



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

COMMISSION
CLERK

03 OCT -9 AM 11:49

RECEIVED FPSC

DATE: OCTOBER 9, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (CLAPP, KAPROTH, WILLIS)
OFFICE OF THE GENERAL COUNSEL (JAEGERY)

PK

JS
TJ

RE: DOCKET NO. 030920-WS - JOINT APPLICATION FOR
ACKNOWLEDGMENT OF SALE OF PORTION OF LAND AND FACILITIES
OF FLORIDA WATER SERVICES CORPORATION IN VOLUSIA COUNTY TO
CITY OF DELTONA, AND FOR AMENDMENT OF CERTIFICATE NOS.
238-W AND 182-S.
COUNTY: VOLUSIA

AGENDA: 10/21/03 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: THE FIVE FLORIDA WATER SERVICES CORPORATION
DOCKETS (030541-WU, 030542-WS, 030920-WS,
030971-WS, AND 030932-WS) SHOULD BE PLACED
IN ORDER.

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030920WS.RCM

CASE BACKGROUND

Florida Water Services Corporation (FWSC or utility) is a Class A utility providing water and wastewater service throughout Florida. Most of its systems are under Commission jurisdiction. FWSC's Deltona system serves approximately 28,932 water and 5,350 wastewater customers in Volusia County. The Deltona system is located in a priority water resource caution area of the St. Johns River Water Management District. The utility's 2002 annual report indicates that the Deltona system had gross revenue of \$7,564,996 and \$3,651,748 and net operating income of \$1,810,234 and \$883,656 for water and wastewater, respectively.

DOCUMENT NUMBER-DATE

09825 OCT-98

FPSC-COMMISSION CLERK

The water and wastewater systems were originally issued Certificate Nos. 107-WS and SS-89 pursuant to Order No. 4771, issued October 9, 1969, in Docket Nos. 69296-W and 69297-S, In Re: Applications of The Deltona Corporation for certificates to operate an existing water system and sewer system in Volusia County, Florida. These certificates were subsequently changed to 47-W and 48-S by Order No. 6713, issued June 11, 1975, in Docket Nos. 74041-W(EX) and 74042-S, In Re: application of the Deltona Corporation to expand territory of existing Certificate Number 47-W and 48-S in Volusia County, Florida. The certificate numbers were again changed to 238-W and 182-S by Order No. 25575, issued January 7, 1992, in Docket No. 910662-WS, In Re: Petition for approval of restructuring of Southern States Utilities, Inc.; Deltona Utilities, Inc.; and United Florida Utilities Corporation and acknowledgment of name change of Citrus Springs Utilities (United Florida) and Pine Ridge Utilities (United Florida) in Citrus County, Spring Hill Utilities, Inc. (Deltona) in Volusia County, Marco Island Utilities (Deltona) and Marco Shores Utilities (Deltona) in Collier County, Marion Oaks Utilities (United Florida) in Marion County, and Sunny Hills Utilities (United Florida) in Washington County to Southern States Utilities, Inc.

On September 19, 2003, an application was filed for the transfer of the Deltona water and wastewater facilities to The City of Deltona (the City or buyer) and for the modification of Certificate Nos. 238-W and 182-S. The First Amended and Restated Utility System Asset Acquisition Agreement entered into as of August 25, 2003, states that the agreement is among FWSC and the following buyers: Hernando County, The City of Marco Island, The City of Palm Coast, Osceola County, Florida Governmental Utility Authority, and The City of Deltona. This is one of the four dockets currently filed which relate to this agreement.¹

¹ Docket No. 030921-WS - Joint application for acknowledgment of sale of land and facilities in Osceola County to Osceola County by Florida Water Services Corporation and for cancellation of Certificate Nos. 66-W and 289-S; Docket No. 030931-WS - Joint application for acknowledgment of sale and land and facilities of Florida Water Services Corporation in Charlotte County to Florida Governmental Utility Authority, and for cancellation of Certificate Nos. 570-W and 496-S; Docket No. 030932-WS - Joint application for acknowledgment of sale and land and facilities of Florida Water Services Corporation in Lee County to Florida Governmental Utility

This recommendation addresses the transfer to The City of Deltona and whether to open a docket to examine whether FWSC's sale involves a gain that should be shared with FWSC's remaining customers. The Commission has jurisdiction pursuant to Sections 367.045, 367.071(4)(a), and 367.081, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the transfer of Florida Water Services Corporation's Deltona water and wastewater facilities in Volusia County to the City of Deltona be approved?

RECOMMENDATION: Yes. The transfer of FWSC's Deltona facilities in Volusia County to The City of Deltona should be approved, as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes. Certificate Nos. 238-W and 182-S should be amended to reflect the deleted territory described in Attachment A, effective upon the closing date of the sale. FWSC should provide proof of transfer to the City of Deltona within 30 days of closing for purposes of establishing an effective date. Regulatory Assessment Fees (RAFs) should be submitted within 60 days of closing on the transfer. (CLAPP, KAPROTH, JAEGER)

STAFF ANALYSIS: On September 19, 2003, FWSC filed an application to transfer its Deltona facilities to the City pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Included with the application is a copy of the First Amended and Restated Utility System Asset Acquisition Agreement, which states the proposed closing date for all of the parties is on or before December 8, 2003. Therefore, December 8, 2003, is the anticipated effective date of the acquisition.

Authority, and for cancellation of Certificate Nos. 306-W and 255-S.

Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. As such, no notice of the transfer is required and no filing fees apply. The application had no deficiencies. The application is in compliance with Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. The territory being transferred is described in Attachment A.

The application contains a statement that the City obtained FWSC's most recent income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction pursuant to Rule 25-30.037(4)(e), Florida Administrative Code. A statement that the customer deposits and interest earned, less any unpaid balances, will be transferred to the City for the benefit of the customers as required by Rule 25-30.037(4)(g), Florida Administrative Code, was also included in the application.

The application is to contain the date on which the governmental authority proposes to take official action to acquire the utility pursuant to Rule 25-30.037(4)(f), Florida Administrative Code. According to the agreement, the closing will take place on or before December 8, 2003. Since a firm date is not provided, FWSC should provide proof of transfer, including the actual closing date, within 30 days of the actual closing to establish the effective date of the transfer.

Additionally, pursuant to the requirements of Rule 25-30.037(4)(h), Florida Administrative Code, a statement was included that FWSC has no outstanding regulatory assessment fees and no fines or refunds are owed. The utility has filed its 2002 annual report and paid its 2002 RAFs and there are no outstanding penalties and interest. For the period of January 1, 2003 through December 8, 2003, FWSC has agreed to file its RAF return and RAF payment for the Deltona facilities within 60 days of closing on the transfer.

Staff recommends that the application is in compliance with all provisions of Rule 25-30.037, Florida Administrative Code. Pursuant to Section 367.071(4)(a), Florida Statutes, the transfer of facilities to a governmental authority shall be approved as a matter of right. Therefore, staff recommends that the transfer of FWSC's Deltona facilities in Volusia County to The City of Deltona

DOCKET NO. 030920-WS
DATE: OCTOBER 9, 2003

should be approved, as a matter of right, and Certificate Nos. 238-W and 182-S should be amended to reflect the deleted territory described in Attachment A, effective upon the closing date of the sale. FWSC should provide proof of transfer to the City of Deltona within 30 days of closing for purposes of establishing an effective date. Regulatory Assessment Fees should be submitted within 60 days of closing on the transfer.

DOCKET NO. 030920-WS
DATE: OCTOBER 9, 2003

ISSUE 2: Should the Commission open a docket to examine whether FWSC's sale of its Deltona facilities to The City of Deltona involves a gain that should be shared with FWSC's remaining customers?

RECOMMENDATION: Yes. The Commission should open a docket to examine whether FWSC's sale of its Deltona facilities involves a gain that should be shared with FWSC's remaining customers. (WILLIS, CLAPP, JAEGER)

STAFF ANALYSIS: Per the acquisition agreement entered into on August 25, 2003, FWSC receive a total of \$59,478,752 from The City of Deltona for the water and wastewater facilities. That sum appears to exceed the rate base values that the Commission has approved for those facilities. In Order No. PSC-96-1320-FOF-WS, issued October 30, 1996, in Docket No. 950495-WS, In Re: Application for rate increase and increase in service availability charges in Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc. in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties, the most recent rate proceeding for FWSC, the approved rate base value for the combined Deltona water and wastewater facilities was \$18,255,130 for the projected test year ending December 31, 1996. Restoring used and useful adjustments, the aggregate rate base balance was \$20,996,044. In its 2002 Annual Report, FWSC reported a combined rate base of \$16,043,966 for its Deltona systems. As the sale is planned to occur in 2003, an updated rate base calculation will be needed to determine the gain, if any, due to the sale of these facilities. Initial review indicates that FWSC will record a gain on this transaction. Therefore, staff recommends that the Commission should decide whether to open a separate docket to determine if the gain should be allocated among the remaining water and wastewater customers.

Utility's Position

By letter to staff dated August 29, 2003, the attorney for FWSC discussed the gain on sale issue and whether it was even appropriate to raise the issue in dockets where facilities were transferred pursuant to an involuntary condemnation. In that letter, FWSC cites the Commission's decision concerning gain on sale in Order No. PSC-93-0423-FOF-WS, issued March 22, 1993, in

Docket No. 920199-WS, In Re: Application for rate increase in Brevard, Charlotte/Lee, Citrus, Clay, Duval, Highlands, Lake, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, Volusia, and Washington Counties by Southern States Utilities, Inc.; Collier County by Marco Shores Utilities (Deltona); Hernando County by Spring Hill Utilities (Deltona); and Volusia County by Deltona Lakes Utilities (Deltona) (SSU Order). In the SSU Order, FWSC argues that the Commission concluded that there should be no sharing in the gain arising from the condemnation of water and wastewater systems previously operated by FWSC. Because that decision concerning gain on sale was affirmed by the First District Court of Appeal in Citrus County v. Southern States Utilities, Inc., 656 So. 2d 1307 (Fla. 1st DCA 1995), FWSC argues that the Commission is bound by the "Citrus County precedent."

Moreover, FWSC notes that "the Citrus County appellate court decision is consistent with" Order No. PSC-93-1821-FOF-WS, issued December 22, 1993, in Docket No. 930373-WS, In Re: Application for amendment of Certificate No. 247-S by North Fort Myers Utility, Inc., and cancellation of Certificate No. 240-S issued to Lake Arrowhead Village, Inc., in Lee County, and Docket No. 930379-SU, In Re: Application for a limited proceeding concerning the rates and charges for customers of Lake Arrowhead Village, Inc., in Lee County, by North Fort Myers Utility (North Fort Myers Order). In the North Fort Myers Order, FWSC points to the paragraph where the Commission stated:

[C]ustomers of utilities do not have any proprietary claim to utility assets. Although customers pay a return on utility investment through rates for service, they do not have any ownership rights to the assets, whether contributed or paid for by utility investment.

Staff's Position

Staff notes that the sale to Deltona does not involve a condemnation proceeding. Moreover, staff believes that FWSC has misinterpreted each of the above-noted Orders and court decision. In the SSU Order, the Commission, in addressing whether a sharing of the gain on sale was appropriate, specifically said, "Since SSU's remaining customers never subsidized the investment in the SAS [St. Augustine Shores] system, they are no more entitled to share in the gain from that sale than they would be required to absorb a loss from it." Therefore, the Commission's determination

that a sharing of the gain on sale was not appropriate was limited to the specific facts of that case and was not a "blanket" legal determination that a gain on sale would never be appropriate. The Citrus County case merely confirmed this factual interpretation.

As to the North Fort Myers Order, the language quoted by FWSC was merely addressing whether there should be a refund to the customers of the former utility, Lake Arrowhead Village, Inc. (LAVI). As to consideration of the gain on sale, the Commission said:

We first examined whether any gain on sale should be passed on to the customers. The costs to dismantle the plant would range from \$20,000 to \$50,000, depending on the public health and other sanitary requirements for the intended use of the land where the treatment and disposal facilities are located. Therefore, even if the few lots which might be created by clearing the former plant site were sold, a significant portion of the gain would be greatly offset by the cost of clearing the site and preparing the lots for sale.

Therefore, the Commission again, on a factual basis, determined that a gain on sale adjustment was not appropriate. Staff believes that a review of the appropriate disposition of any gain on sale is appropriate and to do so, the Commission is merely carrying out its jurisdictional duty to "fix rates which are just, reasonable, compensatory, and not unfairly discriminatory" to the remaining customers of FWSC, as required by Section 367.081(2)(a)1., Florida Statutes.

Before FWSC's Deltona Utilities facilities are purchased by The City of Deltona, the facilities are subject to this Commission's jurisdiction. The service rates were established in FWSC's 1995 rate proceedings in Docket No. 950495-WS. According to FWSC's 2002 annual report the Deltona systems had net operating income of \$1,810,234 and \$883,656 for water and wastewater, respectively. Whether the other FWSC facilities subsidized income for the Deltona facilities needs to be determined.

Further study to examine sharing considerations for the Deltona Utilities gain on sale is recommended to permit timely examination of this topic. Staff recommends that the Commission open a docket to examine whether FWSC's sale of its Deltona

DOCKET NO. 030920-WS
DATE: OCTOBER 9, 2003

Utilities facilities involves a gain that should be shared with FWSC's remaining customers. This is consistent with prior Commission decisions in the following Orders: Order No. PSC-98-0688-FOF-WS, issued May 19, 1998, in Docket No. 971667-WS, In Re: Application for approval of transfer of facilities of Florida Water Services Corporation to Orange County and cancellation of Certificate Nos. 84-W and 73-S in Orange County; Order No. PSC-99-2171-FOF-WU, issued November 8, 1999, in Docket No. 981589-WU, In re: Application for approval of transfer of a portion of the facilities operated under Certificate No. 40-W in Orange County from Utilities, Inc. of Florida to the City of Maitland; and Order No. PSC-99-2373-FOF-WS, issued December 6, 1999, in Docket No. 991288-WS, In re: Application for transfer of a portion of Certificates Nos. 278-W and 225-S in Seminole County from Utilities, Inc. of Florida to the City of Altamonte Springs. In each of the above-three Orders, the Commission acknowledged the transfer to the respective governmental authority and opened another docket to evaluate the gain on sale.

DOCKET NO. 030920-WS
DATE: OCTOBER 9, 2003

ISSUE 3: Should this docket be closed?

RECOMMENDATION: This docket should remain open until the conclusion of any pending dockets concerning the Deltona facilities, and until Certificate Nos. 238-W and 182-S are amended administratively. (JAEGER)

STAFF ANALYSIS: This docket should remain open until the conclusion of any pending dockets concerning the Deltona facilities, and until Certificate Nos. 238-W and 182-S are amended administratively.

Florida Water Services Corporation

Description of Deltona Water and Wastewater Territory Deleted

Township 18 South, Range 30 East, Volusia County, Florida.

Sections 13, 24, 25, 35 and 36

That portion of said Sections 13, 24, 25, 35 and 36 which is lying Easterly of the right-of-way of Interstate 4.

Township 18 South, Range 31 East, Volusia County, Florida.

All of Sections 1, 2 and 3.

Section 8

The Southeast $\frac{1}{4}$ of said Section 8 and the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 8.

Section 10

The East $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of said Section 10 and that portion of the Northwest $\frac{1}{4}$ of said Section 10 which is more particularly described as follows: Begin at the Northeast corner of the Northwest $\frac{1}{4}$ of said Section 10; thence run North 88°49'22" West along the North boundary of the Northwest $\frac{1}{4}$ of said Section 10 to the Northwest corner of said Section 10; thence run South 00°24'01" East along the West boundary of said Section 10, 2350.93 feet; thence run North 89°56'04" East, 658.92 feet; thence run South 00°20'21" East, 333.80 feet; thence run North 89°43'08" East, 500.05 feet to a point which is also the Southeastern boundary of the Florida Power & Light Company 110 foot right-of-way; thence run North 47°52'27" East, along said Florida Power & Light boundary, 2022+ to a point on the East boundary of the Northwest $\frac{1}{4}$ of said Section 10; thence run northerly along the East boundary of the Northwest $\frac{1}{4}$ of said Section 10 to the Northeast corner of the Northwest $\frac{1}{4}$ of said Section 10 which is also the Point of Beginning.

All of Sections 11, 12 and 13.

Section 14

All of Section 14 less and except the following described territory: Begin at the Northwest corner of the South $\frac{1}{2}$ of said Section 14; thence run South $89^{\circ}51'38''$ East a distance of 1008.91 feet; thence run North $00^{\circ}09'11''$ West for a distance of 2461.10 feet; thence run North $51^{\circ}11'13''$ West for a distance of 286.17 feet; thence run North $89^{\circ}59'28''$ West for a distance of 767.61 feet to the Northwest corner of said Section 14; thence run Southerly along the West boundary of said Section 14 to the Northwest corner of the South $\frac{1}{2}$ which is also the Point of Beginning.

Section 15

The South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 and that portion of the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 that is more particularly described as follows: Begin at the Northwest corner of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$, thence run North $62^{\circ}43'46''$ East a distance of 2971.21 feet to the Northeast corner of the Southeast $\frac{1}{4}$ of said Section 15; thence run Southerly along the East boundary of said Section 15 to the Northeast corner of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15; thence run Westerly along the North boundary of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 15 to the Point of Beginning.

Section 17

All of said Section 17 less and except the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 17.

Section 18

That portion of the South $\frac{3}{4}$ of said Section 18 which is lying Easterly of the right-of-way of Interstate 4.

All of Sections 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36.

Township 18 South Range 32 East, Volusia County, Florida

Section 31

That portion of said Section 31 which is more particularly described as follows: Begin at the Northwest corner of the Southwest $\frac{1}{4}$ of said Section 31; thence run South $00^{\circ}26'20''$ East 122.22 feet; thence North $89^{\circ}35'55''$ East 3760.4 feet; thence run South $00^{\circ}26'20''$ East 1601.42 feet to a point

intersecting with the Northern right-of-way line of S.R. 415; thence South 63°48'55" West 667.21 feet along said North right-of-way line of S.R. 415; thence leaving right-of-way run South 89°32'15" West 719.04 feet; thence South 00°26'20" East 516.56 feet, to a point intersecting with the Northern right-of-way line of S.R. 415; thence South 46°29'55" West 217.52 feet along said North right-of-way line of S.R. 415; thence leaving right-of-way run South 89°32'15" West 2281.30 feet; thence Northwesterly along a curve to the right having a radius of 427.43 feet, and a central angle of 19°26'58" a distance of 145.09 feet, then Westerly along a curve to the left having a radius of 270 feet, and a central angle of 19°12'47" a distance of 90.54 feet, to the South line of said Section 31; thence run South 89°46'26" along this line 49.11 feet to the Southwest corner of said Section 31; thence run North 00°26'20" West along the West Section line of said Section 31, a distance of 1213+ to the said Point of Beginning.

Township 19 South, Range 30 East, Volusia County, Florida.

Section 1

That portion of Section 1 which is lying Northerly of the shoreline of Lake Monroe.

Section 2

That portion of the Northeast $\frac{1}{4}$ of said Section 2 which is more particularly described as follows: Begin at the Northeast corner of said Section 2; thence run South 00°10'00" West along the East boundary of said Section 2, 1256.00 feet to a point which is also the North side of F.E.C. Railroad right-of-way; thence run South 76°01'20" West along said right-of-way line, 2176.20 feet; thence run North 13°15'20" East, 1498.65 feet + to a point on the North boundary of said Section 2; thence run South 89°29'20" East along the North boundary of said Section 2 to the Northeast corner of said Section 2 which is also the Point of Beginning.

Plus,

That portion of the North 800 feet of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 2. Together with that portion of the North 1000 feet of the South 1320 feet of

the East $\frac{1}{4}$ of the North $\frac{1}{2}$ of said Section 2, along with the South 1000 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ lying South of the F.E.C. Railroad right-of-way.

Section 3

That portion of the North 720 feet and the East 720 feet of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 3, together with that portion of the South 100+ feet of the East 720 feet of the Northeast $\frac{1}{4}$ lying South of F.E.C. Railroad right-of-way.

Township 19 South, Range 31 East, Volusia County, Florida.

Section 1

The West $\frac{1}{2}$ of said Section 1.

All of Sections 2, 3, 4 and 5.

Sections 6 and 7

That portion of said Section 6 & 7 which is located Northerly of Lake Monroe.

All of Sections 8, 9, 10 and 11

Section 12

The West $\frac{1}{2}$ of said Section 12.

Section 16

That portion of said Section 16 which is lying Northerly of the North shoreline of Lake Monroe.

Section 17

That portion of said Section 17 which is lying Northeasterly of the shoreline of Lake Monroe.

Section 2

That portion of the Northeast $\frac{1}{4}$ of said Section 2 which is more particularly described as follows: Begin at the Northeast corner of said Section 2; thence run South 00°10'00" West along the East boundary of said Section 2, 1256.00 feet to a point which is also the North side of F.E.C. Railroad right-of-way; thence run South 76°01'20" West along said right-of-way line, 2176.20 feet; thence run North 13°15'20" East, 1498.65 feet \pm to a point on the

North boundary of said Section 2; thence run South, 89°29'20" East along the North boundary of said Section 2 to the Northeast corner of said Section 2 which is also the Point of Beginning.

Plus,

That portion of the North 800 feet of the Northwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of said Section 2. Together with that portion of the North 1000 feet of the South 1320 feet of the East $\frac{3}{4}$ of the North $\frac{1}{2}$ of said Section 2, along with the South 1000 feet of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ lying South of the F.E.C. Railroad right-of-way.

Section 3

That portion of the North 720 feet and the East 720 feet of the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 3, together with that portion of the South 100± feet of the East 720 feet of the Northeast $\frac{1}{4}$ lying South of F.E.C. Railroad right-of-way.

Township 19 South, Range 31 East, Volusia County, Florida.

Section 1

The West $\frac{1}{2}$ of said Section 1.

All of Sections 2, 3, 4 and 5.

Sections 6 and 7

That portion of said Section 6 & 7 which is located Northerly of Lake Monroe.

All of Sections 8, 9, 10 and 11

Section 12

The West $\frac{1}{2}$ of said Section 12.

Section 16

That portion of said Section 16 which is lying Northerly of the North shoreline of Lake Monroe.

Section 17

That portion of said Section 17 which is lying Northeasterly of the shoreline of Lake Monroe.