

Thomas A. Cloud, Esquire

WRITER'S DIRECT DIAL
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September 27, 2002

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VIA OVERNIGHT DELIVERY

Blanca S. Bayó, Director
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0870

Re: Docket No.: 010492-WS
Third Motion for Extension of Revised MFR Filing Date by Zellwood
Station Co-Op, Inc.

Dear Ms. Bayó:

Enclosed please find the original and seven (7) copies of Zellwood Station Co-Op
Inc.'s Third Motion for Extension of Revised MFR Filing Date submitted for filing on
September 27, 2002.

Sincerely yours,



Thomas A. Cloud, Esquire

GRAY, HARRIS & ROBINSON, P.A.

TAC/jg

Enclosure

cc: All individuals on docketing service list

DOCUMENT NUMBER DATE

10424 SEP 30 8

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Rate
Increase in Orange County
By Zellwood Co-Op, Inc.

Docket No. 010492-WS
Submitted for Filing: September 27, 2002

**THIRD MOTION FOR EXTENSION OF REVISED MFR FILING DATE
BY ZELLWOOD STATION CO-OP, INC.**

Zellwood Station Co-Op, Inc. (hereafter "Zellwood"), by and through its undersigned attorney, hereby files this request for a third extension of the Revised MFR filing date in the above Docket from October 1, 2002 to January 2, 2003, and in support thereof states the following:

1. October 1, 2002 MFR Filing Date Will Not Permit Time to Finalize the Sale of the Zellwood System to Orange County and Consummate the Bulk Water Deal. By Order No. PSC-02-0794-PCO-WS, dated June 11, 2002, this Commission granted Zellwood an extension of the MFR filing date in this docket from June 3, 2002 to October 1, 2002. This extension was granted in part to allow Zellwood to finalize the proposed deal with Orange County regarding the sale by Zellwood of its water plant facilities to Orange County and concurrent bulk water and wastewater supply arrangement. While negotiations have gone well, they have taken more time than originally expected due to the detailed nature of the terms and conditions of the transaction. A letter from Orange County dated September 4, 2002, sets out the final changes to the agreement. A copy of that letter is attached as Exhibit "A" hereto. We anticipate receiving the County's revised draft of the Asset Purchase and Sale Agreement, a draft Wholesale Water and Wastewater Agreement and a draft Reclaimed Water Delivery Agreement very soon, at which point the Agreements will be submitted to both the Board of County Commissioners and the Zellwood Board of Directors for final approval and execution.

2. Progress on Closing the Transaction. Representatives of Orange County and the Board of Directors of Zellwood continue to meet so that the transaction may close

before the end of 2002. All indications are that the deal will close by that time. To require Zellwood to file Revised MFR documents, which in a short period would become defunct, would be a waste of rate payer's money and Zellwood's personnel resources. It is currently anticipated that the transaction documents can be finalized and the closing on the purchase of Zellwood's water and sewer system by Orange County can be accomplished by January 1, 2003.

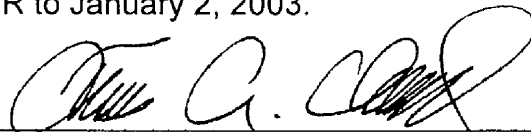
3. Related Issues. During a telephonic status conference in August, the staff of the Commission recommended based upon the proposed transaction that Zellwood consider transferring the distribution and collection systems to an exempt entity. Since that time, Zellwood has determined that such an approach is legally possible and acceptable to the Zellwood community through transfer to the Zellwood Station Community Association, where all Zellwood residents have representation. Use of the Association would remove the need to proceed with this rate case. Implementation of this transfer and certificate cancellation could occur simultaneously with the transfer to the County.

4. Retail Customers are Protected. In the event that the Commission grants this motion, Zellwood's retail customers continue to be protected as Zellwood has in place during the pendency of this Docket the security required pursuant to Commission Order No. PSC-01-2471-PCO-WS which will assure that funds are available for any refund which may be ordered by the Commission to the retail customers of Zellwood in the event that the transactions contemplated hereunder do not close and the revised MFR's result in a refund from Zellwood.

5. Waiver of Time Period for Rate Approval. Zellwood will continue to temporarily waive the 8-month statutory deadline for the Commission to approve the requested rates as set forth in Section 367.081, Florida Statutes, until such time as new hearing dates are established for the docket.

6. Parties Do Not Object to Extension of Dates. Zellwood has contacted all parties of record and none have expressed any objection to the Commission granting the extension of time requested by Zellwood in this Motion.

WHEREFORE, Zellwood requests that the Commission grant an extension of the October 1, 2002 filing date for the Revised MFR to January 2, 2003.



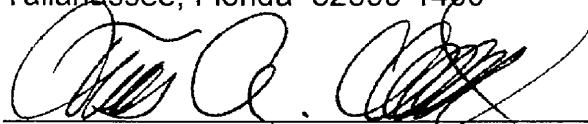
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Fax: (407) 244-5690
Attorneys for Zellwood Station Co-Op, Inc.

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and exact copy of the above and foregoing has been furnished by U.S. Mail to the following parties of record this 27th day of September, 2002.

Jennifer Brubaker, Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Stephen C. Burgess
Office of Public Counsel
C/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400



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Attorneys for Zellwood Station Co-Op, Inc.



UTILITIES DEPARTMENT
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E-Mail: michael.chandler@ocfl.net

September 4, 2002

Mr. Bill Ferrara
Zellwood Station Co-op, Inc.
2126 Spillman Drive
Zellwood, FL 32798-9799

RECEIVED SEP 09 2002

Dear Mr. Ferrara:

Based on discussions in our last meeting in your offices, Orange County Utilities staff is rewriting the draft agreements to reflect the following:

1. The purchase price shall not exceed \$690,000 and both parties will look for ways to reduce closing costs.
2. Zellwood Station will pay capital charges for consumption over 355,700 GPD Annual Average Daily Flow ("Base Use Amount"). The capital charges will only be assessed once each year and Zellwood Station shall only pay for the amount in excess of any amount they have been allocated at the initial purchase plus any amount for which they have already paid. The 355,700 GPD is subject to Zellwood Station renewing and transferring the CUP to Orange County without any reduction in the CUP allocation and excluding the Silvestri property.
3. The wholesale water and wastewater rates shall remain as stated in the draft agreement for a term of 20 years. Thereafter, the rate shall be renegotiated at a level no lower than the standard residential customer volume charges for service in effect at that time.
4. The property described as the Silvestri property shall not receive any credit for capital charges under this agreement. We understand that Zellwood Station representatives are actively negotiating a written agreement to ensure that the property owner understands and agrees that the property will become part of Orange County Utilities service area, that capital charges for all capacity must be paid to Orange County and that the residents and businesses will be Orange County Utilities retail customers.
5. Water pressures will be controlled by the ability of the pumps we are purchasing from Zellwood Station to perform at levels anticipated. It is our intention to provide pressures of about 60 psi at the wholesale connection points during routine operations and to deliver at least 40 psi during higher use periods or to avoid violation of the consumptive use permit. We accept that pressure must be sufficient to provide service to higher elevations and will take the appropriate steps to ensure same. Obviously when fire-fighting capability is required, pressure to other parts of the system may be significantly degraded to ensure sufficient flow for the fire event.

Zellwood Station Co-op, Inc.
September 4, 2002
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Our understanding was that Zellwood Station's engineer was evaluating the service delivery at approximately 40 psi to higher elevations and that we would provide reasonable assistance to him in that effort.

6. Orange County Utilities will provide and install the meters at its own expense.

We should have the revised draft agreements ready soon and will forward them to you immediately thereafter. The three revised agreements (Asset Purchase Agreement, Wholesale Water and Wastewater Agreement and Reclaimed Water Agreement) will address the issues in detail and will create the binding legal obligations between the Zellwood Station Co-op and the County following approval by the Co-op and County governing boards.

Sincerely,



Michael L. Chandler

- c: Robert Guthrie, Assistant County Attorney
Ron Nielsen, Manager, Fiscal Division, Utilities Department
Daniel Allen, P. E., Manager, Engineering Division, Utilities Department