a copy of the Summary Judgment, the Certificate of Title, and the Certificate of Sale which includes the purchase price, and a list of the assets purchased and liabilities assumed and not assumed.

The buyer provided a statement that a reasonable investigation of the utility has been performed and the system appears to be in satisfactory condition and in compliance with all applicable standards set by the DEP. We have contacted DEP and the Southwest Florida Water Management District and verified that there are no outstanding notices of violation against the utility.

Sun Communities has filed the 2001 and 2002 annual reports and paid the 2001 and 2002 Regulatory Assessment Fees (RAFs). No annual report penalties or RAFs are due. Sun Communities will be responsible for all future RAFs and annual reports.

Based on the foregoing, we find that the transfer of the facilities and Certificates Nos. 431-W and 364-S from Buttonwood Bay to Sun Communities is in the public interest and it is approved. A description of the territory that the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

#### Rate Base

Rate base has never been established by us for this utility. Because Sun Communities was unable to obtain the books and records to support the capital improvements and rate base as reported in the annual reports, an original cost study was completed to determine the value of the components of rate base, as of January 1, 2002. A copy of the original cost estimates are shown on Attachment B of this Order, which by reference is incorporated

herein. We have reviewed the cost study performed by Sun Communities and determined it to be a reasonable estimate of the original cost of the utility assets when they were first dedicated to public use. A discussion of each component of rate base is set forth below.

#### Utility Plant-in-Service

The utility consists of a water and wastewater system. The water system has two wells with a total design capacity of 720,000 gallons per day (gpd). Water is pumped from the wells into a 15,000 gallon hydropneumatic tank. From the hydropneumatic tank the water flows into the water distribution system. The peak daily flows are about 400,000 gpd and the average daily flows are about 200,000 gpd.

The wastewater system has four lift stations transmitting wastewater to a concrete treatment plant. The plant has a permitted capacity of 98,000 gpd based on its annual average daily flow (AADF). After the wastewater is treated, the effluent is chlorinated and flows to an evaporation/percolation pond. The AADF for the year 2002 was 40,600 gpd. The maximum average daily flow for the peak month of January 2002 was 67,000 gpd.

Sun Communities was able to provide as-built water and wastewater system maps. Based on the maps and a visual inspection of the systems, a description of the assets, linear measurements, and replacement costs were determined. The replacement costs of the assets were then trended to the original in-service date. The Handy Whitman Index was used to trend the cost to the estimated service dates for the utility's assets.

From a review of the utility's original cost study, we believe that the values shown are reasonable estimates of the utility's plant-in-service balances for water and wastewater. Because no adjustments to plant-in-service balances are necessary, the appropriate plant-in-service balances are found to be \$493,300 and \$949,773 for water and wastewater, respectively.

Land

The original cost study reflects land balances of \$4,600 for the .92 acre of land for the water system and \$31,000 for 6.2 acres of land for the wastewater system. Percolation ponds and a 98,000 gpd extended aeration treatment plant are located on the wastewater site. Based on the study, we find that the appropriate land balances are \$4,600 for water and \$31,000 for wastewater.

Accumulated Depreciation

The original cost study indicates accumulated depreciation balances of \$290,349 for water and \$654,970 for wastewater. Our review of these balances indicates that the utility used the appropriate depreciation rates, pursuant to Rule 25-30.140(2), Florida Administrative Code. Therefore, accumulated depreciation balances of \$290,349 for water and \$654,970 for wastewater are hereby approved.

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

By Order No. 13672, issued September 11, 1984, Buttonwood Bay was granted a system capacity charge of \$600 per ERC for water service; a meter installation fee of \$70 for a 5/8" x 3/4" meter, with larger meters to be installed at cost; and a system capacity charge of \$875 per ERC for wastewater service. However, based on the utility's annual reports filed with the Commission, these service availability charges were never collected or recorded on the utility's books.

The buyer relied on Order No. 13672, to determine the appropriate amounts of CIAC that the previous owner should have collected and recorded as of January 1, 2002. By using the number of customers, the system capacity fee and the meter installation fee, Sun Communities was able to determine the CIAC balances. Per Order No. 13672, \$30,000 for contributed water lines is included in the CIAC balance for water. The appropriate CIAC and amortization of CIAC is reflected in the utility's original cost study. The cost study indicates that the water CIAC and accumulated amortization balances are \$215,960 and \$90,356, respectively. The

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utility's wastewater CIAC balance is \$227,500 and the accumulated amortization balance is \$116,028.

Based on our review, Sun Communities's proposed balances for water and wastewater CIAC and accumulated amortization of CIAC appear reasonable. According to the cost study, the water plant is 62 percent contributed and the wastewater plant is 38 percent contributed. Therefore, water CIAC of \$215,960 and the accumulated amortization balance of \$90,356 is approved. Further, the wastewater CIAC balance of \$227,500 and the accumulated amortization balance of \$116,028 is also approved.

An acquisition adjustment results when the purchase price differs from the rate base for transfer purposes. The acquisition adjustment resulting from the transfer of Sun Communities is \$0 (Purchase Price \$296,278 - rate base \$296,278 = \$0). In the absence of extraordinary circumstances, it has been Commission practice that the purchase of a utility system at a premium or discount shall not affect the rate base calculation. In this case, the utility was acquired along with the development through a foreclosure for \$19,116,806. According to the buyer the amount of the purchase price to be allocated to the utility is the rate base amount as determined by the original cost study.

It should be noted that we adopted Rule 25-30.0371, Florida Administrative Code, effective August 4, 2002, to address the appropriate treatment of acquisition adjustments that occur when the purchase price of a utility differs from its rate base. Because Sun Communities' purchased Buttonwood prior to the adoption of the rule, the rule is not applicable in this case. Even if the rule were applicable to this docket, there is no acquisition adjustment in this transaction.

It should also be noted that the buyer did not request an acquisition adjustment and there are no extraordinary circumstances that would justify including an acquisition adjustment in the calculation of rate base. Therefore, no acquisition adjustment is included in the calculation of rate base. This is consistent with previous decisions with regard to acquisition adjustments. See Order No. PSC-02-1832-PAA-WU, issued December 20, 2002, in Docket No. 011632-WU; Order No. PSC-01-1655-PAA-WS, issued August 13, 2001, in Docket No. 000793-WS; Order No. PSC-01-1917-PAA-WS, issued



September 24, 2001, in Docket No. 001551-WS; and Order No. PSC-02-1299-PAA-SU, issued September 23, 2002, in Docket No. 011379-SU.

Rate Base

Based on the foregoing, we find that rate base for Sun Communities is \$81,947 for the water system and \$214,331 for the wastewater system as of January 1, 2002. Our calculation of rate base for water and wastewater are shown on Schedule Nos. 1 and 2, respectively. The 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.

Rates and Charges

The utility's rates and service availability charges were originally approved by Order No. 13672, issued August 24, 1984, in Docket No. 840177-WS. The rates were increased effective May 16, 2003, pursuant to an price index rate adjustment in accordance with Rule 25-30.420, Florida Administrative Code. The utility's approved rates and charges are set forth below.

WATER SERVICE  
(Monthly Rates)

Residential, General Service  
and Multi-Residential

Base Facility Charge:

Meter Size:

5/8" x 3/4"	\$ 6.78
1"	\$ 16.95
1 1/2"	\$ 32.90
2"	\$ 54.23
3"	\$108.47
4"	\$169.48
6"	\$338.97

Charge Per 1,000 Gallons \$ .67

WASTEWATER SERVICE  
 (Monthly Rates)

Residential Service

Base Facility Charge:

Meter size:

All Meter Sizes	\$ 6.96
Charge Per 1,000 Gallons (10,000 Gallon Cap)	\$ .68

General Service and Multi-Residential

Base Facility Charge:

Meter Size:

5/8" x 3/4"	\$ 6.86
1"	\$ 17.39
1 1/2"	\$ 34.80
2"	\$ 55.67
3"	\$111.33
4"	\$165.70
6"	\$347.95
Charge Per 1,000 Gallons	\$ .68

Miscellaneous Service Charges

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

Service Availability Charges

	<u>Water</u>	<u>Wastewater</u>
Meter Installation Fee 5/8" x 3/4"	\$ 70.00	
All Other Meter Sizes	Actual Cost	
System Capacity Charge	\$600.00	\$875.00
Back-Flow Preventor	Actual Cost	
Consumer Connection (Tap-In)	Actual Cost	Actual Cost

Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classifications and regulations of the former operating company unless authorized to change by the Commission. Sun Communities has not requested to change the rates and charges of the utility and we see no reason to change them at this time. Sun Communities shall continue to charge the customers of the Buttonwood Bay system the rates and charges approved in Buttonwood Bay's tariff until authorized to change by this Commission in a subsequent proceeding. Sun Communities has filed a revised tariff reflecting the change in issuing officer due to the change in ownership of the utility. The tariff filing shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of facilities and Certificates Nos. 431-W and 364-S from Buttonwood Bay Water & Sewer Company, LLC, c/o Mr. Marc Caneva, 10607 North Hayden Road, Suite F106, Scottsdale, Arizona 85260-8511, to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities, 31700 Middlebelt Road, Suite 145, Farmington Hills, Michigan 48334, is hereby approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated. It is further

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ORDERED that a show cause proceeding shall not be initiated against Buttonwood Bay Water & Sewer Company, LLC, for transferring the utility without prior Commission approval, pursuant to Section 367.071, Florida Statutes. It is further

ORDERED that Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities shall be responsible for remitting all future regulatory assessment fees and filing all future annual reports for the Buttonwood Bay Water & Sewer Company, LLC system. It is further

ORDERED that rate base, which for transfer purposes reflects the net book value, is hereby established as \$81,947 for the water system, and \$214,331 for the wastewater system as of January 1, 2002. Our calculations of rate base for water and wastewater is shown are shown on Schedules 1 and 2, respectively. A copy of the original cost study is shown on Attachment B of this Order. It is further

ORDERED that no acquisition adjustment is included in the calculation of rate base. It is further

ORDERED that Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities shall continue to charge the customers of the Buttonwood Bay Water & Sewer Company, LLC, system the rates and charges approved in Buttonwood Bay Water & Sewer Company, LLC's tariff until authorized to change by this Commission in a subsequent proceeding. The tariff reflecting the change in ownership shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that all matters contained in the attachments and schedules attached hereto are by reference incorporated herein. It is further

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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee,

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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.

By ORDER of the Florida Public Service Commission this 23rd Day of June, 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 )

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.

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As identified in the body of this order, our action establishing rate base, which for transfer purposes reflects the net book value of the system, is 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 the Commission Clerk and Administrative Services, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 14, 2003. 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.

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 the Commission Clerk and Administrative Services 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 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

SUN COMMUNITIES ACQUISITIONS, LLC d/b/a  
BUTTONWOOD BAY UTILITIES

HIGHLANDS COUNTY

WATER AND WASTEWATER TERRITORY SERVED

Township 35 South, Range 29 East

Section 27

That portion of the Southwest 1/4 of the Northwest 1/4 of said Section 27 lying West of U.S. Highway No. 27.

Section 28

That Portion of the East 2,233 feet of the North 3,484 feet of said Section 28 lying East of Jackson Creek as it now runs.

A more complete description is listed below:

PARCEL NO. 1 (WASTEWATER TREATMENT PLANT SITE, I-2 CU)

The East 750 feet of the North 2560 feet of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, less the North 2200 feet thereof. Said Parcel No. 1 containing 6.2 Acres, more or less.

PARCEL NO. 2 (WATER PLANT SITE, I-2 CU)

Commence at the Northeast corner of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, and run Southerly along the East boundary of said Section 28, a distance of 1360 feet; thence run Westerly and parallel to the North boundary of said Section 28, a distance of 720 feet to the Point of Beginning; thence continue to run Westerly 200 feet; thence run Southerly 200 feet; thence run Easterly 200 feet; thence run Northerly 200 feet to the Point of Beginning. All parallel to the North and East boundary lines of Section 28, Township 35 South, Range 29 East, Highlands County, Florida. Said Parcel No. 2 containing 0.92 Acres, more or less.

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Distribution site together with a right-of-way over and upon all streets, alleyways and utility easements located within the subdivision for the purpose of installing and maintaining water and sewage distribution systems.

PARCEL NO. 3 (MOBILE HOME PARK SITE, M-2)

The North 2060 feet of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, lying East of Jackson Creek right-of-way, less the North 1040 feet thereof and less; commence at the Northeast corner of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, and run Southerly along the East boundary of said Section 28, a distance of 1330 feet; thence run Westerly and parallel to the North Boundary of said Section 28, a distance of 720 feet to the Point of Beginning; thence continue to run Westerly 200 feet; thence run Southerly 200 feet; thence run Easterly 200 feet; thence run Northerly 200 feet to the Point of Beginning. All parallel to the North and East boundary lines of Section 28, Township 35 South, Range 29 East, Highlands County, Florida. Said Parcel No. 3 containing 35.4 Acres, more or less.

PARCEL NO. 4 (RECREATIONAL VEHICLE SITE, CG-1)

The North 3524 feet of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, lying East of Jackson Creek right-of-way, less the North 2060 feet of said Section 28. Said Parcel No. 4 containing 49.0 Acres, more or less.

PARCEL NO. 5 (BUSINESS, B-3)

The South 600 feet of Southwest 1/4, of Northwest 1/4, West of Highway No. 27 right-of-way, of Section 27, Township 35 South, Range 29 East, Highlands County, Florida. Said Parcel No. 5 containing 4.0 Acres, more or less.

PARCEL NO. 6 (MOBILE HOME SUBDIVISION, M-1)

The North 1040 feet of Section 28, Township 35 South, Range 29 East, Highlands County, Florida, lying East of Jackson Creek right-of-way, less the right of way for Skipper Road. Said Parcel No. 6 containing 40.0 Acres, more or less.



SCHEDULE 1

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A  
BUTTONWOOD BAY UTILITIES

SCHEDULE OF WATER RATE BASE  
AS OF JANUARY 1, 2002

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION'S ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 493,300	\$ (0)	\$493,300
Land	4,600	0	4,600
Contributions in Aid of Construction (CIAC)	(215,960)	0	(215,960)
Accumulated Depreciation	(290,349)	(0)	(290,349)
Amortization of CIAC	<u>90,356</u>	<u>0</u>	<u>90,356</u>
WATER RATE BASE	<u>\$ 81,947</u>	<u>\$ 0</u>	<u>\$ 81,947</u>

SCHEDULE 2

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A  
BUTTONWOOD BAY UTILITIES

SCHEDULE OF WASTEWATER RATE BASE  
AS OF JANUARY 1, 2002

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION'S ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$ 949,773	\$ (0)	\$ 949,773
Land	31,000	0	31,000
Contributions in Aid of Construction (CIAC)	(227,500)	0	(227,500)
Accumulated Depreciation	(654,970)	(0)	(654,970)
Amortization of CIAC	<u>116,028</u>	<u>0</u>	<u>116,028</u>
WASTEWATER RATE BASE	<u>\$ 214,331</u>	<u>\$ 0</u>	<u>\$ 214,331</u>

Original Cost Study - Wastewater System Plant In Service

Florida Public Service Commission

Bullonwood Bay Utilities  
 Docket No.  
 Estimated Original Cost at January 1, 2002

Schedule 2 Revised 3/12/03  
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 Preparer: J. Coto/G. Morse

Line No.	NARUC Account	Description	Year Installed (2)	Age (Yrs.)	FPSC (3) Depreciation Rate (%)	Costing Method		Index Values (1)		Todays Replacement Cost (5)	Estimated Original Cost	Accumulated Depreciation	Original Cost Less Accum Depreciation
						Actual Invoice (4)	Trended	Test Yr	Yr. Installed				
1	353	Land and Land Rights	1984	17.5		Estimated				31,000	\$ 31,000	\$ -	\$ 31,000
2	354	Structures and Improvements	1984	17.5	3.70%	Trended	313.00	191.00	21,600	13,181	8,535	4,646	
3	360	Collection Sewers - Force	1984	17.5	3.70%	Trended	215.00	138.00	48,000	30,809	19,949	10,860	
4	361	Collection Sewers - Gravity	1984	17.5	2.50%	Trended	215.00	138.00	398,741	255,936	111,972	143,964	
5	361	Collection Sewers - Manholes	1984	17.5	3.70%	Trended	215.00	138.00	151,450	97,210	62,943	34,266	
6	363	Services to Customers	1984	17.5	2.88%	Trended	275.00	193.00	288,300	202,334	101,268	101,066	
7	371	Pumping Equipment	1984	17.5	6.67%	Trended	531.00	245.00	220,000	101,507	101,507	-	
8	380	Treatment and Disposal Equipment	1984	17.5	6.67%	Trended	385.00	232.00	412,873	248,796	248,796	-	
9		Total Net Original Cost Plant In Service							<u>\$ 1,571,964</u>	<u>\$ 980,773</u>	<u>\$ 654,970</u>	<u>\$ 325,803</u>	

Footnotes:

- (1) Based on Handy Whitman Indices at mid year for the test year and estimated year of installation.
- (2) As Indicated in latest FPSC Annual Reports
- (3) Depreciation rates based on FPSC Order No 13060 dated March 7, 1984
- (4) Sun Communities Acquisitions, LLC d/b/a Bullonwood Bay Utilities, was not able to obtain any actual invoices or support for the original plant investment. Therefore, the Company has prepared an original cost study to support the original plant investment.
- (5) Represents the estimated cost today for similar facilities as prepared by Excel Engineering Consultants per the attached replacement cost analysis

ORDER NO. PSC-03-0759-PAA-MS  
 DOCKET NO. 020892-WS  
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ATTACHMENT B

Buttonwood Bay Utilities

Impact From Imputation of CIAC By FPSC

Line No.	Year	Reported (1) Connections	0.57 Additions(3)	System Capacity/Meter Fee	Annual CIAC Additions	Amortization Rate(4)	Age (Yrs.)	Accumulated Amortization (Plant)	Accumulated Amortization (Meters)	Net CIAC
1	1984	6	18.00	\$ 670	\$ 11,220	3.51%	17.5	\$ 6,634	\$ 258	\$ 4,328
2	1985	24	14.00	670	10,080	3.51%	16.5	4,865	973	4,242
3	1986	0	0.00	670	-	3.51%	15.5	-	-	-
4	1987 (2)	50	29.00	670	20,900	3.51%	14.5	8,856	1,781	10,263
5	1988 (2)	50	29.00	670	20,900	3.51%	13.5	8,245	1,658	10,997
6	1989	21	12.00	670	8,670	3.51%	12.5	3,159	645	4,866
7	1990	42	24.00	670	17,340	3.51%	11.5	5,813	1,167	10,341
8	1991	60	34.00	670	24,600	3.51%	10.5	7,518	1,548	15,534
9	1992	175	100.00	670	72,250	3.51%	9.5	20,007	4,085	48,158
10	1993	0	0.00	670	-	3.51%	8.5	-	-	-
11	1994	0	0.00	670	-	3.51%	7.5	-	-	-
12	1995	0	0.00	670	-	3.51%	6.5	-	-	-
13	1996	0	0.00	670	-	3.51%	5.5	-	-	-
14	1997	0	0.00	670	-	3.51%	4.5	-	-	-
15	1998	0	0.00	670	-	3.51%	3.5	-	-	-
16	1999	0	0.00	670	-	3.51%	2.5	-	-	-
17	2000	0	0.00	670	-	3.51%	1.5	-	-	-
18	2001	0	0.00	670	-	3.51%	0.5	-	-	-
19		<u>428</u>	<u>260</u>		<u>185,960</u>			<u>65,096</u>	<u>12,135</u>	<u>108,728</u>
20										
21	Water Lines Per Order 13672				30,000	2.50%	17.5	13,125	-	16,875
22										
23	Total Water CIAC				<u>\$ 215,960</u>			<u>\$ 78,221</u>	<u>\$ 12,135</u>	<u>\$ 125,603</u>

Line No.	Year	Reported (1) Connections	0.57 Additions(3)	System Capacity Fee	Annual CIAC Additions	Amortization Rate(4)	Age (Yrs.)	Accumulated Amortization	Net CIAC
24	1984	6	18.00	\$ 875	\$ 15,750	4.29%	17.5	\$ 11,824	\$ 3,926
25	1985	24	14.00	875	12,250	4.29%	16.5	6,671	3,579
26	1986	0	0.00	875	-	4.29%	15.5	-	-
27	1987 (2)	50	29.00	875	25,375	4.29%	14.5	15,785	9,590
28	1988 (2)	50	29.00	875	25,375	4.29%	13.5	14,696	10,679
29	1989	21	12.00	875	10,500	4.29%	12.5	5,631	4,869
30	1990	42	24.00	875	21,000	4.29%	11.5	10,360	10,640
31	1991	60	34.00	875	29,750	4.29%	10.5	13,401	16,349
32	1992	175	100.00	875	87,500	4.29%	9.5	35,661	51,839
33	1993	0	0.00	875	-	4.29%	8.5	-	-
34	1994	0	0.00	875	-	4.29%	7.5	-	-
35	1995	0	0.00	875	-	4.29%	6.5	-	-
36	1996	0	0.00	875	-	4.29%	5.5	-	-
37	1997	0	0.00	875	-	4.29%	4.5	-	-
38	1998	0	0.00	875	-	4.29%	3.5	-	-
39	1999	0	0.00	875	-	4.29%	2.5	-	-
40	2000	0	0.00	875	-	4.29%	1.5	-	-
41	2001	0	0.00	875	-	4.29%	0.5	-	-
42	Total Sewer CIAC	<u>428</u>	<u>260</u>		<u>\$ 227,500</u>			<u>\$ 116,028</u>	<u>\$ 111,472</u>

Footnotes

- (1) As reported in the FPSC Annual Reports adjusted in 1984 to include one add'l ERC for commercial account and 15 ERCs for RV park based upon 3 inch service.
- (2) No data available for 1987 or 1988. However, based on year end number of connections for 1986 of 28 and beginning year connections of 128 for 1989, it is therefore evident that 100 connections were added during the two year period. It was assumed that 50 connections were added in 1987 and 50 added in 1988. It was assumed that every new water connection is also a sewer connection.
- (3) In the FPSC Staff Recommendation in Original Certificate Application in Docket No. B40177-WS, the staff recognized that service availability charges should be based on an "ERC" concept with mobile homes equating to 0.57 of an ERC. It is noted that the one commercial account (Shon Utilities) was recognized as 1 ERC and the RV park was recognized as 15 ERCs based upon 3 inch service.
- (4) Represents the composite rate for the system computed from the data contained in the Original Cost Study for the respective systems.

Replacement Cost For Water System

Florida Public Service Commission

Buttonwood Bay Utilities  
 Docket No.

Support Schedule 1-Revised 3/12/03  
 Page 1 of 1  
 Preparer: J. Coto/G. Morse

Line No.	Description	Unit	Quantity	Unit Price	Total Cost
1	<b>Potable Water Transmission/Distribution System</b>				
2	<b>Pipe Installation</b>				
3	1" PVC	LF	250	\$ 5.00	\$ 1,250
4	1-1/2" PVC	LF	200	5.25	1,050
5	2" PVC	LF	23,710	5.50	130,405
6	3" PVC	LF	6,040	5.50	33,220
7	4" PVC	LF	2,550	8.00	20,400
8	6" PVC	LF	1,750	12.00	21,000
9	8" PVC	LF	1,270	18.00	22,860
10	Total Transmission and Distribution				230,185
11	<b>Valves, Backflow Preventers, and Fire Hydrants</b>				
12	2" Gate Valve	Each	50	475.00	23,750
13	3" Gate Valve	Each	8	525.00	4,200
14	4" Gate Valve	Each	3	585.00	1,755
15	6" Gate Valve	Each	4	715.00	2,860
16	8" Gate Valve	Each	2	825.00	1,650
17	Total T&D Valves				34,215
18					
19	1" RPZ Backflow Preventor	Each	6	865.00	5,190
20	2" Blow-off Valve	Each	8	200.00	1,600
21	Fire Hydrant (@ Clubhouse)	Each	1	2,600.00	2,600
22					
23	<b>Service Laterals</b>				
24	1" Service Lateral (15')	Each	427	150.00	64,050
25	1" Service Lateral (10')	Each	534	150.00	80,100
26	Total Services		961		144,150
27					
28	5/8" Water Meter	Each	427	70.00	29,890
29					
30	Total Water Transmission/Distribution System				447,830
31					
32					
33	<b>Potable Water Treatment Facilities</b>				
34	6" Well #1	LF	1,100	20.00	22,000
35	6" Well #2	LF	1,100	20.00	22,000
36					
37	Peerless Vertical Turbine Pump (450 gpm, 30 HP motor)	Each	2	25,000.00	50,000
38	8" Water Meter	Each	1	10,000.00	10,000
39	8" Gate Valve	Each	9	825.00	7,425
40	8" Swing Check Valve	Each	2	1,100.00	2,200
41	8" DIP	LF	337	22.50	7,583
42	Operation Building	SF	320	20.00	6,400
43	6' Chain-link Fence	LF	246	10.00	2,460
44	Emergency Generator (100 kW)	kW	100	400.00	40,000
45	Dual Cylinder Chlorination System	Each	1	15,000.00	15,000
46	Coleman Air Compressor (5 HP)	Each	1	1,000.00	1,000
47	Electrical	Each	1	75,000.00	75,000
48					
49	Total Water Treatment Facilities				311,068
50					
51	Estimated Land Value				4,600
52					
53	Total Estimated Replacement Cost				<u>\$763,498</u>

Note: WTF area as delineated in 1984 PSC Order of 0.92 ac  
 Estimated value per acre is \$5,000.

Replacement Cost For Wastewater System

Florida Public Service Commission

Buttonwood Bay Utilities  
Docket No.

Support Schedule 2-Revised 3/12/03  
Page 1 of 1  
Preparer: J. Coto/G. Morse

Line No.	Description	Unit	Quantity	Unit Price	Total Cost
1	<b>Sanitary Sewer Collection System</b>				
2	Pipe Installation				
3	4" PVC (0'-6')	LF	285	\$ 8.00	\$ 2,280
6					
7	6" PVC (0'-6')	LF	7,081	10.00	70,810
8	6" PVC (6'-8')	LF	680	10.00	6,800
10					
11	8" PVC (0'-6')	LF	17,025	12.05	205,151
12	8" PVC (6'-8')	LF	4,020	15.00	60,300
13	8" PVC (8'-10')	LF	2,670	20.00	53,400
14					
15	Manholes				
16	Sanitary MH (0'-6')	Each	75	1,350.00	101,250
17	Sanitary MH (6'-8')	Each	18	1,650.00	29,700
18	Sanitary MH (8'-10')	Each	10	2,050.00	20,500
19					
20	Service Laterals				
21	4" Service Lateral (15')	Each	427	300.00	128,100
22	4" Service Lateral (10')	Each	534	300.00	160,200
23					
24	Lift Stations				
25	LS #1 (14' depth, 4' diameter)	Each	1	55,000.00	55,000
26	LS #2 (9' depth, 4' diameter)	Each	1	50,000.00	50,000
27	LS #3 (13' depth, 4' diameter)	Each	1	55,000.00	55,000
28	LS #4 (18' depth, 4' diameter)	Each	1	60,000.00	60,000
29					
30	Force Main				
31	4" PVC Force Main	LF	4,800	10.00	48,000
32					
33	Total Wastewater Collection System				1,106,491
34					
35	<b>Wastewater Treatment Facility</b>				
36	98,000 GPD Extended Aeration W	Gallons	98,000	4.05	396,900
37	Percolation Ponds	CY	7,570	2.11	15,973
38	Fencing (6' Chain-link)	LF	2,160	10.00	21,600
39					
40	Total Wastewater Treatment Facility				434,473
41					
42	Estimated Land Value				31,000
43					
44	Total Estimated Replacement Cost				<u>\$1,571,964</u>

Note: WWTF area of 6.2 acres based on 1984 PSC Order and estimated land value of \$5,000 per acre.