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(LICENSED IN TEXAS ONLY)

May 24, 2004

Cheryl Johnson, C.P.A.
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Paradise Lakes Utility, LLC; PSC Docket No. 030948-WS
Transfer of Facilities
Our File No. 37098.01

Dear Cheryl:

You recently raised several questions concerning Paradise Lakes, which I have now obtained answers for. I have attempted to restate the question and provide you with an answer to each of your questions below:

- 1. Why the second well site (lot 4)? Was this a switch to the well site at lot 4?

Answer - The well site has been located in this immediate area for a very long time. However, it was approximately 1/10 of an acre parcel prior to the agreement to transfer all of lot 4. In fact, the existing control panel and electric meter for the well were not even located on this small site before the additional property was agreed to be transferred. In addition, the generator and propane tank were approximately 45 feet off of the property prior to the transfer of the larger lot. Because of DEP regulations and sound utility management, the Utility needs a buffer around the well site and to construct a fence around the well site and all of the facilities as well. As such, the area has been expanded to the 1/4 acre lot 4, which will enable the utility to construct a fence, a parking area, maintain a greater buffer, as well as to include the control panel, electric meter, generator and propane tank that were not previously on the actual well site (but were adjacent thereto).

CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
MMS _____
RCA _____
SCR _____
SEC 1
OTH _____

- 2. What was the original land for the water treatment plant and how was it titled and when?

Answer - As noted above, the 1/10 acre well site was included in the land owned by the utility. However, it was not adequate for the current, much less long term needs of the utility and sound utility operation. That small parcel of land has been in the utility's name since 1985 when the original smaller acreage was transferred to Paradise Lakes Utility, Ltd.

- 3. What is the size of the sewer land parcel? When was it put into the utility's name? When was it given back to the developer?

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Larry DeLucenay

May 24, 2004

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Answer - The original sewer plant site was placed in the name of Paradise Lakes Utility, Ltd. in 1985. That parcel is approximately .91 acres. It was transferred back to the developer, Paradise Lakes Corporation, in 1999, shortly after the switch was made for the Utility to receive bulk wastewater service from the County. It is now utilized as the location for a guardhouse, as well as continuing to be utilized for the location of a force main to the County's wastewater system.

4. What are the relative values of the old sewage treatment plant site and the new water plant land?

Answer - Since the sewer plant site had to be maintained for the force main located thereon, its uses were somewhat limited in the hands of the developer. In addition, it required substantial rehabilitation before it could be put to any use, including the current use as the location for the force main and for a small guardhouse. The attached document from the Pasco County Property Appraiser's office states that its assessed land value, even in 2004 (five years after it was transferred back to the developer), was \$46,498. This is also after the developer expended substantial funds for rehabilitation of this former sewage treatment plant site. As you can see from the attached letter from a realtor familiar with property values in the Paradise Lakes area, lot 4 transferred to the Utility for the water plant site has a current market value of approximately \$60,000 to \$65,000. As such, the water plant site is of greater value than the sewer plant site in any case. The Utility wishes only to replace the old sewer plant site land with the new water plant site land on the books at the same value.

If you have any further questions or you need any further information in order to finalize this Transfer of Majority Organizational Control, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP


F. Marshall Deterding
For The Firm

FMD/tms

cc: Blanca S. Bayo
William Keating, Esq.
Kathy Kaproth
Patti Daniel
Larry DeLucenay



May 09, 2004

Mr. Larry G. DeLucenay
1900 Land O Lakes Blvd., Suite 107
Lutz, Florida 33549

Re: LOT #4 OF PARADISE PALMS

Dear Mr. DeLucenay:

Per your request, I am offering a real estate agents opinion only for the property located in Paradise Lakes and referred to as The Palms of Paradise, Lot #4, Lutz, Florida 33558.

This is a Letter of Opinion only and is not be used as an appraisal or appraised value, but as my opinion as a 27 year experienced and licensed real estate agent and Office Manager of Paradise Lakes Realty. I render a "market value opinion" of the above referenced property as follows:

Lot #4 or The Palms of Paradise would, in my opinion, have an immediate marketable value of around \$60,000 to \$65,000. The subject property is high and dry and the this lot would allow a structure to be built on it, if the current water treatment plant were to be removed.

Please do not hesitate to contact me directly should you need any further assistance.

Sincerely,

Toby L. Caroline
Office Manager and Sales Associate

TLC
cc

Parcel ID	36-26-18-0000-01700-0020 (Card: 1 of 1)							
Classification	10 - Vacant Commercial							
Mailing Address PARADISE LAKES INC PO BOX 750 LAND O LAKES, FL 346390750					Assessment (totals)			
Physical Address					Ag Land	--		
Legal Description (First 4 Lines) BEGIN AT A POINT 334.38 FT SOUTH & 61.12 FT EAST OF NW COR SEC 36 TH S88DG 56' 07"E 312.16 FT TH S00DG 58' 14"W					Land	\$46,498		
					Building	\$0		
					Extra Features	\$4,875		
					Total Assessment	\$51,373		
					Save Our Homes	\$0		
					Taxable Value	\$51,373		
Land Detail (Card: 1 of 1)								
Line	Use	Description	Zoning	Units	Type	Price	Cond	Value
01	1000	COMMERCIAL	OPUD	39,742.00	SF	1.17	1.00	\$46,498
Additional Land Information								
Acres	0.91	Tax Area	3600	Fema Code	X	Comm Code	MU418C1	
Building Information								
Unimproved Parcel 00								
Extra Features (Card: 1 of 1)								
Line	Description	Year	Units	Value				
1	GUARDHS	2003	200	\$4,875				
Sales History								
Previous Owner				PARADISE LAKES UTILITY LTD				
Year	Month	Book / Page		Type	Amount			
1999	12	4287 / 1860		WD	\$28,000			
1985	05	1418 / 1715		QC	--			