

State of Florida



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-

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COMMISSION
CLERK

DATE: April 26, 2012

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Brady, Jones, Alexis, Kaproth, Trueblood)
Office of the General Counsel (Young)

RE: Docket No. 110302-WU – Application by Raintree Utilities, Inc. in Lake County for the transfer of the Bentwood water facilities to the Bentwood Homeowners Association, Inc., and the transfer of the Raintree Harbor water facilities and Certificate No. 539-W to Raintree Harbor Utilities, LLC.

AGENDA: 05/08/12 – Regular Agenda – Proposed Agency Action for Issue 3 – Interested Persons May Participate Regular Agenda

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Balbis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\110302.RCM.DOC

Case Background

Raintree Utilities, Inc. (Raintree, Utility, or seller) is a Class C water utility serving the Raintree Harbor and Bentwood water systems in Lake County. The Raintree Harbor system is built-out with 117 customers. The Bentwood water system is a new development with one customer and 80 vacant lots. The Utility is located in the St. Johns River Water Management District (SJRWMD), which has permanent water restriction rules in place. The Utility's 2011 Annual Report lists combined annual revenues of \$48,790 with a combined operating loss of \$57,235.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Raintree was originally granted a small system exemption from Commission regulation in 1987, pursuant to Section 367.022(6), Florida Statutes (F.S.), based on Phase I development consisting of 29 lots and associated water plant capacity.¹ Wastewater service was and still is provided by septic tanks. Subsequently, Raintree applied for a certificate of authorization in 1992 when it began construction of Phase II of the development which resulted in the granting of Certificate No. 539-W.² In 2000, Raintree was granted a transfer of majority organizational control from the original developer to the current developer.³ In 2005, Raintree was granted an extension of service territory to include the Bentwood subdivision in Lake County. Separate service availability charges for the Bentwood subdivision were also approved since the Raintree development was built-out.⁴

On November 1, 2011, an application was filed in this docket for the transfer of the Raintree Harbor water system to Raintree Harbor Utilities, LLC (Raintree Harbor LLC or buyer). On March 29, 2012, a separate application was filed in this docket for the transfer of the Bentwood water system to the Bentwood Homeowners Association, Inc. (Bentwood HOA), which is exempt from Commission regulation pursuant to Section 367.022(7), F.S, which provides an exemption for nonprofit homeowner associations.

This recommendation addresses both transfers and the net book value for the Raintree Harbor water system. The Commission has jurisdiction, pursuant to Sections 367.045 and 367.071, F.S.

¹ Order No. 18131, issued September 8, 1987, in Docket No. 870796-WU, In re: Petition of Raintree Harbor Phase I for determination of exempt status of a water facility in Lake County.

² Order No. PSC-92-0019-FOF-WU, issued March 10, 1992, in Docket No. 911039-WU, In re: Application of Raintree Utilities, Inc. for a water certificate in Lake County, Florida.

³ Order No. PSC-00-0843-FOF-WU, issued April 28, 2000, in Docket No. 000149-WU, In re: Application for transfer of majority organizational control of Raintree Utilities, Inc., holder of Certificate No. 539-W in Lake County, from Don Monn to Keith J. Shamrock, and correction of territory description.

⁴ Order No. PSC-05-0706-PAA-WU, issued June 29, 2005, in Docket No. 050028-WU, In re: Application for amendment of Certificate No. 539-W to extend territory in Lake County by Raintree Utilities, Inc., and for modification of service availability policy.

Discussion of Issues

Issue 1: Should the transfer of the Bentwood water system from Raintree Utilities, Inc. to the Bentwood Homeowners Association, Inc. be approved?

Recommendation: Yes. The transfer is in the public interest and should be approved effective the date of the Commission's vote. The Bentwood water territory, as described in Attachment A, should be deleted from Certificate No. 539-W. Raintree should be required to file closing documents which contain evidence of the date of closing within 30 days of the Commission's vote. Raintree should also be responsible for remitting 2012 regulatory assessment fees (RAFs) for the Bentwood water system through the date of the Commission's vote. (Brady, Jones-Alexis, Kaproth, Trueblood, Young)

Staff Analysis: On March 29, 2012, an application was filed for approval of the transfer of Raintree's Bentwood water system to the Bentwood HOA, pursuant to Section 367.071, F.S. The application is in compliance with the governing statutes and other pertinent statutes and administrative rules concerning an application for transfer. Pursuant to Section 367.071, F.S., the transfer was made contingent upon the Commission's approval. The closing is scheduled to take place the day after the Commission's approval of the transfer. Raintree should be required to file closing documents which contain evidence of the date of closing within 30 days of the Commission's vote. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code (F.A.C.). No objections to the application have been filed with the Commission.

Pursuant to Section 367.022(7), F.S., nonprofit corporations, associations, or cooperatives providing service solely to members who own and control such nonprofit corporations, associations, or cooperatives are exempt from the Commission's regulation. The Bentwood HOA has been recorded with the Florida Department of State's Division of Corporations as a nonprofit corporation since April 18, 2006, when the Bentwood subdivision was first established. Staff has reviewed the Declaration of Easements, Covenants, Conditions, and Restrictions of Bentwood and confirmed that every lot owner is a member of the Bentwood HOA and entitled to one vote per owned lot. A description of the territory being transferred is appended to this recommendation as Attachment A. If the Commission approves the transfer, the territory should be deleted from Certificate No. 539-W.

Pursuant to Rule 25-30.037(2)(h), F.A.C., the application contains a copy of the Utility Asset Purchase Agreement. The Bentwood water system assets are being purchased by the Bentwood HOA for \$369,873, which is the Utility's estimate of the Bentwood water system's net book value as of December 31, 2011. Financing will be provided by the seller through an assignable mortgage. In addition, there are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, debt of the Utility, or leases to be disposed of in the transfer.

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains a statement indicating how the transfer is in the public interest. According to the application, the transfer is in the interest of the residents of the Bentwood subdivision because it will give them control over the system that provides their potable water service. As such, they will be able to set their own

water rates and utilize any profits to establish reserves for maintaining the system, which could lead to lower rates. A transfer to a nonprofit homeowners association will also result in immediate cost savings by the elimination of real estate taxes, tangible property taxes, and RAFs. While the Bentwood HOA has no experience in water utility operations, its President is the current owner of Raintree. In addition, the existing licensed operator and management company will continue to operate and maintain the system. Further, the buyer provided a statement agreeing to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

Staff has verified that the Utility is current on its annual report for 2011 and all prior years and there are no outstanding RAFs, fines, or refunds due. In accordance with Rule 25-30.120, F.A.C., Raintree will continue to be responsible for 2012 RAFs for the Bentwood water system up to the time of the Commission's vote. Further, in accordance with Rule 25-30.110, F.A.C., since the Bentwood water system will not be regulated as of December 31, 2012, Raintree will not be responsible for filing a 2012 annual report for the Bentwood water system.

Based on the above, staff recommends that the transfer of the Bentwood water system from Raintree Utilities, Inc. to the Bentwood Homeowners Association, Inc. is in the public interest and should be approved effective the date of the Commission's vote. The Bentwood water territory, as described in Attachment A, should be deleted from Certificate No. 539-W. Raintree should be required to file closing documents which contain evidence of the date of closing within 30 days of the Commission's vote. Raintree should also be responsible for remitting 2012 RAFs for the Bentwood water system through the date of the Commission's vote.

Issue 2: Should the transfer of the Raintree Harbor water system and Certificate No. 539-W from Raintree Utilities, Inc. to Raintree Harbor Utilities, LLC be approved?

Recommendation: Yes. The transfer is in the public interest and should be approved effective the date of the Commission's vote. The territory being transferred is described in Attachment B. The resultant order should serve as Raintree Harbor LLC's Certificate No 539-W and should be retained by Raintree Harbor LLC. Raintree Harbor LLC should be required to file closing documents which contain evidence of the date of closing and a recorded copy of the warranty deed within 30 days of the Commission's vote. The Utility's existing rates and charges should continue to be in effect until authorized to be changed by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Raintree Harbor LLC should be responsible for submitting annual reports and remitting RAFs for the Raintree Harbor water system for 2012 and all future years. (Brady, Jones-Alexis, Kaproth, Trueblood, Young)

Staff Analysis: On November 1, 2011, an application was filed for approval of the transfer of the Raintree Harbor water system from Raintree to Raintree Harbor LLC, pursuant to Section 367.071, F.S. The application is in compliance with the governing statutes and other pertinent statutes and administrative rules concerning an application for transfer of certificate. Pursuant to Section 367.071, F.S. the transfer was made contingent upon Commission approval. The closing is scheduled to take place the day after the Commission's approval of the transfer.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. No objections to the notice have been filed with the Commission and the time for filing objections has expired. A description of the territory being transferred is appended to this recommendation as Attachment B. The application contains an unrecorded copy of a warranty deed as evidence that Raintree Harbor LLC will own the land on which the water treatment facilities are located, pursuant to Rule 25-30.037(2)(q), F.A.C. Raintree Harbor LLC should be required to file closing documents which contain evidence of the date of closing and a recorded copy of the warranty deed within 30 days of the Commission's vote.

Pursuant to Rule 25-30.037(2)(h), F.A.C., the application contains a copy of the Asset Purchase Agreement which includes the purchase price, terms of payment, and a list of the assets purchased. The Raintree Harbor water system assets will be purchased for \$60,000 which will be paid in cash by Raintree Harbor LLC. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, debt of the Utility, or leases to be disposed of in the transfer.

Pursuant to Rule 25-30.037(2)(p), F.A.C., the application contains a statement that the buyer completed a detailed inspection of the water system, which appears to be in good condition and in compliance with all requirements set by the Florida Department of Environmental Protection (DEP) and SJRWMD. The Raintree water system consists of two 4" wells and one 8" well from which raw water is filtered with a liquid sodium hypochlorite solution, pumped into a 5,000 gallon hydropneumatic tank, and then out to the distribution system. Staff has verified that the water system is currently in compliance with all applicable standards set by the DEP and the SJRWMD.

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains a statement indicating how the transfer is in the public interest, including the buyer's technical and financial ability to provide service. According to the application, the owner of Raintree Harbor LLC, Mr. Gerard P. Connolly, Jr., has been employed in the water and wastewater industry for the past 13 years and has managed public and private water and wastewater facilities for the past 8 years. Further, Mr. Connolly has water and wastewater operator licenses and is a licensed Professional Engineer in Florida and Illinois. The application indicates the buyer will utilize the services of a former customer service manager with 25 years experience in utility billing to perform billing and customer services. In addition, the Commission recently approved the transfer of the Brendenwood water system from Brendenwood Water System, Inc. to Brendenwood Utilities, LLC, which is also owned by Mr. Connolly.⁵

The application contains documentation which appears to demonstrate that Mr. Connolly has sufficient personal financial resources and liquid reserves to operate and maintain both the Raintree Harbor and Brendenwood water systems. An audit conducted in this docket determined that the Utility maintains its books and records in accordance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC's USOA) and the Utility is collecting its approved rates and charges. The buyer is aware that it may not change its rates or charges, add new services, serve outside its certificated territory, or sell the Utility without Commission approval. Further, the buyer provided a statement agreeing to fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

Staff has verified that the Utility is current on its annual report for 2011 and all prior years, and there are no outstanding RAFs, fines, or refunds due. Pursuant to Rule 25-30.110(3), F.A.C., if the Commission approves the transfer, the buyer is responsible for submitting annual reports and remitting RAFs for the Raintree Harbor water system for 2012 and all future years.

Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. The Utility's rates and charges were last set by the Commission in 2008.⁶ In addition, the seller implemented price indexes in 2009 and 2011. The Utility's existing rates and charges are shown on Schedule 3.

Staff recommends that the transfer of the Raintree Harbor water system and Certificate No. 539-W from Raintree Utilities, Inc. to Raintree Harbor Utilities, LLC is in the public interest and should be approved effective the date of the Commission's vote. The territory being transferred is described in Attachment B. The resultant order should serve as Raintree Harbor LLC's Certificate No. 539-W and should be retained by Raintree Harbor LLC. Raintree Harbor LLC should be required to file closing documents which contain evidence of the date of closing and a recorded copy of the warranty deed within 30 days of the date of the Commission's vote. The Utility's existing rates and charges should continue to be in effect until authorized to be

⁵ Order No. PSC-11-052-FOF-WU, issued December 7, 2011, in Docket No. 110255-WU, In re: Application for approval of transfer of Brendenwood Water System, Inc., and application for certificate to operate water utility in Lake County, by Brendenwood Utilities, LLC.

⁶ Order No. PSC-08-0483-PAA-WU, issued July 25, 2008, in Docket No. 070627-WU, In re: Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

Docket No. 110302-WU

Date: April 26, 2012

changed by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Raintree Harbor LLC should be responsible for submitting annual reports and remitting RAFs for the Raintree Harbor water system for 2012 and all future years.

Issue 3: What is the net book value of the Raintree Harbor water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of the Raintree Harbor water system is \$61,856 as of December 31, 2011. A negative acquisition adjustment should not be included in rate base. Within 30 days of the date of the final order, Raintree Harbor LLC should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances as of December 31, 2011, along with a statement that these numbers will also be reflected in the Utility's 2012 annual report. (Brady, Jones-Alexis, Young)

Staff Analysis: Rate base was established for the Raintree Harbor water system in a staff-assisted rate case (SARC)⁷ in the amount of \$57,852 as of September 30, 2007. A staff audit of the Utility's books and records was conducted to establish the net book value for transfer purposes as of December 31, 2011. The purpose of establishing net book value for transfers is to determine whether an acquisition adjustment should be approved. The net book value does not include normal rate making adjustments for used and useful plant or working capital.

Utility Plant in Service (UPIS) and Land

The Utility's records reflect a water UPIS balance of \$251,185 and land balance of \$5,740 as of December 31, 2011. According to the staff audit, the water treatment equipment account was not reduced to remove the cost of a 2011 retirement of filter media and rock. When the original cost of a retired asset is not known, staff estimates the retirement cost at 75 percent of new plant cost. The new plant cost was \$17,321. As a result, staff recommends that UPIS be reduced by \$12,991 to remove the estimated original cost of the retired asset. Therefore, staff recommends that the UPIS balance is \$238,194 and the land balance is \$5,740 for the Raintree Harbor water system as of December 31, 2011 as shown on Schedule 1.

Accumulated Depreciation

The Utility's records reflect an accumulated depreciation balance of \$171,356 as of December 31, 2011. Based on the UPIS adjustment noted above, the accumulated depreciation balance should be reduced by \$15,665 to remove \$12,991 in the estimated original cost of retired plant along with \$2,674 in associated accumulated depreciation. Further, staff recommends an increase be made to the Utility's accumulated depreciation balance of \$7,411 to reflect audit staff's recalculation of accumulated depreciation based on the guideline average service lives prescribed by Rule 25-30.140, F.A.C. Therefore, staff recommends that the Utility's accumulated depreciation balance is \$163,102 as of December 31, 2011 as shown on Schedule 1.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

The Utility's CIAC balance pursuant to the SARC was \$29,750 as of September 30, 2007. Since the Utility was at build-out at that time, no further CIAC was collected. Therefore, staff recommends that the Utility's CIAC balance is \$29,750 as of December 31, 2011 as shown

⁷ See Order No. PSC-08-0483-PAA-WU.

on Schedule 1.

The Utility's records reflect an accumulated amortization of CIAC balance of \$10,653 as of December 31, 2011. Audit staff recalculated the accumulated amortization of CIAC since September 30, 2007, based on the guideline average service lives in Rule 25-30.140, F.A.C. The recalculation reflects a minor adjustment to increase the Utility's balance by \$121. Therefore, staff recommends that the Utility's accumulated amortization of CIAC balance is \$10,774 as of December 31, 2011 as shown on Schedule 1.

Net Book Value

The Utility's books and records reflect a net book value for the Raintree Harbor water system of \$66,472 as December 31, 2011. Based on the adjustments described above and shown on Schedule 1, staff recommends that net book value for the Raintree Harbor water system is \$61,856 as of December 31, 2011. Schedule 2 contains the resulting NARUC's USOA balances for UPIS and accumulated depreciation as of December 31, 2011.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the net book value of the assets at the time of an acquisition. The Raintree water system was purchased for \$60,000. Based on a net book value of \$61,856 as of December 31, 2011, the transfer would result in a negative acquisition adjustment of \$1,856. Pursuant to Rule 25-30.0371(3), F.A.C., if the purchase price is greater than 80 percent of net book value, a negative acquisition adjustment will not be included in rate base. Eighty percent of the net book value of this system would be \$49,485. Since the purchase price of \$60,000 is greater than 80 percent of the net book value, staff recommends that a negative acquisition adjustment should not be included in rate base.

Conclusion

Based on the above, staff recommends that the net book value of the Raintree Harbor water system is \$61,856 as of December 31, 2011. A negative acquisition adjustment should not be included in rate base. Within 30 days of the date of the final order, Raintree Harbor LLC should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances as of December 31, 2011, along with a statement that these numbers will also be reflected in the Utility's 2012 annual report.

Issue 4: Should this docket be closed?

Recommendation: No. The transfer of the Bentwood and Raintree Harbor water systems will become final agency actions upon the Commission's vote. The docket should remain open pending receipt of closing documents, a recorded copy of the warranty deed, and updated general ledger balances. If no timely protest to the proposed agency action portion of this recommendation with respect to the Raintree Harbor water system's net book value is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the Utility's submission of closing documents, a recorded warranty deed, and updated general ledger balances, the docket should be closed administratively. (Young)

Staff Analysis: The transfer of the Bentwood and Raintree Harbor water systems will become final agency actions upon the Commission's vote. The docket should remain open pending receipt of closing documents, a recorded copy of the warranty deed, and updated general ledger balances. If no timely protest to the proposed agency action portion of this recommendation with respect to the Raintree Harbor water system's net book value is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the Utility's submission of closing documents, a recorded warranty deed, and updated general ledger balances, the docket should be closed administratively.

Raintree Utilities, Inc.
Deleted Territory
Bentwood Water System
Lake County

Township 19 South, Range 25 East
Section 2

The Southwest 1/4 of the Southeast 1/4 of Section 2, Township 19 South, Range 25 East, and the East 1/4 of the Southeast 1/4 of the Southwest 1/4 of Section 2, Township 19 South, Range 25 East, Lake County, Florida, as recorded in Official Records Book 832, Page 745, Public Records of Lake County, Florida, subject to an easement for ingress, egress and utilities over, upon and across the real property described as follows:

Begin at a point on the East line of the Southwest 1/4 of the Southeast 1/4 of Section 2, Township 19 South, Range 25 East, Lake County, Florida, said point being 5 feet North of the Southeast corner of the Southwest 1/4 of the Southeast 1/4 of said Section 2, said point being the Point of Beginning; thence run Northerly along the East line of said Section a distance 25 feet; thence run Westerly and parallel to the South line of the Southwest 1/4 of the Southeast 1/4 of said Section 2, a distance of 223.59 feet; thence South a distance of 30 feet more or less to the South line of the Southwest 1/4 of the Southeast 1/4 of said Section 2, said line also being the North line of the Northwest 1/4 of the Northeast 1/4 of Section 11, Township 19 South, Range 25 East; thence East along the South line of the Southwest 1/4 of the Southeast 1/4 of Section 2 a distance of 25 feet; thence North a distance of 5 feet; thence East and parallel to the South line of the Southwest 1/4 of the Southeast 1/4 of said Section 2 to the Point of Beginning.

Less right-of-way for Poe Street per ORB 749, Page 347. Containing 50.44 acres, more or less.

Raintree Harbor Utilities, LLC
Transferred Territory
Raintree Harbor Water System
Lake County

Raintree Harbor Section One

Township 18 South, Range 26 East
Section 33

That part of the following described property lying Northeasterly of County Road No. 452. The West 1/2 of the NW 1/4 of the NW 1/4 and a strip of land 536 feet wide North and South across the North side of the East 1/2 of the NW 1/4 of the NW 1/4 and across the NE 1/4 of the NW 1/4 of Section 33, Township 18 South, Range 26 East, lying and being in Lake County, Florida.

Also: Begin 45-1/3 yards North of the SW corner of the NE 1/4 of the NW 1/4 of Section 33, Township 18 South, Range 26 East; thence West 220 yards, thence North 216 yards, thence East to Lake Yale, thence Southerly along Lake Yale to point East of Point of Beginning; thence West to Point of Beginning, lying and being in Lake County, Florida. Being further described as follows:

From the NW corner of the NW 1/4 of Section 33, Township 18 South, Range 26 East, Lake County, Florida, run S.89°49'04"E., along the North line of said NW 1/4 of Section 33 a distance of 1,264.15 feet to the Point of Beginning, said point being on the Northeasterly right-of-way line of County Road No. 452; thence continue S.89°49'04"E., along said North line a distance of 863.19 feet to a point called Point "A" for reference; thence continue S.89°49'04"E., along said North line a distance of 507.11 feet, more or less, to the East line of said NW 1/4 of Section 33, thence Southerly along said East line to a point on the South line of the North 536.00 feet of said NW 1/4 of Section 33; thence N.89°49'04"W., along said South line a distance of 405 feet, more or less, to the shore line of Lake Yale; thence run Southerly along said shore line a distance of 670 feet, more or less, to the South line of the North 1,184.00 feet of said NW 1/4 of Section 33; thence N.89°49'04"W., along said South line a distance of 45.97 feet, more or less, to a point called Point "B" for reference, being S.09°09'00"E., and 1,199.88 feet from aforesaid Point "A"; thence continue N.89°49'04"W., along said South line a distance of 214.03 feet to the aforesaid Northeasterly right-of-way line of County Road No. 452; thence N.35°17'31"W., along said right-of-way line a distance of 1,453.87 feet to the Point of Beginning. Containing 14.8 acres more or less, not including that portion of Lake Yale.

Raintree Harbor Section Two

**Township 18 South, Range 26 East
Section 33**

Begin at the NW corner of the NW 1/4 of Section 33, Township 18 South, Range 26 East, Lake County, Florida, run S.89°49'04"E., along the North line of said NW 1/4 of Section 33 a distance of 1,141.36 feet to the Southwesterly right-of-way line of County Road No. 452; thence S.35°17'31"E., along said right-of-way line a distance of 1,453.87 feet to a point on the South line of the North 1,184.00 feet of said NW 1/4 of Section 33; thence N.89°49'04"W., along said South line a distance of 1,322.67 feet to a point on the East line of the West 1/2 of the NW 1/4 of the NW 1/4 of said Section 33; thence S.00°12'15"E., along said East line a distance of 144.68 feet to the South line of said West 1/2 of the NW 1/4 of the NW 1/4 of Section 33; thence N.89°39'54"W., along said South line of the West 1/2 of the NW 1/4 of the NW 1/4 of Section 33 a distance of 659.65 feet to the West line of said NW 1/4 of Section 33; thence N.00°01'15"E., along said West line a distance of 1,326.92 feet to the Point of Beginning. Containing 44.62 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION

**authorizes
Raintree Harbor Utilities, LLC
pursuant to
Certificate Number 359-W**

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-92-0019-FOF-WU	03/10/1992	911039-WU	Original Certificate
PSC-00-0843-FOF-WU	04/28/2000	000149-WU	Transfer Majority Control
PSC-05-0706-PAA-WU	06/05/2005	050028-WU	Amendment
PSC-05-0706A-PAA-WU	08/04/2005	050028-WU	Correction
*	*	110302-WU	Transfer of Certificate and Deletion of Territory

***Order Numbers and dates to be provided at time of issuance.**

**Raintree Utilities, LLC
 Raintree Harbor Water System**

Net Book Value as of December 31, 2011

**Utility Proposed and Staff Recommended
 Schedule of Net Book Value as of December 31, 2011**

Description	Utility Proposed	Adjustment		Staff Recommended
Utility Plant in Service	\$ 251,185	\$ (12,991)	A	\$ 238,194
Land	5,740	0		5,740
Accumulated Depreciation	(171,356)	8,254	B	(163,102)
Contributions in Aid of Construction (CIAC)	(29,750)	0		(29,750)
Accumulated Amortization of CIAC	<u>10,653</u>	<u>121</u>	C	<u>10,774</u>
Net Book Value	\$ 66,472	\$ (4,616)		\$ 61,856

**Explanation of Staff's Recommended
 Adjustments to Net Book Value as of December 31, 2011**

Explanation	Amount
A. Utility Plant In Service (UPIS)	
1. To reflect adjustment to Account 320 to remove retired plant	\$(12,991)
B. Accumulated Depreciation	
1. To reflect adjustment to Account 320 to remove retired plant and acc. dep.	\$ 15,665
3. To correct the balance of accumulated depreciation	<u>\$(7,411)</u>
Total Adjustment	\$ 8,254
C. Accumulated Amortization of CIAC	
1. To correct the balance of accumulated amortization of CIAC	<u>\$ 121</u>
Total Adjustments to Net Book Value as of December 31, 2011	\$(4,616)

Raintree Utilities, LLC
Raintree Harbor Water System

Schedule of Staff Recommended Account Balances as of December 31, 2011

Acct. No.	Description	UPIS	Accumulated Depreciation
304	Structures & Improvements	\$ 6,960	\$ 6,317
307	Wells & Springs	24,733	15,383
309	Supply Mains	4,179	2,490
311	Pumping Equipment	40,241	27,431
320	Water Treatment Equipment	51,267	42,918
330	Distribution Reservoirs & Standpipes	11,448	8,500
331	Transmission & Distribution Mains	62,668	40,404
333	Services	11,580	8,108
335	Hydrants	12,879	7,889
336	Backflow Prevention Devices	6,500	573
340	Office Furniture & Equipment	<u>5,739</u>	<u>3,089</u>
Total		\$238,194	\$163,102

**Raintree Harbor Utilities, LLC
Raintree Harbor Water System**

Schedules of Rates and Charges

Monthly Service Rates

	Residential Service	General Service
Base Facility Charges		
5/8" x 3/4"	\$ 13.47	\$ 13.47
3/4"	20.22	20.22
1"	33.69	33.69
1-1/2"	67.38	67.38
2"	107.81	107.81
3"	215.61	215.61
4"	336.89	336.89
6"	\$673.79	\$673.79
Gallonage Charges (per 1,000 gallons)		
Residential (0 – 8,000 gallons)	\$ 1.56	
Residential (Over 8,000 gallons)	\$ 1.95	
General Service		\$ 1.78

**Service Availability Charges
Residential and General Service**

Meter Installation Charge -- 5/8" x 3/4" Meter	\$193.00
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Miscellaneous Service Charges

Initial Connection Charge	\$ 15.00
Normal Reconnection Charge	\$ 15.00
Violation Reconnection Charge	\$ 15.00
Premises Visit Charge (in lieu of disconnection)	\$ 10.00