

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of Certificate No. 473-S in Highlands County from Creola, Inc. to Francis I Utility, L.L.C. | DOCKET NO. 020945-SU
ORDER NO. PSC-04-1241-PAA-SU
ISSUED: December 16, 2004

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING TRANSFER OF FACILITIES AND CERTIFICATE NO. 473-S FROM
CREOLA, INC. TO FRANCIS I UTILITY, L.L.C.
AND
NOTICE OF PROPOSED AGENCY ACTION ESTABLISHING RATE BASE AT THE TIME
OF TRANSFER AND ADDRESSING INCLUSION OF A POSITIVE ACQUISITION
ADJUSTMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein to establish rate base at the time of transfer and to address inclusion of a positive acquisition adjustment 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.

CASE BACKGROUND

Creola, Inc. (Creola or utility) is a Class C utility serving Francis Mobile Estates I and II, mobile home communities of approximately 684 residential and 8 general service wastewater customers in Highlands County. Water service is provided by the City of Sebring. The utility is in the Highlands Ridge Water Use Caution Area of the Southwest Florida Water Management District. Pursuant to Order No. PSC-92-0956-FOF-SU, issued September 9, 1992, in Docket No. 910933-SU, In Re: Application of Creola, Inc. for a Wastewater Certificate in Highlands County, Creola was granted Certificate No. 473-S for its wastewater system. No modifications have been made to the certificate since it was issued. The utility's 2003 annual report shows gross revenue of \$120,451 and a net operating income of \$0.00.

On August 30, 2002, an application for transfer of the wastewater system was filed by Francis I Amenities Corporation, Inc. Trust (the Trust). According to the application, on March 2, 2001, the utility and the Trust entered into an agreement for purchase and sale of the utility and multiple properties within Francis Mobile Estates I. The closing on the transfer took place on June 15, 2001, subject to our approval. Subsequently, the Trust filed an agreement

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FPSC-COMMISSION CLERK

assigning all of its contractual rights and interests in the utility to Francis I Utility, L.L.C., (Francis I or buyer), as of August 11, 2003. The Trust is the sole member of Francis I.

This Order addresses the transfer of the wastewater facilities and certificate from Creola to Francis I. We have jurisdiction to consider this matter pursuant to section 367.071, Florida Statutes.

TRANSFER OF FACILITIES AND CERTIFICATE NO. 473-S

All of the filing requirements for the application were completed on August 4, 2004. The application as filed and amended is in compliance with the governing statute, section 367.071, Florida Statutes, and other pertinent statutes and administrative rules pertaining to an application for the sale, assignment or transfer of certificates of authorization. The territory being transferred is described in Attachment A to this Order.

Pursuant to Rule 25-30.030, Florida Administrative Code, the application contained the requisite proof of noticing. No objections to the application were received by the Commission and the time for filing such has expired.

The application contained documentation to comply with Rule 25-30.037(2)(g), (h), (i), and (k), Florida Administrative Code, regarding terms of the sale and financing of the purchase, including a copy of the agreement for purchase and sale. The purchase price for the utility and land of \$325,000 is part of a \$4 million purchase of the Francis I Mobile Home Park. The purchase is secured by a 10-year, \$3,100,000 mortgage, at 6.95% for the entire purchase.

Rule 25-30.037(2)(q), Florida Administrative Code, requires the utility to provide proof of ownership or an agreement for long term use of the land upon which its facilities are located. The application contained a copy of the recorded warranty deed transferring the property upon which the utility treatment facilities are located to Francis I.

In accordance with Rule 25-30.037(2)(r), Florida Administrative Code, the application contained a statement regarding the disposition of any outstanding RAFs, fines, or refunds owed. We have verified that the 2003 and all previous annual reports were timely filed. Also, Annual Reports have been filed and the RAFs have been timely paid through December 31, 2003. No penalties, late fees, interest, or refunds are due or outstanding for compliance with our Annual Reporting or RAF requirements. Francis I shall be responsible for the 2004 and all future annual reports and RAFs.

Pursuant to Rule 25-30.037(3)(p), Florida Administrative Code, the application contained a statement that the buyer has performed a reasonable investigation of the utility system and found the overall condition of the wastewater treatment plant and facilities to be in satisfactory condition and in general compliance with the requirements of the Department of Environmental Protection (DEP). We have contacted DEP and verified that there are no outstanding notices of violation.

The application contained a statement, pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, that the transfer is in the public interest. Creola sold its assets in Sebring, Florida, to a group of mobile home park residents. Francis I Mobile Homeowners Assn., Inc.

purchased the rental lots and other vacant land. The shared common amenities were bought by Francis I Amenities Corporation, Inc. (Amenities). Francis I Amenities Corporation, Inc. Trust purchased the wastewater system and subsequently assigned its interest to Francis I Utility, L.L.C.

The applicant indicated that the transfer is in the public interest because the owners have a significant investment in all three entities formed for the three purchases listed above. There are 161 shareholders of Amenities who own 162 lots (24%) in the mobile home park and have a direct personal and financial interest in both the Amenities and the Trust. The Francis I investors live within the service territory and personally know the quality of the wastewater service. Francis I has contracted with the same certified operator for plant operations that has been used by Creola and the utility will continue to employ the personnel who are familiar with the administrative and regulatory affairs of the utility.

Although the same area is described, the territory description submitted with the utility's transfer application appears different than the area represented in our earlier order granting the utility its original certificate. The territory description reflected in Order No. PSC-92-0956-FOF-SU, in Docket No. 910933-SU, issued September 9, 1992, In Re: Application of Creola, Inc. for a Wastewater Certificate in Highlands County, Florida, shows eight distinct parcels, each with beginning and ending metes and bounds descriptions. There have been no territory amendments since that order was issued. The territory description submitted with the transfer application shows one continuous metes and bounds description which encompasses all the parcels separately identified in the earlier order. The utility has explained that the reason for the change in the territory description is because it was not sure that the original description met the metes and bounds requirement per Commission rule. In addition, the utility believes that it is better to have its territory described through a single description as opposed to the earlier multiple descriptions. The description submitted by the utility describes the same area detailed in Order No. PSC-92-0956-FOF-SU. Therefore, we hereby approve the revised territory description reflected in Attachment A to this Order.

Based on the above, we find that the transfer of facilities and Certificate No. 473-S from Creola to Francis I Utility, L.L.C., is in the public interest and shall be approved effective November 30, 2004. Francis I shall be responsible for all RAFs and annual reports for 2004 and the future. The territory being transferred is described in Attachment A to this Order.

RATE BASE AT TIME OF TRANSFER

Rate base was last set for the utility as of August 31, 1993, pursuant to Order No. PSC-94-0569-FOF-SU (SARC order), issued May 13, 1994, in Docket No. 930847-SU, In Re: Application for a staff-assisted rate case in Highlands County by Creola, Inc. A subsequent compliance audit was performed as of year end 1996. The transfer of Creola's assets occurred on June 15, 2001, with the subsequent assignment of rights on August 11, 2003. Therefore, we find that rate base shall be established for transfer purposes as of August 11, 2003.

BOOKS AND RECORDS

Creola failed to maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Pursuant to Rule 25-30.115(1), Florida Administrative Code, all water and wastewater utilities are to maintain their accounts and records in conformity with the NARUC USOA. We find that the utility shall be required to provide proof, within 60 days of our Order becoming final, that it has set up its books and records using the NARUC USOA and that the adjustments to plant balances have been made to reflect the balances established pursuant to this Order as of August 11, 2003.

UTILITY-PLANT-IN-SERVICE (UPIS)

The UPIS balance in the SARC order was \$382,918, as of August 31, 1993. We reviewed invoices and other documents to support plant additions of \$104,758 from September 1, 1993, through August 11, 2003. In addition, an adjustment of \$39,319 shall be made for retired assets which were not removed from Creola's books. Therefore, we find that the utility's UPIS balance shall be adjusted to include the additions and retirements noted above, leaving a balance of \$448,357 in UPIS as of August 11, 2003.

LAND

The utility's books and records reflect the balance for land established in the previous rate case of \$1,768 for its 4.727 acres. Therefore, we find that the utility's land account shall not be modified.

ACCUMULATED DEPRECIATION

Creola's accumulated depreciation as of August 31, 1993, was \$149,813. The accumulated depreciation reflected on the utility's books did not reflect the guideline rates in Rule 25-30.140, Florida Administrative Code. In addition, the utility did not adjust accumulated depreciation for retired assets. We find that the utility's accumulated depreciation shall be increased by \$215,337 to reflect depreciation from September 1, 1993, to August 11, 2003, using the guideline rates in Rule 25-30.140, Florida Administrative Code, and decreased by \$39,319 for plant retirements, resulting in a balance of \$325,831 as of August 11, 2003.

CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION

The utility's Contributions-In-Aid-of-Construction (CIAC) as of August 31, 1993, was \$271,039, pursuant to the SARC order. No connections were added since August 31, 1993. Therefore, we find that no change shall be made to CIAC.

ACCUMULATED AMORTIZATION OF CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION

The balance in accumulated amortization of Contributions-In-Aid-of-Construction (CIAC) in the SARC order was \$108,688. We find that the accumulated amortization balance

shall be increased by \$100,385 for the period of September 1, 1993, through August 11, 2003, resulting in an accumulated amortization balance of \$209,073 as of August 11, 2003.

RATE BASE

We find that, as of August 11, 2003, rate base is \$62,328 for the wastewater system. Schedule No. 1 to this Order shows the calculation of wastewater rate base. Schedule No. 2 to this Order details the approved adjustments. Schedule No. 3 to this Order shows the approved account balances for UPIS and accumulated depreciation as of August 11, 2003. We note that rate base for transfer purposes does not include the normal ratemaking adjustments for working capital or used and useful. Within 60 days of the date of this Order, the utility shall be required to provide a statement from its accountant indicating that the utility's books have been set up using NARUC USOA and adjusted to reflect our approved rate base balances as of August 11, 2003.

ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the original cost of the assets adjusted to the time of the acquisition. The calculation of an acquisition adjustment is shown below.

Purchase Price	\$325,000
Commission Established Rate Base	<u>\$62,328</u>
Positive Acquisition Adjustment	\$262,672

Pursuant to Rule 25-30.0371, Florida Administrative Code, a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. The buyer has neither requested an acquisition adjustment nor identified any extraordinary circumstances. Therefore, we find that an acquisition adjustment shall not be included in the calculation of rate base for transfer purposes.

RATES AND CHARGES

Rule 25-9.044(1), Florida Administrative Code, provides that, "[i]n the case 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)."

Creola's current rates for wastewater service were approved by us in an administrative price index proceeding effective August 2, 1998. Service availability and other charges were approved pursuant to Order No. PSC-94-0569-FOF-SU, issued May 13, 1994, in Docket No. 930847-SU, In Re: Application for a staff-assisted rate case in Highlands County by Creola, Inc. The utility's approved rates and charges are shown on Schedule No. 4 to this Order.

Francis I provided a statement that, at the time of closing, there were ten residential customers with life leases which contain provisions wherein the garbage collection fees, the monthly wastewater bills, and lawn maintenance costs were included in the total monthly lease payments. The Francis I Mobile Homeowners Association, Inc. pays the monthly wastewater charges to the utility for the customers subject to the life leases. As a result, the utility collects payment from or on behalf of all customers.

Francis I has not requested a change in the rates and charges of the utility. Accordingly, we find that the existing rates and charges for Creola shall be continued, pursuant to Rule 25-9.044(1), Florida Administrative Code, until authorized to change by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective for services provided 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 Certificate No. 473-S from Creola, Inc. to Francis I Utility, L.L.C., is in the public interest and shall be approved effective November 30, 2004. It is further

ORDERED that Attachment A and all schedules attached hereto are incorporated herein by reference. It is further

ORDERED that Francis I Utility, L.L.C. shall be responsible for the regulatory assessment fees (RAFs) and annual report for 2004 as well as all future RAFs and annual reports. It is further

ORDERED that the rate base at the time of transfer is \$62,328 for the wastewater system, as of August 11, 2003. It is further

ORDERED that within 60 days of the date of this Order, the utility shall be required to provide a statement from its accountant indicating that the utility's books have been set up using the National Association of Regulatory Utility Commissioners Uniform System of Accounts and adjusted to reflect the rate base balances, as of August 11, 2003, approved in this Order. It is further

ORDERED that no positive acquisition adjustment shall be included in the calculation of rate base for transfer purposes. It is further

ORDERED that the existing rates and charges for Creola shall be continued, pursuant to Rule 25-9.044(1), Florida Administrative Code, until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that the tariff pages reflecting the transfer shall be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order to establish rate base at the time of transfer and to address inclusion of a positive acquisition adjustment, 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, 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 if no timely protest is received to the proposed agency action issues, this Order shall become final upon the issuance of a Consummating Order. However, the docket shall remain open pending receipt of the statement from the utility's accountant indicating that the utility's books have been set up using the National Association of Regulatory Utility Commissioners Uniform System of Accounts and adjusted to reflect the rate base balances, as of August 11, 2003, approved in this Order. Upon receipt of the statement, the docket shall be administratively closed.

By ORDER of the Florida Public Service Commission this 16th day of December, 2004.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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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 action to establish rate base at the time of transfer and to address inclusion of a positive acquisition adjustment 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 January 6, 2005. 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.

Creola, Inc. to Francis I Transfer Application
Territory Description
Highlands County

A PORTION OF SECTION 5, TOWNSHIP 35 SOUTH, RANGE 29 EAST, AND A PORTION OF SECTION 32, TOWNSHIP 34 SOUTH, RANGE 29 EAST, HIGHLANDS COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCE AT THE NORTHWEST CORNER OF SAID SECTION 5; THENCE NORTH 89°43'55" EAST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 209.49 FEET; THENCE SOUTH 01°12'00" WEST, A DISTANCE OF 182.05 FEET FOR THE POINT OF BEGINNING; THENCE CONTINUE SOUTHERLY ALONG SAID LINE, A DISTANCE OF 159.72 FEET; THENCE SOUTH 89°42'11" EAST, A DISTANCE OF 179.98 FEET; THENCE NORTH 01°12'00" EAST, A DISTANCE OF 159.73 FEET; THENCE NORTH 89°42'25" WEST, A DISTANCE OF 179.98 FEET; THENCE NORTH 01°12'00" EAST, A DISTANCE OF 182.05 FEET; THENCE NORTH 89°43'55" EAST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 453.25 FEET; THENCE SOUTH 00°53'33" WEST, A DISTANCE OF 682.26 FEET; THENCE SOUTH 89°40'55" EAST, A DISTANCE OF 329.75 FEET; THENCE SOUTH 00°52'20" WEST, A DISTANCE OF 685.64 FEET; THENCE NORTH 89°05'45" WEST, A DISTANCE OF 956.94 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF SPARTA ROAD; THENCE SOUTH 00°55'55" WEST ALONG THE SAID WEST RIGHT OF WAY LINE, A DISTANCE OF 199.66 FEET TO THE INTERSECTION WITH THE CENTER LINE OF THE UPPER JACKSON CREEK EASEMENT; THENCE SOUTH 48°39'54" EAST ALONG SAID EASEMENT CENTER LINE FOR A DISTANCE OF 14.03 FEET TO A POINT OF CURVE TO THE LEFT HAVING A RADIUS OF 521.67 FEET AND A CENTRAL ANGLE OF 40°36'00"; THENCE EASTERLY ALONG THE ARC A DISTANCE OF 369.09 FEET; THENCE SOUTH 89°15'54" EAST, STILL ALONG THE CENTER LINE OF SAID EASEMENT, A DISTANCE OF 1,173.64 FEET TO THE POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 573.69 FEET AND A CENTRAL ANGLE OF 65°01'10"; THENCE SOUTHEASTERLY ALONG THE ARC FOR A DISTANCE OF 651.03 FEET; TO A POINT ON THE NORTH-SOUTH QUARTER SECTION LINE; THENCE NORTH 00°48'18" EAST ALONG SAID NORTH-SOUTH LINE, A DISTANCE OF 2,066.57 FEET; THENCE NORTH 89°43'55" EAST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 380.98 FEET; THENCE SOUTH 00°16'05" EAST, A DISTANCE OF 33.00 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF DESOTO ROAD; THENCE SOUTH 89°43'55" WEST ALONG SAID SOUTH RIGHT OF WAY LINE, A DISTANCE OF 152.32 FEET; THENCE SOUTH 00°16'05" EAST, A DISTANCE OF 19.09 FEET TO THE POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 00°16'04" EAST, A RADIAL DISTANCE OF 47.50 FEET; THENCE SOUTHWESTERLY ALONG THE ARC, THROUGH A CENTRAL ANGLE OF 49°56'03", A DISTANCE OF 41.40 FEET; THENCE SOUTH

39°47'53" WEST, A DISTANCE OF 49.25 FEET; THENCE SOUTH 06°41'46" EAST, A DISTANCE OF 70.31 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 27 AND TO A POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES NORTH 46°59'11" EAST, A RADIAL DISTANCE OF 1,784.86 FEET; THENCE SOUTHEASTERLY ALONG SAID RIGHT OF WAY LINE AND SAID ARC, THROUGH A CENTRAL ANGLE OF 03°29'16", A DISTANCE OF 108.65 FEET; THENCE SOUTH 46°30'05" EAST ALONG SAID RIGHT OF WAY LINE, A DISTANCE OF 81.00 FEET; THENCE NORTH 43°29'55" EAST, A DISTANCE OF 289.94 FEET; THENCE NORTH 00°16'05" WEST, A DISTANCE OF 67.72 FEET TO A POINT ON THE SAID SOUTH RIGHT OF WAY LINE OF DESOTO ROAD; THENCE SOUTH 89°43'55" WEST ALONG SAID SOUTH RIGHT OF WAY LINE, A DISTANCE OF 122.68 FEET; THENCE NORTH 00°16'05" WEST, A DISTANCE OF 58.00 FEET TO A POINT ON THE ON THE NORTH RIGHT OF WAY LINE OF SAID DESOTO ROAD; THENCE NORTH 89°43'55" EAST ALONG THE SAID NORTH RIGHT OF WAY LINE AND PARALLEL TO THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 2,219.40 FEET TO A POINT ON THE WEST RIGHT OF WAY LINE OF HIGHLANDS AVENUE; THENCE NORTH 00°54'25" EAST ALONG SAID WEST RIGHT OF WAY LINE AND PARALLEL TO THE EAST LINE OF SAID SECTION 32, A DISTANCE OF 840.19 FEET; THENCE SOUTH 89°43'55" WEST PARALLEL TO THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 645.83 FEET; THENCE SOUTH 50°02'25" WEST, A DISTANCE OF 355.64 FEET; THENCE SOUTH 89°43'55" WEST PARALLEL TO THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 1,317.14 FEET; THENCE SOUTH 00°16'05" EAST, A DISTANCE OF 637.88 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 5; THENCE SOUTH 89°43'55" WEST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 380.98 FEET TO THE SAID NORTH-SOUTH QUARTER SECTION LINE; THENCE SOUTH 00°48'18" WEST ALONG SAID NORTH-SOUTH LINE, A DISTANCE OF 1,138.81 FEET; THENCE NORTH 51°57'02" WEST, A DISTANCE OF 623.89 FEET; THENCE NORTH 38°18'43" EAST, A DISTANCE OF 255.61 FEET; THENCE NORTH 52°02'53" WEST, A DISTANCE OF 214.84 FEET; THENCE NORTH 38°18'43" EAST, A DISTANCE OF 64.95 FEET; THENCE SOUTH 55°27'21" EAST, A DISTANCE OF 14.47 FEET; THENCE NORTH 37°57'33" EAST, A DISTANCE OF 36.48 FEET; THENCE SOUTH 52°02'27" EAST, A DISTANCE OF 176.00 FEET; THENCE NORTH 37°57'33" EAST, A DISTANCE OF 100.00 FEET; THENCE SOUTH 52°02'27" EAST, A DISTANCE OF 24.00 FEET; THENCE NORTH 37°57'33" EAST, A DISTANCE OF 220.00 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 27 AND TO A POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 37°57'33" WEST, A RADIAL DISTANCE OF 3,087.12 FEET; THENCE NORTHWESTERLY ALONG SAID SOUTH RIGHT OF WAY LINE AND ALONG SAID ARC, THROUGH A CENTRAL ANGLE OF 06°30'21", A DISTANCE OF 350.54 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF SEBRING DRIVE; THENCE SOUTH 38°15'50" WEST ALONG SAID RIGHT OF WAY LINE, A DISTANCE OF 240.23 FEET; THENCE NORTH 51°44'02" WEST, A DISTANCE OF 213.62 FEET; THENCE NORTH 01°01'46" EAST, A DISTANCE OF 80.00 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 5; THENCE CONTINUE NORTH 01°01'46" EAST, A DISTANCE OF 146.53 FEET TO A POINT ON THE SAID SOUTH

RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 27 AND TO A POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 24°59'42" WEST, A RADIAL DISTANCE OF 3,087.12 FEET; THENCE NORTHWESTERLY ALONG SAID SOUTH RIGHT OF WAY LINE AND SAID ARC, THROUGH A CENTRAL ANGLE OF 04°42'30", A DISTANCE OF 253.69 FEET; THENCE SOUTH 04°18'51" WEST, A DISTANCE OF 123.38 FEET; THENCE NORTH 80°35'18" WEST, A DISTANCE OF 196.24 FEET; THENCE SOUTH 05°01'51" WEST, A DISTANCE OF 155.89 FEET; THENCE SOUTH 89°43'55" WEST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 437.73 FEET; THENCE NORTH 22°24'20" EAST, A DISTANCE OF 292.60 FEET; THENCE NORTH 25°33'07" WEST, A DISTANCE OF 157.82 FEET TO A POINT ON THE SAID SOUTH RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 27 AND TO A POINT OF CURVE OF A NON TANGENT CURVE TO THE LEFT, OF WHICH THE RADIUS POINT LIES SOUTH 08°05'23" WEST, A RADIAL DISTANCE OF 3,087.58 FEET; THENCE WESTERLY ALONG SAID SOUTH RIGHT OF WAY LINE AND SAID ARC, THROUGH A CENTRAL ANGLE OF 02°55'48", A DISTANCE OF 157.89 FEET; THENCE SOUTH 29°50'23" EAST, A DISTANCE OF 104.78 FEET; THENCE SOUTH 82°11'48" WEST, A DISTANCE OF 5.00 FEET; THENCE SOUTH 03°11'48" WEST, A DISTANCE OF 340.47 FEET; THENCE SOUTH 89°43'55" WEST ALONG THE NORTH LINE OF SAID SECTION 5, A DISTANCE OF 320.05 FEET; THENCE CONTINUE WESTERLY ALONG SAID LINE, A DISTANCE OF 453.25 FEET; THENCE SOUTH 01°12'00" WEST, A DISTANCE OF 182.05 FEET TO THE POINT OF BEGINNING.

SCHEDULE NO. 1			
CREOLA, INC. SCHEDULE OF WASTEWATER RATE BASE AS OF AUGUST 11, 2003			
<u>DESCRIPTION</u>	<u>BALANCE PER SARC</u>	<u>APPROVED ADJUSTMENTS</u>	<u>BALANCE PER COM'N</u>
Utility Plant in Service	\$382,918	\$65,439	A \$448,357
Land	1,768	0	1,768
Accumulated Depreciation	(149,813)	(176,018)	B (325,831)
Contributions in Aid of Construction (CIAC)	(271,039)	0	(271,039)
Amortization of CIAC	<u>108,688</u>	<u>100,385</u>	C <u>209,073</u>
WASTEWATER RATE BASE	<u>\$ 72,522</u>	<u>(\$10,194)</u>	<u>\$62,328</u>

SCHEDULE NO. 2	
CREOLA, INC. SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS	
<u>EXPLANATION</u>	<u>APPROVED ADJUSTMENT</u>
A Utility-Plant-in-Service	
1 To record plant additions	\$104,758
2 To record plant retirements	<u>(39,319)</u>
	65,439
B Accumulated Depreciation	
1 To record depreciation from September 1, 1993 to August 11, 2003	(\$215,337)
2 To record retirements	<u>39,319</u>
	(176,018)
C Accumulated Amortization of CIAC	
To record amortization	<u>\$100,385</u>
Total Adjustments	<u>(\$10,194)</u>

CREOLA, INC.

SCHEDULE NO. 3

ACCT NO.	ACCOUNT NAME	ACCUMULATED	
		PLANT BALANCE	DEPRECIATION BALANCE
351	Organization	\$2,786	\$1,079
354	Structures and Improvements	8,579	3,373
360	Collection – Forced Sewer	101,205	65,449
361	Collection – Gravity Sewer	178,572	146,540
362	Services	293	86
370	Receiving Wells	1,623	1,092
380	Transmission and Distribution Equipment	114,407	91,379
381	Plant Sewers	436	178
382	Outfall Sewer Lines	90	81
389	Other Plant & Misc. Equipment	2,479	1,127
390	Office Furniture and Equipment	2,457	1,377
391	Transportation Equipment	34,579	13,219
395	Power Operated Equipment	<u>851</u>	<u>851</u>
	Total Water Plant	<u>\$448,357</u>	<u>\$325,831</u>

CREOLA, INC.	DOCKET NO. 020945-SU
Schedule of Rates and Charges	Schedule No. 4

Monthly Service Rates

WASTEWATER

Residential Service

<u>Flat Rate</u>	\$13.80
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General Service

<u>Base Facility Charge</u>		
<u>Meter Size:</u>		
5/8" x 3/4"	\$7.58	
3/4"	11.37	
1"	18.93	
1 1/2"	37.87	
2"	60.59	
3"	121.18	
4"	189.33	
6"	378.68	
Charge per 1,000 gallons:	\$3.79	
Plant capacity charge	\$500.00	per ERC