

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for certificate to operate water utility in Lake County by Colina Bay Water Company, LLC. | DOCKET NO. 060139-WU  
ORDER NO. PSC-06-0775-PAA-WU  
ISSUED: September 18, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

FINAL ORDER GRANTING CERTIFICATE NO. 632-W TO COLINA BAY WATER  
COMPANY, LLC  
AND  
NOTICE OF PROPOSED AGENCY ACTION  
ORDER SETTING INITIAL RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action granting Certificate No. 632-W to Colina Bay Water Company, LLC is final agency action; however, the action setting initial rates and charges discussed herein 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.

I. Background

On February 15, 2006, Colina Bay Water Company, LLC (Colina Bay or utility) filed its application for an original water certificate in Lake County. The proposed area is located in the St. Johns River Water Management District. Water use restrictions have been imposed district wide to encourage conservation. The utility anticipates serving a total of approximately 73 equivalent residential connections (ERCs) when it reaches build out in approximately five years. Wastewater service is being provided by individual septic tanks.

The utility's initial application was found to be deficient, and the utility did not correct the deficiencies until June 6, 2006, which became the official filing date. Pursuant to Section 367.031, Florida Statutes, this Commission must grant or deny an application for a certificate of authorization within 90 days after the official filing date, making any action on the application due by September 4, 2006.

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

The utility will provide service to Colina Bay, LLC (developer), a related party. The planned development is along the north side of the Ronald Reagan Turnpike and across the Turnpike from the closest utility, the City of Clermont, which has declined to provide water service to the proposed development.

Colina Bay was formed on December 1, 2005. Its application indicates that construction will begin in 2006. The developer and utility anticipate that the first residents will be moving into the service area in late 2006, with the system operating at 80% of design capacity in 2010.

The completed water system will consist of one 101 gallons per minute (gpm) well, a central treatment plant, and a 15,000 gallon hydropneumatic storage tank. Treatment will include sodium hypochlorite and possibly aeration for removal of sulfides.

This Order addresses the application for original water certificate and initial rates and charges. We have jurisdiction pursuant to Sections 367.031 and 367.045, Florida Statutes.

## II. Application for Water Certificate

As stated above, Colina Bay completed its application on June 6, 2006. The application is in compliance with the governing statute, Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for original certificate. In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the notice of application have been received and the time for filing such has expired.

Colina Bay has not provided evidence that the utility owns the land upon which the utility's facilities will be located. However, Rule 25-30.033(1)(j), Florida Administrative Code, allows an applicant who does not own the land to submit an unexecuted copy of the warranty deed, provided the utility files an executed and recorded copy of the deed within 30 days after the Order granting the certificate. Accordingly, the applicant has submitted an unexecuted copy of a warranty deed and has agreed to file an executed and recorded warranty deed with this Commission within 30 days of our order granting a certificate to the utility.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(l), (m), and (n), Florida Administrative Code. A description of the territory requested by the applicant is appended to this Order as Attachment A.

Regarding financial ability, the application states that the developer will provide necessary startup funding as well as funds sufficient to cover operation shortfalls during the utility's initial years. Our staff reviewed the financial statements of the developer and it appears that there are adequate resources to support the utility during the initial years of operation.

Regarding the applicant's technical ability, the developer indicated that it will make the financial and operating commitment necessary for the utility to be successful in its endeavor to provide water service to the residents within the Colina Bay service territory. Towards that end, the applicant will retain licensed professionals for management and operation of the utility.

systems. Therefore, it appears that Colina Bay has both the financial and technical ability to provide water service to the proposed service area.

According to the application, there is currently a need for water service within the proposed service territory. As discussed above, the developer anticipates that the construction of the water facilities will commence in 2006. The development will consist of 73 single family estate homes to be developed in 2006 through 2010. Further, the applicant believes there are no other utilities near the proposed service area which can provide the necessary water service, and construction by Colina Bay is the only viable alternative.

The application states that the provision of service in the proposed service territory, as outlined in the application, is consistent with the water sections of the local comprehensive plan for Lake County, as approved by the Department of Community Affairs (DCA). A review of the application by the DCA revealed that the proposed development and the provision of central potable water service to the proposed territory are consistent with the Future Land Use Map of the Lake County plan.

Historically, we have issued a separate document that served as the utility's certificate of authorization. As a cost and time saving measure, we find that Attachment B to this Order shall serve as the utility's certificate of authorization, and this process shall be used in future certificate applications. Further, our staff will begin rulemaking in the near future to revise references in Rule 25-30, Florida Administrative Code, to facilitate this change. No change to Chapter 367, Florida Statutes, is required.

Based on the above information, we find it is in the public interest to grant the application for original certificate. Accordingly, Colina Bay shall be granted Certificate No. 632-W to serve the territory described in Attachment A effective August 29, 2006. This Order shall serve as Colina Bay's water certificate and shall be retained by the utility. The utility shall file an executed and recorded copy of the warranty deed for the land for the water facilities within 30 days of the issuance date of the Order granting the certificate.

### III. Calculation of Projected Rate Base, Cost of Capital, and Revenue Requirement

In the early years of development, we have found that there may not be a sufficient customer base to allow the utility to recover its operating and maintenance expenses and earn a fair return on its investment. Therefore, in setting initial rates and charges for a new utility, our practice has been to set rates so that the utility will have an opportunity to earn a fair return on its investment when approximately 80% of its projected customers are being served. Consistent with our policy for setting initial rates and charges, the utility has requested rates and charges based on the system operating at 80% of its designed capacity. According to the application, the development is expected to grow steadily and reach 80% build out in approximately four years.

Colina Bay has estimated average usage per ERC of 500 gallons per day (gpd) for water. Colina Bay's proposed rates are based on its projected rate base, cost of capital, operating and maintenance expenses, and customer growth. In reviewing the utility's projections and the resulting proposed rates and charges, our staff verified that the utility's methodologies are

consistent with those normally used by this Commission in setting initial rates and charges. Our analysis of the utility's projected rate base, return on investment, revenue requirement, and rates and charges for water service is as follows:

#### A. Projected Rate Base

The utility's projected rate base at 80% of total design capacity is \$301,365. The utility's proposed rate base appears on Schedule No. 1. The rate base schedule is for informational purposes to establish initial rates and is not intended to formally establish rate base. This is consistent with our practice in original certificate applications. The components of the projected rate base are as follows:

##### 1. Utility Plant in Service (UPIS) and Land

The utility's projected capital costs include \$702,593 for approximately 2.56 acres of land and \$579,347 for structures and improvements, wells, supply mains, power generation and pumping equipment, water treatment equipment, distribution reservoirs, transmission and distribution mains, service lines, and meters. The proposed water facilities are designed to serve the total build out of 73 ERCs.

Our staff reviewed the utility's proposed UPIS and land costs, and though the cost of the land per acre is relatively high, based on the supporting documentation provided, the projections appear reasonable. The utility is aware that, because this Commission will not be formally setting rate base in this docket, it will be required to justify the cost of the land in a subsequent proceeding. Therefore, the utility's projected UPIS and land costs of \$1,281,940 shall be included in the projected rate base.

##### 2. Accumulated Depreciation

The utility's projected accumulated depreciation is \$83,411 at 80% design capacity. The projected accumulated depreciation balance was calculated using the guidelines for average service lives as set forth in Rule 25-30.140, Florida Administrative Code, and shall be included in the calculation of the projected rate base.

##### 3. Contributions-in-Aid-of-Construction (CIAC)

The utility's projected CIAC balance of \$945,715 is based on a proposed main extension charge of \$2,900 per ERC, a plant capacity charge of \$9,900 per ERC, and a meter installation charge of \$155 per ERC. As discussed later in this Order, the utility's projected contribution level at design capacity is expected to be approximately 75.09%.

Our staff's review of the utility's proposed charges and projected CIAC balances shows that they appear to be reasonable. Therefore, CIAC of \$945,715 shall be included in the projected rate base.

#### 4. Accumulated Amortization of CIAC

The utility projected accumulated amortization of CIAC of \$43,776 at 80% of design capacity. Our staff reviewed the utility's projection and found it to be reasonable. Therefore, accumulated amortization of CIAC of \$43,776 shall be included in the projected rate base.

#### 5. Working Capital

The utility showed a working capital allowance of \$4,775 in the projected rate base calculations based on one-eighth of operating and maintenance expenses. Our staff reviewed this amount and found it to be reasonable. Therefore, a working capital allowance of \$4,775 shall be included in the projected rate base.

#### 6. Summary of Projected Rate Base

Based on the above, the utility projected rate base to be \$301,365, and this figure is approved by this Commission and shall be used to set initial rates and charges. The schedule of rate base is for informational purposes to establish initial rates and is not intended to formally establish rate base.

#### B. Cost Of Capital

The projected capital structure for Colina Bay appears on Schedule No. 2. As required by Rule 25-30.033(1)(w), Florida Administrative Code, the application contained a schedule of the projected capital structure for Colina Bay including the methods of financing the construction and operation of the utility. The pro forma capital structure consists of 40% equity and 60% debt. Equity contributions will be made as required by the developer to finance the operations of the utility in the initial years of development. The utility proposed an overall cost of capital of 9.32% based on a cost of equity of 11.78% and a cost of debt of 7.69%. Given that this is a new utility with no customers, the capital structure and cost of capital are hypothetical.

The 11.78% cost of equity is based on the leverage formula in effect at the time of the company's filing, which became final on July 13, 2005.<sup>1</sup> The 7.69% cost of debt is based on the current LIBOR (London Interbank Offered Rate) rate (4.84%) plus 2.85%.

We calculate an overall cost of capital of 9.32% for Colina Bay based on a capital structure consisting of 40% equity and 60% debt, a cost of equity of 11.78%, and a cost of debt of 7.69%. This appears to be a reasonable overall cost of capital for calculating the revenue requirement for this original certificate case. The authorized return on equity shall be set at the mid-point of 11.78% with a range of plus or minus 100 basis points.

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<sup>1</sup> Order No. PSC-05-0680-PAA-WS, issued June 20, 2005, in Docket No. 050006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

C. Return On Investment

The utility's projected return on investment based on a cost of capital of 9.32% is \$28,087, which is shown on Schedule No. 3. Based on the utility's projected rate base and overall return on investment for Colina Bay of 9.32%, we find that a projected return on investment for Colina Bay of \$28,087 shall be included in the calculation of the revenue requirement.

D. Revenue Requirement

Colina Bay's proposed revenue requirement is \$101,148. The utility's proposed revenue requirement and rates are based on its projected rate base, the cost of capital, operating and maintenance expenses, and customer growth. The following analysis describes the utility's proposed and our review of the revenue requirements.

1. Operating and Maintenance Expenses

The utility's projected operating and maintenance expenses at 80% of design capacity are \$38,200. Included in these expenses are the operating costs such as chemicals, purchased power, insurance, and contractual services. The projected amounts appear to be reasonable, and, therefore, \$38,200 shall be included in the revenue requirement for operating and maintenance expenses.

2. Depreciation and Amortization of CIAC

The utility projected depreciation expense at 80% of design capacity of \$23,828. Projected amortization of CIAC is \$14,727. The utility's projected depreciation and amortization expenses appears to be reasonable. Therefore, the depreciation and amortization expenses of \$23,828 and \$14,727 shall be included in the projected revenue requirement.

3. Taxes Other Than Income

The projected balance for taxes other than income for Colina Bay of \$25,760 includes regulatory assessment fees of 4.5% of gross revenues, property taxes of 1.83059% of rate base, and other taxes and licenses. The utility's proposed property taxes, other taxes, and licenses appear reasonable. Therefore, taxes other than income of \$25,760 shall be included in the projected revenue requirement.

4. Summary of Revenue Requirement

Based on review of the utility's proposed operating and maintenance expenses, depreciation and amortization of CIAC, taxes other than income, and return on investment, we calculate the projected revenue requirement to be \$101,148, and this figure shall be used in setting initial rates for Colina Bay.

#### IV. Initial Rates and Charges

##### A. Rates and Rate Structure

The utility's proposed residential and general service rates are based on a revenue requirement of \$101,148. The requested water rates include a base facility charge (BFC) and gallonage charge to be billed monthly. We have historically considered the BFC and gallonage charge to be an effective conservation rate structure.

Colina Bay proposed a BFC of \$31.36 for a 5/8" by 3/4" meter and a single gallonage rate of \$7.49 per 1,000 gallons. As proposed by the utility, the BFC would generate approximately 21% of the total revenue requested. Although our staff considered several alternative rate structures, including an increased BFC, it found that increasing the BFC did not significantly affect the gallonage rate. Further, our staff considered an inclining block rate structure but determined that because the utility is not yet constructed, there is no data to use as a basis for determining the appropriate usage blocks. In addition, we believe the single gallonage rate of \$7.49 per 1000 gallons requested by the utility should encourage conservation.

Based upon the above factors, we find that the utility's requested rate structure for water service is reasonable and shall be approved. The utility's requested monthly water rates and our approved rates, along with a comparison of typical monthly bills, are shown on Schedule No. 4.

##### B. Miscellaneous Service Charges and Late Payment Charge

The utility's proposed miscellaneous service charges are in compliance with Rule 25-30.460, Florida Administrative Code, which defines four categories of miscellaneous service charges.

The utility has also requested authorization to implement a \$5 late payment charge. The purpose of a late payment charge is not only to provide an incentive for customers to make timely payments, thereby reducing the number of delinquent accounts, but to also place the cost burden of processing such delinquencies solely upon those who are the cost causers. In Order Nos. PSC-06-0170-PAA-WS and PSC-06-0331-PAA-WS, this Commission found that the majority of utilities that have Commission-approved late fees have those late fees set at \$5.<sup>2</sup>

Based on the above, the proposed miscellaneous service charges, including the late payment fee, are approved.

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<sup>2</sup> Order No. PSC-06-0170-PAA-WS, issued March 1, 2006, in Docket No. 050281-WS, In re: Application for increase in water and wastewater rates in Volusia County by Plantation Bay Utility Company. Order No. PSC-06-0331-PAA-WS, issued April 24, 2006, in Docket No. 050902-WS, In re: Application to transfer assets and Certificate Nos. 590-W and 508-S in Polk County from Lake Haven Utility Associates, Ltd., d/b/a Lake Wales Utility Company to Gold Coast Utility Corp.

### C. Summary

Our approved water rates, miscellaneous service charges, and late payment fees are shown on Schedule No. 4. Colina Bay shall charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. The rates shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code.

### V. Service Availability Charges

Rule 25-30.580(1)(a), Florida Administrative Code, provides as a guideline that the maximum amount of contributions-in-aid-of-construction (CIAC), net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. Rule 25-30.580(1)(b), Florida Administrative Code, provides as a guideline that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution systems.

The utility's requested service availability policy and charges are designed in accordance with these guidelines. Specifically, the utility is requesting approval of a water plant capacity charge of \$9,900, a main extension charge of \$2,900, and meter installation charges of \$155. Although a higher service availability charge was considered, our staff determined that the resulting reduction in rates would be too small to justify a reduction in the utility's investment. Therefore, the utility's requested plant capacity charge of \$9,900, main extension charge of \$2,900, and meter installation charges shall be approved.

The utility's proposed service availability charges are projected to result in a contribution level of 75.4% at design capacity as shown on Schedule No. 5. Based on the above, the utility's proposed service availability charges shown on Schedule No. 6 are reasonable and shall be approved. These charges shall be effective for connections made on or after the stamped approval date on the tariff sheets.

### VI. Allowance for Funds Used During Construction (AFUDC)

Rule 25-30.033(4)(a), Florida Administrative Code, states that "the applicable AFUDC rate shall be determined as the utility's projected weighted cost of capital as demonstrated in its application for original certificates and initial rates and charges." Further, Rule 25-30.033(4)(b), Florida Administrative Code, states that "a discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3), Florida Administrative Code, shall be used to insure that the annual AFUDC charged does not exceed authorized levels." Our staff has reviewed the utility's calculation, and, based on that review, we find that an AFUDC rate of 9.32%, discounted to a monthly rate of 0.7453404%, is appropriate and shall be approved. Pursuant to Rule 25-30.033(4)(c), Florida Administrative Code, the utility's AFUDC rate shall be effective for eligible construction projects beginning on or after the effective date of the certificate of authorization.



Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Colina Bay Water Company, LLC, shall be granted Certificate No. 632-W to serve the territory described in Attachment A effective August 29, 2006. It is further

ORDERED that all schedules and attachments to this Order are incorporated by reference herein. It is further

ORDERED that this Order shall serve as Colina Bay Water Company, LLC's water certificate and shall be retained by the utility. It is further

ORDERED that Colina Bay Water Company, LLC, shall file an executed and recorded copy of the warranty deed for the land for the water facilities within 30 days of the issuance date of this Order. It is further

ORDERED that the provisions of this Order concerning initial rates and charges, 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 the approved water rates, miscellaneous service charges, and late payment fee shall be as shown on Schedule No. 4. It is further

ORDERED that Colina Bay Water Company, LLC, shall charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. It is further

ORDERED that the rates shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. It is further

ORDERED that the service availability charges shown on Schedule No. 6 are approved and charges shall be effective for connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that Colina Bay Water Company, LLC's proposed Allowance for Funds Used During Construction rate of 9.32% shall be approved with a discounted monthly rate of 0.7453404%. It is further

ORDERED that the approved rate shall be applicable for eligible construction projects beginning on or after the effective date of the certificate of authorization. It is further

ORDERED that if no protest to the initial rates and charges, issued as proposed agency action, is filed by a substantially affected person within 21 days of the date of this Order, a Consummating Order shall be issued and the docket shall be closed administratively upon receipt of the executed and recorded copy of the warranty deed.

By ORDER of the Florida Public Service Commission this 18th day of September, 2006.

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

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

RRJ

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 concerning initial rates and charges 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 October 9, 2006. 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 concerning the granting of a water certificate 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.

COLINA BAY WATER COMPANY, LLC

DESCRIPTION OF TERRITORY SERVED

Water Service Area

Lake County

DESCRIPTION:

THAT PART OF SECTIONS 14 AND 23, TOWNSHIP 22 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, LYING NORTH OF COUNTY ROAD NO. 455 AND SOUTH OF THE CENTERLINE OF THE ABANDONED SEABOARD AIR LINE RAILROAD RIGHT-OF-WAY BEING DESCRIBED AS FOLLOWS:

COMMENCE AT THE EAST 1/4 CORNER OF SECTION 23, TOWNSHIP 22 SOUTH, RANGE 26 EAST; THENCE RUN N00°36'58"E, ALONG THE EAST BOUNDARY OF SAID SECTION 23, 793.00 FEET; THENCE RUN N89°23'02"W, 1012.00 FEET TO A LINE 1012.00 FEET WEST OF WHEN MEASURED PERPENDICULAR TO THE EAST LINE OF SAID SECTION 23; THENCE RUN N00°36'58"E ALONG SAID LINE, 41.36 FEET TO THE POINT OF BEGINNING; SAID POINT BEING AT THE SOUTHWEST CORNER OF TRACT "A", GOURD NECK SPRINGS, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 34, PAGES 51 AND 52 BEING A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF WINTER ROAD; THENCE CONTINUE N00°36'58"E ALONG SAID LINE 1012.00 FEET WEST OF WHEN MEASURED PERPENDICULAR TO THE EAST LINE OF SAID SECTION 23, ALSO BEING THE WEST LINE OF AFORESAID GOURD NECK SPRINGS, 1853.23 FEET TO THE NORTH LINE OF THE NORTHEAST 1/4 OF SAID SECTION 23, EXTENDED INTO THE WATERS OF LAKE APOPKA; THENCE N89°33'10"W ALONG SAID NORTH LINE OF THE NORTHEAST 1/4, 1640.42 FEET TO THE NORTH 1/4 CORNER OF SAID SECTION 23, SAID NORTH 1/4 CORNER ALSO BEING THE SOUTH 1/4 CORNER OF SAID SECTION 14, TOWNSHIP 22 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA; THENCE RUN N00°31'20"E ALONG THE MID-SECTION LINE OF SAID SECTION 14, 33.72 FEET TO A POINT ON THE CENTERLINE OF THE ABANDONED SEABOARD AIR LINE RIGHT-OF-WAY; THENCE N75°58'03"W, ALONG SAID RIGHT-OF-WAY CENTERLINE, 135.74 FEET; THENCE RUN N76°01'03"W ALONG SAID RIGHT-OF-WAY CENTERLINE, 1265.03 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 1160.92 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE AND SAID RIGHT-OF-WAY CENTERLINE THROUGH A CENTRAL ANGLE 18°36'33", AN ARC DISTANCE OF 377.06 FEET, A CHORD BEARING OF N66°42'46"W AND A CHORD DISTANCE OF 375.40 FEET, TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF COUNTY ROAD 455 PER SUNSHINE STATE PARKWAY RIGHT-OF-WAY MAP AND A POINT ON A NON-TANGENT CURVE, SAID CURVE CONCAVE

NORTHEASTERLY AND HAVING A RADIUS OF 1095.92 FEET; THENCE RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE AND SAID NORTHERLY RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 15°20'50", AN ARC

DISTANCE OF 293.55 FEET, A CHORD BEARING OF S38°56'07"E AND A CHORD DISTANCE OF 292.68 FEET TO A POINT OF TANGENCY; THENCE RUN S46°36'32"E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 1438.33 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 1095.92 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE AND SAID NORTHERLY RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 19°57'28", AN ARC DISTANCE OF 381.74 FEET, A CHORD BEARING OF S56°35'16"E AND A CHORD DISTANCE OF 379.81 FEET TO A POINT ON A NON-TANGENT LINE; THENCE RUN S23°26'00"W, 25.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF COUNTY ROAD OLD HIGHWAY 50 PER COUNTY ROAD OLD 50 RIGHT-OF-WAY SURVEY AND MAINTENANCE RIGHT-OF-WAY MAP DATED JANUARY 26, 2001, LAKE COUNTY PUBLIC WORKS; THENCE RUN S66°14'54"E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 165.22 FEET; THENCE RUN S66°39'32"E ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 1103.97 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 979.93 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE AND SAID NORTHERLY RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 25°42'25", AN ARC DISTANCE OF 439.67 FEET, A CHORD BEARING OF S53°48'19"E AND A CHORD DISTANCE OF 435.99 FEET TO A POINT ON A NON-TANGENT LINE; THENCE RUN N49°26'40"E, 64.68 FEET; THENCE RUN N70°18'50"E, 50.00 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF WINTER ROAD PER FLORIDA TURNPIKE RIGHT-OF-WAY MAP SAID POINT ALSO BEING ON A NON-TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 910.50 FEET; THENCE RUN SOUTHERLY ALONG THE ARC OF SAID CURVE AND SAID NORTHERLY RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 12°57'24", A CHORD BEARING OF S26°09'54"E AND A CHORD DISTANCE OF 205.46 FEET TO THE POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 117.00 FEET; THENCE RUN EASTERLY ALONG THE ARC OF SAID CURVE AND SAID NORTHERLY RIGHT-OF-WAY LINE THROUGH A CENTRAL ANGLE OF 49°51'49", AN ARC DISTANCE OF 101.82 FEET, A CHORD BEARING OF S57°34'35"E AND A CHORD DISTANCE OF 98.64 FEET TO THE POINT OF BEGINNING.

CONTAINS 73.75 ACRES MORE OR LESS.

**FLORIDA PUBLIC SERVICE COMMISSION**

authorizes

**Colina Bay Water Company, LLC**  
pursuant to  
**Certificate Number 632-W**

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-06-0775-PAA-WU	September 18, 2006	060139-WU	Original Certificate

COLINA BAY WATER COMPANY, LLC.  
 Schedule of Water Rate Base  
 At 80% of Design Capacity

Schedule No. 1

<u>DESCRIPTION</u>	<u>UTILITY PROPOSED/ COMMISSION APPROVED</u>
Utility Plant in Service	\$579,347
Land	\$702,593
Accumulated Depreciation	(83,411)
Contributions in Aid of Construction (CIAC)	(945,715)
Accumulated Amortization of CIAC	43,776
Working Capital Allowance	<u>4,775</u>
PROJECTED WATER RATE BASE	<u>\$301,365</u>

COLINA BAY WATER COMPANY, LLC.  
 Schedule of Cost of Capital  
 At 80% of Design Capacity

Schedule No. 2

<u>DESCRIPTION</u>	<u>UTILITY PRO- POSED/COMMISSION APPROVED</u>	<u>WEIGHT</u>	<u>COST RATE</u>	<u>WEIGHTED COST</u>
Common Equity	\$120,546	40.0%	11.78%	4.71%
Long & Short-Term Debt	180,819	60.0%	7.69%	4.61%
Total	\$301,365	100.0%		9.32%
<u>Range of Reasonableness</u>	<u>High</u>		<u>Low</u>	
Common Equity	12.78%		10.78%	
Overall Rate of Return	9.72%		8.92%	

COLINA BAY WATER COMPANY, LLC.  
Schedule of Water Operating Revenues  
At 80% of Design Capacity

Schedule No. 3

<u>DESCRIPTION</u>	<u>UTILITY PROPOSED/ COMMISSION APPROVED</u>
Operating Revenues	<u>\$101,148</u>
Operating and Maintenance	38,200
Net Depreciation Expense	9,101
Taxes Other Than Income	25,760
Income Taxes	<u>0</u>
Total Operating Expense	<u>\$73,061</u>
Net Operating Income(Loss)	<u>\$28,087</u>
Water Rate Base	\$301,365
Rate of Return	9.32%



COLINA BAY WATER COMPANY, LLC.  
Schedule of Monthly Rates and Charges

Schedule No. 4

**Monthly Service Rates**  
**Residential and General Service**

<u>Base Facility Charge</u> <u>Meter Size:</u>	<u>Utility Requested/ Commission Approved</u>
5/8" x 3/4"	\$31.36
1"	\$78.40
Charge per 1,000 gallons:	\$7.49

**Typical Residential Bills**

<u>5/8" x 3/4" meter</u>	
5,000 gallons	\$68.81
10,000 gallons	\$106.26
20,000 gallons	\$181.16

**Miscellaneous Service Charges/Late Payment Fee**

	<u>Utility Requested/ Commission Approved</u>
Initial Connection	\$ 15.00
Normal Reconnection	15.00
Violation Reconnection:	15.00
Premises Visit (in lieu of disconnection)	10.00
Late Payment Fee	5.00

COLINA BAY WATER COMPANY, LLC.  
Schedule of Net Plant to Net CIAC  
At 100% of Design Capacity

Schedule No. 5

	<u>Utility Proposed/ Commission Approved</u>
Utility Plant in Service	\$1,281,940
Accumulated Depreciation	<u>(107,239)</u>
Net Plant	<u>\$1,174,701</u>
CIAC	\$945,715
Accum. Amortization of CIAC	<u>(60,142)</u>
Net CIAC	<u>\$885,573</u>
Net CIAC/Net Plant	75.40%

COLINA BAY WATER COMPANY, LLC.  
Schedule of Service Availability Charges

Schedule No. 6

<u>Meter Installation Fee</u>	<u>Utility Proposed/ Commission Approved</u>
5/8" x 3/4"	\$ 155.00
Over 5/8" x 3/4"	Actual Cost
Plant Capacity Charge per ERC	\$9,900.00
Main Extension Charge per ERC	\$ 2,900.00
ERC = 500 gpd	