

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for transfer of majority organizational control of Paradise Lakes Utility, L.L.C., holder of Certificate Nos. 458-W and 392-S in Pasco County, from Paradise Lakes, Inc. to Larry and Janice DeLucenay.

DOCKET NO. 030948-WS  
ORDER NO. PSC-05-0166-PAA-WS  
ISSUED: February 11, 2005

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL  
AND ESTABLISHING RATE BASE FOR TRANSFER PURPOSES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed in Section II of this order to establish rate base 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.

Paradise Lakes Utility, L.L.C. ("Paradise Lakes" or "utility") is a Class C water and wastewater utility serving approximately 403 water and wastewater customers in Pasco County.<sup>1</sup> The service area and treatment facilities of Paradise Lakes are located at Dale Mabry Highway and Highway 41 North in the Southwest Florida Water Management District. The utility is in a critical water use caution area. A description of the utility's service territory granted by Certificate Nos. 458-W and 392-S is attached hereto as Attachment A and incorporated herein by reference. The utility's 2003 annual report reflects operating revenues of \$58,136 for water and \$123,717 for wastewater, and net operating income of \$8,922 and net operating loss of (\$518) for the respective water and wastewater systems.

<sup>1</sup> This Commission granted Paradise Lakes its original Certificate Nos. 458-W and 392-S in Order No. 15668, issued February 13, 1986, in Docket No. 850211-WS, In Re: Objection by Mad Hatter Utility, Inc. to application of Paradise Lakes Utility, Ltd.

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The utility has had three staff assisted rate cases (SARC).<sup>2</sup> On May 9, 2002, the utility filed for approval of a name change.<sup>3</sup> In 2003, a price index application was approved for the utility.

On April 25, 2002, Paradise Lakes, Inc. (seller) and Larry and Janice DeLucenay (buyers) entered into a membership interest purchase agreement for 100% of the interest in Paradise Lakes Utility, L.L.C., held by Paradise Lakes, Inc. The actual closing of the contracts took place on December 31, 2002. The transfer is contingent upon our approval.

On September 29, 2003, Larry and Janice DeLucenay filed an application for transfer of majority organizational control of the utility. At the time the application was filed, the buyer and seller had not resolved certain issues related to an exchange of land. Those issues were resolved on November 8, 2004.

We have jurisdiction over this matter pursuant to Section 367.071, Florida Statutes.

#### I. TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

Upon review, we find that the application for transfer of majority organizational control is in compliance with the governing statute, Section 367.071, Florida Statutes, and, as discussed below, is in compliance with our rules.

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

**Financing.** As required by Rule 25-30.037(3)(e) and (g), Florida Administrative Code, the application contains a statement describing the purchase. According to the application documents, this was a cash transaction, and the buyer acquired all the stock for Paradise Lakes, Inc. for \$100,000.

**Proof of Ownership.** Pursuant to Rule 25-30.037(3)(i), Florida Administrative Code, the application contains a copy of a recorded quit claim deed and title insurance as evidence that the utility owns the land upon which the water utility facilities are located. The prior owner of Paradise Lakes exchanged the land formerly used for the sewage treatment facilities for additional water property adjacent to the existing water property. The wastewater land was no longer needed because the utility discontinued use of its wastewater treatment plant and ponds and interconnected its wastewater system with Pasco County. Additional land for the water

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<sup>2</sup> Docket No. 871005-WS (Order No. 19276, issued May 3, 1988), In Re: Application of Paradise Lakes Utility, Ltd. For staff-assisted rate case in Pasco County; Docket No. 950169-WS (Order No. PSC-95-1538-FOF-WS, issued December 13, 1995), In Re: Application for staff-assisted rate case in Pasco County by Paradise Lakes Utility, Ltd.; and Docket No. 970633-WS (Order No. PSC-98-0130-FOF-WS, issued January 26, 1998), In Re: Application for staff-assisted rate case in Pasco County by Paradise Lakes Utility, Ltd.

<sup>3</sup> Docket No. 020411-WS, In Re: Application for name change on Certificates Nos. 458-W and 392-S in Pasco County from Paradise Lakes Utility, Ltd. To Paradise Lakes Utility, L.L.C.

system was needed because some of the existing water facilities are located outside the existing water plant land. The additional property was needed to accommodate the fence, electrical panel, storage facilities, and water equipment that would not fit on the existing water land. The water land originally consisted of a 1/10 acre parcel. With the transfer of lot 4 to the utility, the water land is expanded to a 1/4 acre parcel. On December 30, 2004, the applicant submitted an executed and recorded warranty deed in the name of Paradise Lakes Utility, L.L.C.

**Annual Reports and Regulatory Assessment Fees (RAFs).** We have verified that the utility is current on its annual reports and RAFs through 2003. The buyers are responsible for filing the annual report and RAFs for future years.

**Environmental Compliance.** Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contains a statement that the buyers performed a reasonable investigation of the utility system. Our staff has confirmed with the Florida Department of Environmental Protection (DEP) that the utility's water system is currently in environmental compliance with respect to DEP standards.

**Public Interest.** Pursuant to Rule 25-30.037(3)(f), Florida Administrative Code, the application contains a statement of how the transfer is in the public interest, including a summary of the buyers' experience in water and wastewater operations and a showing of the buyers' financial ability to provide service. According to the application, the transfer is in the public interest because the utility will be owned, operated, and managed by an experienced full-time professional utility system operator that operates another utility adjacent to it. The customers will continue to receive the quality of service they are accustomed to receiving.

The buyers of the utility, Larry and Janice DeLucenay, in conjunction with Mad Hatter Utility, Inc., will provide all needed funding to Paradise Lakes Utility, L.L.C. Larry and Janice DeLucenay own and operate Mad Hatter Utility, Inc., another Commission regulated utility. All interest in Paradise Lakes was assigned to Mad Hatter Utility, Inc. by Larry and Janice DeLucenay. Mad Hatter Utility, Inc. has a net worth in excess of \$1 million. In addition, the buyers provided a statement of intent to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

**Conclusion.** Based on the foregoing, we find that the transfer of majority organizational control of Paradise Lakes to Larry and Janice DeLucenay is in the public interest and is hereby approved.

## II. RATE BASE FOR TRANSFER PURPOSES

As discussed below, we find that Paradise Lakes' rate base for transfer purposes is \$101,664 for the water system and \$315,569 for the wastewater system as of December 31, 2002.

Rate base for Paradise Lakes was previously established by Order No. PSC-98-0130-FOF-WS, issued January 26, 1998, in Docket No. 970633-WS, In Re: Application for Staff

Assisted Rate Case in Pasco County by Paradise Lakes Utility, Ltd. as \$115,803 for water and \$417,515 for wastewater as of June 30, 1997. Because the closing for this transfer of majority organizational control occurred on December 31, 2002, we establish rate base as of that date.

Our staff conducted an audit of the books and records of the utility to determine the rate base as of December 31, 2002. The rate base was determined from historical records and supporting source documentation provided by the utility. The audit report contained several audit disclosures. The utility filed a response to the audit report in regards to Audit Disclosure No. 5 which addressed the issue of an acquisition adjustment. It is our practice that acquisition adjustments are not considered in stock transfers. Therefore, we do not include an acquisition adjustment in this case. As a result of the rate base audit, we make the following adjustments.

#### Utility Plant-In-Service (UPIS)

According to the utility's general ledger, the UPIS balances as of December 31, 2002, are \$227,525 for the water system and \$667,270 for the wastewater system. However, the utility had not adjusted its UPIS balances to reflect the requirement of Order No. PSC-98-0130-FOF-WS that it decrease UPIS for wastewater by \$264,042 to reflect the utility's interconnection with Pasco County and the retirement of the costs for the wastewater treatment plant. There were no other adjustments to the UPIS accounts. Therefore, the wastewater UPIS balance shall be decreased by a total of \$264,042. With this adjustment, we find that the utility's UPIS balance as of December 31, 2002, shall be \$227,525 for water and \$403,228 for the wastewater system.

#### Land

The utility's general ledger reflected land balances of \$7,800 for water and \$36,000 for wastewater. However, the utility had not adjusted its land balances to reflect the portion of Order No. PSC-98-0130-FOF-WS which established the land value for wastewater at \$12,600. As mentioned earlier, the utility discontinued use of its wastewater treatment plant and ponds and interconnected the system with Pasco County. As part of the transfer of the utility, the buyer requested an additional parcel of property be transferred to the utility for water plant purposes in exchange for the wastewater parcel that was no longer needed. The utility requested that the additional land for the water system be valued at the amount previously included in rate base for the wastewater land. The utility provided documentation that supports the value of the additional water parcel of \$12,600. The additional parcel of land is .15 acre of lakefront property.

We agree that the additional land is needed to accommodate the existing water facilities and that the amount is reasonable. Therefore, we find that \$12,600 shall be included in rate base to reflect the value of the additional .15 acre parcel for water plant and that \$12,600 shall be removed from land for wastewater. The resulting balances are \$20,400 for water and zero for the wastewater land.

### Accumulated Depreciation

The utility's books and records reflected accumulated depreciation balances of \$121,308 for water and \$413,310 for wastewater as of December 31, 2002. However, the utility had not adjusted its books and records to reflect the adjustments required by Order No. PSC-98-0130-FOF-WS which decreased accumulated depreciation for wastewater by \$230,132.

In addition to not recording those adjustments, the utility made several errors in calculating accumulated depreciation balances for water and wastewater. First, the utility incorrectly applied the depreciation rate to the beginning water plant balance each year, which resulted in accumulated depreciation being understated by \$1,339. Second, the utility continued to calculate depreciation on the retired reuse plant, which overstated accumulated depreciation for wastewater by \$146,805. Third, the utility did not depreciate the interconnection plant, which resulted in wastewater accumulated depreciation being understated by \$48,065. The net adjustments to accumulated depreciation are \$1,339 for water and \$328,873 to wastewater. Based on these adjustments, we find that the utility's accumulated depreciation balances as of December 31, 2002, shall be \$122,647 for the water system and \$80,484 for the wastewater system.

### Contribution-In-Aid-of-Construction (CIAC)

The utility's books and records reflect CIAC balances of \$27,600 for water and \$55,920 for wastewater. However, the utility did not book the adjustment required by Order No. PSC-98-0130-FOF-WS to remove \$23,400 in contributed land as a result of the retired wastewater plant. One customer was added since the last rate case, but the CIAC for the new customer was not recorded. Therefore, CIAC shall be increased by \$330 for water and \$412 for wastewater. As mentioned above, the utility exchanged wastewater land for water land, and all wastewater land was removed to reflect the retirement. The land was donated to the utility. Therefore, an adjustment of \$7,800 to increase water CIAC and decrease wastewater CIAC shall be made to reflect the exchange of land. Based on the above adjustments, we find that the utility's CIAC balances as of December 31, 2002, shall be \$35,730 for water and \$25,132 for wastewater.

### Accumulated Amortization of CIAC

The utility recorded accumulated amortization of CIAC balances of \$8,273 for water and \$11,932 for wastewater as of December 31, 2002. The utility used an amortization rate of 2.39% for water and 1.47% for wastewater from 1997 to 2002. Order No. PSC-98-0130-FOF-WS required the utility to correct its balances by computing and using the appropriate yearly composite rate.

Our staff's audit investigation revealed that the CIAC records were not adequately maintained by the utility. Pursuant to Rule 25-30.140(9)(b), Florida Administrative Code, a composite plant depreciation rate shall be used when CIAC records and accounts are not adequately maintained by the utility.

Recalculating the accumulated amortization of CIAC balances by using annual composite depreciation rates, we find that the accumulated amortization of CIAC balances shall be increased by \$3,843 for water and \$6,025 for wastewater to reflect amortization of CIAC balances of \$12,116 for water and \$17,957 for wastewater as of December 31, 2002.

#### Rate Base

Our determination of rate base for the utility's water and wastewater systems is shown on Schedule Nos. 1 and 2, respectively. The adjustments to rate base are itemized on Schedule No. 3. These three schedules are attached hereto and incorporated herein by reference. Based on these schedules, we establish rate base for Paradise Lakes as \$101,664 for the water system and \$315,569 for the wastewater system, as of December 31, 2002. These rate base calculations are used solely to establish the net book value of the property being transferred and do not include the normal ratemaking adjustments for working capital and percentages of used and useful facilities.

### III. CONTINUATION OF EXISTING RATES AND CHARGES

The utility's rates and service availability charges were originally approved by this Commission in Order No. 16589. In Order No. 19276, issued May 3, 1988, in Docket No. 871005-WS, In Re: Application of Paradise Lakes Utility, Ltd. for staff-assisted rate case in Pasco County, we approved increased water and wastewater rates and required service availability charges for the installation of meters. The rates were recently increased in an administrative price index proceeding pursuant to Rule 25-30.420, Florida Administrative Code, effective March 22, 2004. The utility's approved rates and charges are listed on Attachment B, which is incorporated herein by reference.

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

In 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) . . .

Paradise Lakes has not requested a change in the rates and charges of the utility. Accordingly, we find, pursuant to Rule 25-9.044(1), Florida Administrative Code, that Paradise Lakes 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 the name of the issuing officer due to this transfer of control. This tariff filing shall be effective for services rendered or connections made on or after the stamped approval date.

IV. OTHER MATTERS

To ensure that the utility adjusts its books in accordance with this order, Larry and Janice DeLucenay shall provide proof, within 90 days of the issuance of a final order on this matter, that the adjustments for all applicable NARUC USOA primary accounts have been made to the books of Paradise Lakes Utility, L.L.C. and that the utility's books and records conform with NARUC USOA. To assist the utility, the 2002 year-end plant balances approved herein are shown by primary account in Schedules Nos. 4 and 5, which are attached hereto.

This docket shall remain open pending receipt of proof from Paradise Lakes Utility, L.L.C. that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once that proof has been provided, this docket shall be closed administratively if no person whose substantial interests are affected by the proposed action discussed in Section II of this order timely files a protest to that action and a consummating order has been issued.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Larry and Janice DeLucenay for transfer of majority organizational control of Paradise Lakes Utility, L.L.C. is approved as final action by this Commission. It is further

ORDERED that for purposes of this transfer, rate base for Paradise Lakes Utility, L.L.C. is established as set forth in Section II of this order. It is further

ORDERED that Paradise Lakes Utility, L.L.C. shall continue to apply the rates and charges in effect prior to this transfer. It is further

ORDERED that Larry and Janice DeLucenay shall provide proof, within 90 days of the issuance of a final order on this matter, that the adjustments required by this order to all applicable NARUC USOA primary accounts have been made to the books of Paradise Lakes Utility, L.L.C. and that the utility's books and records conform with NARUC USOA. It is further

ORDERED that the provisions of Section II 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, 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, upon receipt of proof that the adjustments required by this order have been made to the utility's books and records and upon issuance of a consummating order with respect to Section II of this order, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 11th day of February, 2005.

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

By: Marcia Sharma  
Marcia Sharma, Assistant Director  
Division of the Commission Clerk  
and Administrative Services

( S E A L )

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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 in Section II of this order 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 March 4, 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.

**Paradise Lakes Utility, L.L.C.**

**Pasco County**

**Water And Wastewater Territory Description**

**Utility Service Area**

The Northeast 1/4 of the Northeast 1/4 of Section 35, and a portion of the South 1/2 of the Southwest 1/4 of the Southwest 1/4 of Section 25 and a portion of the South 1/2 of the East 3/4 of the Southeast 1/4 of the Southeast 1/4 of Section 26 all in Township 26 South, Range 18 East, Pasco County, Florida.

**Water - Monthly Service Rates**  
**General, Residential, and Multi-Residential Services**

**Flat Rates - General Service**

Clubhouse, pool guard house, maintenance building  
(31.4 ERCs) \$ 368.59

**Flat Rates - Residential**

Single Family Homes \$ 11.69  
Double Wide Mobile Homes \$ 11.69

**Flat Rates - Multi-Residential Service**

One, two, and three bedroom condominiums  
(31.4 ERCs) \$ 11.69

**Meter Sizes (Phase III):**

**Base Facility Charge**

5/8" x 3/4"	\$ 6.16
3/4"	9.22
1"	15.38
1 1/2"	30.76
2"	49.21
3"	98.43
4"	153.79
6"	307.59

Charge per 1,000 gallons \$ 1.81  
(3,000 gallon cap)

**Wastewater - Monthly Service Rates**  
**General, Residential, and Multi-Residential Services**

Flat Rates - General Service

Clubhouse, Pool, Guard house, Maintenance building  
Recreational Vehicle Park (31.5 ERCs) \$ 819.89

Flat Rates - Residential

Single Family Homes \$ 26.01  
Double Wide Mobile Homes \$ 26.01

Flat Rates - Multi-Residential Service

One, two, and three bedroom condominiums  
(31.4 ERCs) \$ 26.01

Meter Sizes (Phase III):

	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 9.09
3/4"	13.63
1"	22.73
1 1/2"	45.46
2"	72.74
3"	145.49
4"	227.32
6"	454.64

Charge per 1,000 gallons \$ 5.40

**Service Availability Charges**

	<b>Water</b>	<b>Wastewater</b>
Meter Installation Fee		
5/8"x3/4"	\$ 100.00	
1"	\$ 250.00	
1 1/2"	\$ 487.00	
2"	\$ 582.00	
3"	\$ 750.00	
4"	\$1,250.00	
System Capacity Charge	\$ 230.00	\$412.00

SCHEDULE NO. 1

**PARADISE LAKES UTILITY, L.L.C.  
SCHEDULE OF WATER RATE BASE  
AS OF DECEMBER 31, 2002**

<b><u>DESCRIPTION</u></b>	<b><u>BALANCE PER UTILITY</u></b>	<b><u>COMMISSION ADJUSTMENTS</u></b>	<b><u>BALANCE PER PSC</u></b>
Utility Plant in Service	\$227,525	0	\$227,525
Land	7,800	12,600	20,400
Contributions in Aid of Construction (CIAC)	(27,600)	(8,130)	(35,730)
Accumulated Depreciation	(121,308)	(1,339)	(122,647)
Amortization of CIAC	<u>8,273</u>	<u>3,843</u>	<u>12,116</u>
WATER RATE BASE	<u>\$ 94,690</u>	<u>\$ 6,974</u>	<u>\$101,664</u>

SCHEDULE NO. 2

PARADISE LAKES UTILITY, L.L.C.  
SCHEDULE OF WASTEWATER RATE BASE  
AS OF DECEMBER 31, 2002

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER PSC</u>
Utility Plant in Service	\$ 667,270	(\$264,042)	\$403,228
Land	36,000	(36,000)	0
Contributions in Aid of Construction (CIAC)	(55,920)	30,788	(25,132)
Accumulated Depreciation	(413,310)	328,873	(80,484)
Amortization of CIAC	<u>11,932</u>	<u>6,025</u>	<u>17,957</u>
WASTEWATER RATE BASE	<u>\$ 245,972</u>	<u>\$ 69,598</u>	<u>\$315,569</u>

**SCHEDULE NO. 3**

**PARADISE LAKES UTILITY, L.L.C.  
SCHEDULE OF ADJUSTMENT TO RATE BASE  
AS OF DECEMBER 31, 2002**

EXPLANATION	ADJUSTMENTS	
	Water	Wastewater
<u>A) Utility Plant-In-Service</u>		
1. Per Order PSC-98-0130-FOF-WS		<u>\$(264,042)</u>
<u>B) Land</u>		
1. Per Order PSC-98-0130-FOF-WS		\$ (23,400)
2. To record exchange of land	\$ <u>12,600</u>	<u>(12,600)</u>
Total adjustment	\$ <u>12,600</u>	\$ <u>(36,000)</u>
<u>C) CIAC</u>		
1. Per Order PSC-98-0130-FOF-WS		\$ 23,400
2. To reflect the exchange of land	\$(7,800)	\$ 7,800
3. To record additional CIAC	\$ ( 330)	<u>(412)</u>
Total adjustment	\$ <u>(8,130)</u>	\$ <u>30,788</u>
<u>D) Accumulated Depreciation</u>		
1. Per Order PSC-98-0130-FOF-WS	\$	\$ 230,132
2. To remove deprec. on retired plant		146,805
3. To record deprec. on interconnection		(48,065)
4. To correct depreciation	(1,339)	
Total adjustment	\$ <u>(1,339)</u>	\$ <u>328,873</u>
<u>E) Accumulated Amortization</u>		
1. To correct amortization	\$ <u>3,843</u>	\$ <u>6,025</u>



PARADISE LAKES UTILITY, L.L.C.		SCHEDULE NO. 4	
WATER PLANT BALANCES AS OF DECEMBER 31, 2002			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
301	Organization	\$2,353	\$1,302
304	Structures and Improvements	2,242	1,606
307	Wells and Springs	7,076	5,212
309	Supply Mains	73,851	43,434
310	Power Generation Equipment	1,943	2,057
311	Pumping Equipment	21,244	14,178
320	Water Treatment Plant	49,425	27,443
330	Distribution Reservoirs & Standup	7,955	5,045
331	Transmission & Distribution	32,804	11,619
333	Services	8,327	4,042
334	Meters & Meter Installation	19,643	6,441
344	Laboratory Equipment Power Operated Equipment	130	110
345	Power Operated Equipment	532	160
	<b>Total Water Plant</b>	<u>\$227,525</u>	<u>\$122,647</u>

PARADISE LAKES UTILITY, L.L.C.		SCHEDULE NO. 5	
WASTEWATER PLANT BALANCES AS OF DECEMBER 31, 2002			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
351	Organization	\$2,403	330
354	Structures and Improvements	7,803	1,502
360	Collection Sewers – Force	31,805	6,451
361	Collection Sewers – Gravity	96,593	13,282
363	Services to Customers	13,200	2,074
370	Receiving Wells	2,854	746
381	Plant Sewers	45,327	7,642
382	Outfall Sewer Lines	1620	297
397	Miscellaneous Equipment	623	93
	Interconnect to Pasco County	<u>201,000</u>	<u>48,065</u>
	<b>Total Wastewater Plant</b>	<b><u>\$403,228</u></b>	<b><u>\$80,484</u></b>