

ORIGINAL

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NATHAN A. SKOP

STATE OF FLORIDA



OFFICE OF COMMISSION CLERK  
ANN COLE  
COMMISSION CLERK  
(850) 413-6770

Public Service Commission

August 6, 2007

Mr. Steve Gressel  
Bank of America  
FLO-800-09-07  
390 N. Orange Avenue, Suite 900  
Orlando, FL 32801

010492-WS

Re: Letter of Credit No. 3046437

Dear Mr. Gressel:

In accordance with Order No. PSC-01-2471-PCO-WS, issued on December 18, 2001, Irrevocable Standby Letter of Credit Number 3046437 was established for Zellwood Station Co-Op, Inc. Pursuant to Order No. PSC-06-0843-FOF-WS, Zellwood's request for rate relief pending in this docket shall be deemed withdrawn. All conditions precedent for the release of the letter of credit have been met at this time, the security for any possible over earnings shall be released.

Enclosed is the original Irrevocable Standby Letter of Credit Number 3046437 and a copy of Order No. PSC-06-0843-FOF-WS. Please contact me if you have any questions.

Sincerely,

Ann Cole

AC:cp

cc: Jennifer Brubaker, Senior Attorney  
Docket File - 010492-WS

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DATE: FEBRUARY 21, 2002

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER: 3046437

010492

BENEFICIARY
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

APPLICANT
ZELLWOOD STATION CO-OP, INC.
2126 SPILLMAN DR.
ZELLWOOD FL 32798

- AUS
CAF
CMP
COM
CTR
ECR
GCL
OPC
MMS
SEC
OTH

AMOUNT
NOT EXCEEDING USD 90,543.00
NOT EXCEEDING NINETY THOUSAND FIVE
HUNDRED FORTY THREE AND 00/100'S US
DOLLARS

EXPIRATION
FEBRUARY 18, 2003 AT OUR COUNTERS

WE HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT NO. 3046437 IN YOUR FAVOR FOR THE ACCOUNT OF ZELLWOOD STATION CO-OP, INC. WHICH IS AVAILABLE AGAINST PRESENTATION OF YOUR DRAFT(S) DRAWN ON US AT SIGHT UP TO AN AGGREGATE AMOUNT OF U.S. \$90,543.00 (U.S. DOLLARS NINETY THOUSAND FIVE HUNDRED FORTY THREE AND 00/100) ACCOMPANIED BY THE FOLLOWING SIGNED STATEMENT:

"I HEREBY CERTIFY THAT I AM AN AUTHORIZED OFFICIAL OF THE FLORIDA PUBLIC SERVICE COMMISSION FOR THE PURPOSES OF DRAWING UNDER THIS LETTER OF CREDIT. I FURTHER CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO THE COMMISSION'S ORDER NO. PSC-01-2471-PCO-WS ISSUED DECEMBER 18, 2001 IN DOCKET NO. 010492-WS, IN RE: APPLICATION FOR RATE INCREASE IN ORANGE COUNTY BY ZELLWOOD STATION CO-OP, INC."

THIS LETTER OF CREDIT IS EFFECTIVE IMMEDIATELY AND SHALL EXPIRE AT THE CLOSE OF BUSINESS AT OUR OFFICE ON FEBRUARY 18, 2003; PROVIDED THAT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED FOR A PERIOD OF ONE YEAR EFFECTIVE UPON THE EXPIRATION DATE AND ANY FUTURE EXPIRATION DATE UNLESS AT LEAST 30 DAYS PRIOR TO ANY SUCH EXPIRATION DATE WE NOTIFY YOU IN WRITING, SENT BY OVERNIGHT COURIER THAT WE ELECT NOT TO EXTEND THE EXPIRATION DATE FOR SUCH ADDITIONAL PERIOD. UPON RECEIPT OF SUCH NOTICE, YOU MAY DRAW HEREUNDER AS PROVIDED IN THE PREVIOUS PARAGRAPH.

WE ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED AT THIS OFFICE ON OR BEFORE EXPIRATION DATE, AS SUCH DATE MAY BE EXTENDED UNDER THE TERMS HEREOF, AND ANY DRAFT DRAWN BY YOU UNDER THIS LETTER OF CREDIT MUST BEAR THE CLAUSE "DRAWN UNDER IRREVOCABLE LETTER OF CREDIT NO. 3046437 OF BANK OF AMERICA, N.A., DATED FEBRUARY 21, 2002."

THE ORIGINAL LETTER OF CREDIT MUST ACCOMPANY ANY DRAWING.

EXCEPT SO FAR AS OTHERWISE STATED, THIS DOCUMENTARY CREDIT IS SUBJECT TO THE "UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS" (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 500).

IF YOU REQUIRE ANY ASSISTANCE OR HAVE ANY QUESTION REGARDING THIS TRANSACTION, PLEASE CALL 213-345-6605.

Tai Anh Lu signature
TAI ANH LU
OFFICER

Mia O. Gonzalez signature
MIA O. GONZALEZ
ASSISTANT VICE PRESIDENT

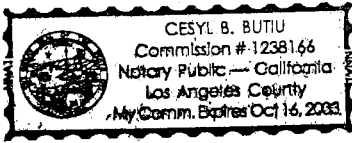
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ORIGINAL

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER: 3046437

STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

THE FOREGOING INSTRUMENT WAS ACKNOWLEDGED BEFORE ME THIS 21ST DAY OF  
FEBRUARY, 2002, BY TAI ANH LU AND MIA O. GONZALEZ, AS OFFICER AND  
ASSISTANT VICE PRESIDENT, RESPECTIVELY OF BANK OF AMERICA, N.A.

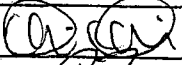
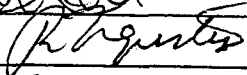
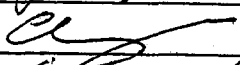
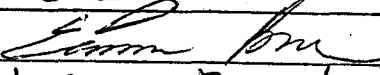
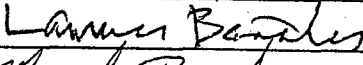
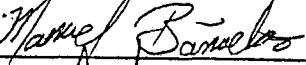
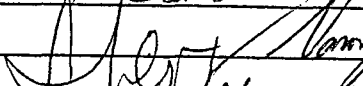
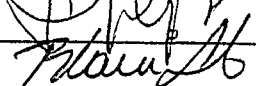
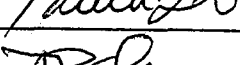

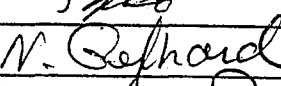

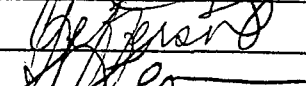
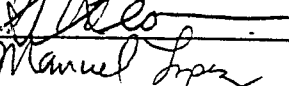
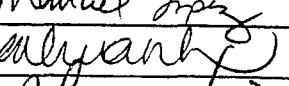
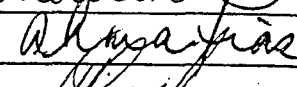
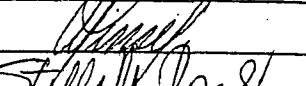
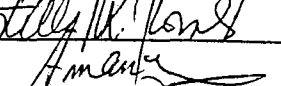
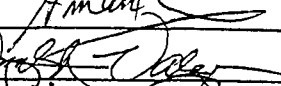
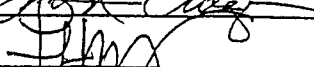
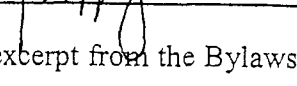
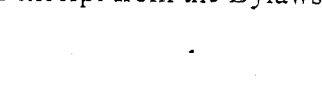



*Ceryl B. Butiu*  
-----  
NAME: CERYL B. BUTIU  
COMMISSION NO.: 1238166  
MY COMMISSION EXPIRES: 10/16/03

**BANK OF AMERICA, NATIONAL ASSOCIATION**

The undersigned, Margaret Kwiatek, Vice President of Bank of America, National Association, a national banking association organized and existing under the laws of the United States of America (herein, the "Bank"), does hereby certify:


1. That the following named individuals have been properly designated, elected and assigned to the offices in the Bank as indicated below; and have authority as indicated in Section 5.2 of the Bylaws to execute documents for the Bank and that such persons hold such offices unless we notify you otherwise:

Name	Title	Specimen Signature
David Aguilar	Authorize Officer	
Rosalinda Agustin	Assistant Cashier	
Carmen Badea	Assistant Cashier	
Eunson Bae	Sr. Authorize Officer	
Lawrence Banales	Assistant Vice President	
Manuel Banuelos	Assistant Cashier/Sr. Authorize Officer	
Narongson (Mike) Boriboon	Authorize Officer	
Serafin Cabayan	Authorize Officer	
Bolivar Carrillo	Assistant Vice President	
Thelma Chan	Sr. Authorize Officer	
Ben Cortes	Vice President	
Nuntawan Gerhard	Authorize Officer	
Mia Gonzalez	Assistant Vice President	
Cheryl Jefferson	Assistant Vice President	
Sandra Leon	Vice President	
Manuel Lopez	Assistant Cashier	
Tai Anh Lu	Authorize Officer	
Anamaria Matias	Authorize Officer	
William Pinsel	Vice President	
Stella Rosales	Authorize Officer	
Amany Soliman	Assistant Cashier	
Imelda Valeza	Authorize Officer	
Teela Yung	Authorize Officer	

2. That the following is a true and complete copy of an excerpt from the Bylaws of said Bank, and the same is in full force and effect as of the date hereof.

Section 5.2 Execution of Instruments. All agreements, indentures, mortgages, deeds, conveyances, transfers, contracts, checks, notes, drafts, loan documents, letters of credit, guarantees, master agreements, swap agreements, security and pledge agreements, guarantees of signatures, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, powers of attorney, and other instruments or documents may be signed executed, acknowledged, verified, attested, delivered or accepted on behalf of the Association by the Chairman of the Board, the President, any Vice Chairman of the Board, any Division President, any Managing Director, any Principal, any Vice President, any Assistant Vice President, or any individual who is listed on the Association's personnel records in a position equal to any of the aforementioned officer positions, or such other officers, employees or agents as the Board of Directors or any of such designated officers or individuals may direct. The provisions of this Section 5.2 are supplementary to any other provision of these Bylaws and shall not be construed to authorize execution of instruments otherwise dictated by law.

IN WITNESS WHEREOF, this 7th day of September, 2001.

  
Vice President

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for rate increase in Orange County by Zellwood Station Co-Op, Inc.

DOCKET NO. 010492-WS

In re: Dual application by Zellwood Station Co-Op, Inc. for transfer of portion of water and wastewater facilities to City of Apopka, for transfer of remaining facilities to Zellwood Station Community Association, Inc., and request for cancellation of Certificate Nos. 602-W and 518-S.

DOCKET NO. 030682-WS  
ORDER NO. PSC-06-0843-FOF-WS  
ISSUED: October 9, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

ORDER APPROVING APPLICATIONS FOR TRANSFER, AND  
CANCELLING CERTIFICATE NOS. 602-W AND 518-S

BY THE COMMISSION:

BACKGROUND

Zellwood Station Co-Op, Inc. (Zellwood or utility) is a Class B utility that currently provides water and wastewater service in Orange County to approximately 1,100 residential and commercial customers in an adult mobile home community known as Zellwood Station. Zellwood is located in a priority water resource caution area of the St. Johns River Water Management District (SJRWMD). The utility's 2005 annual report indicates combined net revenues of \$515,631 and a combined net operating income of \$25,791.

The original developer, Cayman Development Corporation (Cayman), constructed the utility facilities in 1975. In 1992, Cayman sold the development to Zellwood Partners, Ltd., which filed for bankruptcy one year later. A group of residents formed Zellwood to purchase the development's real property and utility assets in the bankruptcy proceedings in 1993. Zellwood learned of the need to be certificated in 1997 during the process of renewing the utility's consumptive use permit with the SJRWMD. The SJRWMD wanted Zellwood to promote water conservation by metering the lots and implementing a conservation rate structure. Certification was required because Zellwood provided service to non-members. Shortly thereafter the utility

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applied for original water and wastewater certificates, which were granted by Order No. PSC-98-1572-FOF-WS.<sup>1</sup> There have been no further certification actions.

Pursuant to a stipulation in Order No. PSC-98-1572-FOF-WS, Zellwood was to charge its proposed flat rate structure, with a conservation surcharge for usage over 10,000 gallons, for three years. By September 2, 2001, after meters had been installed, consumption data obtained, and an original cost study performed, Zellwood was to file for a rate proceeding specifically addressing a consumption-based and/or conservation rate structure. On October 10, 2001, Zellwood completed the initial minimum filing requirements (MFRs) for the rate proceeding in Docket No. 010492-WS. In its application, the utility requested that the rate filing be set directly for administrative hearing. On November 9, 2001, the Office of Public Counsel filed a Notice of Intervention which was acknowledged by Order No. PSC-01-2194-PCO-WS, issued November 13, 2001. Procedures for a hearing on February 7-8, 2002, were established by Order No. PSC-01-2206-PCO-WS, issued on November 14, 2001.

On November 30, 2001, Zellwood filed a motion for extension of the docket schedule dates. Based on preliminary discussions with Commission staff, Zellwood's motion indicated it believed it would need additional time to respond when staff formally requested modifications and adjustments to its MFRs. In addition, Zellwood's motion indicated it had entered into discussions with Orange County (County) regarding potentially becoming a bulk water and wastewater customer of the County which would significantly alter the utility's position in the rate proceedings. Zellwood agreed to temporarily waive the statutory deadline for this Commission to approve Zellwood's requested rates until new controlling dates could be established. The utility also indicated it had conferred with the parties of record and none expressed any objection to the motion.

By Order No. PSC-01-2368-PCO-WS, issued December 7, 2001, Zellwood's motion for extension was granted and new controlling dates established. By Order No. PSC-01-2471-PCO-WS, issued December 18, 2001, the final rates, charges, and schedules proposed by Zellwood were suspended in accordance with Section 367.081(6), Florida Statutes, and the production of additional and/or corroborative data was required by this Commission. Since it appeared the utility may be overearning, the utility was also ordered to hold a portion of its annual water and wastewater revenues subject to refund during the pendency of the case. The utility provided a letter of credit to secure potential refunds.

During the subsequent negotiations between Zellwood and the County, four extensions to the revised MFR filing date and resulting controlling dates were granted. Two extensions were by motion of the utility,<sup>2</sup> and two were due to Commission scheduling conflicts.<sup>3</sup> In each of its motions for extension, Zellwood noted that its customers were protected by the security required

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<sup>1</sup> Order No. PSC-98-1572-FOF-WS, issued November 23, 1998, in Docket No. 980307-WS, In Re: Application for certificate to provide water and wastewater service in Orange County by Zellwood Station Co-Op, Inc.

<sup>2</sup> Order No. PSC-02-0339-PCO-WS, issued March 14, 2002, and Order No. PSC-02-0794-PCO-WS, issued June 11, 2002.

<sup>3</sup> Order No. PSC-02-0650-PCO-WS, issued May 13, 2002, and Order No. PSC-02-0877-PCO-WS, issued July 1, 2002.

pursuant to Order No. PSC-01-2471-PCO-WS. For each motion, Zellwood also waived the statutory deadline for the Commission to approve its requested rates and contacted parties who expressed no objections to the extensions.

On September 27, 2002, Zellwood filed a third motion for extension of the revised MFR filing date which it subsequently amended on December 20, 2002, and April 1, 2003. Early in 2003, Commission staff was also informed that, in addition to the sale of the water and wastewater facilities to the County, Zellwood intended to transfer the remaining collection and distribution facilities to Zellwood Station Community Association, Inc. (HOA). Zellwood stated its belief that the HOA was exempt from our regulation pursuant to Section 367.022(7), Florida Statutes, which exempts from regulation nonprofit associations providing service solely to members. Therefore, when the dual transfers to the County and the HOA were complete, Zellwood believed its certificates could be cancelled. In April 2003, the utility began filing monthly reports apprising all parties on the status of the transfers.

Order No. PSC-03-0612-PCO-WS, issued May 19, 2003, granted Zellwood's third motion for extension of time to file its revised MFRs and suspended the hearing schedule and controlling dates indefinitely. On July 25, 2003, Zellwood filed an application in Docket No. 030682-WS for transfer of its water and wastewater treatment facilities to the County, transfer of its remaining facilities to the HOA, and for cancellation of Certificate Nos. 602-W and 518-S. During contract negotiations with the County, the County assigned its interest in the purchase of the utility's facilities, and resulting bulk service agreements, to the City of Apopka (Apopka). On April 13, 2006, the closing occurred between Zellwood and Apopka for transfer of treatment services. On April 14, 2006, the closing occurred between Zellwood and the HOA for transfer of the remaining facilities. The transfers of water service to Apopka and the HOA are anticipated to occur on October 1, 2006, subject to our approval. The transfers of wastewater service are anticipated to occur three months later.

We have jurisdiction to consider these matters pursuant to Sections 367.022, 367.071, 367.081, and 367.082, Florida Statutes.

#### TRANSFER TO CITY OF APOPKA

On July 25, 2003, an application was filed on behalf of Zellwood for transfer of its water and wastewater treatment facilities to the County, transfer of its remaining facilities to the HOA, and for cancellation of its water and wastewater certificates. The County's interests were subsequently assigned to Apopka. The application for transfer of the utility's water and wastewater treatment services to Apopka was filed pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.037(4), Florida Administrative Code. Pursuant to Section 367.071(4)(a), Florida Statutes, transfers 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.

On June 3, 2003, Zellwood and the County executed a purchase agreement, bulk service agreement, and reclaimed water agreement. In the purchase agreement, the County agreed to purchase Zellwood's water and wastewater treatment facilities. In the bulk service agreement,



the parties agreed that the purchased facilities would then be used to sell bulk water and wastewater services back to Zellwood. In the reclaimed water agreement, Zellwood agreed to receive reclaimed water service from the County for use on its golf course. After the execution of these agreements, but prior to the closing, the County assigned its interest to Apopka.

The assignment to Apopka was for the same purchase price and bulk service terms and conditions, including treatment service to Zellwood's customers; however, Apopka did not need Zellwood's actual treatment facilities. Zellwood subsequently agreed to assume the responsibility and cost of decommissioning and dismantling its water and wastewater treatment plants. In addition, the assignment to Apopka required the development of new grants and easements to accommodate a different interconnection route. In order to resolve these and other due diligence matters, the closing with Apopka was delayed for several years. The final transfer was accomplished by a series of agreements which included a Water, Wastewater, and Reclaimed Water Service Area Agreement; Wholesale Potable Water and Wastewater Agreement; Agreement for Delivery and Use of Reclaimed Water; as well other easement, indemnity, and assumption agreements.

The closing between Apopka and Zellwood occurred on April 13, 2006, and the interconnection of the water system was completed on June 30, 2006. However, Zellwood has chosen not to transfer water treatment service to Apopka until after we approve the transfers of its distribution and collection facilities to the HOA. Subject to our approval, the transfer to Apopka is anticipated to occur on October 1, 2006, with the simultaneous transfer of the utility's water distribution system to the HOA. The simultaneous transfers of the utility's wastewater treatment service to Apopka and wastewater collection system to the HOA are anticipated to occur three months later after the completion of the wastewater interconnection with Apopka.

The application contains a statement that Apopka has obtained a copy of the utility's most recent annual report as required by Section 367.071(4)(a), Florida Statutes. The disposition of customer deposits and interest is not an issue since Zellwood did not collect customer deposits. Otherwise, the utility's books and records will be transferred to the HOA. However, responsibility for annual reports and regulatory assessment fees (RAFs) up through the transfers of services will be the responsibility of Zellwood, as will be discussed further below.

We find that the application is in compliance with the provisions of Rule 25-30.037(4), Florida Administrative Code. Pursuant to section 367.071(4)(a), Florida Statutes, transfers to a governmental authority shall be approved as a matter of right. Therefore, the transfers of Zellwood's water and wastewater treatment services to Apopka are approved, as a matter of right, effective the date of the transfers. Currently, the transfer of water treatment service is anticipated to occur October 1, 2006, subject to our approval, with the transfer of wastewater treatment service anticipated to occur three months later.

#### TRANSFER TO ZELLWOOD STATION COMMUNITY ASSOCIATION, INC.

This issue addresses the transfers of the utility's water distribution and wastewater collection facilities to the HOA and the request for cancellation of the utility's certificates. The application is in compliance with the governing statute, Section 367.071(1), Florida Statutes, and

other pertinent statutes and rules concerning an application for transfer. Pursuant to Rule 25-30.030, Florida Administrative Code, the application contains proof of compliance with the noticing provisions. No objections to the notice of application have been received and the time for filing such has expired.

Pursuant to Section 367.022(7), Florida Administrative Code, nonprofit corporations, associations or cooperatives providing service solely to members who own and control such nonprofit corporations, associations or cooperatives are exempt from Commission regulation. A copy of the HOA's nonprofit registration with the Florida Department of State is included in the application along with a copy of its Articles of Incorporation, By-Laws, and Declaration of Covenants, Restrictions and Easements (Declaration).

The Zellwood Station development consists of mobile home lots, common areas with facilities, a church, and a restaurant. The mobile home lots are both owned and leased. In 1979, the 283 individually owned lots were organized by the original developer into three separate condominium associations. At the same time, the developer established the HOA for purposes of owning, operating and maintaining the common areas throughout Zellwood Station. When the HOA's Declaration was established, membership was by lot ownership. Therefore, the 283 individually owned lots currently receiving service from the Zellwood have automatic voting rights in the HOA.

However, after the establishment of the condominium associations in 1979, all subsequent lots have been leased. To accommodate the acquisition of the utility facilities, the HOA's Declaration was modified such that any leased lot that is required to establish an account for utility services is deemed to have the lot owner's proxy vote on all matters relating to the operation of the utility systems. We have previously determined that such a provision meets the standard for exemption pursuant to Section 367.022(7), Florida Statutes.<sup>4</sup>

The condominium associations, Zellwood, the church, and the restaurant also receive utility service, but are not members of the HOA. The HOA granted the condominium associations, Zellwood, and the restaurant a contractual right through a Customer Membership and Participation Agreement to become a "Customer Member" of the HOA with the right to participate in and vote on all utility matters. In addition, the HOA provided an affidavit of its intent to provide service to the church without compensation until it can become a direct customer of Apopka. Both the church and Apopka have acknowledged this temporary accommodation. We have previously determined that service by a nonprofit corporation to non-members without compensation is nonjurisdictional.<sup>5</sup> Finally, the application contained a blanket affidavit from the Board of Directors of the HOA attesting that all retail water and wastewater customers will be voting members of the HOA.

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<sup>4</sup> Order No. PSC-98-0153-FOF-WS, January 27, 1998, Docket No. 961343-WS, In re: Petition by Southern Pines Homeowners of Bonita Springs, Inc. to rescind exemption granted to Bonita Springs Utilities in Lee County.

<sup>5</sup> Order No. PSC-95-1436-FOF-WU, November 27, 1995, Docket No. 951154-WU, In re: Application for exemption from Florida Public Service Commission regulation for provision of water service in Orange County by Montpelier Village Club, Inc.

We find that the application contains sufficient evidence that the HOA meets the exemption requirements of Section 367.022(7), Florida Administrative Code. We therefore approve the transfers of Zellwood's water distribution and wastewater collection facilities to the HOA, and find that the utility's water and wastewater certificates shall be cancelled effective the date of the transfer of the systems.

Zellwood is intending to convey the utility's water distribution and wastewater collection facilities, along with the necessary easements and rights of access, to the HOA on an "as-is, where-is" basis pursuant to a Utility Easement and Bill of Sale entered into on July 24, 2003, between Zellwood and the HOA. On January 19, 2006, Zellwood and the HOA also entered into an Operation and Maintenance Transition Agreement (Transition Agreement) which, among other matters, provides for the assignment to the HOA of Zellwood's rights, duties, and responsibilities under the Bulk Service Agreement with Apopka. The application further contains a statement from Apopka that it recognizes and concurs with the assignment to the HOA of Zellwood's interest in the Bulk Service Agreement.

In addition to the above, the Transition Agreement also indicates that the utility personnel utilized by Zellwood will be employed by the HOA, protects the HOA from any debt occurred by Zellwood prior to transfer, and has provisions for Zellwood to loan the HOA up to \$19,000 for use in performing any repairs or corrective maintenance. Also in the application is a statement that, after reasonable investigation, the HOA has determined that the utility facilities are in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection.

The closing between Zellwood and the HOA occurred on April 14, 2006, one day after the closing between Zellwood and Apopka. In conjunction with the transfer of the utility's water treatment service to Apopka, the transfer of the utility's water distribution facilities to the HOA is anticipated to occur on October 1, 2006, subject to prior Commission approval. The transfer of the utility's wastewater collection facilities to the HOA is anticipated to occur three months later in conjunction with the interconnection and transfer of the utility's wastewater treatment service to Apopka.

Zellwood reported and timely paid RAFs for 2005 and for the first six months of 2006. It also timely filed its 2005 Annual Report. In accordance with Rule 25-30.120, Florida Administrative Code, Zellwood will continue to be responsible for the water and wastewater RAFs for any part of the utility that remains jurisdictional until the related certificate is cancelled. Further, in accordance with Rule 25-30.110, Florida Administrative Code, the jurisdictional entity, if any, at December 31, 2006, and December 31<sup>st</sup> of any future year, will be responsible for filing the Annual Report.

According to the application, the transfer of the utility's distribution and collection facilities from Zellwood to the HOA is in the public interest because all retail customers, except the Church which will receive service for free, will have a vote in the pricing and manner of service. In addition, as an exempt entity, the HOA will no longer be responsible for the reporting and administrative costs of regulation which should reduce its operating cost. The public interest

statement also indicates that, while the HOA itself has no prior utility experience, it intends to draw on the experience of personnel previously employed by Zellwood. Finally, the application contained a statement that the HOA understands and intends to fulfill the commitments, obligations and representations of Zellwood with regard to retail utility matters.

Based on the above, we find that the transfers of Zellwood Station Co-Op, Inc.'s water distribution and wastewater collection systems to Zellwood Station Community Association, Inc., are in the public interest and are therefore approved. Certificate Nos. 602-W and 518-S shall be cancelled administratively upon notification to the Commission of the transfer dates and verification of the payment of regulatory assessment fees up through the date of the transfers. The effective dates for the cancellation of the utility's certificates shall be the date of the transfers. Zellwood shall continue to be responsible for regulatory assessment fees for any part of the utility that remains jurisdictional until the related certificate is cancelled. Further, the jurisdictional entity, if any, at December 31, 2006, and December 31<sup>st</sup> of any future year, shall be responsible for filing the Annual Report. Zellwood Station Community Association, Inc., or any successors in interest, is on notice that if there is a change in circumstance or method of operation which causes it to no longer qualify for exemption pursuant to Section 367.022(7), Florida Statutes, it shall inform the Commission within 30 days.

#### DISPOSITION OF DOCKET NO. 010492-WS

Docket No. 014092-WS was a request by Zellwood for a rate increase. Based on Commission staff's preliminary analysis, Order No. PSC-01-2471-PCO-WS determined that the utility may have been overearning. Therefore, in accordance with Section 367.081(6), Florida Statutes, we suspended the utility's final rates and charges and required the utility to hold a portion of its annual water and wastewater revenues subject to refund. Pursuant to Section 367.0814(8), if a utility becomes exempt from our regulation during the pendency of a rate case, the request for rate relief is deemed to have been withdrawn and interim rates, if previously approved, become final.

We approve herein the transfers from Zellwood to Apopka and the HOA, which are exempt from Commission regulation pursuant to Sections 367.022(2) and (7), Florida Statutes, respectively. Therefore, we also find that Zellwood's water and wastewater certificates shall be cancelled administratively upon notification of the transfer dates and verification of the payment of RAFs up through the date of the transfers.

Zellwood's request for rate relief pending in Docket No. 010492-WS shall be deemed withdrawn pursuant to Section 367.0814(8), Florida Statutes, the security for any possible overearnings pursuant to Order No. PSC-01-2471-PCO-WS shall be released, and Docket No. 014092-WS shall be administratively closed upon the closing of Docket No. 030682-WS.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfers of Zellwood Station Co-Op, Inc.'s water and wastewater treatment services to the City of Apopka are

ORDER NO. PSC-06-0843-FOF-WS  
DOCKET NOS. 010492-WS, 030682-WS  
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approved as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes, effective the date of the transfers. It is also

ORDERED that the transfers of Zellwood Station Co-Op, Inc.'s water distribution and wastewater collection systems to Zellwood Station Community Association, Inc. are in the public interest and are approved herein. It is further

ORDERED that Certificate Nos. 602-W and 518-S shall be cancelled administratively upon notification to the Commission of the transfer dates and verification of the payment of regulatory assessment fees up through the date of the transfers. It is further

ORDERED that the effective dates for the cancellation of the utility's certificates shall be the date of the transfers. It is further

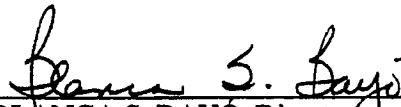
ORDERED that Zellwood Station Co-Op, Inc. shall continue to be responsible for regulatory assessment fees for any part of the utility that remains jurisdictional until the related certificate is cancelled. Further, the jurisdictional entity, if any, at December 31, 2006, and December 31<sup>st</sup> of any future year, shall be responsible for filing the Annual Report. It is further

ORDERED that Zellwood Station Community Association, Inc., or any successors in interest, are put on notice that if there is a change in circumstance or method of operation which causes it to no longer qualify for exemption pursuant to Section 367.022(7), Florida Statutes, it shall inform the Commission within 30 days. It is further

ORDERED that Zellwood Station Co-Op, Inc.'s request for rate relief pending in Docket No. 010492-WS is deemed withdrawn. Pursuant to Section 367.0814(8), Florida Statutes, the security for any possible overearnings pursuant to Order No. PSC-01-2471-PCO-WS shall be released, and Docket No. 014092-WS shall be administratively closed upon the closing of Docket No. 030682-WS. It is further

ORDERED that the dockets shall remain open pending confirmation of the transfers of the utility's water and wastewater treatment services to the City of Apopka and the utility's water distribution and wastewater collection systems to Zellwood Station Community Association, Inc. Upon confirmation of these transfers and verification of the payment of water and wastewater RAFs up through the transfer dates, Docket Nos. 010492-WS and 030682-WS shall be administratively closed and the security being held pursuant to Order No. PSC-02-2471-PCO-WS released.

By ORDER of the Florida Public Service Commission this 9th day of October, 2006.



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

( S E A L )

JSB

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.