

Rhema Business Services, Inc.
1544 Vickers Drive
Tallahassee, FL 32303-5041

(904) 502-9886
(904) 502-9887 FAX

October 16, 1996

Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. *No 1246-WS*, Application of Southlake Utilities, Inc. for Amendment of Certificates No. 533-W and No. 464-S to add territory in Lake County

Gentlemen:

Enclosed are the original and twelve (12) copies of the referenced application and Exhibits I, II, III, IV, V, VI, VII, VIII, IX, X, XI, XII, XIII, XIV, XV, XVI, XVIII and XXII. One copy of Exhibit XVII, Territory Maps, is enclosed. Exhibits XIX, XX and XXI regarding legal notice will be late filed. The original and two (2) copies of the proposed tariff sheets are enclosed as Exhibit XXIII. Also enclosed are a check in the amount of \$300.00 in payment of the appropriate filing fees, and Certificates No. 533-W and No. 464-S.

Please direct all correspondence and inquires to me at the above address or telephone number.

- ACK _____
 - AFA _____
 - APP _____
 - CAF _____
 - CMU _____
 - CTR _____
 - EAG _____
 - LEG _____
 - LIN _____
 - OPC _____
 - RCH _____
 - SEC _____
 - WAS _____
 - OTH _____
- Sincerely,
RHEMA BUSINESS SERVICES, INC.
- Norman F. Mears*
Norman F. Mears
Senior Utility Consultant
- Hand deliver
Enclosures
cc: Robert L. Chapman, III

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.
Initials of person who forwarded check:
A.S.

RECEIVED & FILED
OCT 16 1996
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
11059 OCT 16 96
FPSC-RECORDS/REPORTING

PART II NEED FOR SERVICE

- A) Exhibit I - If the applicant is requesting an extension of territory, a statement regarding the need for service in the proposed territory, such as anticipated development in the proposed service area.

- B) Exhibit N/A - If the applicant is requesting a deletion of territory, a statement specifying the reasons for the proposed deletion, demonstrating that it is in the public interest and explaining the effect of the proposed deletion on the ability of any customer, or potential customer, to receive water and/or wastewater service, including alternative source(s) of service.

- C) Exhibit II - A statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan at the time the application is filed, as approved by the Department of Community Affairs, or, if not, a statement demonstrating why granting the amendment would be in the public interest.

PART III SYSTEM INFORMATION

A) **WATER**

- (1) Exhibit III - A statement describing the proposed type(s) of water service to be provided by the extension (i.e., potable, non-potable or both).

- (2) Exhibit IV - A statement describing the capacity of the existing lines, the capacity of the existing treatment facilities, and the design capacity of the proposed extension.

- (3) Exhibit V - The numbers and dates of any construction or operating permits issued by the Department of Environmental Protection for the system proposed to be expanded.

- (4) Exhibit VI - A description of the types of customers anticipated to be served by the extension, i.e., single family homes, mobile homes, duplexes, golf course, clubhouse, commercial, etc.

- (5) If the utility is requesting a deletion of territory, provide the number of current active connections within the territory to be deleted.

N/A

- (6) Exhibit VII - Evidence the utility owns the land where the water facilities that will serve the proposed territory are, or will be, located. If the utility does not own the land, a copy of the agreement, such as a 99-year lease, which provides for the long term continuous use of the land. The Commission may consider a written easement or other cost-effective alternative.

B) **WASTEWATER**

- (1) Exhibit VIII - A statement describing the capacity of the existing lines, the capacity of the existing treatment and disposal facilities, and the design capacity of the proposed extension.
- (2) Exhibit IX - The numbers and dates of any construction or operating permits issued by the Department of Environmental Protection for the system proposed to be expanded.
- (3) Exhibit X - If the utility is planning to build a new wastewater treatment plant, or upgrade an existing plant to serve the proposed territory, provide a written description of the proposed method(s) of effluent disposal.
- (4) Exhibit N/A - If (3) above does not include effluent disposal by means of reuse, provide a statement that describes with particularity the reasons for not using reuse.
- (5) Exhibit XI - A description of the types of customers anticipated to be served by the extension, i.e., single family homes, mobile homes, duplexes, golf course, clubhouse, commercial, etc.
- (6) If the utility is requesting a deletion of territory, provide the number of current active connections within the territory to be deleted.

N/A

- (7) Exhibit XII - Evidence the utility owns the land where the wastewater facilities that will serve the proposed territory are, or will be, located. If the utility does not own the land, a copy of the agreement, such as a 99-year lease, which provides for the long term continuous use of the land. The Commission may consider a written easement or other cost-effective alternative.

PART IV FINANCIAL AND TECHNICAL INFORMATION

- A) Exhibit XIII - A statement as to the applicant's technical and financial ability to render reasonably sufficient, adequate and efficient service.
- B) Exhibit XIV - A detailed statement regarding the proposed method of financing the construction, and the projected impact on the utility's capital structure.
- C) Provide the number of the most recent Commission order establishing or amending the applicant's rates and charges. Orders No. 24564 and No. PSC-96-1082-FOF-WS
- D) Exhibit XV - A statement regarding the projected impact of the extension on the utility's monthly rates and service availability charges.

PART V TERRITORY DESCRIPTION AND MAPS

A) **TERRITORY DESCRIPTION**

Exhibit XVI - An accurate description of the territory proposed to be added or deleted, using township, range and section references as specified in Rule 25-30.030(2), F.A.C. If the water and wastewater territory is different, provide separate descriptions.

B) **TERRITORY MAPS**

Exhibit XVII - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the proposed territory to be added or deleted is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

C) **SYSTEM MAPS**

Exhibit XVIII - One copy of detailed map(s) showing proposed lines and facilities and the territory proposed to be served. Map(s) shall be of sufficient scale and detail to enable correlation with a description of the territory proposed to be served. Provide separate maps for water and wastewater systems.

PART VI **NOTICE OF ACTUAL APPLICATION**

A) Exhibit XIX - An affidavit that the notice of actual application was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail to the following:

- (1) the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located;
- (2) the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and are located within the county in which the territory proposed to be served is located;
- (3) if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties that hold a certificate granted by the Commission;
- (4) the regional planning council;
- (5) the Office of Public Counsel;
- (6) the Public Service Commission's Director of Records and Reporting;
- (7) the appropriate regional office of the Department of Environmental Protection; and
- (8) the appropriate water management district.

Copies of the Notice and a list of entities noticed shall accompany the affidavit. **THIS MAY BE A LATE-FILED EXHIBIT**

- B) Exhibit XX - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system. A copy of the notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit XXI - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART VII FILING FEE

Indicate the filing fee enclosed with the application:

\$ 200 (for water) and/or \$ 100 (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee is as follows:

- (1) For applications in which the area to be extended or deleted has the proposed capacity to serve up to 100 ERCs, the filing fee shall be \$100.
- (2) For applications in which the area to be extended or deleted has the proposed capacity to serve from 101 to 200 ERCs, the filing fee shall be \$200.
- (3) For applications in which the area to be extended or deleted has the proposed capacity to serve from 201 to 500 ERCs, the filing fee shall be \$500.
- (4) For applications in which the area to be extended or deleted has the proposed capacity to serve from 501 to 2,000 ERCs, the filing fee shall be \$1,000.
- (5) For applications in which the area to be extended or deleted has the proposed capacity to serve from 2,001 to 4,000 ERCs, the filing fee shall be \$1,750.
- (6) For applications in which the area to be extended or deleted has the proposed capacity to serve more than 4,000 ERCs, the filing fee shall be \$2,250.

PART VIII TARIFF AND ANNUAL REPORTS

- A) Exhibit XXII - An affidavit that the utility has tariffs and annual reports on file with the Commission.

- B) Exhibit XXIII - The original and two copies of proposed revisions to the utility's tariff(s) to incorporate the proposed change to the certificated territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (The rules and sample tariff sheets are attached.)

PART IX AFFIDAVIT

I SOUTHLAKE UTILITIES, INC. (applicant) do solemnly swear or affirm that the facts stated in the foregoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitute a complete statement of the matter to which it relates.

BY: *Robert L. Chapman III*
Applicant's Signature

Robert L. Chapman, III
Applicant's Name (Typed)

President
Applicant's Title *

Subscribed and sworn to before me this 9th of October 1996.

Janice Griffith

Notary Public
Janice Griffith



JANICE GRIFFITH
My Commission CC542298
Expires Mar. 24, 2000

Personally Known

* If the applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If the applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area
Statement Regarding the Need for Service

The need for service is evidenced by the signing of the following area expansion agreement.

The requested territory is surrounded by the present Southlake Utilities certificated area. The only investor-owned utility within a four-mile radius which could potentially provide service to the area is Lake Groves Utilities, Inc. Pursuant to the February 10, 1993 settlement agreement, Lake Groves Utilities stipulated that it would not provide service in the requested territory.

PRE-DEVELOPER'S AGREEMENT

This agreement, made and entered into this 26TH day of August, 1996, by and between **SOUTHLAKE UTILITIES, INC.**, a Florida corporation, whose address is 800 U.S. 27, Clermont, Florida 34711 (hereinafter referred to as the "Utility"), and **PAUL L. CURTIS, as Trustee**, whose address is 425 West Colonial Drive, Suite 20, Orlando, Florida 32804, (hereinafter referred to as the "Owner").

Whereas, Owner desires to enter into an agreement to obtain public water and sewer supply from the Utility for its property located near the intersection of County Road 474 and U.S. Highway 27 in Lake County, Florida, as more specifically described in the attached legal description (Exhibit "A"), and

Whereas, the Utility desires to provide such service, in conformance with its tariffs and service availability policies, as approved by the Florida Public Service Commission ("PSC"), and

Whereas, to provide such service the utility must, at the Owner's request, submit an application to the Florida Public Service Commission for enlargement of its service area to include the area described in Exhibit "A", and

Now, therefore, the Utility and the Owner agree as follows:

1. The Utility will direct its PSC Consultant, Mr. Norman Mears of Tallahassee, Florida, to provide necessary assistance in the preparation and filing of the required application(s) to the PSC for service area expansion, and to diligently pursue approval of the proposed service area expansion.
2. The Owner will provide the Utility a Three Thousand Four Hundred Fifty-five and NO/100 (\$3,455.00) Dollar deposit for costs related to PSC approval of the service area expansion.
3. The Owner agrees to pay all reasonable costs associated with this effort including filing and consultant fees and expenses for obtaining the service area expansion. These costs shall not exceed Three Thousand Four Hundred Fifty-Five and NO/100 (\$3,455.00) Dollars without the prior written approval of the Owner. The deposit will be applied toward these costs and the balance, if any, will be refunded to the Owner within fifteen (15)

days of the approval by the PSC of the application for service area expansion.

4. Utility will provide Owner with a status report every thirty (30) days, commencing upon the filing of the application(s) for service area expansion, of the actions taken by the PSC.
5. When water and/or wastewater service is desired, the Owner agrees to enter into a standard Developer's Agreement in a form similar to the Developer's Agreement attached as Composite Exhibit "B". Owner reserves the right to modify said agreement.
6. Utility will enter into an agreement to reimburse Owner for any oversizing of offsite Utility conveyance systems constructed by Owner.
7. Utility's sole and exclusive right to provide utility service to Owner shall be contingent upon Utility's ability to service Owner's property within six (6) months of PSC approval of the application for service area expansion. If service is not available by that time, Utility will allow Owner at his sole option to withdraw from the service area and pursue other service options.

For the Utility:
SOUTHLAKE UTILITIES, INC.

By: 

ROBERT L. CHAPMAN, III
President

For the Owner:

By: 

PAUL L. CURTIS
As Trustee
(Authorized Representative)

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement that the Provision of Service
Will Be Consistent with the Local Comprehensive Plan

Provision of service will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement Describing the Proposed Type(s)
of Water Service To Be Provided by the Extension

Southlake Utilities is making application to provide potable water service to the proposed service area extension.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement Describing the Capacity of
Existing Lines, Existing Treatment Facilities, and
the Design Capacity of the Proposed Expansion - Water

The capacity of the existing transmission and distribution lines is 10.08 MGD.

The capacity of the existing water treatment facility as currently constructed under D.E.P. permit WC35-21097 is 0.537 MGD.

The design capacity of the proposed expansion is estimated to be 40,000 gallons per day or 114 ERCs.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

The Numbers and Dates of
Construction or Operating Permits - Water

Since engineering and design plans have not been completed for the proposed expanded service area, no construction or operation permits have been issued for the systems proposed to be constructed.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Description of the Types of Customers
Anticipated to be Served by the Extension - Water

The developer is planning commercial development with a capacity of 45,000 GPD, or 129 ERCs.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Copy of the Agreement Providing for the Long Term
Continuous Use of the Land where the Treatment
Facilities Will Be Located - Water

94 52139

State of Florida
County of Lake

REC 21.00
TF 3.00

BOOK 1316 PAGE 0350

LEASE FOR NINETY-NINE YEARS

This Lease, Made and executed in duplicate this the 17th day of August, 1993, by and between Robert L. Chapman Jr. (II) & wife Elisabeth T. Chapman of the County of Lake, State of Florida, hereinafter called the Lessor, which term shall include their heirs and assigns, of the one part, and Southlake Utilities Inc. of the County of Lake, State of Florida, hereinafter called the Lessee.

Witnesseth, That the said Lessor, in consideration of the rent hereinafter expressed to be paid, do lease unto the said Lessee Southlake Utilities Inc. all that ground and premises situate, lying and being in Lake County, State of Florida, and described as follows:

See Exhibit A attached hereto.

Together with the improvements thereon and all the rights, alleys, ways, waters, easements, emoluments, privileges and advantages thereunto belonging or in anywise appertaining.

To Have and to Hold the same unto the use of the said Lessee for the term of Ninety-nine (99) years, beginning on the seventeenth day of August, 1993, the said Lessee yielding and paying unto the said Lessor the rent at the rate of Forty Seven Thousand Four Hundred Dollars \$ 47,400.00 a year until the seventeenth day of August, 1995, and thereafter Forty Seven Thousand Four Hundred Dollars (\$47,400.00) a year during the term of this lease, plus an annual adjustment for inflation (if any) using *The Gross domestic Product Deflator* (or successor index thereof) plus payment of all assessments and real estate taxes, said rent or yearly sums to be paid in equal monthly installments in advance, on the seventeenth day of each month: said rents or yearly yields to be over and above all taxes and assessments of every kind legally levied or assessed against said demised premises, provided that if the said rent shall be in arrears in whole or in part, at any time, then it shall be lawful for the Lessor to make distress therefor, or to collect the same by other judicial process; provided further, that in the event it shall become necessary to collect said rent by suit or by

CLERK OF CIRCUIT COURT
SEP 1 11 52 AM '93

an attorney after maturity, then in such event the Lessee obligates and binds its heirs and assigns to pay reasonable attorney's fees for the collection thereof; provided also, that if said rent shall be in arrears in whole or in part for 60 days, then it shall be lawful for the said Lessor at their option, to re-enter upon the hereby demised premises and hold the same until all the arrearages of rent thereon and all expenses incurred by reason of such nonpayment be paid; and provided further that if said rent shall be in arrears for 90 days then the said Lessor may at their option re-enter upon the premises hereby demised, with or without judicial proceedings, and hold the same in the same manner as if this lease had never been made, and in the event of such default, the Lessee waive the giving of any notice of Lessor intention to cancel and annul this lease, and re-take possession of the above described premises.

And the said Lessee further covenant with the said Lessor to pay the aforesaid rent and all taxes and assessments of whatsoever character which may accrue or be assessed against the above described property, and which may constitute or create a lien or incumbrance upon the above described property subsequent to the year 1993, when legally demandable and before any penalty shall accrue by reason of non-payment, and before said property shall be advertised for sale or any proceedings instituted thereon to enforce collection.

The Lessee herein furthermore obligate and bind at its own expense to keep all improvements now or that may hereafter be placed upon the above described property in good and substantial repair, to make no unlawful or improper use of said premises; and to pay all bills for water, electricity, gas or telephone service used on or in connection with said property.

The Lessee shall have full power and right to remove, tear down, destroy or replace any of the buildings on the premises herein described, or to materially alter or change the same.

This lease shall not be assigned without the consent of the Lessor, but any portion of the above described property may be sublet, no assignment or subletting shall release the Lessee herein from the obligations herein and hereby assured, unless the Lessor consent to said assignment and agree in writing to said release. The Lessee shall protect the Lessor from any claims for damages which may arise by reason of any negligent act or deed of the Lessee or by any negligent act or deed of any agent, servant, or employee or subtenant of said Lessee.

If the Lessee shall fail to comply with any of the terms and conditions of this lease (excepting those for which other default provisions are herein made), for a period of 90 days after the attention of the Lessee has been called in writing to such breach, then in such event, upon the expiration of said 90 days, the said Lessor, may at their option re-enter upon the premises hereby demised, with or without judicial proceedings and hold the same in the same manner as if this lease had never been made, and in the event of such default, the Lessee waive the giving of any notice of Lessor intention to cancel and annul this lease, and retake possession of the above described premises.

And the said Lessor covenant with the said Lessee that on the payment by the said Lessee of the said rent, and the performance of all covenants herein on its part to be performed, the said Lessor will warrant the property herein leased against all claims thereon superior to the lien of these presents (excepting those herein and hereby assumed), and will, during the life of this lease, protect and defend the possession of the Lessee against any and all persons whomsoever.

It is hereby agreed and understood that legal tender of any amount of payment of rent or other obligation at such time as is hereinbefore stipulated for payment, to the First Union National Bank of Clermont, Florida, its successors or assigns, for the account of the said Lessor, and without expense to Lessor or to such other bank in the said City of Clermont as the said Lessor shall designate by at least 30 days written notice to the said Lessee shall be deemed payment within the meaning of these presents.

Should the Lessor deem it necessary to serve any notice on the Lessee, such notice may be served personally upon the Lessee if Robert L. Chapman, III be found in the City of Clermont, Florida at the time service is required, but in the event Robert L. Chapman, III absent from the city or cannot be found, after a reasonable search or inquiry, the mailing of a notice by registered mail addressed to the Lessee at his last known address, and the leaving of a copy thereof at the office of Southlake Utilities, Inc. of Clermont, Florida, shall be sufficient service of said notice.

Upon the expiration of this lease all buildings, fixtures and permanent improvements placed upon the above described property shall become the

property of the Lessor and thereupon the Lessor shall be entitled to the immediate possession of same.

In Testimony Whereof, the parties hereto have set their hands and seals the day and year first above written.

LESSOR

Robert L. Chapman II
Robert L. Chapman, II

Elisabeth T. Chapman (Seal)
Elisabeth T. Chapman

LESSEE

Southlake Utilities, Inc.
By: Robert Chapman III (Seal)
President

Signed, sealed and delivered in the presence of:

Padre Cagan
Andree K. Gatto

State of Florida
County of Lake

I hereby certify that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments, Robert L. Chapman (II) Jr., Elisabeth T. Chapman and Robert L. Chapman, III to me well know and known to me to be the individual described in and who executed the foregoing lease and Robert L. Chapman (II) Jr., Elisabeth T. Chapman and Robert L. Chapman, III acknowledged before me that they executed the same freely and voluntarily for the purposes therein expressed.

Witness my hand and official seal at Clermont County of Lake and State of Florida, this 4th day of February, 1994.

Jackie S. Hart
Notary: Commission Expires: Jan. 10, 1995

This form submitted by the H. and W. B. Drew Company, Jacksonville



EXHIBIT A

BOOK 1316 PAGE 0354

Waste Water Treatment Plant Parcel:

The Southeast 1/4 of the Northwest 1/4 of the Southeast 1/4 of Section 35, Township 24 South, Range 26 East, in Lake County, Florida, containing 10 acres more or less.

Water Treatment Plant Parcel:

That part of the North 1/2 of the Northeast 1/4 of Section 35, Township 24 South, Range 25 East, in Lake County, Florida, bounded and described as follows: from the Northeast corner of said Section 35, continue along the northerly boundary of said Section 35, S.89°42'18"W., 1430.092 feet to the point of beginning; thence continue S.89°42'18"W., 191.307 feet; thence S.20°35'59"E., 165.00 feet; thence N89°48'01"E., 7.47 feet; thence S.20°35'59"E., 141.56 feet; thence S.89°48'01"W. 200.00 feet to the easterly right-of-way of U.S. Highway 27; thence continue along said easterly right-of-way of said highway, S.20°35'59"E., 55.84 feet; thence S.25°10'17"E., 75.00 feet; thence N.89°48'01"E., 91.433 feet; thence N.01°11'59"W., 120.301 feet; thence N.00°18'42"W., 287.110 feet, more or less, to the point of beginning. Containing 59,999 square feet, 1.38 acres more or less.

Water Tank Parcel

Begin at the northwest corner of the Northeast 1/4 of Section 35, Township 24 South, Range 26 East, Lake County, Florida: Thence run S. 00°00'07"E., along the westerly boundary of said Northeast 1/4, a distance of 100.00 feet; thence departing said westerly boundary, run S.90°00'00"W., 506.87 feet; thence N.00°00'00"W., 97.04 feet to the northerly boundary of the aforesaid Section 35; thence N.89°39'53"E., along said northerly boundary, a distance of 506.88 feet to the point of beginning. Containing 49,936 square feet, 1.15 acres more or less.

RLC II

DYC III

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement Describing the Capacity of
Existing Lines and Treatment and Disposal Facilities, and
the Design Capacity of the Proposed System - Wastewater

The capacity of the existing collection/transmission system is 1.65 MPD.

The capacity of the existing wastewater treatment facility constructed under permit DC35-210981 is 0.16475 MGD.

The design capacity for the proposed system is estimated to be 20,000 gallons per day or 67 ERCs.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

The Numbers and Dates of
Construction or Operating Permits - Wastewater

Since engineering and design plans have not been completed for the proposed expanded service area, no construction or operation permits have been issued for the systems proposed to be constructed.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Written Description of the Proposed Method(s)
of Effluent Disposal

Southlake Utilities proposes to dispose of effluent by percolation ponds for the immediate future. Southlake Utilities is also planning to dispose of effluent by means of reuse, and is presently preparing an application for authority to provide reuse service throughout its service area.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Copy of the Agreement Providing for the Long Term
Continuous Use of the Land where the Treatment
Facilities Will Be Located - Wastewater

94 52139

State of Florida
County of Lake

REC 21.00
TF 3.00

BOOK 1316 PAGE 0350

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Witnesseth, That the said Lessor, in consideration of the rent hereinafter expressed to be paid, do lease unto the said Lessee Southlake Utilities Inc. all that ground and premises situate, lying and being in Lake County, State of Florida, and described as follows:

See Exhibit A attached hereto.

Together with the improvements thereon and all the rights, alleys, ways, waters, easements, emoluments, privileges and advantages thereunto belonging or in anywise appertaining.

To Have and to Hold the same unto the use of the said Lessee for the term of Ninety-nine (99) years, beginning on the seventeenth day of August, 1993, the said Lessee yielding and paying unto the said Lessor the rent at the rate of Forty Seven Thousand Four Hundred Dollars \$ 47,400.00 a year until the seventeenth day of August, 1995, and thereafter Forty Seven Thousand Four Hundred Dollars (\$47,400.00) a year during the term of this lease, plus an annual adjustment for inflation (if any) using *The Gross domestic Product Deflator* (or successor index thereof) plus payment of all assessments and real estate taxes, said rent or yearly sums to be paid in equal monthly installments in advance, on the seventeenth day of each month: said rents or yearly yields to be over and above all taxes and assessments of every kind legally levied or assessed against said demised premises, provided that if the said rent shall be in arrears in whole or in part, at any time, then it shall be lawful for the Lessor to make distress therefor, or to collect the same by other judicial process; provided further, that in the event it shall become necessary to collect said rent by suit or by

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Page 1

Prepared by Robert L. Chapman, III
800 US Hwy. 27 Clermont, FL 34711

an attorney after maturity, then in such event the Lessee obligates and binds its heirs and assigns to pay reasonable attorney's fees for the collection thereof; provided also, that if said rent shall be in arrears in whole or in part for 60 days, then it shall be lawful for the said Lessor at their option, to re-enter upon the hereby demised premises and hold the same until all the arrearages of rent thereon and all expenses incurred by reason of such nonpayment be paid; and provided further that if said rent shall be in arrears for 90 days then the said Lessor may at their option re-enter upon the premises hereby demised, with or without judicial proceedings, and hold the same in the same manner as if this lease had never been made, and in the event of such default, the Lessee waive the giving of any notice of Lessor intention to cancel and annul this lease, and re-take possession of the above described premises.

And the said Lessee further covenant with the said Lessor to pay the aforesaid rent and all taxes and assessments of whatsoever character which may accrue or be assessed against the above described property, and which may constitute or create a lien or incumbrance upon the above described property subsequent to the year 1993, when legally demandable and before any penalty shall accrue by reason of non-payment, and before said property shall be advertised for sale or any proceedings instituted thereon to enforce collection.

The Lessee herein furthermore obligate and bind at its own expense to keep all improvements now or that may hereafter be placed upon the above described property in good and substantial repair, to make no unlawful or improper use of said premises; and to pay all bills for water, electricity, gas or telephone service used on or in connection with said property.

The Lessee shall have full power and right to remove, tear down, destroy or replace any of the buildings on the premises herein described, or to materially alter or change the same.

This lease shall not be assigned without the consent of the Lessor, but any portion of the above described property may be sublet, no assignment or subletting shall release the Lessee herein from the obligations herein and hereby assured, unless the Lessor consent to said assignment and agree in writing to said release. The Lessee shall protect the Lessor from any claims for damages which may arise by reason of any negligent act or deed of the Lessee or by any negligent act or deed of any agent, servant, or employee or subtenant of said Lessee.

If the Lessee shall fail to comply with any of the terms and conditions of this lease (excepting those for which other default provisions are herein made), for a period of 90 days after the attention of the Lessee has been called in writing to such breach, then in such event, upon the expiration of said 90 days, the said Lessor, may at their option re-enter upon the premises hereby demised, with or without judicial proceedings and hold the same in the same manner as if this lease had never been made, and in the event of such default, the Lessee waive the giving of any notice of Lessor intention to cancel and annul this lease, and retake possession of the above described premises.

And the said Lessor covenant with the said Lessee that on the payment by the said Lessee of the said rent, and the performance of all covenants herein on its part to be performed, the said Lessor will warrant the property herein leased against all claims thereon superior to the lien of these presents (excepting those herein and hereby assumed), and will, during the life of this lease, protect and defend the possession of the Lessee against any and all persons whomsoever.

It is hereby agreed and understood that legal tender of any amount of payment of rent or other obligation at such time as is hereinbefore stipulated for payment, to the First Union National Bank of Clermont, Florida, its successors or assigns, for the account of the said Lessor, and without expense to Lessor or to such other bank in the said City of Clermont as the said Lessor shall designate by at least 30 days written notice to the said Lessee shall be deemed payment within the meaning of these presents.

Should the Lessor deem it necessary to serve any notice on the Lessee, such notice may be served personally upon the Lessee if Robert L. Chapman, III be found in the City of Clermont, Florida at the time service is required, but in the event Robert L. Chapman, III absent from the city or cannot be found, after a reasonable search or inquiry, the mailing of a notice by registered mail addressed to the Lessee at his last known address, and the leaving of a copy thereof at the office of Southlake Utilities, Inc. of Clermont, Florida, shall be sufficient service of said notice.

Upon the expiration of this lease all buildings, fixtures and permanent improvements placed upon the above described property shall become the

property of the Lessor and thereupon the Lessor shall be entitled to the immediate possession of same.

In Testimony Whereof, the parties hereto have set their hands and seals the day and year first above written.

LESSOR

Robert L. Chapman II
Robert L. Chapman, II

Elisabeth T. Chapman (Seal)
Elisabeth T. Chapman

LESSEE

Southlake Utilities, Inc.
By: Robert L. Chapman III (Seal)
President

Signed, sealed and delivered in the presence of:

Padre Cagan
Andree K. Gaski

State of Florida
County of Lake

I hereby certify that on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments, Robert L. Chapman (II) Jr., Elisabeth T. Chapman and Robert L. Chapman, III to me well know and known to me to be the individual described in and who executed the foregoing lease and Robert L. Chapman (II) Jr., Elisabeth T. Chapman and Robert L. Chapman, III acknowledged before me that they executed the same freely and voluntarily for the purposes therein expressed.

Witness my hand and official seal at Clermont County of Lake and State of Florida, this 4th day of February, 1994.
MARCH 28

Jackie S. Hart
Notary: Commission Expires
Jan. 10, 1998

This form submitted by the H. and W. B. Drew Company, Jacksonville

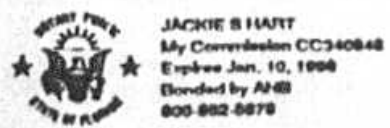


EXHIBIT A

BOOK 1316 PAGE 0354

Waste Water Treatment Plant Parcel:

The Southeast 1/4 of the Northwest 1/4 of the Southeast 1/4 of Section 35, Township 24 South, Range 26 East, in Lake County, Florida, containing 10 acres more or less.

Water Treatment Plant Parcel:

That part of the North 1/2 of the Northeast 1/4 of Section 35, Township 24 South, Range 25 East, in Lake County, Florida, bounded and described as follows: from the Northeast corner of said Section 35, continue along the northerly boundary of said Section 35, S.89°42'18"W., 1430.092 feet to the point of beginning; thence continue S.89°42'18"W., 191.307 feet; thence S.20°35'59"E., 165.00 feet; thence N89°48'01"E., 7.47 feet; thence S.20°35'59"E., 141.56 feet; thence S.89°48'01"W. 200.00 feet to the easterly right-of-way of U.S. Highway 27; thence continue along said easterly right-of-way of said highway, S.20°35'59"E., 55.84 feet; thence S.25°10'17"E., 75.00 feet; thence N.89°48'01"E., 91.433 feet; thence N.01°11'59"W., 120.301 feet; thence N.00°18'42"W., 287.110 feet, more or less, to the point of beginning. Containing 59,999 square feet, 1.38 acres more or less.

Water Tank Parcel

Begin at the northwest corner of the Northeast 1/4 of Section 35, Township 24 South, Range 26 East, Lake County, Florida: Thence run S. 00°00'07"E., along the westerly boundary of said Northeast 1/4, a distance of 100.00 feet; thence departing said westerly boundary, run S.90°00'00"W., 506.87 feet; thence N.00°00'00"W., 97.04 feet to the northerly boundary of the aforesaid Section 35; thence N.89°39'53"E., along said northerly boundary, a distance of 506.88 feet to the point of beginning. Containing 49,936 square feet, 1.15 acres more or less.

RLC it

DYC it

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement of Applicant's Technical and
Financial Ability to Render Reasonably
Sufficient, Adequate and Efficient Service

Three shareholders who collectively own or control 100% of Southlake Utilities, Inc. capital stock have provided, and will provide, funding as required for Southlake Utilities, Inc.:

1. Mr. Robert L. Chapman, III and his wife own, or control through Southlake, Inc., 70% of Southlake Utilities, Inc. Mr. Chapman is president of Southlake Utilities, Inc., Renaissance Courtyard Builders, Inc., and Southlake, Inc. He and his wife have a personal net worth of approximately \$1 million.

2. Mr. Jeffrey M. Cagan, who owns 15% of Southlake Utilities, Inc., is president of Cagan Management, Inc. of Chicago. Mr. Cagan has a personal net worth in excess of \$3 million.

3. Mr. Richard Driehaus, who owns 15% of Southlake Utilities, Inc., manages more than \$1 billion as president of Driehaus Capital Management. He has a personal net worth in excess of \$200 million. He was recently profiled in the business section of the Sunday *New York Times* on February 25, 1996. The *Times* described him as follows: "...while Mr. Driehaus (pronounced DREE-house) is not nearly as well-known as Warren E. Buffet or Peter Lynch, he is indisputably in their class." A copy of the *Times* feature is included as part of this exhibit.

Southlake Utilities has engaged, and will continue to engage, the professional expertise required to provide safe, efficient and sufficient service pursuant to the requirements of Chapter 367.111, Florida Statutes.

What Goes Up, Might Go Up More

Driehaus Looks for the Right Mix Of Momentum and Fundamentals

By BARRY REHFELD

MANY investors worry that stocks are like balloons pumped up to the bursting point. But one investor who is largely unfazed by the possibility of a big "pop!" is Richard Driehaus.

Mr. Driehaus, who manages more than \$1 billion as president of Driehaus Capital Management, is a "momentum" investor. He plays a high wire game of risk that ignores the investment gospel of "buy low, sell high" in favor of "buy high, sell higher."

Indeed, Mr. Driehaus expects stratospheric price to earnings multiples in his picks. Two current favorites, for example, are medical recordkeeping companies. He started to buy shares of Medic Computer Systems this month; it has a multiple of 52.82, based on Friday's closing price of \$70.25. The other, Access Health, closed Friday at \$54.25 and carries a multiple of 129.17. He began buying shares of that company in December.

He is accustomed to volatility, too. And if good news pushes a high-priced stock higher, he is more likely to buy. He will sell quickly, too, if a hot stock cools.

The trim 53-year-old money manager has been markedly successful with this nosebleed investment strategy. Since starting his own firm in 1980, Mr. Driehaus has chalked up an annual gain of 27.8 percent for his original fund, Driehaus Smaller Composite, compared with 15.8 percent for the Standard & Poor's 500 over the same period. That success landed him in first place among growth stock pickers, and in second place among managers of all investment styles, for the 10 years ended last September, according to Nelson Publications. And Performance Analytics, a pen-

er Systems and Access Health — Mr. Driehaus reasons that the spread of HMO's will make the medical information industry a growth field. His attention to a company's earnings, not just its stock price, shows the same belief in fundamental analysis.

Before he buys, Mr. Driehaus also looks for one more bullish sign — that the stock price has been rising faster than the market and other stocks in the same industry. "It gives you an overall context, building a picture, like reading an X-ray," he said. "I can just eyeball it."

Typically, but not always, the companies he zeroes in on are of modest size, with a small yet often enthusiastic following, in a growing field. They generally show up on his radar after notching a few impressive quarters of earnings. Given their small size, a string of sharp gains will be noticed only by early boosters — and prospectors like Mr. Driehaus.

"The market is inefficient for smaller companies," he said.

But, eventually, the market notices. Often,

er Systems and Access Health — Mr. Driehaus reasons that the spread of HMO's will make the medical information industry a growth field. His attention to a company's earnings, not just its stock price, shows the same belief in fundamental analysis.

Before he buys, Mr. Driehaus also looks for one more bullish sign — that the stock price has been rising faster than the market and other stocks in the same industry.

"It gives you an overall context, building a picture, like reading an X-ray," he said. "I can just eyeball it."

If the direction is up, he buys. Among the stocks he caught early were Blockbuster Entertainment, the U.S. Surgical Corporation and Home Shopping Network.

Getting out is as important as getting in. Mr. Driehaus's skill at cashing out helps separate him from other money managers, said William Lowery, executive vice president of Performance Analytics.

"He has the quickest trigger," Mr. Lowery said.

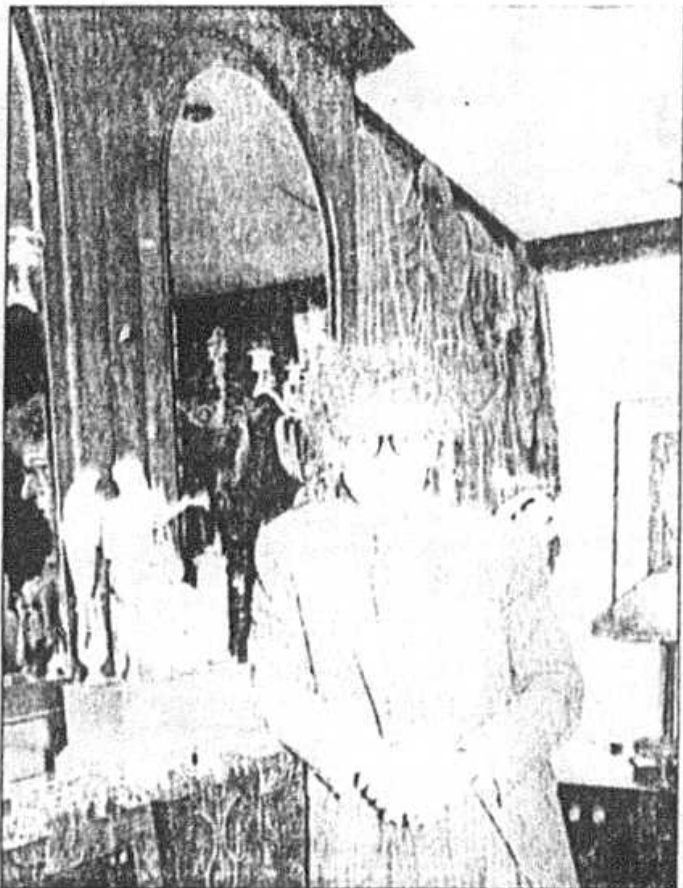
And he pulls it often. Mr. Driehaus may dump his entire portfolio more than twice a

year. He does not sell stocks when they have reached a certain price. Instead, he watches for a "breakdown in the fundamentals" and "choppiness" in a stock, he said. It happened last summer, he said, when erratic semi-conductor earnings reports in July spurred him to begin liquidating his stake in chip stocks. Fidelity's Magellan fund took a similar course, but in November.

So what is on Mr. Driehaus's agenda now? Besides Medic Computer and Access Health, he also favors HMO and Company, another medical record-keeping venture that specializes in providing software to acute-care hospitals.

And he likes a variety of computer networking and other computer enterprises, biotechnology ventures and others.

Last month, for instance, Mr. Driehaus started buying shares of Applix, a software company, and the Data General Corporation, which makes multiuser computer systems. In December, he began to buy stock in Centocor, which makes medicines for cardiovascular, autoimmune and other disorders. But before you plunk down any



sion advisory firm in Chicago, places him first among 1,200 managers of all styles for the five years ended in December. Thus, while Mr. Driehaus (pronounced DRIE-house) is not nearly as well known as Warren E. Buffett or Peter Lynch, he is indisputably in their class.

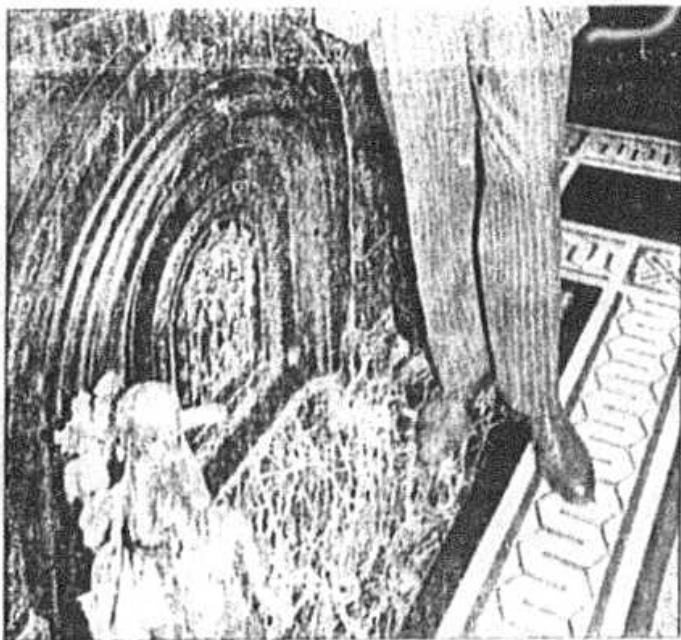
Unfortunately, the three Driehaus funds — besides the small cap fund, there is a mid-cap and an international large cap fund — have only limited openings for individual investors, each of whom must bring at least \$1 million. But a number of mutual funds use similar strategies. According to Morningstar, they include AIM Aggressive Growth, Fidelity Emerging Growth, Nicholas Applegate Growth Equity and Pimco Advisors Opportunity A.

Momentum investing is poles apart from Mr. Buffett's value investing, which focuses on buying low and holding on to the stock long term. Mr. Lynch's growth and value style would fall somewhere between the two. But like those styles, Mr. Driehaus's brand of investing involves lots of homework.

Mr. Driehaus's analysts track the earnings and stock prices of thousands of stocks. Mr. Driehaus himself scours scores of newspapers, newsletters, news wires, magazines and on-line data bases for ideas.

"We have more breadth than depth," Mr. Driehaus said.

It's time consuming, but no promising clue goes untracked. Last spring, Mr. Driehaus's brother-in-law, a broker, suggested that he take a look at C-Cube Microsystems,



Richard Driehaus, at the Chicago office of the investment firm he heads, champions the "buy high, sell higher" school of investing.

the impetus comes when a prospect announces quarterly earnings that are higher than anyone expected.

"It's going to attract attention," Mr. Driehaus said. Such announcements often lead securities analysts to write glowing reports, investors to demand the stock and the price to leap — in other words, momentum.

That is the point at which Mr. Driehaus usually buys. But, unlike many momentum investors, he does not just buy a stock whose price is galvanized and then hope to tag along. He has to like what a company does, too. For example, with the two medical-recordkeeping companies — Medic Comput-

er, he said, and not give up on bargain shopping. And Mr. Driehaus warns that, particularly with thinly traded stocks of small companies, investors must also realize that it may be hard to sell the investments.

Rapid turnover adds to the danger. "It's like jumping from ice floe to ice floe in a raging river," Mr. Markese said. Just staying on top of one is hard enough. And Wall Street can be unforgiving with small companies. "The slightest slip," he explained, "will cause the market to hammer a stock that built up terrific expectations — and it might never get back."

The Big Mo

Richard Driehaus is a "momentum" investor, buying expensive stocks and hoping they get pricier. Here are some of his current holdings, most of them purchased within the last two months.

	Stock symbol	Business	Price to earnings*	Today's stock price
Access Health	ACCS	Provides health care management services and products	129.17	\$54.25
Medic Computer Systems	MCSY	Develops, markets and supports physician management systems	127.87	70.25
Ascend Communications	ASRD	Makes and sells high-speed digital modems for wide area networks	117.87	42.00
HBO & Company	HBCC	Designs computer software for acute care hospitals	NM	96.75
Data General	DATA	Makes and sells computers and related products	NM	17.125
Applix	APIX	Develops integrated software for real-time computer applications	918.75	36.75
Centacor	CHCO	Provides antibody products for medical tests	NM	30.875
C-Cube Microsystems	CCBB	Develops hardware and software for compression of video signals	97.90	70.00

*Source: Thomas Group Management Research Corp.

NM = not meaningful because of a loss during last quarter. NM = not meaningful because of a loss.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement Regarding the Proposed
Method of Financing the Construction,
and the Projected Impact on the
Utility's Capital Structure

Seventy-five percent (75%) of the additional cost associated with the service area extension will be financed in the form of contributions in aid of construction by the owners of the new properties served. Twenty-five percent (25%) of the cost will be funded by the utility with forty percent (40%) being funded by stockholders' equity and sixty percent (60%) being funded by long term debt. No significant impact is expected on the capital structure.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Statement Regarding the Projected
Impact of the Extension on the Utility's
Rates and Service Availability Charges

Southlake Utilities, Inc. anticipates no significant impact on its service rates or service availability charges due to the proposed extension.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Description of Territory
Proposed To Be Added

A portion of Section 35, Township 24 South, Range 26 East, Lake County, Florida, being more particularly described as follows:

BEGIN at the southwest corner of the Northeast 1/4 of the Southeast 1/4 of said Section 35; thence run N 00°30'21" E, along the west line of the Northeast 1/4 of the Southeast 1/4 of said Section 35, a distance of 641.20 feet to a point on the south boundary line of an existing Florida Power Sub-Station Site; thence run S 89°53'12" E, along said south boundary line, a distance of 529.72 feet to a point on the westerly right-of-way line of U.S. Highway No. 27; thence run S 20°08'20" E, along said westerly right-of-way line, a distance of 699.96 feet; thence run N 89°55'32" W, a distance of 145.00 feet; thence run S 00°04'28" W, a distance of 164.25 feet; thence run N 89°55'32" W, a distance of 632.75 feet to a point on the west line of the Southeast 1/4 of the Southeast 1/4 of said Section 35; thence run N 00°30'21" E, along said west line, a distance of 180.29 feet to the POINT OF BEGINNING.

Containing 12.23 acres, more or less.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Detailed Map Showing Proposed Lines and Facilities
and Territory Proposed to Be Served

Since the design engineering plans for the proposed systems are not complete, detailed map(s) showing the proposed lines can not be furnished as of this date of filing.

SOUTHLAKE UTILITIES, INC.
Application for Extension of Service Area

Affidavit that the Utility Has Tariffs
and Annual Reports on File with the Commission

AFFIDAVIT

STATE OF FLORIDA

COUNTY OF LAKE

I, Robert L. Chapman, III, affirm that Southlake Utilities, Inc. has tariffs and annual reports on file with the Florida Public Service Commission.

Robert L. Chapman III

Affirmed and subscribed before me this 9th day of
October, 1996 by Robert L. Chapman, III.



JANICE GRIFFITH
My Commission CC542288
Expires Mar. 24, 2000

Janice Griffith
NOTARY PUBLIC
Janice Griffith



Personally known XX OR ~~Produced Identification~~ -

Type of Identification Produced _____