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June 13, 1997

VIA HAND DELIVERY

copy all

Ms. Jennie Lingo
Florida Public Service Commission
Division of Water & Wastewater
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Alafaya Utilities, Inc.; Reuse Project Plan
Docket No. 960288-SU
Our File No. 30057.05

Dear Jennie:

Enclosed is a copy of a letter from Utilities, Inc. which responds to those questions which were not included in the response from Hartman & Associates, Inc. which were delivered to you on May 30, 1997. The response to question one under Section 5.2-Institutional Scenario is that Alafaya Utilities, Inc. has not yet contacted the owners of these sites, but expects to do so as this proceeding progresses and more information is established about costs. After you have analyzed the additional data, maybe we should meet as we develop the policy for allocating the cost of reuse among the various components.

Should you have any questions regarding the enclosed responses, please do not hesitate to contact Carl Wenz directly or me.

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN
For the Firm

Dictated by Mr. Friedman
but signed in his absence
to avoid delay in mailing.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OTH _____

MSF/bsr
Enclosure

cc: Mr. Carl Wenz (without enclosure)
Ms. Blanca S. Bayo (with enclosures)✓

DOCUMENT NUMBER-DATE

06007 JUN 13 97

FPSC-RECORDS/REPORTING

UTILITIES, INC.

2335 Sunders Road
Northbrook, Illinois 60062-6196
(847) 498-6440
Fax: (847) 498-2066

ORIGINAL
FILE COPY

June 12, 1997

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, FL 32301

RE: Docket No. 960288- Alafaya Utilities, Inc. Reuse Project Plan

Dear Marty:

Attached is the information requested by the Public Service Commission Staff. This information, together with the information provided by Hartman & Associates, Inc. via letter to you dated May 23, 1997, completes the May 8, 1997 request for additional information. Please forward this information to the Staff at your earliest convenience.

General

1. The response to the Staff's first data request does not propose a rate per se. Rather, the response calculates the cost impact on an average customer, assuming that the revenue requirement under each scenario is distributed to all customers. The allocation of the cost of the reuse system expansion to the various customer groups will be an issue to be developed and decided in this case.
3. Yes. Alafaya does have an agreement with the golf course. Attached is the lease between Alafaya and The Anden Group of Florida.

Accounting Schedules

2. Yes, the utility has assumed that the plant is 100% used and useful. Attached are copies of the Company's 1994, 1995 and 1996 tax bills.
3. All capital funding for the project will be provided through Utilities, Inc., the parent company of Alafaya. Consistent with the ratemaking treatment used by the Commission and Staff for Alafaya's sister-companies in Florida, the funding for the project will be a mix of debt and equity. The ratio of debt and equity will be imputed using the debt/equity ratio of Utilities, Inc. At December 31, 1996, the debt / equity ratio of Utilities, Inc. was 50.6% / 49.4%.
The embedded cost of debt at December 31, 1996 was 8.98%.
4. Attached is a revised Schedule #4 which reflects the updated December 31, 1996 capital structure. Also attached is a schedule supporting the capital structure and embedded cost rate of 8.98%.
5. The consumption data provided in the response to the staff's first data request is the most recent available at this time. Alafaya has been unsuccessful in its attempts to obtain authority to read the water meters in the City of Oviedo. We are hopeful that this situation will soon be resolved and that updated information will become available for use in this case.
6. The consumption data provided in the response to the staff's first data request reflects the water consumption that is subject to Alafaya's sewer charge. Any water consumption over the 10,000 per month cap is not included.

DOCUMENT NUMBER-DATE

06007 JUN 13 5

FPSC-RECORDS/REPORTING

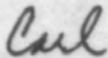
page 2
June 12, 1997

As stated in the response above, the use of total water consumption in the calculation of the cost impact on the average customer does not necessarily reflect our belief on how rates should be designed in this proceeding. That calculation was for illustrative purposes only. Alafaya will work with the staff in designing an equitable rate structure in this case.

The company does not know what the reasonable range of percentages is that should be used for estimating irrigation use. However, Alafaya provides only sewer service to its customers. Therefore, the consumption data indicated on Schedule #5 would not include any irrigation-only customers.

Please feel free to contact me if you have any questions.

Very truly yours,



Carl J. Wenz
Vice President, Regulatory Matters

LEASE AND EFFLUENT DISPOSAL AGREEMENT

THIS LEASE AND EFFLUENT DISPOSAL AGREEMENT, made and entered
into this 8th day of November, 1988 by and between

THE ANDEN GROUP OF FLORIDA, a Florida general partnership
having its office and place of business at 1404 El Cajon Court, Winter
Springs, Florida 32708

(hereinafter referred to as the "Lessor") and

ALAPAYA UTILITIES, INC., a Florida corporation whose mailing
address is Post Office Box 1829, Oviedo, Florida 32765-1829

(hereinafter referred to as the "Lessee").

RECITALS:

A. The Lessee is a sewer utility company operating under Florida Public
Service Commission Certificate bearing number 379-S.

B. The Lessee owns and operates a sewerage treatment plant which
presently discharges a portion of its wastewater effluent into
percolation/evaporation ponds in accordance with permits issued by the Florida
Department of Environmental Regulation, (hereinafter "DER") but desires
further lands within which to discharge its wastewater effluent.

C. Lessor is the owner of certain real estate situated in Seminole
County, Florida to be known as the Ekana Golf Club, being more
particularly described upon Exhibit "A" attached hereto and by this reference
expressly made a part of this Agreement (hereinafter referred to as the "Golf
Course Property").

D. Lessor has the need for a supply of water for the irrigation of the
Golf Course Property and desires to use the effluent from Lessee's wastewater
or sewage treatment plant as its source for such irrigation.

E. Lessee desires to utilize the Golf Course Property for purposes of
disposal of treated wastewater effluent (hereinafter referred to as "Effluent")
from its sewage treatment plant.

F. The parties wish to confirm and set forth the terms, conditions and
procedures under which the discharge, irrigation, maintenance and operations
relative to the disposal of the Effluent onto the Golf Course Property will be
performed.

NOW THEREFORE, for and in consideration of the mutual advances arising
hereunder and for other good and valuable considerations, the receipt and
sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. INCORPORATION OF RECITALS. The foregoing recitals are true
and correct and they are incorporated herein by reference.

2. AGREEMENT RELATIVE TO THE GOLF COURSE PROPERTY. The
Lessor does hereby let, remise and release unto the Lessee for a term of sixty
(60) years from and after the 8th day of November, 1988, the
right to release Effluent from Lessee's sewage treatment plant located in
Seminole County, Florida, on and over the surface of the Golf Course Property.
Together with the right of ingress and egress on, over and upon said Golf Course
Property and to do all such other and further things on and upon said Property
necessary for and incident to the purposes of this lease; and subject to any and

all rights-of-way and easements of record through, over or across any part of said Golf Course Property or that may be thereafter granted upon said described lands, it being expressly understood between the parties hereto that this lease is made for the sole purpose of granting to the Lessee the easement right and privilege of disposing of Effluent. Lessee shall have the right to transmit Effluent through all lines and facilities hereinafter constructed by Lessor or by Lessee pursuant to Paragraph 3 below, into the Golf Course Property, and to detain, retain and store Effluent in the storage lake(s) and holding pond(s) on the Golf Course Property (hereinafter the "Storage Area").

Furthermore, Lessee shall have the rights and privileges of discharging wastewater effluent to the Irrigation Facilities of Lessor, through the wastewater effluent transmission lines, up to and including 448,000 gallons per day of wastewater effluent in accordance with permits issued or to be issued by the DER. Lessee shall maintain the wastewater effluent transmission lines and facilities related thereto in good, operable condition and repair, and shall not take any actions that would unreasonably interfere with the use of the property as a Golf Course.

Lessee shall use its best efforts to conduct its activities on the Golf Course Property at time (and during seasons) when the Golf Course is least busy, and otherwise avoid causing a disruption in the normal use of the property as a Golf Course.

3. AGREEMENT RELATIVE TO SPRAY IRRIGATION OF EFFLUENT.

Lessee shall have the right to use the Golf Course Property, and the spray irrigation system (hereinafter referred to as the "Irrigation System") hereafter constructed upon the Golf Course Property (to be constructed by Lessor pursuant to Paragraph 3 hereinbelow), for purposes of drawing Effluent from the Storage Area and transmitting and spreading Effluent over the entire Golf Course Property. Lessor shall have control over, and be responsible for, the maintenance and operation of the Irrigation System and Storage Area, subject to the terms and conditions of this Agreement. Lessor covenants and agrees that it will use its best efforts to operate the Irrigation System, and to withdraw Effluent from the Storage Area and spread such Effluent onto the Golf Course Property, in such a manner that the level of the Storage Areas will be maintained at a level which will permit Lessee to discharge Effluent into the Storage Area at an average daily rate, as determined on an annual basis, of at least four hundred forty-eight thousand (448,000) gallons per day, without the overflow or discharge of Effluent from such Storage Areas onto adjacent land or into waterways. It is agreed by and between the parties hereto that Lessor shall not be limited to the rate of four hundred forty-eight thousand (448,000) gallons per day, but may irrigate the Golf Course Property at such higher rates as Lessor may deem appropriate. Lessee shall use its best efforts to provide Lessor with Effluent quantities of more than four hundred forty-eight thousand (448,000) gallons per day as Lessor may request, but shall not be responsible for Acts of God or other occurrences beyond Lessee's control which prevent such provisions of Effluent. The Irrigation System and the Storage Areas shall be installed, maintained and operated by Lessor in accordance with all applicable DER permits, laws, regulations and orders applicable thereto, the costs of which shall be borne by the Lessor. Lessor shall not use water from any other source for

Purposes of irrigating the Golf Course Property except in those instances in which Lessee after not less than twenty-four (24) hours notice from Lessor is unable to provide Lessor with Effluent in the quantities needed by Lessor for such irrigation.

4. CONSIDERATION. During the term of this lease, Lessee shall pay to the Lessor an annual lease fee (rent) at the rate of \$10.00 per year. It is hereby mutually agreed that the annual lease fee is fair and adequate consideration. Lessor and Lessee acknowledge and agree that the provision of irrigation water to Lessor at no charge and the use of the Golf Course Property by the Lessee at the annual lease fee are mutual considerations of equal value, each of which are material inducements to the parties for the execution of this Agreement. The annual lease fee due to Lessor shall be paid to Lessor at the address first above written, or at such other place as Lessor may from time to time designate in writing.

5. AGREEMENT RELATIVE TO CONSTRUCTION AND MAINTENANCE.

(a) The Lessee shall be responsible for the installation, construction, repair, replacement and maintenance of all wastewater Effluent transmission lines and equipment appurtenant thereto which extend from Lessee's sewerage treatment plant to the Storage Areas, ^{and the Storage Area.} The Lessor shall be responsible for the installation, construction, repair, replacement and maintenance of the ~~Storage Areas~~ and the entire irrigation system throughout the Golf Course Property. Each of the parties shall maintain such lines and facilities for which they are responsible for under this paragraph in good and operable condition and good state of repair.

(b) The Lessee shall have the right, but not the obligation, for itself, its contractor, subcontractors, and employees to enter upon the Golf Course Property for the purposes of repair, replacement and maintenance of the Storage Areas, and the irrigation system if the Lessor shall fail to do so to Lessee's satisfaction or if an emergency arises which requires prompt and expeditious repair, replacement and/or maintenance of the Storage Areas and irrigation system. All costs incurred by the Lessee upon the undertaking of such repair, replacement and maintenance of the ~~Storage Areas~~ and irrigation system shall be reimbursed to it by the Lessor within ten (10) days after a statement of invoice therefore has been delivered to the Lessor.

(c) All of such installation, construction, repair, replacement and maintenance required of the Lessor and Lessee under this paragraph shall be in full accordance with all rules, regulations and requirements of the DER, or other governmental agency having jurisdiction over the irrigation system, Storage Areas and/or Lessee's sewage treatment plant. All of such installation, construction, repair, replacement and maintenance to be undertaken and performed by the Lessor or Lessee hereunder is to be accomplished in an expeditious manner and with as little disruption to on going operations of the Golf Course as reasonably possible.

(d) The Lessor shall maintain the ~~Storage Area~~ and the Irrigation System in good operable condition and state of repair, and all costs for such operation and maintenance shall be the sole expense of the Lessor. Lessor shall pay all expenses of such operation and maintenance when they are incurred.

(e) If Lessor fails to perform any of its obligations under this lease, Lessee, itself, may perform those obligations, at the expense of Lessor, and Lessor shall after reasonable notice, reimburse Lessee for all its expenses (including, without implied limitation, employee costs and material costs) incurred in performing those obligations. Furthermore, at its option, after a breach by Lessor of any provision of this lease, and thirty (30) days notice in which to cure the breach, Lessee may bring an action against Lessor for damages, specific performance of this lease, or both.

(f) Lessor hereby grants to Lessee such easements, over and under the Golf Course Property, as may be required by Lessee to install, maintain and operate the wastewater Effluent transmission lines required to be installed by it under this Lease Agreement. At such time as the wastewater effluent lines required to be installed by the Lessee under this Agreement are so installed, the Lessor will execute and deliver an instrument of conveyance in recordable form affording the Lessee easement and right-of-way rights for such lines over a strip of land 20 feet wide lying equally on either side of the center line of such installed transmission lines. The exact location of the easement and right-of-way will be as indicated by a survey prepared by the Lessee and furnished to the Lessor for the preparation of such easement and right-of-way and the rights afforded to the Lessee thereby will be free of any prior encumbrances of any nature, and shall be perpetual in term.

The easement and right-of-way agreement will provide that the easement is for the following purposes: The perpetual right to enter at any time and from time to time to install, construct, maintain, inspect, repair, replace, rebuild, operate and inspect such wastewater effluent lines and to remove any brush, trees or other installations which interfere with its use and rights under such easement right-of-way.

6. PERMITS. Lessor covenants and agrees that it will assist and cooperate with Lessee in applying for, obtaining and renewing all permits, consents and approvals, now or hereafter required from DER, or any other governmental agency having jurisdiction over the Golf Course Property and Storage Areas for the discharge by Lessee of Effluent into the Storage Areas and onto the Golf Course Property through the Irrigation System. Lessee shall pay all costs associated with the permitting process, together with all engineering and construction costs which may be necessary to comply with any such permits now or hereafter governing the disposal by Lessee of Effluent onto the Golf Course Property.

7. INDEMNIFICATION AND INSURANCE. Lessee hereby agrees to indemnify and save harmless and without loss of any nature whatsoever the Lessor arising out of any personal injury or alleged injury of any nature whatsoever arising out of any accident, mishap, or occurrence of any nature whatsoever occurring from the use of the leased premises by Lessee and its employees, agents or assigns regardless of whether such injury or mishap should arise out of the operation, maintenance or use thereof and regardless of whether any such injury shall occur directly or indirectly as a result of any condition, latent or patent, of the premises or the use, occupancy or operation thereof.

The Lessee shall carry Comprehensive General Liability Insurance at all times with minimum limits of five hundred thousand and no/100 dollars (\$500,000.00) per occurrence, combined single limit for bodily injury and property damage, insuring against all liability of Lessee and its authorized representatives arising out of and in connection with Lessee's use of the premises. All public liability insurance and property damage insurance shall insure performances by Lessee of the indemnity provisions contained herein. Both parties shall be named as additional insureds, and the policy shall contain crossliability endorsements. All policies shall be endorsed to waive any right of subrogation against Lessor, its directors, officers, employees and agents or against its affiliated companies, their directors, officers, employees and agents.

8. ASSIGNMENT. Lessee may assign, mortgage, pledge or transfer this lease without Lessor's consent. In the event of an assignment or transfer of this lease, the assignee thereof shall assume in writing all of the duties, obligations and rights of the Lessee in full. This shall include the requirements that the effluent discharged from the sewage treatment plant meets the criteria and standards of the DER regulation for irrigation of the Golf Course Property, i.e., tertiary treatment levels are to be maintained at all times.

9. DEFAULT. Each of the following shall be deemed a default by the Lessee and a breach of this Lease:

(a) Nonpayment of the installments of rent required by additional rent herein reserved, the term of this Lease for a period of thirty (30) days after written notice thereof is received by Lessee.

(b) A failure to perform any other covenant or condition of this Lease on the part of the Lessee to be performed for a period of sixty (60) days after written notice thereof has been received by the Lessee. Any notice given pursuant to this subparagraph which refers to a failure to do work shall specify in general terms the work required to be done to prevent the occurrence of a default. For the purposes of this subparagraph, no default on the part of the Lessee in the performance of work required to be performed or acts to be done or conditions to be modified shall be deemed to exist if steps shall have in good faith been commenced promptly by the Lessee to rectify the same and shall be prosecuted to completion with diligence. Delays occasioned by fire, strikes, embargoes, governmental restrictions, Acts of God, or any other cause beyond the reasonable control of the Lessee shall not be included in the calculating of the aforementioned 60 day period.

(c) In the event of any such default of the Lessee, and at any time following the expiration of the respective periods above referred to, the Lessor may serve a written notice upon the Lessee that the Lessor elects to terminate this Lease upon a specified date which shall be:

(1) In the event of any default under subparagraph 9(a) hereof, not less than ten (10) days after the date of serving of such notice; or

(2) In the event of default under subparagraph 9(b) hereof, not less than twenty (20) days after the date of serving such notice, this Lease shall then expire on the date so specified as if that date had been originally fixed as the expiration date of the term herein granted. No default shall be deemed

waived unless in writing and signed by the Lessor, except that a default under subparagraph 9(b) hereof shall be deemed waived if such default be cured before the date specified in the notice of termination served upon the Lessee.

(d) In the event of a default or failure on the part of Lessee to comply with the terms and conditions of this Lease, including the non-payment of rent, Lessor or Lessee shall notify the Florida Public Service Commission within twenty-four (24) hours of being notified of said occurrence.

10. ENFORCEMENT. A default by either party under this Agreement shall entitle the other party of all remedies available at law or in equity, including the right of damages, injunctive relief, specific performance, and declaratory judgment. If an action be brought in order to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such action, on the trial and appellate court levels.

11. TERM OF AGREEMENT. This Agreement shall be effective and binding upon the parties beginning on November 8, 1988. The term of this Agreement shall commence on November 8, 1988 and end on November 7, 2048.

12. FILING. Lessor agrees to allow the filing for record of this Agreement or a memorandum thereof and any other record restriction which state the Lessor's and Lessee's rights and duties with respect to the Golf Course.

13. SUCCESSORS AND ASSIGNS. The covenants and agreements set forth herein shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

14. INTEGRATION. This Agreement constitutes the entire and integrated contract between Lessor and Lessee and supersedes all prior negotiations, representations and agreements relative to the subject matter hereof, either written or oral.

IN WITNESS WHEREOF, the Lessor and Lessee have caused these presents to be signed by their corporate officers thereunto duly authorized, and their corporate seals to be affixed hereto all as of the day and year first above written.

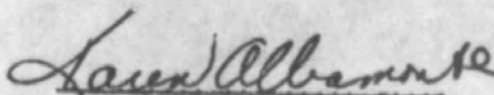
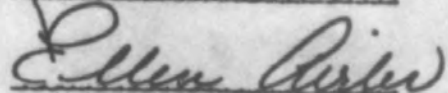
Signed, sealed and delivered
in the presence of:

"LESSOR"

THE ANDEN GROUP OF FLORIDA,
a Florida general partnership

By: RORICK BUILDERS, INC.
a General Partner

By: 
Richard A. Barber
Its President

"LESSEE"

ALAFAYA UTILITIES, INC.,
a Florida corporation

By:

Bruce W. Gladish
Bruce Gladish
Its: President

STATE OF FLORIDA
COUNTY OF SEMIWOLE

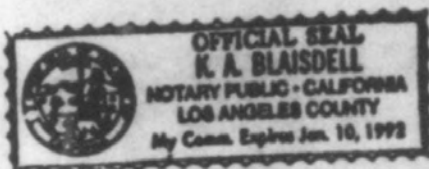
The foregoing was acknowledged before me this 10th day of November, 1988, by Richard A. Borsari, President of Rorick Builders, Inc., of THE ANDEN GROUP OF FLORIDA, a Florida general partnership, on behalf of the partnership.

* a Florida corporation, as General Partner.

Ellen Auler
Notary Public, State of Florida
At Large
My Commission Expires
Notary Public, State of Florida at Large
My Commission Expires Sept. 20, 1991

California
STATE OF ~~FLORIDA~~
COUNTY OF Los Angeles

The foregoing was acknowledged before me this 8th day of November, 1988, by Bruce W. Gladish, as President of ALAFAYA UTILITIES, INC., a Florida corporation, on behalf of the corporation.



K. A. Blaisdell
Notary Public, State of Florida California
At Large
My Commission Expires: Jan. 10, 1992

LEGAL DESCRIPTION WRITTEN BY SURVEYOR:

PARCEL 1

Beginning at the Northeasterly corner of Lot 5, TWIN RIVERS MODEL HOME AREA recorded in Plat Book 39, Page 11, of the Public Records of Seminole County, Florida, run N 21 15'53" E 988.81 feet; thence N 38 49'29" E 544.54 feet; thence from a tangent bearing of S 60 56'12" E run Southeasterly 907.39 feet along the arc of the curve concave Northeasterly having a radius of 5829.65 feet a central angle of 08 55'05" and a chord of 906.48 feet, said curve being 100.00 feet Southwesterly of and concentric to the center line of County Road No. 419; thence run S 07 04'07" W 845.81 feet; thence run S 44 04'06" W 1610.68 feet; thence run S 72 34'07" W 485.15 feet; thence run S 36 25'53" E 523.10 feet; thence run N 33 52'05" E 421.17 feet; thence run N 62 50'02" E 382.56 feet; thence run N 39 30'17" E 922.78 feet; thence run N 52 28'51" E 453.74 feet; thence run N 66 05'16" E 631.87 feet; thence run S 28 30'41" E 515.49 feet; thence run S 09 18'35" E 334.17 feet; thence run S 27 30'43" W 845.58 feet; thence run S 31 07'47" E 568.85 feet; thence run S 22 37'11" E 248.01 feet; thence run N 80 32'16" E 296.81 feet; thence run S 57 56'30" E 720.67 feet; thence run S 15 18'36" E 434.92 feet; thence run S 11 19'25" W 342.28 feet; thence run S 37 12'32" E 618.15 feet; thence run S 03 38'35" E 150.00 feet; thence run S 36 52'05" E 518.11 feet; thence run S 13 15'13" W 338.90 feet; thence run S 44 49'05" W 392.93 feet; thence run S 78 08'11" W 74.95 feet; thence run along the boundary of TWIN RIVERS SECTION VII as recorded in Plat Book 41, Pages 2 through 4 of said Public Records the following five courses: S 81 56'00" W 658.95 feet; S 27 45'00" W 72.12 feet; N 62 15'00" W 67.29 feet; Northwesterly 107.34 feet along the arc of a curve concave Northeasterly having a radius of 150.00 feet, a central angle of 41 00'00" and a chord of 105.06 that bears N 41 45'00" W; N 21 15'00" W 89.57 feet; thence run along the boundary of TWIN RIVERS SECTION VI as recorded in Plat Book 40, Pages 69 through 75 of said Public Records the following eight courses: N 70 45'00" E 870.49 feet; N 32 15'00" E 342.85 feet; N 49 45'00" W 338.20 feet; N 46 00'55" W 175.59 feet; N 14 22'39" E 166.94 feet; N 53 45'00" W 460.00 feet; N 77 36'49" W 302.10 feet; W 08 25'14" W 309.57 feet; thence run N 01 57'00" W 277.69 feet; thence run N 22 03'44" E 182.85 feet; thence run N 32 38'15" W 116.55 feet; thence run S 57 29'33" W 190.97 feet; thence run S 17 47'35" W 177.24 feet; thence run S 66 55'00" W 373.07 feet; thence run N 80 04'05" W 206.75 feet; thence run N 06 44'17" W 293.10 feet; thence run N 18 33'42" E 224.42 feet; thence run N 16 31'29" W 361.56 feet; thence run W 77 42'03" W 330.21 feet; thence run S 13 57'28" W 410.60 feet; thence run S 34 13'56" W 625.47 feet; thence run S 09 53'19" W 211.09 feet; thence run S 50 47'37" E 264.02 feet; thence run S 02 36'54" E 107.83 feet; thence run along the boundary of TWIN RIVERS SECTION VI as recorded in Plat Book 40, Pages 69 through 75 of said Public Records the following three courses: from a tangent bearing of N 69 28'33" W run Westerly 647.79 feet along the arc of a curve concave Southerly having a radius of 841.23 feet, a central angle of 44 07'16" and a chord of 631.91 feet; S 66 24'12" W 246.41 feet; Northwesterly 47.12 feet along the arc of a curve concave Northeasterly having a radius of 30.00 feet, a central angle of 90 00'00" and a chord of 42.43 feet that bears N 68 35'48" W; thence run along the Easterly Right of Way line of Lockwood Road, recorded in O.R. Book 1950, Page 552, of the Public Records of Seminole County, Florida, the following seven courses: N 23 35'48" W 390.46 feet; thence run Northwesterly 245.40 feet along the arc of a curve concave Northeasterly having a radius of 715.00 feet, a central angle of 19 39'55" and a chord of 244.20 feet that bears N 13 45'50" W; thence run N 03 55'53" W 707.24 feet; thence run Northwesterly 567.23 feet along the arc of a curve concave Southwesterly having a radius of 1000.00 feet, a central angle of 32 30'00" and a chord of 559.66 feet that bears N 20 10'53" W; thence run N 36 25'53" W 651.35 feet; thence run Northerly 560.87 feet along the arc of a curve concave Easterly having a radius of 892.65 feet, a central angle of 36 00'00" and a chord of 551.69 feet that bears W 18 25'53" W; thence run N 00 25'53" W 129.02 feet; thence departing said Right of Way run N 89 36'20" E 273.00 feet, along the Southerly line of said TWIN RIVERS MODEL HOME AREA; thence run along the Easterly line of said TWIN RIVERS MODEL HOME AREA the following two courses; N 18 37'47" E 86.91 feet; N 23 36'20" E 450.00 feet to the Point of Beginning, containing 220.87 acres more or less.

AND
PARCEL 2
Beginning at the Northeasterly corner of Lot 12 TWIN RIVERS
SECTION V, recorded in Plat Book 39, Pages 64 through 67, of
the Public Records of Seminole County, Florida, run along the
boundary of TWIN RIVERS SECTION VI as recorded in Plat Book
40, Pages 69 through 75 of said Public Records the following
nine courses: from a tangent bearing of N 72 04'35" E run
Easterly 526.91 feet along the arc of a curve concave
Southerly having a radius of 658.77 feet, a central angle of
45 49'37" and a chord of 512.97 feet; thence run S 62 05'48"
E 297.35 feet; thence run Southeasterly 132.59 feet along the
arc of a curve concave Northeasterly having a radius of
400.00 feet, a central angle of 18 59'34" and a chord of
131.99 feet that bears S 71 35'35" E; thence run S 26 15'00"
E 289.01 feet; thence run S 14 15'00" E 392.28 feet; thence
run S 14 41'40" E 80.00 feet; thence run S 00 37'18" W 117.07
feet; thence run S 14 43'52" W 115.63 feet; thence run S 89
24'12" W 22.55 feet; thence run Westerly 207.47 feet along
the arc of a curve concave Southerly having a radius of
637.53 feet, a central angle of 18 38'43" and a chord of
206.55 feet that bears S 80 04'50" W; thence run along the
Easterly line of said TWIN RIVERS SECTION V the following
four courses; N 02 24'12" E 68.61 feet; N 23 35'48" W 642.96
feet; N 32 05'26" W 112.20 feet; N 51 35'48" W 731.11 feet,
to the Point of Beginning, containing 11.400 acres more or
less.

AND
PARCEL 3
Beginning at the Northeasterly corner of Lots 20 TWIN RIVERS
SECTION V, as recorded in Plat Book 39, Pages 64 through 67
of the Public Records of Seminole County, Florida, run along
the boundary of TWIN RIVERS SECTION VI as recorded in Plat
Book 40, Pages 69 through 75 of said Public Records the
following 18 courses: from a tangent bearing of N 68 22'31" E
run Northeasterly 208.90 feet along the arc of a curve
concave Southerly having a radius of 577.53 feet, a central
angle of 20 43'28" and a chord of 207.76 feet; S 11 35'48" E
326.03 feet; S 65 31'33" E 156.80 feet; S 83 35'48" E 130.00
feet; S 08 35'48" E 87.13 feet; Southeasterly 104.18 feet
along the arc of a curve concave Northeasterly having a
radius of 397.94 feet, a central angle of 15 00'00" and a
chord of 103.88 feet that bears S 16 05'48" E; run
Southwesterly 21.03 feet along the arc of a curve concave
Westerly having a radius of 25.00 feet, a central angle of 48
11'23" and a chord of 20.41 feet that bears S 00 29'54" W; run
Southeasterly 95.37 feet along the arc of a curve concave
of 109 16'54" and a chord of 81.55 feet that bears S 30
02'52" E; S 05 18'41" W 130.00 feet; N 30 54'58" W 149.90 feet; N
08 35'48" W 320.00 feet; N 06 16'28" W 63.56 feet; N 65
58'08" E 114.44 feet; S 31 36'21" E 113.96 feet; N 68 45'00"
E 130.00 feet; S 21 15'00" E 58.34 feet; thence run along the
boundary of TWIN RIVERS SECTION VII as recorded in Plat Book
41, Pages 2 through 4, of said Public Records the following
13 courses: S 21 15'00" E 89.57 feet; Southeasterly 143.12
feet along the arc of a curve concave Northeasterly having a
radius of 200.00 feet, a central angle of 41 00'00" and a
chord of 140.08 feet that bears S 41 45'00" E; S 57 20'56" W
75.00 feet; S 32 43'49" E 115.00 feet; S 22 22'37" E 80.02
feet; S 26 19'59" E 98.65 feet; S 33 19'32" E 189.90 feet; S
47 06'52" 240.00 feet; S 15 22'08" E 124.97 feet; S 04 51'22"
W 360.21 feet; S 58 22'57" W 398.59 feet; S 24 44'29" W
249.44 feet; S 60 28'29" W 105.10 feet; thence run N 60
37'03" W 585.45 feet; thence run N 51 51'09" W 631.73 feet;
thence run N 44 55'34" W 410.22 feet; thence run along the
Easterly line of said TWIN RIVERS SECTION V the following
four courses: N 51 24'12" E 314.58 feet; N 37 33'34" E 122.03
feet; N 11 29'30" E 110.40 feet; N 02 24'12" E 517.78 feet,
containing 44.835 acres more or less.

LEGAL DESCRIPTION WRITTEN BY SURVEYOR:

PARCEL 1

Beginning at the Northeasterly corner of Lot 5, TWIN RIVERS MODEL HOME AREA recorded in Plat Book 39, Page 11, of the Public Records of Seminole County, Florida, run N 21 15'53" E 988.81 feet; thence N 38 49'29" E 544.54 feet; thence from a tangent bearing of S 60 56'12" E run southeasterly 907.39 feet along the arc of the curve concave Northeasterly having a radius of 5829.65 feet a central angle of 08 55'05" and a chord of 906.48 feet, said curve being 100.00 feet Southwesterly of and concentric to the center line of County Road No. 419; thence run S 07 04'07" W 845.81 feet; thence run S 44 04'06" W 1610.68 feet; thence run S 72 34'07" W 485.15 feet; thence run S 36 25'53" E 523.10 feet; thence run N 33 52'05" E 421.17 feet; thence run N 62 50'02" E 382.56 feet; thence run N 39 30'17" E 922.78 feet; thence run N 52 28'51" E 453.74 feet; thence run N 66 05'16" E 631.87 feet; thence run S 28 30'41" E 515.49 feet; thence run S 09 18'35" E 334.17 feet; thence run S 27 30'43" W 845.58 feet; thence run S 31 07'47" E 568.85 feet; thence run S 22 37'11" E 248.01 feet; thence run N 80 32'16" E 296.81 feet; thence run S 57 56'30" E 720.67 feet; thence run S 15 18'36" E 434.92 feet; thence run S 11 19'25" W 342.28 feet; thence run S 37 12'32" E 618.15 feet; thence run S 03 38'35" E 150.00 feet; thence run S 36 52'05" E 518.11 feet; thence run S 13 15'13" W 338.90 feet; thence run S 44 49'05" W 392.93 feet; thence run S 78 08'11" W 74.95 feet; thence run along the boundary of TWIN RIVERS SECTION VII as recorded in Plat Book 41, Pages 2 through 4 of said Public Records the following five courses: S 81 56'00" W 658.95 feet; S 27 45'00" W 72.12 feet; N 62 15'00" W 67.29 feet; Northwesterly 107.34 feet along the arc of a curve concave Northeasterly having a radius of 150.00 feet, a central angle of 41 00'00" and a chord of 105.06 that bears N 41 45'00" W; N 21 15'00" W 89.57 feet; thence run along the boundary of TWIN RIVERS SECTION VI as recorded in Plat Book 40, Pages 69 through 75 of said Public Records the following eight courses: N 70 45'00" E 870.49 feet; N 32 15'00" E 342.85 feet; N 49 45'00" W 338.20 feet; N 46 00'55" W 175.59 feet; N 14 22'39" E 166.94 feet; N 53 45'00" W 460.00 feet; N 77 36'49" W 302.10 feet; N 08 25'14" W 309.57 feet; thence run N 01 57'00" W 277.69 feet; thence run N 22 03'44" E 182.85 feet; thence run N 32 38'15" W 116.55 feet; thence run S 57 29'33" W 190.97 feet; thence run S 17 47'35" W 177.24 feet; thence run S 66 55'00" W 373.07 feet; thence run N 80 04'05" W 206.75 feet; thence run N 06 44'17" W 293.10 feet; thence run N 18 33'42" E 224.42 feet; thence run N 16 31'29" W 361.56 feet; thence run N 77 42'03" W 330.21 feet; thence run S 13 57'28" W 410.60 feet; thence run S 34 13'56" W 625.47 feet; thence run S 09 53'19" W 211.09 feet; thence run S 50 47'37" E 264.02 feet; thence run S 02 36'54" E 107.83 feet; thence run along the boundary of TWIN RIVERS SECTION VI as recorded in Plat Book 40, Pages 69 through 75 of said Public Records the following three courses: from a tangent bearing of N 69 28'33" W run Westerly 647.79 feet along the arc of a curve concave Southerly having a radius of 841.23 feet, a central angle of 44 07'16" and a chord of 631.91 feet; S 66 24'12" W 246.41 feet; Northwesterly 47.12 feet along the arc of a curve concave Northeasterly having a radius of 30.00 feet, a central angle of 90 00'00" and a chord of 42.43 feet that bears N 68 35'48" W; thence run along the Easterly Right of Way line of Lockwood Road, recorded in O.R. Book 1950, Page 552, of the Public Records of Seminole County, Florida, the following seven courses: N 23 35'48" W 390.46 feet; thence run Northwesterly 245.40 feet along the arc of a curve concave Northeasterly having a radius of 715.00 feet, a central angle of 19 39'55" and a chord of 244.20 feet that bears N 13 45'50" W; thence run N 03 55'53" W 707.24 feet; thence run Northwesterly 567.23 feet along the arc of a curve concave Southwesterly having a radius of 1000.00 feet, a central angle of 32 30'00" and a chord of 559.66 feet that bears N 20 10'53" W; thence run N 36 25'53" W 651.35 feet; thence run Northerly 560.87 feet along the arc of a curve concave Easterly having a radius of 892.65 feet, a central angle of 36 00'00" and a chord of 551.69 feet that bears N 18 25'53" W; thence run N 00 25'53" W 129.02 feet; thence departing said Right of Way run N 89 36'20" E 273.00 feet, along the Southerly line of said TWIN RIVERS MODEL HOME AREA; thence run along the Easterly line of said TWIN RIVERS MODEL HOME AREA the following two courses; N 18 37'47" E 86.91 feet; N 23 36'20" E 450.00 feet to the Point of Beginning, containing 220.87 acres more or less.

AND
PARCEL 2
Beginning at the Northeasterly corner of Lot 12 TWIN RIVERS
SECTION V, recorded in Plat Book 39, Pages 64 through 67, of
the Public Records of Seminole County, Florida, run along the
boundary of TWIN RIVERS SECTION VI as recorded in Plat Book
40, Pages 69 through 75 of said Public Records the following
nine courses: from a tangent bearing of N 72 04'35" E run
Easterly 526.91 feet along the arc of a curve concave
Southerly having a radius of 658.77 feet, a central angle of
45 49'37" and a chord of 512.97 feet; thence run S 62 05'48"
E 297.35 feet; thence run Southeasterly 132.59 feet along the
arc of a curve concave Northeasterly having a radius of
400.00 feet, a central angle of 18 59'34" and a chord of
131.99 feet that bears S 71 35'35" E; thence run S 26 15'00"
E 289.01 feet; thence run S 14 15'00" E 392.28 feet; thence
run S 14 41'40" E 80.00 feet; thence run S 00 37'18" W 117.07
feet; thence run S 14 43'52" W 115.63 feet; thence run S 89
24'12" W 22.55 feet; thence run Westerly 207.47 feet along
the arc of a curve concave Southerly having a radius of
637.53 feet, a central angle of 18 38'43" and a chord of
206.55 feet that bears S 80 04'50" W; thence run along the
Easterly line of said TWIN RIVERS SECTION V the following
four courses; N 02 24'12" E 68.61 feet; N 23 35'48" W 642.96
feet; N 32 05'26" W 112.20 feet; N 51 35'48" W 731.11 feet,
to the Point of Beginning, containing 11.400 acres more or
less.

AND
PARCEL 3
Beginning at the Northeasterly corner of Lots 20 TWIN RIVERS
SECTION V, as recorded in Plat Book 39, Pages 64 through 67
of the Public Records of Seminole County, Florida, run along
the boundary of TWIN RIVERS SECTION VI as recorded in Plat
Book 40, Pages 69 through 75 of said Public Records the
following 18 courses: from a tangent bearing of N 68 22'31" E
run Northeasterly 208.90 feet along the arc of a curve
concave Southerly having a radius of 577.53 feet, a central
angle of 20 43'28" and a chord of 207.76 feet; S 11 35'48" E
326.03 feet; S 65 31'33" E 156.80 feet; S 83 35'48" E 130.00
feet; S 08 35'48" E 87.13 feet; Southeasterly 104.18 feet
along the arc of a curve concave Northeasterly having a
radius of 397.94 feet, a central angle of 15 00'00" and a
chord of 103.88 feet that bears S 16 05'48" E; run
Southwesterly 21.03 feet along the arc of a curve concave
Westerly having a radius of 25.00 feet, a central angle of 48
11'23" and a chord of 20.41 feet that bears S 00 29'54" W; run
Southeasterly 95.37 feet along the arc of a curve concave
Northeasterly having a radius of 50.00 feet; a central angle
of 109 16'54" and a chord of 81.55 feet that bears S 30
02'52" E; S 05 18'41" W 130.00 feet; S 84 41'19" E 180.00
feet; N 05 18'41" E 221.72 feet; N 30 54'58" W 149.90 feet; N
08 35'48" W 320.00 feet; N 06 16'28" W 63.56 feet; N 65
58'08" E 114.44 feet; S 31 36'21" E 113.96 feet; N 68 45'00"
E 130.00 feet; S 21 15'00" E 58.34 feet; thence run along the
boundary of TWIN RIVERS SECTION VII as recorded in Plat Book
41, Pages 2 through 4, of said Public Records the following
13 courses: S 21 15'00" E 89.57 feet; Southeasterly 143.12
feet along the arc of a curve concave Northeasterly having a
radius of 200.00 feet, a central angle of 41 00'00" and a
chord of 140.08 feet that bears S 41 45'00" E; S 57 20'56" W
75.00 feet; S 32 43'49" E 115.00 feet; S 22 22'37" E 80.02
feet; S 26 19'59" E 98.65 feet; S 33 19'32" E 149.90 feet; S
47 06'52" 240.00 feet; S 15 22'08" E 124.97 feet; S 04 51'22"
W 360.21 feet; S 58 22'57" W 398.59 feet; S 24 44'29" W
249.44 feet; S 60 28'29" W 105.10 feet; thence run N 60
37'03" W 585.45 feet; thence run N 51 51'09" W 631.73 feet;
thence run N 44 55'34" W 410.22 feet; thence run along the
Easterly line of said TWIN RIVERS SECTION V the following
four courses: N 51 24'12" E 314.58 feet; N 37 33'34" E 122.03
feet; N 11 29'30" E 110.40 feet; N 02 24'12" E 517.78 feet,
containing 44.835 acres more or less;

The Lessee shall carry Comprehensive General Liability Insurance at all times with minimum limits of five hundred thousand and no/100 dollars (\$500,000.00) per occurrence, combined single limit for bodily injury and property damage, insuring against all liability of Lessee and its authorized representatives arising out of and in connection with Lessee's use of the premises. All public liability insurance and property damage insurance shall insure performances by Lessee of the indemnity provisions contained herein. Both parties shall be named as additional insureds, and the policy shall contain crossliability endorsements. All policies shall be endorsed to waive any right of subrogation against Lessor, its directors, officers, employees and agents or against its affiliated companies, their directors, officers, employees and agents.

8. ASSIGNMENT. Lessee may assign, mortgage, pledge or transfer this lease without Lessor's consent. In the event of an assignment or transfer of this lease, the assignee thereof shall assume in writing all of the duties, obligations and rights of the Lessee in full. This shall include the requirements that the effluent discharged from the sewage treatment plant meets the criteria and standards of the DER regulation for irrigation of the Golf Course Property, i.e., tertiary treatment levels are to be maintained at all times.

9. DEFAULT. Each of the following shall be deemed a default by the Lessee and a breach of this Lease:

(a) Nonpayment of the installments of rent required by additional rent herein reserved, the term of this Lease for a period of thirty (30) days after written notice thereof is received by Lessee.

(b) A failure to perform any other covenant or condition of this Lease on the part of the Lessee to be performed for a period of sixty (60) days after written notice thereof has been received by the Lessee. Any notice given pursuant to this subparagraph which refers to a failure to do work shall specify in general terms the work required to be done to prevent the occurrence of a default. For the purposes of this subparagraph, no default on the part of the Lessee in the performance of work required to be performed or acts to be done or conditions to be modified shall be deemed to exist if steps shall have in good faith been commenced promptly by the Lessee to rectify the same and shall be prosecuted to completion with diligence. Delays occasioned by fire, strikes, embargoes, governmental restrictions, Acts of God, or any other cause beyond the reasonable control of the Lessee shall not be included in the calculating of the aforementioned 60 day period.

(c) In the event of any such default of the Lessee, and at any time following the expiration of the respective periods above referred to, the Lessor may serve a written notice upon the Lessee that the Lessor elects to terminate this Lease upon a specified date which shall be:

(1) In the event of any default under subparagraph 9(a) hereof, not less than ten (10) days after the date of serving of such notice; or

(2) In the event of default under subparagraph 9(b) hereof, not less than twenty (20) days after the date of serving such notice, this Lease shall then expire on the date so specified as if that date had been originally fixed as the expiration date of the term herein granted. No default shall be deemed

PROPERTY ID NUMBER	ESCROW CD	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
0252600		360,000	0	360,000	

P
 0064398 OVAVI9 2881 AUTO CT 16 0 0660 32765
 ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL 32765-7077
 ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL

TAXING AUTHORITY	MILLAGE RATE (DOLLARS PER \$1,000 OF TAXABLE VALUE)	TAXES LEVIED
COUNTY	6.1838	2,228.97
SCHOOL	9.3880	3,379.88
CITY OVIEDO	4.9950	1,778.20
SJWM	1.4820	529.52
COUNTY BONDS	1.2251	441.04
SCHOOL BONDS	1.9200	691.20

ENTERED
 DEC 18 1996

12/30/96

647004

TOTAL MILLAGE 21.1799 AD VALOREM TAXES \$7,622.61

LEVYING AUTHORITY	RATE	AMOUNT
NON-AD VALOREM ASSESSMENTS		
		\$.00

PLEASE RETAIN THIS PORTION FOR YOUR RECORDS PLEASE DETACH AND RETURN LOWER PORTION WITH PAYMENT

COMBINED TAXES AND ASSESSMENTS	\$7,622.61				
PAY ONLY ONE AMOUNT	NOV 30 7,317.71	DEC 31 7,393.93	JAN 31 7,470.16	FEB 28 7,546.38	MAR 31 7,622.61

1996 TANGIBLE PERSONAL PROPERTY NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS					
PROPERTY ID NUMBER	ESCROW CD	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
0252600		360,000	0	360,000	96

AV0064398 P
 ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL 32765-7077

ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL

PROPERTY I.D. NUMBER	ESCROW CD	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
0252600		360,000	0	360,000	96

0064709 01 CP 0.254 32765
 P CAR-RT SORT 06 5 0 0860 3
 ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL 32765

ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL

TAXING AUTHORITY	AD VALOREM TAXES	TAXES LEVIED
	MILLAGE RATE (DOLLARS PER \$1,000 OF TAXABLE VALUE)	
COUNTY	5.1638	1,858.97
SCHOOL	9.2690	3,336.84
CITY OVIEDO	4.9950	1,798.20
SJWM	.4820	173.52
COUNTY BONDS	.2134	76.82
SCHOOL BONDS	1.0680	384.48
TOTAL MILLAGE		21.1912 AD VALOREM TAXES

Sub

\$7,628.83

LEVYING AUTHORITY	NON-AD VALOREM ASSESSMENTS	AMOUNT
	RATE	
<p>72-22</p> <p>11/30/95</p>		

PLEASE RETAIN THIS PORTION FOR YOUR RECORDS
 PLEASE DETACH AND RETURN LOWER PORTION WITH PAYMENT

COMBINED TAXES AND ASSESSMENTS		NON-AD VALOREM ASSESSMENTS			
\$7,628.83		\$.00			
PAY ONLY ONE AMOUNT	NOV. 30 7,323.68	DEC 31 7,399.97	JAN 31 7,476.25	FEB 29 7,552.54	MAR 31 7,628.83

RAY VALDES
 SEMINOLE COUNTY TAX COLLECTOR

1995 TANGIBLE PERSONAL PROPERTY

PROPERTY I.D. NUMBER	ESCROW CD	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
0252600		360,000	0	360,000	96

CP0064709 P
 ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL 32765

ALAFAYA UTILITIES INC
 1067 MC KINNON AVE
 OVIEDO FL

PAY IN U.S. FUNDS TO RAY VALDES • TAX COLLECTOR • P.O. BOX 830 • SANFORD, FL 32772-0830

PAY ONLY ONE AMOUNT	NOV 30 7,323.68	DEC 31 7,399.97	JAN 31 7,476.25	FEB 29 7,552.54	MAR 31 7,628.83
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0300 02526002 000000000 000000000 00000 00007628837

RAY VALDES
SEMINOLE COUNTY TAX COLLECTOR

1994 TANGIBLE PERSONAL PROPERTY
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

AG9

0252600	ESCROW CD	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
		380,000	0	380,000	96

0059783 01 CP 0.230 32765
P CAR-RT SORT ** ROOB
ALAFAYA UTILITIES INC
1067 MC KINNON AVE
OVIDEO FL 32765

ALAFAYA UTILITIES INC
1067 MC KINNON AVE
OVIDEO FL

TAXING AUTHORITY	MILLAGE RATE (DOLLARS PER \$1,000 OF TAXABLE VALUE)	TAXES LEVIED
COUNTY	5.1638	1,858.97
SCHOOL	9.0250	3,249.00
CITY OVIDEO	4.9950	1,798.20
SJWM	.4820	173.52
COUNTY BONDS	.1984	71.42
SCHOOL BONDS	1.0680	384.48

Personal Property OK

RECEIVED
NOV - 9 1994

20.9322 AD VALOREM TAXES \$7,535.59

LEVYING AUTHORITY	RATE	AMOUNT
721-22		
T 64700.7-1		

PLEASE RETAIN THIS PORTION FOR YOUR RECORDS
PLEASE DETACH AND RETURN LOWER PORTION WITH PAYMENT

COMBINED TAXES AND ASSESSMENTS		NON-AD VALOREM ASSESSMENTS				\$.00
\$7,535.59						
PAY ONLY ONE AMOUNT	NOV 30 7,234.17	DEC 31 7,309.52	JAN 31 7,384.88	FEB 28 7,460.23	MAR 31 7,535.59	

RAY VALDES
SEMINOLE COUNTY TAX COLLECTOR

1994 TANGIBLE PERSONAL PROPERTY
NOTICE OF AD VALOREM TAXES AND NON-AD VALOREM ASSESSMENTS

0252600	ESCROW CO	ASSESSED VALUE	EXEMPTIONS	TAXABLE VALUE	MILLAGE CODE
		380,000	0	380,000	96

0059783 P CAR-RT SORT ** ROOB
ALAFAYA UTILITIES INC
1067 MC KINNON AVE
OVIDEO FL 32765

ALAFAYA UTILITIES INC
1067 MC KINNON AVE
OVIDEO FL

PAY IN U.S. FUNDS TO RAY VALDES - TAX COLLECTOR - P.O. BOX 630 - SANFORD, FL 32772-0630

PAY ONLY ONE AMOUNT	NOV 30 7,234.17	DEC 31 7,309.52	JAN 31 7,384.88	FEB 28 7,460.23	MAR 31 7,535.59
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0300 02526002 000000000 000000000 00000 00007535594

UTILITIES, INC. AND SUBSIDIARIES
Capital Structure at December 31, 1996

	<u>December 1996</u>	<u>Annual Interest Expense</u>	<u>Capital Structure</u>
<u>COMMON SHAREHOLDERS' EQUITY:</u>			
Common stock, \$.10 par value; authorized 10,000,000 shares; 3,417,497 issued and outstanding (10,000 of which are held in Treasury); 178,300 shares reserved for stock options	\$ 341,750		
Treasury Shares	(142,500)		
Paid-in capital	15,593,762		
Retained earnings (\$18,567,812 restricted at December 31, 1996)	<u>27,536,394</u>		
Total Common Shareholder's Equity	\$ <u>43,329,406</u>		<u>49.38%</u>
<u>LONG-TERM DEBT:</u>			
Collateral trust notes -			
7.87%, due June 1, 2005	\$ 15,000,000	1,180,500	
9.01%, \$1,500,000 due in annual installments beginning November 30, 1998 through 2007	15,000,000	1,391,500	
9.16%, \$1,000,000 due in annual installments beginning April 30, 1997 through 2006	9,000,000	824,400	
10.39%, \$900,000 due in annual installments through 2003	5,400,000	561,060	
Mortgage notes-			
5.6%, due in monthly installments of \$264 including interest, through June 2002	14,964	838	
Amortization of Debt and Acquisition Expense		<u>70,427</u>	
Total Long-Term Debt	\$ <u>44,414,964</u>	\$ <u>3,988,725</u>	<u>50.62%</u>
TOTAL CAPITALIZATION	\$ <u>87,744,370</u>		<u>100.00%</u>
COST OF DEBT	<u>8.98%</u>		

ALAFAYA UTILITIES, INC.
 Docket No. 960288-SU
 Rate of Return/Cost of Capital

	Note	Weight	Cost	Weighted Cost	Income Tax Factor	Weighted Cost incl. Tax Factor
Long-Term Debt	[a]	50.62%	8.98%	4.55%	1.0000	4.55%
Common Shareholders' Equity	[b]	49.38%	11.27%	5.57%	1.6033 [c]	8.92%
Overall Rate of Return		<u>100.00%</u>		<u>10.11%</u>		<u>13.47%</u>

Capital Investment	Institutional Scenario	Residential Scenario #1	Residential Scenario #2	Residential Scenario #3	Residential Scenario #4
Cost of Capital incl. Income Taxes	\$ 1,265,800	\$ 2,811,000	\$ 2,464,000	\$ 1,631,000	\$ 3,990,000
Cost of Capital/Rate of Return	<u>13.47%</u>	<u>13.47%</u>	<u>13.47%</u>	<u>13.47%</u>	<u>13.47%</u>
	\$ <u>170,485</u>	\$ <u>378,601</u>	\$ <u>331,865</u>	\$ <u>219,672</u>	\$ <u>537,396</u>

[a] The capital structure used is Utilities, Inc. and Subsidiaries at December 31, 1996.
 [b] The equity return is calculated using the most recent PL PSC leverage formula:

$$\text{Return on Common Equity} = 8.98\% + 1.131 / \text{ER}$$

$$\text{Return on Common Equity} = 8.98\% + 1.131 / 49.38\%$$

$$\text{Return on Common Equity} = 11.27\%$$

[c] State Income tax rate = 5.5% , Federal Income tax rate = 34%.

$$\text{Tax Factor} = 1 / 1 - .3763$$

$$\text{Tax Factor} = 1.6033$$