



Public Service Commission

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RECORDS AND REPORTING
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DATE: SEPTEMBER 23, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (CIBULA) *SME*
DIVISION OF WATER AND WASTEWATER (JOHNSON, REDEMANN) *RRR 68M*

RE: DOCKET NO. 981779-WS - APPLICATION FOR AUTHORITY TO TRANSFER FACILITIES OF J. SWIDERSKI UTILITIES, INC., AND CERTIFICATE NOS. 371-S AND 441-W IN LAKE COUNTY TO AQUASOURCE UTILITY, INC. *CPW*

AGENDA: OCTOBER 5, 1999 - REGULAR AGENDA - PROPOSED AGENCY ACTION ON ISSUES 3, AND 4 - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\981779.RCM

CASE BACKGROUND

J. Swiderski Utilities, Inc. (JSUI or utility or Seller) is a class C water and wastewater utility operating the King's Cove, Forty-Eight Estates and Summit Chase systems in Lake County. All three systems combined serve approximately 482 water and 403 wastewater customers. According to its application, J. Swiderski has been providing service since 1990. The annual report for 1998 shows that the combined operating revenues were \$140,588 and \$105,694 the net operating income was \$19,181 and \$4,276, for the water and wastewater systems respectively.

On December 1, 1998, AquaSource Utility filed an application for transfer of Majority Organizational Control from JSUI to AquaSource Utility (Buyer). The application was amended on January 5, 1999 to an application for transfer. Joe Swiderski (seller) acquired JSUI Certificates Nos. 441-W and 371-S in Docket No.

DOCUMENT NUMBER-DATE

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870633-WS, Order No. 19575, dated June 27, 1988. AquaSource purchased JSUI for \$652,000.

Section 367.071, Florida Statutes, states in part that no utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without approval of the Commission. According to the application, the parties closed on the sale of the utility on January 27, 1999, which is discussed further in Issue 1. The following is staff's recommendation regarding the requested transfer.

DISCUSSION OF ISSUES

ISSUE 1: Should J. Swiderski Utilities, Inc. be ordered to show cause, in writing within 20 days, why it should not be fined for violation of Section 367.071, Florida Statutes?

RECOMMENDATION: No. Show cause proceedings should not be initiated. (CIBULA)

STAFF ANALYSIS: As stated in the case background, JSUI closed on the transfer of its facilities to AquaSource on July 2, 1998, prior to obtaining Commission approval. Section 367.071(1), Florida Statutes, requires that:

No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof..., without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest...

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In closing on the transfer prior to Commission approval, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although JSUI's failure to obtain Commission approval prior to transferring its facilities to AquaSource is an apparent violation of Section 367.071(1), Florida Statutes, there are circumstances which appear to mitigate the utility's apparent violation. According to a letter from the utility dated January 26, 1999, JSUI and AquaSource needed to close on the sale of the utility as soon as possible due to the failing health of the utility owner Joe

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Swiderski (seller). Further, the closing was scheduled to coincide with the regular billing cycle in order to facilitate a smooth transition for both the customers and the companies involved. There is a provision in the contract between JSUI and AquaSource which states that the sale is subject to this Commission's jurisdiction and if the application is denied by the Commission, the parties will terminate the transaction.

Staff does not believe that the apparent violation of Section 367.071, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding. Therefore, staff recommends that the Commission not order JSUI to show cause for failing to obtain Commission approval prior to transferring its facilities to AquaSource.

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ISSUE 2: Should the transfer of J. Swiderski Utilities, Inc. to AquaSource Utility, Inc be approved?

RECOMMENDATION: Yes, the transfer of JSUI to AquaSource Utility, Inc., should be approved. (JOHNSON, REDEMANN)

STAFF ANALYSIS: As discussed in the case background, on December 1, 1998, AquaSource Utility, Inc. filed an application for transfer of JSUI to AquaSource Utility, Inc. The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and Administrative Code Rules concerning an application for transfer. The application contains a check in the amount of \$1,500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.037(3)(i), Florida Administrative Code.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the system to be transferred. No objections to the notice of application have been received and the time for filing such has expired. A description of the territory served by the utility is appended to this memorandum as Attachment A.

The application states that the transfer is in the public interest because the Buyer's business is operating water and wastewater utilities. According to the application, AquaSource has an excellent reputation with the Texas regulatory agencies, which is where most of its systems are located. The Buyer has the financial resources to make the future improvements to the utility systems as deemed necessary. Additionally, the application contains a statement that the Buyer will fulfill the commitments, obligations and representations of the Sellers with regard to utility matters. In contrast, the Seller is no longer interested in continuing to own and operate the utility systems.

Regarding the Buyer's financial ability, it has provided the company's consolidated financial statement, along with additional information regarding the sources of annual income. AquaSource is a wholly-owned subsidiary of DQE, Inc. (DQE). DQE is listed on the New York Stock Exchange and has a market value in excess of \$2 billion. All acquisitions are funded through direct capital contributions from DQE. DQE, the funded parent of Duquesne Light Company, has assets of more than \$4.6 billion and annual revenues

in excess of \$1.2 billion. According to the Buyer, DQE currently intends to continue to make substantial investments in AquaSource with a goal of providing the company with the financial stability required to maintain its utility systems in accordance with Commission standards.

Regarding the Buyer's technical ability, AquaSource Utility, Inc. is a subsidiary of DQE, Inc. which, as of December 1, 1998, owned and operated water and wastewater systems serving approximately 125,000 customers. Although AquaSource is a relatively new organization, it has experienced staff who have been providing operation, maintenance and management services for municipal and private water utilities for more than 25 years. In addition to 25 years of experience in operating water and wastewater utilities, AquaSource has the financial resources to ensure consistent compliance with environmental regulations. AquaSource is expanding its technical capabilities and implementing improved quality control, maintenance management, training and safety programs. These improvements provide direct tangible benefits to utilities owned and operated by AquaSource and municipal utilities served by AquaSource.

According to our records, the utility is current on its regulatory assessment fees and has filed an annual report for 1998 and all prior years. The application states that the AquaSource's representative has performed a reasonable investigation of the utility system. The plant facilities appear to be in satisfactory condition and in compliance with all applicable standards set by the Florida Department of Environmental Protection (DEP). Staff has contacted the DEP and learned that there are no outstanding notices of violation.

Based on the above, staff believes the transfer of JSUI to AquaSource Utility, Inc. is in the public interest and therefore, it should be approved.

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Attachment A

J. SWIDERSKI UTILITIES, INC.

WATER AND WASTEWATER

LAKE COUNTY

Order No. 14115
Township 19 South, Range 26 East
Section 31

King's Cove Subdivision

Commence at the Northwest corner of the Southeast 1/4 of the Southwest 1/4 of said Section 31, thence South 00°12'35" West, a distance of 507.33 feet to the Point of Beginning; thence following the same bearing continue a distance of 811.74 feet to the South line of said Section 31; thence along said South line in an Easterly direction a distance of 1576.56 feet, more or less, to the Western Right-of-Way line of State Road 19; thence following said R-O-W line North 16°38'42" East, a distance of 254.68 feet to a point; thence North 00°14'00" East for a distance of 215 feet; thence South 89°29'55" East for a distance of 353.36 feet; thence North 16°38'42" East for a distance of 416.66 feet to a point; thence North 89°29'55" West for a distance of 1286.64 feet to a point; thence South 00°14'00" West a distance of 83 feet to a point; thence North 89°29'55" West for a distance of 569.03 feet, more or less; to the West line of the Southeast 1/4 of the Southwest 1/4 of said Section 31 and the Point of Beginning.

Township 19 South, Range 24 East, Section 1
King's Cove Subdivision

Commencing at the Southeast corner of the Southwest 1/4 of said Section 1, thence South 89°52'46" West, along the South line of the said 1/4 1118.22 feet to the POINT OF BEGINNING: thence continue South 89°52'46" West, along said South line 339.27 feet; thence North 00°07'14" West 75.00 feet to the beginning of a curve concave to northwest and having a radius of 25.00 feet; thence southwesterly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet to the end of said curve; thence South 89°52'46" West, 144.79 feet; thence North 00°07'14" West, 95.47 feet; thence North 43°02'46" West, 95.56 feet; thence North 46°57'14" East, 25.00 feet; thence North 43°02'46" West 150.00 feet to a point on the southerly right-of-way of Twin Palms Road (District Number 1-5915); thence South 46°57'14" West, along said right-of-way 9.25 feet to the beginning of curve concave to the northwest and having a radius of 516.40 feet; thence along the curve through a central angle of 26°21'52" an arc distance of

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237.62 feet to the end of said curve; thence South 73°19'06" West, 322.25 feet to the beginning of a curve concave to the Southeast and having a radius of 25.00 feet; thence along said curve through a central angle of 97°42'28", an arc distance of 42.63 feet to the end of said curve and a point on a curve concave to the southwest and having a radius of 1950.08 feet, said point also being on the northeasterly right-of-way of State Road 466-A; thence northwesterly along said right-of-way line through a central angle of 6°55'41", an arc distance of 235.80 feet; thence North 58°40'57" East, a 150.00 feet to a curve concave to the southwest and having a radius of 2100.08 feet; thence southerly along said curve through a central angle of 5°19'18" an arc distance of 195.06 feet to a point on the northerly right-of-way line of Twin Palms Road (Dist. 1-5915), thence North 73°19'06" East, along said right-of-way 207.10 feet to a point on a curve concave to the northwest and having a radius of 466.40 feet; thence along said curve through a central angle of 26°21'52", an arc distance of 214.61 feet to the end of said curve; thence North 46°57'14" East, 288.00 feet; thence North 47°35'22" East, 383.18 feet; thence North 48°11'49" East, 325.10 feet to the beginning of a curve concave to the northwest and having a radius of 25.00 feet; thence northerly along said curve through a central angle of 90°00'00", an arc distance of 39.27 feet to the end of said curve; thence North 41°48'11" West. 349.61 feet to the beginning of a curve concave to the northwest and having a radius of 25.00 feet; thence southwesterly along said curve through a central angle of 89°33'21", an arc distance of 39.08 feet to the end of said curve; thence South 47°45'10" West, 589.81 feet; thence North 42°14'50" West, 518.77 feet; thence South 71°33'26" West 15.82 feet; thence North 8°21'41" West 101.57 feet; thence North 71°33'26" East 55.31 feet; thence North 84°10'30" West 126.10 feet; thence North 61°04'44" East 125.86 feet; thence North 68°08'51" East 91.78 feet; thence North 51°36'12" East 147.29 feet; thence North 54°50'04" East 97.10 feet; thence North 30°13'13 East 72.73 feet; thence South 62°58'24" East 100.16 feet; thence South 30°13'13" West 51.40 feet to a point on a curve concave to the south and having a radius of 50.00 feet; thence northeasterly, easterly, and southeasterly along said curve through a central angle of 107°58'36" an arc distance of 94.23 feet to the end of said curve; thence South 41°48'11" East 744.32 feet to the beginning of a curve concave to the southwest and having a radius of 145.36 feet; thence southeasterly along said curve through a central angle of 13°47'46" an arc distance of 35.00 feet; thence North 70°00'00" East 585.43 feet; thence South 46°20'00" East 178.77 feet; thence South 43°40'00" West 156.00 feet; thence South 6°30'00" West 115.64 feet; thence South 19°15'00" West 320.00 feet; thence South 45°00'00" West 200.00 feet; thence South 00°07'14" East 110.00 feet; thence South 89°52'46" West 90.00 feet; thence South 00°07'14" East 115.00 feet to the POINT OF BEGINNING.

King's Cove Subdivision

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Commence at the Southeast corner of the Southwest $\frac{1}{4}$ of said Section 1; thence run North along the East line of said Southwest $\frac{1}{4}$ a distance of 1481.74 feet to a point of beginning; from said POINT OF BEGINNING run South $55^{\circ}09'37''$ East, a distance of 51.01 feet to the beginning of a curve concave to the northerly and having a radius of 523.41 feet; thence run Easterly along said curve through a central angle of $27^{\circ}50'23''$ West, a distance of 254.32 feet to the end of said curve; thence South $83^{\circ}00'00''$ East a distance of 792.23 feet; thence North $07^{\circ}20'20''$ West, a distance of 243.14 feet; thence South $82^{\circ}39'40''$ West, a distance of 360.00 feet; thence North $83^{\circ}00'00''$ West, a distance of 330.00 feet; thence North $07^{\circ}00'00''$ East, a distance of 70.00 feet; thence North $83^{\circ}00'00''$ West, a distance of 210.00 feet; thence due North 60 feet; thence due West 50.00 feet; thence North $75^{\circ}56'54''$ West, a distance of 116.37 feet; thence North $51^{\circ}39'40''$ West, 123.16 feet to the beginning of a curve concave Southerly and having a radius of 461.86 feet; thence Westerly and Southwesterly along said curve through a central angle of $80^{\circ}08'31''$ a distance of 46.01 feet to the end of said curve; thence South $48^{\circ}11'49''$ West 586.30 feet to the Northeasterly right-of-way of Maple Leaf Drive, according to the Plat of King's Cove Subdivision; recorded in Plat Book 22, Page 44 and 45 of the Public Records of Lake County, Florida; thence run South $41^{\circ}48'11''$ East along said right-of-way of Maple Leaf Drive 250.00 feet to the beginning of a curve concave Southwesterly and having a radius of 145.36 feet; thence Southeasterly along said curve through a central angle of $13^{\circ}47'46''$, a distance of 35.00 feet; thence North $70^{\circ}00'00''$ East 585.43 feet; thence South $46^{\circ}20'00''$ East, 178.77 feet; thence North $34^{\circ}50'11''$ East, 182.17 feet; thence North $37^{\circ}51'20''$ East, 150.00 feet; thence South $51^{\circ}39'40''$ East, 103.28 feet to the East line of the Southwest $\frac{1}{4}$; thence North along said East line of the Southwest $\frac{1}{4}$, 63.74 feet to the POINT OF BEGINNING.

King's Cove Subdivision
Second Addition

From the Southeast corner of the Southwest $\frac{1}{4}$ of said Section 1, run South $89^{\circ}52'46''$ West along the South line of said Southwest $\frac{1}{4}$, 1457.49 feet to the Southwest corner of Lot 11, Block "A", King's Cove Subdivision, according to the plat thereof as recorded in Plat Book 22, Pages 44 and 45 of the Public Records of Lake County, Florida, and the POINT OF BEGINNING of this description. From said POINT OF BEGINNING continue South $89^{\circ}52'46''$ West, 624.55 feet to a point on a curve concave Westerly and having a radius of 2100.08 feet, run thence Northwesterly along said curve through a central angle of $9^{\circ}04'26''$, a distance of 332.24 feet to the Southerly right-of-way of Twin Palms Road; run thence North $73^{\circ}19'06''$ East along the Southerly right-of-way of Twin Palms Road 199.52 feet to the beginning of a curve concave Northerly and having a radius of 516.40 feet; run thence Northeasterly along said

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curve through a central angle of 26°21'52", a distance of 237.62 feet; thence North 46°57'14" East, 9.25 feet; thence South 43°02'46" East, 150.00 feet; thence South 46°57'14" West, 25.00 feet; thence South 43°02'46" East, 95.56 feet; thence South 00°07'14" East, 95.47 feet; thence North 89°52'46" East, 144.79 feet to the beginning of a curve Northwesterly and having a radius of 25.00 feet; run thence Northeasterly along said curve through a central angle of 90°00'00" a distance of 39.27 feet; thence South 00°07'14" East, 75.00 feet; thence North 89°52'46" East, 16.72 feet to a point that is North 00°17'14" West of the POINT OF BEGINNING; run thence South 00°07'14" East 150.00 feet to the POINT OF BEGINNING.

Order No. PSC-96-0131-FOF-WS
King's Cove Subdivision

KING'S COVE SUBDIVISION, THIRD ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 25, PAGE 37, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF THE S.W. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; RUN THENCE S.89°52'46"W. ALONG THE SOUTH LINE OF SAID S.W. 1/4, 2082.04 FEET TO THE SOUTHWEST CORNER OF LOT 2, KING'S COVE SUBDIVISION, SECOND ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 24, PAGE 31 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, AND THE POINT OF BEGINNING OF SECTION "A"; FROM SAID POINT OF BEGINNING OF SECTION "A" CONTINUE S.89°52'46"W., 156.06 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY OF STATE ROAD NO. 466A, SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHWESTERLY AND HAVING A RADIUS OF 1950.08 FEET; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY AND SAID CURVE THROUGH A CENTRAL ANGLE OF 07°37'40" AN ARC LENGTH OF 259.61 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEASTERLY AND HAVING A RADIUS OF 25.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 97°42'28" AN ARC DISTANCE OF 42.63 FEET TO THE END OF SAID CURVE; THENCE N.73°19'06"E. ALONG THE SOUTHEASTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD 122.74 FEET TO THE NORTHWEST CORNER OF LOT 1 OF THE AFORESAID KINGS COVE SUBDIVISION, SECOND ADDITION, AND A POINT HEREBY DESIGNATED AS POINT "A", SAID POINT BEING ON A CURVE CONCAVE TO THE SOUTHWESTERLY AND HAVING A RADIUS OF 2100.08 FEET; THENCE SOUTHEASTERLY AND ALONG THE WESTERLY LINE OF SAID KINGS COVE SUBDIVISION, SECOND ADDITION AND THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°04'26" AN ARC LENGTH OF 332.59 FEET AND A CHORD DISTANCE OF 332.24 FEET TO THE POINT OF BEGINNING OF THE AFORESAID SECTION "A"; RETURN TO THE AFOREMENTIONED POINT "A"; RUN THENCE N.73°19'06"E., ALONG SAID SOUTHEASTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD, 199.52 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWESTERLY AND HAVING A RADIUS OF 516.40 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE

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OF 26°21'52" AN ARC LENGTH OF 237.62 FEET TO THE END OF SAID CURVE; THENCE N.43°02'46"W., 50.00 FEET TO THE NORTHWESTERLY RIGHT-OF-WAY OF SAID TWIN PALMS ROAD; THENCE N.46°57'14"E. ALONG SAID NORTHWESTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD 14.25 FEET TO THE POINT OF BEGINNING OF SECTION "B"; RUN THENCE N.43°02'46"W., 150.00 FEET; THENCE N.46°57'14"E., 120.00 FEET; THENCE N.46°40'44"E., 50.00 FEET; THENCE N.47°45'10"E., 840.29 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE; THENCE S.41°48'11"E. ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE 125.40 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WESTERLY AND HAVING A RADIUS OF 25.00 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" AN ARC LENGTH OF 39.27 FEET TO THE END OF SAID CURVE AND THE NORTHWESTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD; THENCE S.48°11'49"W. ALONG SAID NORTHWESTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD 325.11 FEET; THENCE CONTINUING ALONG SAID NORTHWESTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD, RUN THENCE S.47°35'22"W., 383.19 FEET; THENCE S.46°57'14"W., 273.75 FEET TO THE POINT OF BEGINNING OF THE AFORESAID SECTION "B".

KING'S COVE SUBDIVISION, FOURTH ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 25, PAGES 56 AND 57, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA DESCRIBED AS FOLLOWS:
COMMENCE AT THE SOUTHEAST CORNER OF S.W. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; RUN THENCE NORTH ALONG THE EAST LINE OF SAID S.W. 1/4 A DISTANCE OF 1681.09 FEET TO A POINT ON THE NORTHERLY LINE OF LOT 20, KING'S COVE SUBDIVISION, FIRST ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 24, PAGE 27, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, AND THE POINT OF BEGINNING OF SECTION "A"; FROM SAID POINT OF BEGINNING OF SECTION "A", RUN N.75°56'54"W. ALONG SAID NORTHERLY LINE OF LOT 20 AND THE MOST NORTHERLY LINE OF SAID KING'S COVE SUBDIVISION, FIRST ADDITION, A DISTANCE OF 15.46 FEET TO THE MOST NORTHWESTERLY CORNER OF SAID LOT 20; THENCE CONTINUING ALONG SAID MOST NORTHERLY LINE OF KING'S COVE SUBDIVISION, FIRST ADDITION, RUN N.51°39'40"W., 123.16 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHERLY AND HAVING A RADIUS OF 461.86 FEET; THENCE RUN WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 80°08'31" AN ARC LENGTH OF 646.01 FEET TO THE END OF SAID CURVE; THENCE S.48°11'49"W., 586.53 FEET TO THE NORTHEASTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE AND A POINT HEREBY DESIGNATED AS POINT "A"; THENCE N.41°48'11"W. ALONG SAID NORTHEASTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE 350.00 FEET; THENCE N.48°11'49"E., 586.53 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHERLY AND HAVING A RADIUS OF 811.86 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°48'11" AN ARC LENGTH OF 592.33 FEET TO THE END OF SAID CURVE; THENCE EAST 398.10 FEET TO THE AFOREMENTIONED EAST LINE OF S.W. 1/4; THENCE SOUTH ALONG SAID EAST LINE OF S.W. 1/4 A DISTANCE OF 10.84 FEET; THENCE N.89°24'10"E., 200.00 FEET; THENCE S.26°35'50"E., 114.16 FEET; THENCE S.40°43'39"W., 131.96 FEET; THENCE SOUTH 343.41 FEET; THENCE WEST 67.11 FEET; THENCE

N.75°56'54"W., 100.91 FEET TO THE POINT OF BEGINNING OF SECTION "A"; RETURN TO THE AFOREMENTIONED POINT "A" AND RUN S.48°39'45"W., 50.00 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE AND THE POINT OF BEGINNING OF SECTION "B", SAID POINT OF BEGINNING OF SECTION "B" BEING THE MOST NORTHERLY CORNER OF LOT 12, KING'S COVE SUBDIVISION, THIRD ADDITION, AS RECORDED IN PLAT BOOK 25, PAGE 37, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE S.47°45'10"W. ALONG THE NORTHWESTERLY LINE OF SAID KING'S COVE SUBDIVISION, THIRD ADDITION, 840.29 FEET; THENCE N.43°02'46"W., 224.06 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHERLY AND HAVING A RADIUS OF 25.00 FEET AND A TANGENT BEARING OF S.43°02'46"E.; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 89°12'04" AN ARC LENGTH OF 38.92 FEET TO THE END OF SAID CURVE; THENCE N.47°45'10"E. ALONG A SOUTHWESTERLY EXTENSION OF AND THE SOUTHEASTERLY LINE OF TRACT "D", KING'S COVE SUBDIVISION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 22, PAGES 44 AND 45, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, 795.16 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WESTERLY AND HAVING A RADIUS OF 25.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 89°33'31", AN ARC LENGTH OF 39.08 FEET TO THE END OF SAID CURVE AND A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE; THENCE S.41°48'11"E. ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY, 224.21 FEET TO THE POINT OF BEGINNING OF SECTION "B". ALSO: TRACT "A", KING'S COVE SUBDIVISION, FIRST ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 24, PAGE 27 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA.

KING'S COVE SUBDIVISION, FIFTH ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 27, PAGES 83 AND 84, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:
A PART OF THE S.W. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, AND THE S.E. 1/4 OF SECTION 2, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHEAST CORNER OF THE S.W. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, RUN S.89°52'46"W. ALONG THE SOUTH LINE OF THE S.W. 1/4, 2238.10 FEET TO THE SOUTHWEST CORNER OF LOT 1, BLOCK A OF KING'S COVE SUBDIVISION, THIRD ADDITION, AS RECORDED IN PLAT BOOK 25, PAGE 37 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, THE SAME BEING A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY OF COUNTY ROAD 466-A, SAID POINT BEING ON A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 1950.08 FEET, SAID POINT BEING N.73°14'18"E. FROM THE CENTER OF SAID CURVE; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY AND CURVE THROUGH A CENTRAL ANGLE OF 14°33'21" AN ARC LENGTH OF 495.41 FEET TO THE MOST WESTERLY CORNER OF TRACT A OF KING'S COVE SUBDIVISION, AS RECORDED IN PLAT BOOK 22, PAGES 44 AND 45 AND THE POINT OF BEGINNING; FROM SAID POINT OF BEGINNING, CONTINUE NORTHWESTERLY ALONG AFORESAID RIGHT-OF-WAY CURVE, SAID CURVE HAVING A RADIUS OF 1950.08 FEET AND BEING CONCAVE SOUTHWESTERLY, THROUGH A CENTRAL ANGLE OF 8°48'51" AN ARC LENGTH OF 300.00 FEET TO THE END

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OF SAID CURVE; THENCE CONTINUE ALONG AFORESAID RIGHT-OF-WAY N.40°07'54"W., 294.28 FEET; THENCE N.32°28'46"E., 334.37 FEET; THENCE N.44°45'14"E., 74.53 FEET; THENCE N.57°47'55"E., 109.04 FEET; THENCE S.89°15'34"E., 59.31 FEET; THENCE N.63°06'48"E., 66.01 FEET; THENCE N.65°30'53"E., 77.24 FEET; THENCE S.88°16'48"E., 84.87 FEET TO A POINT ON THE WESTERLY BOUNDARY OF TRACT D OF AFORESAID KING'S COVE SUBDIVISION, AS RECORDED IN PLAT BOOK 22, PAGES 44 AND 45, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE ALONG THE BOUNDARY OF SAID TRACT D THE FOLLOWING TWO COURSES: N.71°33'26"E., 15.82 FEET; S.42°14'50"E., 518.77 FEET TO THE MOST SOUTHERLY CORNER OF SAID TRACT D AND A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF ROYAL OAK DRIVE OF KING'S COVE SUBDIVISION, FOURTH ADDITION, AS RECORDED IN PLAT BOOK 25, PAGES 56 AND 57, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE S.47°45'10"W. ALONG SAID NORTHWESTERLY RIGHT-OF-WAY 125.00 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 25.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 11°33'45" AN ARC LENGTH OF 5.05 FEET; THENCE S.43°02'46"E. ALONG THE SOUTHWESTERLY BOUNDARY OF AFORESAID KING'S COVE SUBDIVISION, FOURTH ADDITION 199.91 FEET TO THE MOST NORTHERLY CORNER OF TRACT A OF KING'S COVE SUBDIVISION, THIRD ADDITION, AS RECORDED IN PLAT BOOK 25, PAGE 37 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE S.46°40'44"W. ALONG THE NORTHWESTERLY BOUNDARY OF SAID TRACT A, A DISTANCE OF 50.00 FEET; THENCE S.46°57'14"W. ALONG THE NORTHWESTERLY BOUNDARY OF LOT 4 OF SAID THIRD ADDITION, 120.00 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 4; THENCE S.43°02'46"E., 150.00 FEET TO THE MOST SOUTHERLY CORNER OF SAID LOT 4 AND POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF TWIN PALMS ROAD AS RECORDED IN THE PLAT OF KING'S COVE SUBDIVISION IN PLAT BOOK 22, PAGES 44 AND 45; THENCE S.46°57'14"W. ALONG SAID NORTHWESTERLY RIGHT-OF-WAY 14.25 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 466.40 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 26°21'52" AN ARC LENGTH OF 214.61 FEET TO THE END OF SAID CURVE; THENCE CONTINUING ALONG SAID RIGHT-OF-WAY S.73°19'06"W., 207.10 FEET TO THE MOST EASTERLY CORNER OF TRACT A, OF KING'S COVE SUBDIVISION, SAID CORNER BEING N.64°00'15"E. FROM THE CENTER OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 2100.08 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 5°19'18" AN ARC LENGTH OF 195.06 FEET TO THE MOST NORTHERLY CORNER OF SAID TRACT A; THENCE S.58°40'57"W., 150.00 FEET TO THE POINT OF BEGINNING.

ALSO:

BEGIN AT THE AFOREMENTIONED MOST EASTERLY CORNER OF TRACT A, KING'S COVE SUBDIVISION, AS RECORDED IN PLAT BOOK 22, PAGES 44 AND 45 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, SAID POINT BEING ON THE NORTHERLY RIGHT-OF-WAY OF TWIN PALMS ROAD, NO. 1-5915; RUN THENCE S.73°19'06"W. ALONG SAID NORTHERLY RIGHT-OF-WAY 29.64 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 25.00 FEET, SAID POINT OF CURVATURE BEING S.16°40'54"E. FROM THE CENTER OF SAID CURVE; THENCE RUN NORTHERLY ALONG THE ARC

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OF SAID CURVE THROUGH A CENTRAL ANGLE OF $100^{\circ}07'41''$, AN ARC LENGTH 43.69 FEET TO THE END OF SAID CURVE AND A POINT ON A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 2100.08 FEET, SAID POINT BEING $N.63^{\circ}11'26''E.$ FROM THE CENTER OF SAID CURVE; THENCE RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $00^{\circ}48'49''$, AN ARC LENGTH OF 29.82 FEET TO THE POINT OF BEGINNING.

KING'S COVE SUBDIVISION, SIXTH ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 27, PAGE 85, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE S.E. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, RUN THENCE NORTH ALONG THE WEST LINE OF SAID S.E. 1/4 A DISTANCE OF 1681.09 FEET TO A POINT ON THE SOUTHERLY LINE OF LOT 14 OF KING'S COVE SUBDIVISION, FOURTH ADDITION, AS RECORDED IN PLAT BOOK 25, PAGES 56 AND 57 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE $S.75^{\circ}56'54''E.$ ALONG SAID SOUTHERLY LINE 100.91 FEET; THENCE EAST 50.00 FEET TO THE MOST NORTHEASTERLY CORNER OF LOT 21 OF KING'S COVE SUBDIVISION, FIRST ADDITION, AS RECORDED IN PLAT BOOK 24, PAGE 27 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA AND THE POINT OF BEGINNING (P.O.B.); FROM SAID P.O.B., RUN ALONG THE BOUNDARY OF SAID KING'S COVE SUBDIVISION, FIRST ADDITION, THE FOLLOWING FIVE COURSES: SOUTH 60.00 FEET; THENCE $S.83^{\circ}00'00''E.$, 210.00 FEET; THENCE $S.07^{\circ}00'00''W.$, 70.00 FEET; THENCE $S.83^{\circ}00'00''E.$, 330.00 FEET; THENCE $N.82^{\circ}39'40''E.$, 54.00 FEET; THENCE DEPARTING SAID BOUNDARY, RUN $N.07^{\circ}20'20''W.$, 461.84 FEET; THENCE $S.41^{\circ}16'47''W.$, 98.89 FEET; THENCE $N.80^{\circ}05'50''W.$, 173.00 FEET; THENCE $N.46^{\circ}35'50''W.$, 193.00 FEET; THENCE $N.26^{\circ}35'50''W.$, 95.84 FEET TO THE MOST EASTERLY CORNER OF LOT 17 OF THE AFORESAID KING'S COVE SUBDIVISION, FOURTH ADDITION; THENCE ALONG THE BOUNDARY OF SAID SUBDIVISION THE FOLLOWING THREE COURSES: $S.40^{\circ}43'39''W.$, 131.96 FEET; THENCE SOUTH 343.41 FEET; THENCE WEST 17.11 FEET TO THE POINT OF BEGINNING.

ALSO:

TRACT "B" OF KING'S COVE SUBDIVISION, FIRST ADDITION, AS RECORDED IN PLAT BOOK 24, PAGE 27 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. (Note: Tract "B" is a proposed road.)

KING'S COVE SUBDIVISION, UNIT 7, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK , PAGE , PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF THE S.W. 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; RUN THENCE NORTH ALONG THE EAST LINE OF SAID S.W. 1/4 A DISTANCE OF 2200.00 FEET TO THE NORTHWEST CORNER OF LOT 18 OF KING'S COVE SUBDIVISION, FOURTH ADDITION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 25, PAGES 56 AND 57 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA; THENCE CONTINUE NORTH ALONG THE EAST LINE OF SAID S.W.

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1/4, 10.84 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION; FROM SAID POINT OF BEGINNING, RUN THENCE WEST ALONG THE NORTHERLY LINE OF KING'S COVE SUBDIVISION, FOURTH ADDITION, 398.10 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 811.86 FEET; RUN THENCE WESTERLY AND SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°48'11" A DISTANCE OF 592.33 FEET TO THE END OF SAID CURVE; THENCE S.48°11'49"E., 286.53 FEET TO THE NORTHEASTERLY RIGHT-OF-WAY OF OLD HICKORY LANE; THENCE S.41°48'11"E. ALONG SAID RIGHT-OF-WAY 125.0 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 25.0 FEET; RUN THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" A DISTANCE OF 39.27 FEET TO A POINT ON THE NORTHWESTERLY RIGHT-OF-WAY OF ROYAL OAK DRIVE; THENCE S.48°11'49"W. ALONG SAID RIGHT-OF-WAY OF ROYAL OAK DRIVE A DISTANCE OF 100.0 FEET TO THE BEGINNING OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 25.0 FEET; RUN THENCE NORTHEASTERLY AND NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00" A DISTANCE OF 39.27 FEET TO THE END OF SAID CURVE; THENCE N.41°48'11"W. ALONG THE SOUTHWESTERLY RIGHT-OF-WAY OF OLD HICKORY LANE A DISTANCE OF 125.0 FEET; THENCE LEAVING SAID RIGHT-OF-WAY OF OLD HICKORY LANE RUN S.48°11'49"W., 250.0 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE, SAID POINT HEREBY DESIGNATED AS POINT "A"; FROM SAID POINT "A", RUN N.41°48'11"W. ALONG SAID RIGHT-OF-WAY OF MAPLE LEAF DRIVE 144.32 FEET TO THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 50.0 FEET; THENCE RUN NORTHWESTERLY AND SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 107°58'47" A DISTANCE OF 94.23 FEET; THENCE LEAVING THE RIGHT-OF-WAY OF MAPLE LEAF DRIVE RUN N.30°13'13"E., 51.40 FEET; THENCE N.23°50'00"E., 60.79 FEET; THENCE N.74°06'09"E., 14.75 FEET; THENCE N.14°57'12"E., 103.90 FEET; THENCE N.14°03'17"E., 85.67 FEET; THENCE N.55°35'04"E., 91.32 FEET; THENCE N.48°04'17"E., 99.62 FEET; THENCE N.42°35'21"E., 98.73 FEET; THENCE N.47°16'58"E., 76.78 FEET; THENCE N.32°43'14"E., 45.15 FEET; THENCE N.65°10'47"E., 68.0 FEET; THENCE N.52°51'17"E., 98.68 FEET; THENCE N.49°59'56"E., 129.28 FEET; THENCE N.48°42'38"E., 103.84 FEET; THENCE N.23°17'17"E., 103.88 FEET; THENCE N.73°09'16"E., 57.66 FEET; THENCE N.57°33'01"E., 72.11 FEET; THENCE N.56°16'02"E., 87.11 FEET; THENCE N.26°44'36"E., 75.77 FEET; THENCE N.64°55'46"E., 17.92 FEET; THENCE N.43°00'00"E., 70.53 FEET; THENCE N.58°30'00"E., 115.53 FEET; THENCE EAST 180.00 FEET; THENCE S.73°00'00"E., 230.0 FEET TO A POINT ON THE EAST LINE OF THE AFOREMENTIONED S.W. 1/4; THENCE SOUTH ALONG SAID EAST LINE OF S.W. 1/4, 629.16 FEET TO THE POINT OF BEGINNING.

AND

A PART OF TRACT "D", KING'S COVE SUBDIVISION, A SUBDIVISION IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 24 EAST, AND RECORDED IN PLAT BOOK 22, PAGES 44 AND 45 OF THE PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, DESCRIBED AS FOLLOWS: FROM THE AFOREMENTIONED POINT "A",

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RUN S.48°11'49"W., 50.0 FEET TO A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF MAPLE LEAF DRIVE AND THE POINT OF BEGINNING OF THIS DESCRIPTION; FROM SAID POINT OF BEGINNING, RUN S.41°48'11"E. ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY OF MAPLE LEAF DRIVE 125.38 FEET TO THE BEGINNING OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 25.0 FEET; RUN THENCE SOUTHEASTERLY AND SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 89°33'21" A DISTANCE OF 39.08 FEET TO A POINT ON ROYAL OAK DRIVE; THENCE S.47°45'10"W. ALONG THE NORTHWESTERLY RIGHT-OF-WAY OF ROYAL OAK DRIVE 125.19 FEET; THENCE LEAVING SAID RIGHT-OF-WAY RUN N.41°48'11"W., 185.00 FEET; THENCE N.11°46'34"E., ALONG A RADIAL LINE 136.40 FEET TO A POINT ON A CUL-DE-SAC, SAID CUL-DE-SAC HAVING A RADIUS OF 50.0 FEET AND A RADIAL BEARING OF S.11°46'34"W.; RUN THENCE EASTERLY ALONG THE ARC OF SAID CUL-DE-SAC THROUGH A CENTRAL ANGLE OF 34°06'30" A DISTANCE OF 29.77 FEET TO THE END OF SAID CURVE AND THE BEGINNING OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 25.0 FEET; RUN THENCE EASTERLY AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 70°31'45" A DISTANCE OF 30.77 FEET TO THE END OF SAID CURVE; THENCE S.41°48'11"E., 73.61 FEET TO THE POINT OF BEGINNING.

WATER SERVICE ONLY

48-Estates Subdivision

Order No. PSC-0432-FOF-WU
Order No. 18839 simplified

Section 12, Township 19 South, Range 25 East, Lake County, Florida

Beginning at the Southeast corner of the Southwest 1/4 of Section 12, Township 19S, Range 25E, Lake County run West 508 feet (to the East boundary of the Forty-Eight Estates) for a Point of Beginning.

From the Point of Beginning run South (into Section 13, Twp. 19S, Rge. 25E) 396 feet, thence West 792 feet, to the East boundary of Haines Creek Road, thence Northerly along Haines Creek Road 300 feet, thence West 225 feet (more or less) to the SW corner of Lot #2, Block B. Hilltop Subdivision; thence North 180 feet, thence East 75 feet, thence North 190 feet to the Southeast corner of Lot #4 Block A, thence West 225 feet to the Southwest corner of Lot #6 Block A, thence North 190 feet to the North boundary of Moore Street. Thence run West 150 feet to the Southwest corner of Lot #9 Block A, thence North 140 feet, thence East 100 feet, thence North 140 feet to the South boundary of Lackabee Street. Thence run East 516 feet to the East boundary of Haines Creek Road, thence North along Haines Creek Road 100 feet, thence 1,300 feet, thence South 200 feet, thence West 220 feet, thence South 130 feet, thence West 193 feet, thence South 100 feet, thence East 100 feet, thence South 105 feet, thence West 100 feet, thence South 180 feet, thence West

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100 feet (to the East boundary of the Forty-Eight Estates), thence South along the East boundary of the Forty-Eight Estates 370 feet (more or less) to the Point of Beginning.

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ISSUE 3: What is the rate base of J. Swiderski Utilities, Inc., operating systems in Lake county at the time of transfer?

RECOMMENDATION: The rate bases, as of January 31, 1999, which for transfer purposes reflect the net book value are: King's Cove water system \$37,401, wastewater system \$41,455; Summit Chase water system \$30,001, wastewater system \$56,956; Forty-eight Estates water system \$13,315. The combined rate bases for all three systems are \$80,717 for the water division and \$98,411 for the wastewater division. (JOHNSON)

STAFF ANALYSIS: According to the application, the utility's net book value of the systems are based upon the last Commission Orders that established rate base. All of the rate bases were established in staff-assisted rate proceedings. The rate base for the King Cove water and wastewater system was last established in Docket No. 940496-WS. According to Order No. PSC-95-0129-FOF-WS, issued on June 10, 1994 in that docket, rate base for the water system was \$79,508 and for the wastewater system it was \$119,636, as of June 30, 1994. The rate base for Summit Chase is \$41,395 for water and \$108,966 for the wastewater system, which is based upon the last Commission staff audit in Docket 940496-WS. The rate base for Forty-Eight Estates is \$19,187 for water, which was established in Docket No. 950880-WU, by Order No. PSC-96-0432-FOF-WU, issued March 28, 1996. Therefore, based upon the utility's application the net book value of the combined systems is \$140,090 for water and \$228,602 for wastewater. The utility did not update these rate base amounts for additions or retirements. However, the utility did attempt to reflect current balances in it's current annual reports. Therefore, staff used the current annual report balances as the current balances for the utility.

Staff conducted an audit of the books and records of the utility to determine the rate base (net book value) as of January 31, 1999. The rate base was determined by Staff from the company provided general ledger and supporting source documentation. The assets of JSUI consist of the Kings's Cove, Summit Chase, and Forty-Eight Estates subdivisions which were sold to AquaSource, Inc. for \$652,000. According to the purchase agreement between the parties, the transfer excluded all water and wastewater common or general plant. The audit report contained one exception, that resulted in adjustments to the plant, land, accumulated depreciation, contribution-in aid-of-construction, and accumulated amortization accounts. These adjustments are discussed in the following analysis as a result of the rate base audit.

In a letter dated September 15, 1999, the utility requested that it be allowed to revisit any adjustments to which they may disagree with in a future rate proceeding. But, at this time the

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utility has no objections to the rate base amounts or the audit findings in the audit report.

UTILITY PLANT-IN-SERVICE

Staff used the utility's account balances from its 1998 annual reports as the utility's present rate base amounts. Staff's adjustments to King's Cove, Forty-Eight Estates and Summit Chase are based on the plant and accumulated depreciation balances reflected in Orders No. PSC-95-0129-FOF-WS, issued January 26, 1995; Order No. PSC-96-0432-FOF-WU, issued March 28, 1996 and the audit report that originated from the docket.

According to the utility's annual report, the plant-in-service account balances for the King's Cove system are \$225,137 for water and \$344,057 for wastewater; Summit Chase's are \$267,796 for water and \$181,495 for wastewater; and Forty-Eight Estates is \$48,157 for water.

The adjustment by staff to the plant-in-services balance are based on the non-booked amounts from prior Commission Orders, misclassified plant, removal of general plant and annual report inaccuracies. To reflect the correct plant-in-service balances for the period ending January 31, 1999, King's Cove should be reduced by \$54,312 and \$69,558 for the water and wastewater systems, respectively. The related accumulated depreciation accounts should be increased by \$6,780 and \$4,212 for the water and wastewater systems, respectively. The Summit Chase plant-in-service balance for water should be reduced by \$117,009, while the wastewater balance should be increased by \$7,501. The associated accumulated depreciation accounts should be increased by \$12,509 and \$20,234, for the respective water and wastewater accounts. The Forty-Eight Estates plant-in-service account should be increased by \$930, and the related accumulated depreciation account should be increased by \$8,777.

Based on these adjustments, staff has determined the plant-in-service balances for the King's Cove system are \$170,825 for water and \$274,499 for wastewater; Summit Chase's plant balances are \$150,787 for water and \$188,996 for wastewater; and Forty-Eight Estates plant balance is \$49,087 for water systems as of January 31, 1999.

LAND

The King's Cove water and wastewater land accounts should each be increased by \$75, per Order No. PSC-95-0129-FOF-WS, issued January 26, 1995, in Docket No. 940496-WS. The Summit Chase wastewater system land account should be increased by \$90,925 to comply with Order No. 22426, issued January 18, 1990, in Docket No. 890714-WS. Forty-Eight Estates water land account should be increased by \$1,430, per Order No. PSC-96-0432-FOF-WU, issued March 28, 1996, in Docket No. 950880-WU. Therefore, based on the above information, the appropriate land account balances are \$1,976 and \$13,389 for the respective water and wastewater systems of King's Cove; for Summit Chase the appropriate land balance is \$90,925; and Forty-Eight Estates' land balance is \$1,430, as of January 31, 1999.

ACCUMULATED DEPRECIATION

The field audit staff has calculated the depreciation expense using the rates pursuant to Rule 25-30.140, Florida Administrative Code, to compute depreciation rates. The adjustments made to accumulated depreciation were addressed above with the related plant adjustments. The adjustments are reflective of plant additions and retirements from July 1, 1994 through January 31, 1999, that weren't previously recorded. Therefore, the appropriate accumulated depreciation balances are \$64,804 and \$131,183 for the King's Cove water and wastewater systems, respectively. Summit Chase's accumulated depreciation balances are \$66,039 for water and \$91,068 for wastewater. The correct accumulated depreciation balance for Forty-Eight Estates water system is \$27,846.

CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION (CIAC) and ACCUMULATED AMORTIZATION

According to the utility's annual report the CIAC account balances for the King's Cove system are \$92,213 for water and \$158,530 for wastewater; Summit Chase's are \$47,874 for water and \$143,377 for wastewater; and Forty-Eight Estates is \$11,900 for water.

The King's Cove system collected \$12,110 in CIAC during the period from July 1, 1994 through January 31, 1999. These contributions were not properly recorded and distributed between the water and wastewater systems. The audit staff determined that thirty-eight customers were added during this period, by using customer meter reading records. Using this information and the service availability charges established in Commission Order 24941, issued September 13, 1991, staff imputed CIAC of \$34,200 for water

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and \$49,400 for wastewater. Based on this data the King's Cove CIAC balance should be increased by \$4,100 for water and \$7,585 for wastewater. The corresponding Accumulated Amortization accounts should be reduced by \$6,453 and \$19,779 for the water and wastewater systems, respectively.

The Summit Chase systems were at build out as of July 1, 1994. Using the audit report that originated from Docket 940496-WS, staff had to adjust the CIAC and accumulated amortization balances reflected in the 1998 annual report to reconcile the amounts to the audit. Based upon the reconciliation, CIAC should be increased by \$32,682 and \$5,152, for the respective water and wastewater systems. The corresponding Accumulated Amortization water balance should be increased by \$227 and wastewater reduced by \$40,540.

The Forty-Eight Estate system added two customers during the period of January 1, 1995 and January 31, 1999. Based upon the approved service availability charges, CIAC of \$850 was imputed. Furthermore, CIAC should be adjusted to reflect the difference in the account balances established in Order PSC-96-0432-FOF-WU and the annual report. Based upon the above information the Forty-Eight Estates subdivision system should increase the CIAC account balance by \$4,700 and the related Accumulated Amortization account balance by \$2,608.

Therefore, the appropriate CIAC balances are \$96,313 and \$166,115 for the King's Cove water and wastewater systems, respectively. Summit Chase CIAC balances are \$80,556 for water and \$148,529 for wastewater. The correct CIAC balance for Forty-Eight Estates' water system is \$16,600.

ACCUMULATED AMORTIZATION

The field audit staff has calculated the depreciation expense using the rates pursuant to Rule 25-30.140, Florida Administrative Code, to compute amortization rates. The adjustments made to accumulated amortization were addressed above with the related CIAC adjustments. The adjustments are reflective of CIAC additions from July 1, 1994 through January 31, 1999, that weren't previously recorded. Therefore, the appropriate accumulated amortization balances are \$25,717 and \$50,865 for the King's Cove water and wastewater systems, respectively. Summit Chase accumulated amortization balances are \$19,209 for water and \$16,632 for wastewater. The correct accumulated amortization balance for Forty-Eight Estates water system is \$7,244.

RATE BASE

Staff's calculation of rate base is shown on Schedules Nos. 1-A through E, for the water and wastewater systems, respectively. Adjustments to rate base are itemized on Schedule No. 2. Based on the adjustments set forth herein, Staff recommends that rate base for King's Cove be established as \$37,401 for the water system and \$41,455 for the wastewater system; Summit Chase rate base should be established as \$30,001 for the water system and \$56,956 for the wastewater system; and Forty-Eight Estates water system rate base should be established as \$13,315, as of January 31, 1999. These rate base calculations are used purely to establish the net book value of the property being transferred and does not include the normal rate making adjustments of working capital calculations and used and useful adjustments.

J. SWIDERSKI UTILITIES, INC.

KING'S COVE

SCHEDULE OF WATER RATE BASE

As of January 31, 1999

<u>DESCRIPTION</u>	<u>PER UTILITY ANNUAL REPORT</u>	<u>STAFF ADJUSTMENTS</u>		<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$225,137	(\$54,312)	(1)	\$170,825
Land	1,901	75	(2)	1,976
Plant Held for Future Use	0	0		0
Accumulated Depreciation	(71,584)	6,780	(3)	(64,804)
Contributions-in-aid-of-Construction	(92,213)	(4,100)	(4)	(96,313)
CIAC Amortization	<u>32,170</u>	<u>6,453</u>	(5)	<u>25,717</u>
TOTAL	<u>\$ 95,411</u>	<u>\$58,010</u>		<u>\$ 37,401</u>

(1-5) See Schedule 2

J. SWIDERSKI UTILITIES, INC.

KING'S COVE

SCHEDULE OF WASTEWATER RATE BASE

As of January 31, 1999

<u>DESCRIPTION</u>	<u>PER UTILITY ANNUAL REPORT</u>	<u>STAFF ADJUSTMENTS</u>		<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$344,057	(\$69,558)	(1)	\$274,499
Land	13,314	75	(2)	13,389
Plant Held for Future Use	0	0		0
Accumulated Depreciation	(126,971)	(4,212)	(3)	(131,183)
Contributions-in-aid-of-Construction	(158,530)	(7,585)	(4)	(166,115)
CIAC Amortization	<u>70,644</u>	<u>(19,779)</u>	(5)	<u>50,865</u>
TOTAL	<u>\$142,514</u>	<u>\$101,059</u>		<u>\$ 41,455</u>

(1-5) See Schedule 2

J. SWIDERSKI UTILITIES, INC.

SUMMIT CHASE

SCHEDULE OF WATER RATE BASE

As of January 31, 1999

<u>DESCRIPTION</u>	<u>PER UTILITY ANNUAL REPORT</u>	<u>STAFF ADJUSTMENTS</u>		<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$267,796	\$117,009	(1)	\$150,787
Land	6,600	0	(2)	6,600
Plant Held for Future Use	0	0		0
Accumulated Depreciation	(53,530)	(12,509)	(3)	(66,039)
Contributions-in-aid-of-Construction	(47,874)	(32,682)	(4)	(80,556)
CIAC Amortization	<u>18,982</u>	<u>227</u>	(5)	<u>19,209</u>
TOTAL	<u>\$191,974</u>	<u>\$161,973</u>		<u>\$ 30,001</u>

(1-5) See Schedule 2

J. SWIDERSKI UTILITIES, INC.

SUMMIT CHASE

SCHEDULE OF WASTEWATER RATE BASE

As of January 31, 1999

<u>DESCRIPTION</u>	<u>PER UTILITY ANNUAL REPORT</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$181,495	\$ 7,501 (1)	\$188,996
Land	0	90,925 (2)	90,925
Plant Held for Future Use	0	0	0
Accumulated Depreciation	(70,834)	(20,234) (3)	(91,068)
Contributions-in-aid-of-Construction	(143,377)	(5,152) (4)	(148,529)
CIAC Amortization	<u>57,172</u>	<u>(40,540)</u> (5)	<u>16,632</u>
TOTAL	<u>\$ 24,456</u>	<u>\$ 32,500</u>	<u>\$56,956</u>

(1-5) See Schedule 2

J. SWIDERSKI UTILITIES, INC.

FORTY-EIGHT ESTATES

SCHEDULE OF WATER RATE BASE

As of January 31, 1999

<u>DESCRIPTION</u>	<u>PER UTILITY ANNUAL REPORT</u>	<u>STAFF ADJUSTMENTS</u>		<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$ 48,157	\$930	(1)	\$ 49,087
Land	0	1,430	(2)	1,430
Plant Held for Future Use	0	0		0
Accumulated Depreciation	(19,069)	(8,777)	(3)	(27,846)
Contributions-in-aid-of-Construction	(11,900)	(4,700)	(4)	(16,600)
CIAC Amortization	<u>4,636</u>	<u>2,608</u>	(5)	<u>7,244</u>
TOTAL	<u>\$21,824</u>	<u>\$8,509</u>		<u>\$ 13,315</u>

(1-5) See Schedule 2

SCHEDULE NO. 2

J. SWIDERSKI UTILITIES, INC.

ADJUSTMENTS

	KING'S COVE		SUMMIT CHASE		FORTY-EIGHTY ESTATES
	Water	Wastewater	Water	Wastewater	Water
1 Plant In Service					
Adjusted plant to reflect prior Commission Orders and misclassified plant	\$ (54,312)	\$ (69,558)	\$ (117,009)	7,501 \$	930
2 Land					
Adjust land acct. to reflect prior Comm. Order No. PSC-95-0129-FOF-WS, Order No. PSC-96-0432-FOF-WU, and Order No. 22426	75	75		90,925	1,430
3 Accumulated Depreciation					
Corresponding adjustmts. related to plant Order and misclassified plant	(6,780)	4,212	12,509	20,234	8,777
4 CIAC					
Adjustmt. to record CIAC not booked for the period of 7/1/94-1/31/99	(4,700)	(7,585)	(32,682)	(5,152)	(4,100)
5 Accumulated Amortization					
Adjustmt. related to unrecord CIAC for the period of 7/1/94-1/31/99	\$ (6,453)	\$ (19,779)	227 \$	(40,540) \$	2,608

ISSUE 4: Should an acquisition adjustment be approved?

RECOMMENDATION: No, a positive acquisition adjustment should not be included in the calculation of rate base for transfer purposes. (JOHNSON)

STAFF ANALYSIS: An acquisition adjustment results when the purchase price differs from the rate base for transfer purposes. The acquisition adjustment resulting from the transfer of JSUI would be calculated as follows:

Purchase Price:	\$ 652,000
Staff Calculated Rate Base:	<u>179,128</u>
Positive Acquisition Adjustment:	<u>\$472,872</u>

In the absence of extraordinary circumstances, it has been Commission practice that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary. Upon further conversation with the utility's attorney it was stated that the purchase of \$652,000 was the lowest price the seller would accept for the utility, and no other justification for the agreed upon price was provided to staff. Further, an acquisition adjustment was not requested by the applicant. Also, field audit staff stated that they did not recommend an acquisition adjustment at this time. Therefore, staff recommends that a positive acquisition adjustment not be included in the calculation of rate base.

ISSUE 5: Should the rates and charges approved for this utility be continued?

RECOMMENDATION: Yes, the rates and charges approved for J. Swiderski Utilities, Inc. should be continued. Staff will approve the tariff filing reflecting the change in ownership effective for services rendered or connections made on or after the stamped approval date. (JOHNSON).

STAFF ANALYSIS: The utility's approved rates for the King's Cove system were effective February 28, 1999 pursuant to the four year rate reduction case that originated from Order No. PSC-95-0129-FOF-WS, issued on January 26, 1995, in Docket No. 940496-WS, which was a staff assisted rate proceeding. The approved rates for Forty-Eight Estates were effective May 3, 1999 pursuant to the four year rate reduction case that originated from Order No. PSC-95-0474-FOF-WU, issued on April 12, 1995, in Docket No. 941107-WU, which was a staff assisted rate proceeding. The utility's approved water and wastewater rates for the Summit Chase system were effective June 27, 1997, in a administrative price index proceeding.

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

In cases of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission)...

The Buyer has not requested a change in the rates and charges of the utility and staff sees no reason to change them at this time. Accordingly, staff recommends that the utility continue operations under the existing tariff and apply the approved rates and charges. The utility has filed a revised tariff reflecting the change in issuing officer due to the transfer of control. Staff will approve the tariff filing effective for services rendered or connections made on or after the stamped approval date.

DOCKET NOS. 981779-WS
DATE: SEPTEMBER 23, 1999

ISSUE 6: Should this docket be closed?

RECOMMENDATION: Yes, if no timely protest is received upon expiration of the protest period, the order should become final and effective upon the issuance of the a consummating order. (CIBULA)

STAFF ANALYSIS: If no timely protest is received upon expiration of the protest period, the order should become final and effective upon the issuance of the a consummating order.