

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of transfer of majority organizational control of CWS Communities LP, holder of Certificate No. 518-W in Lake County, from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership.

DOCKET NO. 020102-WU
ORDER NO. PSC-02-1028-FOF-WU
ISSUED: July 29, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING TRANSFER OF MAJORITY
ORGANIZATIONAL CONTROL AND CLOSING DOCKET

BY THE COMMISSION:

Background

On February 6, 2002, CWS Communities LP (CWS or utility) filed an application for approval to transfer majority organizational control of the utility from CWS Communities Trust (Trust or seller) to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership (Chateau or buyer). The Agreement as to Transfer of Florida Public Service Commission Certificated Utilities (Agreement) was executed on August 2, 2001. The closing occurred on August 3, 2001, contingent upon Commission approval.

CWS is a Class C utility serving 143 unmetered residential water and wastewater customers in Lake County. The utility is located in the St. Johns River Water Management District (SJRWMD), all of which is considered to be a water use caution area. CWS was granted Certificates Nos. 518-W and 451-S by Order No. 21342,

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issued on June 6, 1989, in Docket No. 880936-WS. Certificate No. 451-S was cancelled by Order No. PSC-96-1470-FOF-SU, issued December 3, 1996, in Docket No. 961146-SU, after the utility's wastewater system was interconnected with the City of Eustis.

CWS is one of three regulated utilities transferred as part of a larger transaction. The other two utilities are CWS Communities, LP d/b/a Crystal Lake Club and CWS Communities, LP d/b/a Palm Valley. According to information provided, the transaction included 46 manufactured home communities and three recreational vehicle communities in 11 states.

We have jurisdiction pursuant to Section 367.071, Florida Statutes.

Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and provisions of the Florida Administrative Code. In particular, the application contains the correct filing fee, pursuant to Rule 25-30.020, Florida Administrative Code. The application also contains proof that the utility owns the land upon which its facilities are located as required by Rule 25-30.037(3)(i), Florida Administrative Code.

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

Pursuant to Rules 25-30.037(3)(e) and (g), Florida Administrative Code, the application contains a statement describing the financing of the purchase, the entities providing funding to the buyer, and an explanation of the manner and amount of such funding. According to the buyer, the following were used to finance the transaction: 2,040,878 operating partnership units (OP units) at a value of \$30.935 per OP unit, \$151 million in assumed liabilities, \$9.9 million in 10 year 7.5 percent unsecured installment notes, and \$323 million in cash (including the payoff of \$20 million in debt). Those with ownership interests in the Trust were given OP units or cash.

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Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contains a statement from the buyer that, after reasonable investigation, the systems being acquired appear to be in satisfactory condition and in compliance with all standards set by the Florida Department of Environmental Protection (DEP). Our staff verified that the water system is currently in compliance with DEP standards.

Upon contacting SJRWMD, we discovered that the utility has not filed the monthly usage reports with the SJRWMD for approximately six months. SJRWMD sent a letter of inquiry regarding the missing reports, but has not yet received a report from the utility. Our staff provided SJRWMD with the appropriate contact information for the utility and made the utility aware of the need to file the reports.

As stated previously, the utility is located in a water use caution area and has flat rates for water service. Without the usage report, SJRWMD was unable to determine the customers' water usage. The utility has indicated that it will begin filing the appropriate reports with SJRWMD immediately. In addition, the utility is currently taking bids to install meters and will soon file for a staff assisted rate case.

The application contains a statement that the transfer is in the public interest because the customers will continue to receive the same quality service to which they are accustomed. Although the buyer has limited prior utility experience, CWS' existing structure and staff will be retained allowing for a seamless transfer from one owner to another.

To indicate financial ability, the buyer provided a 2000 annual report for Chateau Communities which contains consolidated financial statements that indicate sufficient liquid assets to maintain normal utility operations and handle any utility emergencies which may arise. The buyer also provided a statement of intent to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

With regard to rate base and an acquisition adjustment, it has been Commission practice not to establish rate base for transfers of majority organizational control because a stock transfer has no

regulatory impact on rate base. Similarly, an acquisition adjustment is not made for a stock transfer. Therefore, rate base is not being set for CWS in this proceeding.

Order No. PSC-01-0425-PAA-WU, issued on February 22, 2001, in Docket No. 001083-WU, involved the transfer of Haselton Associates, Ltd. d/b/a Route 19A North Joint Venture to CWS. The prior owner maintained the utility's books and records out of state and commingled utility records with those of the development company. At that time, CWS was put on notice that an original cost study may be required when the utility files a rate petition if the utility cannot provide original cost documentation. CWS provided a statement with its 2000 Annual Report that the books and records of the utility are now in compliance with the National Association of Regulatory Utility Commissioners (NARUC) system of accounts. The utility is current with regard to the payment of regulatory assessment fees and filing of annual reports through 2001.

Based on the foregoing, we find that the transfer of majority organizational control of CWS from the Trust to Chateau is in the public interest and it is approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein.

Rates and Charges

The utility's current rates and charges became effective pursuant to Order No. 21342, issued June 6, 1989, in Docket No. 880936-WS. The rates and charges are set forth below.

Water - Monthly Service Rates
Residential and General Service

<u>Flat Base Facility Charge</u>	\$ 7.00
Occupied Unit	
Unoccupied Unit (if unoccupied for 60 consecutive days)	\$ 3.00

Service Availability Charges

Residential Tap in Fee per Equivalent Residential Connection	\$325.00
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Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates and charges, classifications and regulations of the former owner unless authorized to change by this Commission. Chateau has not requested to change the rates and charges of the utility, and we see no reason to change them at this time. Chateau shall continue to charge the rates and charges approved in CWS' tariff until authorized to change by this Commission in a subsequent proceeding. Because there has been no change in the utility organization or operation as a result of the transfer of majority organizational control, CWS' current tariff shall remain in effect.

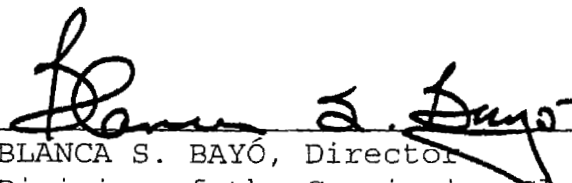
It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of majority organizational control of CWS Communities LP from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership, is hereby approved. The territory the utility is authorized to serve is shown on Attachment A of this Order, which by reference is incorporated herein. It is further

ORDERED that Chateau Communities Limited Partnership shall continue to charge the rates and charges approved in CWS Communities LP's tariff until authorized to change by this Commission in a subsequent proceeding. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission this 29th day of July, 2002.



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

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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ATTACHMENT A

CWS Communities LP

**Lake County - Water Service Area
Serving Haselton Village Mobile Home Park**

Township 18 South, Range 26 East, Section 34

PARCEL A: Beginning at the East 1/4 corner of Section 34, Township 18 South, Range 26 East, Lake County, Florida, run thence South 01°48'30" West a distance of 600.06 feet, thence South 60°02'15" East a distance of 258.75 feet to the Westerly right-of-way of County Road No. 19A, thence South 27°20'27" West along said right-of-way, a distance of 529.11 feet to the beginning of a curve having a radius of 510.46 feet and being concave Easterly, thence along the arc of said curve and through a central angle of 23°49'40" an arc length of 212.28 feet, thence South 01°43'53" West along said Westerly right-of-way of County Road No. 19-A, a distance of 369.71 feet to the Northerly right-of-way of County Road No. 452-A, thence South 89°58'57" West along said Northerly right-of-way a distance of 806.22 feet, thence North 01°52'26" East, a distance of 514.53 feet, thence North 89°19'12" West a distance of 9.49 feet, thence North 01°50'47" East a distance of 39.32 feet, thence South 89°37'31" West a distance of 339.62 feet, thence North 01°51'37" East a distance of 641.18 feet to the Southwest bank of a dug canal, thence North 25°58'09" West along said Southwest bank of dug canal, a distance of 304.55 feet, thence North 01°51'37" East a distance of 340.00 feet to the East-West Mid-Section line, thence South 88°35'32" East along said East-West Mid-Section line, a distance of 1315.80 feet to the Point of Beginning.

PARCEL B: (Wastewater Treatment Plant Site) That part of the Northeast 1/4 of Section 34, Township 18 South, Range 26 East, Lake County, Florida, described as follows: Begin at the Southeast corner of said Northeast 1/4 of Section 34, run thence North 01°54'49" East along the East line of said Northeast 1/4 a distance of 202.01 feet, thence North 42°18'58" West 524.11 feet, thence South 22°28'22" West 621.10 feet to a point on the South line of said Northwest 1/4 of Section 34, thence South 88°28'40" East along the said South line of the Northeast 1/4 Section 34, a distance of 583.71 feet to the Point of Beginning and Point of Terminus.