

ORIGINAL

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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DATE: December 2, 2004

TO: Director, Division of the Commission Clerk and Administrative Services

FROM: Division of Economic Regulation (Clapp) *RC*

RE: Docket No. 041141-WS – Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake.

Please add the attached explanation statement from Tom Curatolo, Vice President and Controller of Hometown America, to the docket file.

Please note that the original and one copy of the statement are attached.

Thank you.

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DOCUMENT NUMBER - DATE

12790 DEC-2 04

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Hometown America Holdings, LLC
2003 Consolidated Statement of Operations
Explanation of \$26,974,317 Loss

The reason that the 2003 Consolidated Statement of Operations for Hometown America Holdings shows a loss of \$26,974,317 is due to the depreciation of Real Estate Assets. The depreciation recognized in 2003 was \$37,269,012. Excluding this amount of depreciation would turn the loss into a \$10,294,695 gain.

The amount of depreciation on Hometown's books is reasonable compared to the approximate \$2.1 billion of Real Estate Assets held.

Hometown America is very strong financially. The company has a \$130,000,000 line of credit with Bank One (now JP Morgan). Currently, only \$63,000,000 of this line has been drawn, and the company expects that this balance will actually drop in the future as additional cash flow is obtained.

On a cash flow basis, Hometown America actually attains a gain of approximately \$ 2.5 million per month.

In addition, the company is wholly owned by the Washington State Investment Board (WSIB), which has committed \$1,005,000 in capital to Hometown. The intent of WSIB is to hold its assets in Hometown America on a long term basis, due to the profitability of the company. Currently, the company has drawn approximately \$534,000,000 of the committed funds, leaving an additional \$471,000,000 that can be drawn.

Hometown America currently has net worth over \$ 685,000,000.

If anyone has any questions regarding this letter or the financial strength of Hometown America, please feel free to contact me at the phone number, or e-mail address below.

Sincerely;

Tom Curatolo
Vice President and Controller
312-604-7505
tcuratolo@hometownamerica.com