

Iris Rollins

From: Betty Leland
Sent: Thursday, October 13, 2022 1:42 PM
To: Commissioner Correspondence
Cc: Angie Calhoun; Jim Varian
Subject: FW: Your concerns related to CWS Utilities
Attachments: May 20 2005 re certificates 277-w and 223-s majority control to Hometown, name change, amendment to service area.PDF; Parent Affiliate Organizational Chart in PSC Certificaton of Annual report 2021 WS832-21-AR.pdf; 25-30.037 copy.doc; May 10 2004 audit notice to set rate base.PDF; Feb 8 2005 reply fails to confirm books are maintained to NARUC rules.PDF

Good Afternoon:

Please place this email in Docket #20220156.

Thanks.

Betty Leland, Executive Assistant to
Commissioner Art Graham
Florida Public Service Commission
bleland@psc.state.fl.us
(850) 413-6024

From: Diana Danin <jeladi1@gmail.com>
Sent: Thursday, October 13, 2022 1:02 PM
To: Melinda Watts <Mwatts@PSC.STATE.FL.US>; Jennifer Crawford <jcrawfor@psc.state.fl.us>; Natalia Rivera-Pacheco <NRivera@psc.state.fl.us>; Office of Commissioner Graham <Commissioner.Graham@PSC.STATE.FL.US>
Subject: Fwd: Your concerns related to CWS Utilities

Re: PSC Docket 20220156

First, no one has ever responded to this email.

Second:

I was named as interested party objecting to this utility's request for name change

I notice that the documents I submitted with the attached email was not made part of the record.

Please add this email and its attachments to the document file for Docket 20220156

Thanks

Diana Danin

938 East Palm Valley Dr

Oviedo, Fl 32765

407-733-2662

jeladi1@gmail.com

----- Forwarded message -----

From: **Diana Danin** <jeladi1@gmail.com>

Date: Thu, Oct 6, 2022 at 8:47 PM

Subject: Re: Your concerns related to CWS Utilities

To: John Plescow <JPlescow@psc.state.fl.us>, <mwatts@psc.state.fl.us>, <jcrawfor@psc.state.fl.us>, <nrivera@psc.state.fl.us>

Cc: Adam Teitzman <ateitzma@psc.state.fl.us>, Diana Danin <jeladi1@gmail.com>

Re: Docket 20220156

1. I would very much appreciate clarification on information provided to me by Mr. Plescow. In his email to me he states the following:

"Please note, the FPSC's records show that CWs' certificate was transferred to Home Town America in 2005. Home Town America holds the majority interest, and can remain certificated with the FPSC as CWS Utilities, doing business as Palm Valley."

The transaction that took place between 2003 -2005 under docket 030998 was an application to transfer majority organizational control of a utility company owned and operated AND CERTIFICATED under the name CWS Communities LP dba Palm Valley Utilities.

I am attaching the **certificates issued** by the PSC in May 2005 that **remains** clearly in the name CWS Communities LP dba Palm Valley Utilities.

Mr. Plescow seems to maintain the position that because there is some similar-chain-of-ownership that results in CWS Communities LP and Hometown Palm Valley LLC having, at the top of their Parent Affiliate Organizational Chart, the company Hometown America LLC,

and

that because CWS Communities LP dba Palm Valley Utilities filed an application to transfer majority organizational control to Hometown America LLC in 2005, that this entitles the utility to, **without penalty or sanctioning**,

1. transfer its assets three and a half years ago from CWS Utilities LP to Hometown Palm Valley LLC without notification to the PSC or approval by the PSC
2. file the annual reports in the name of a business entity that no longer owns the utility for three and a half YEARS (CWS Utilities LP)
3. continue communications to their 800+ customer base in the name that is NOT the "owner" of the utility company
4. bill its customers in the name of a d/b/a, namely "Palm Valley" - a dba that was NOT registered with the Florida Department of State as a d/b/a of the company that acquired the assets and operation of the utility and a name that CWS Utilities LP filed, with the PSC, to change to CWS Utilities LP dba Palm Valley Utilities back in 2004.
5. That even while using the wrong name of CWS Communities LP, the utility can submit an INCOMPLETE Parent/Affiliate Organization Chart with their annual reports (copy attached) every year for the last decade?.....and not have these reports rejected for failure to provide required information.

I could go on, but I think you get the point.

I am asking that someone in the legal department determine if Mr. Plescow's position is correct or if my position is correct. Because I feel that Mr. Plescow measured his response in an effort to (1) make me go away and (2) protect the utility from investigation. I don't think that should be his role as a person who handles customer complaints.

Please, tell me which one of us is correct and what if any action does the PSC intend to take to rectify this situation.

2. I read every document provided online for docket 030998 and docket 20030998 and I am particularly distressed by the May 10, 2004 Audit Notice which states:
 - a. "The utility's books and records were not in compliance with NARUC and the Commission Rules. The utilities Feb 8th response fails to provide requested confirmation that they will comply with NARUC. The utility just ignores the PSC on this issue.
 - b. The PSC's examination did not entail a complete review of all the financial transactions of the company.
 - c. **"Palm Valley's records are commingled with those of the parent company.** The utility records are not maintained in accordance with NaRUC. Documentation was not maintained at the utility ..."
 - d. "The commission should require the utility to maintain its books and records in compliance with NARUC."
 - e. I've highlighted the rest of the inconsistencies pointed out the PSC in the attached document.

In one of the documents, the PSC states that the utility fails to bill the "Palm Valley Park Office or Clubhouse" which would include the swimming pool and irrigation of the common grounds - **at all**, for water/sewer usage. Well of course they would not. The PSC lets this utility be owned by the same entity that owns the park. And just like I said in a prior email, the utility presents numbers that do not accurately reflect their income because they fail to bill and therefore allocate expenses to the "PARK". They don't bill them even though they should be a "customer" for water/sewer usage. They don't bill utilities for the model homes and their irrigation, and then they get the PSC to accept their "stated income" without requiring audited financial statements.

Conclusion:

I don't see this utility doing much of anything correctly. And I don't understand why the PSC is allowing this behavior. By not penalizing this utility, you simply send the message that they can do anything they want and get away with it.

My intent was to try to get the PSC to help me get 170+ senior citizens back a refund for overbilling. And I've gotten so wrapped up in everything else that I've failed to pursue the PSC to assist with my original complaint.

But this is it. I have laid out a myriad of irregularities and inconsistencies performed by this utility that all that is left is for me to hope that the PSC actually serves the public and reigns in this company.

You all will get one last email from me - requesting a billing audit. That is what I really want and what really needs to happen. The rest of this was my trip down the rabbit hole. I hope you've enjoyed the ride with me.

Diana Danin

On Wed, Sep 21, 2022 at 3:58 PM John Plescow <JPlescow@psc.state.fl.us> wrote:

Thank you for contacting the Florida Public Service Commission (FPSC).

You have indicated that you wanted to make a public records request regarding CWS Utilities, doing business as Palm Valley Utilities. Please note, the FPSC's records show that CWs' certificate was transferred to Home Town America in 2005. Home Town America holds the majority interest, and can remain certificated with the FPSC as CWS Utilities, doing business as Palm Valley. Also, for your information, the utility's company code is WS832.

You also wanted to get copies of filings related to CWS Utilities. To get the requested documents, you will need to contact the FPSC's Office of the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850. You can also contact the Clerk's office via E-mail at <http://www.floridapsc.com/ClerkOffice/CopyRequest>. Finally, you can call the FPSC's Office of Commission Clerk at 850-413-6770.

I regret that the FPSC can be of no further assistance in this matter. If you have any questions in the future, please contact me.

Sincerely,

John Plescow

Regulatory Program Administrator

Office of Consumer Assistance & Outreach

Note: Florida has a very broad public records law. Most written communications to or from state officials regarding state business are considered to be public records and will be made available to the public and the media upon request. Therefore, your e-mail message may be subject to public disclosure.

25-30.037 Application for Authority to Transfer.

(1) This rule applies to any application for the transfer of an existing water or wastewater utility, regardless of whether service is currently being provided. The application for transfer may result in the transfer or cancellation of the seller's existing certificate, amendment of the buyer's existing certificate or granting of an original certificate to the buyer, or a transfer of majority organizational control of the utility.

(a) If a transfer occurs prior to Commission approval, the utility shall submit an application for authority to transfer no later than 90 days after the sale closing date.

(b) When a utility applies for any of the following transfer authorizations by the Commission, it shall provide its application as prescribed in the appropriate subsection below:

1. A transfer of a regulated utility to another regulated utility shall be pursuant to subsection (2) below;
2. A transfer of an exempt entity to a regulated utility shall be pursuant to subsection (3) below;
3. A transfer of a utility in a nonjurisdictional county to a regulated utility that results in a system whose service transverses county boundaries shall be pursuant to subsection (3) below;
4. A change of majority organizational control of a regulated utility shall be pursuant to subsection (4) below; or
5. A transfer of a regulated utility to an exempt entity other than a governmental authority shall be pursuant to subsection (5) below.

(c) Form PSC 1005 (12/15), entitled "Application for Transfer of Certificates or Facilities from a Regulated Utility to Another Regulated Utility," which is incorporated by reference in this rule and which is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-06242>, Form PSC 1006 (12/15), entitled "Application for Transfer of an Exempt Entity to a Regulated Utility or Transfer of a Utility in a Non-jurisdictional County to a Regulated Utility That Results in a System Whose Service Transverses County Boundaries," which is incorporated by reference in this rule and which is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-06243>, Form PSC 1007 (12/15), entitled "Application for a Transfer of Majority Organizational Control of a Regulated Utility," which is incorporated by reference in this rule and which is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-06244>, and Form PSC 1008 (12/15), entitled "Application for Transfer of Facilities from a Regulated Utility to an Exempt Entity Other Than a Governmental Authority," which is incorporated by reference in this rule and which is available at <http://www.flrules.org/Gateway/reference.asp?No=Ref-06245>, are example applications that may be completed by the applicant and filed with the Office of Commission Clerk to comply with subsection (2), (3), (4), or (5) below, respectively. These forms may also be obtained from the Commission's website, www.floridapsc.com.

(2) Transfer of a regulated utility to another regulated utility. Each applicant for transfer of certificate of authorization, facilities or any portion thereof from a regulated utility to another regulated utility shall file with the Commission Clerk the information set forth in paragraphs (a) through (v) below.

(a) A filing fee pursuant to paragraph 25-30.020(2)(c), F.A.C.;

(b) Proof of noticing pursuant to Rule 25-30.030, F.A.C.;

(c) The certificated name, address, telephone number, certificate number(s), authorized representative, and, if available, email address and fax number of the utility/seller;

(d) The complete name, address, telephone number, Federal Employer Identification Number, authorized representative and, if available, email address and fax number of the buyer(s) and the new name of the utility if the buyer plans to operate under a different name;

(e) The name, address, telephone number, and if available, email address and fax number of the person in possession of the books and records when the application is filed;

(f) The nature of the buyer's business organization, i.e., corporation, limited liability company, partnership, limited partnership, sole proprietorship, or association. The buyer must provide documentation from the Florida Department of State, Division of Corporations, showing:

1. The utility's/buyer's business name and registration/document number for the business, unless operating as a sole proprietor, and,

2. The utility's/buyer's fictitious name and registration number for the fictitious name, if operating under a fictitious name;

(g) The name(s), address(es) and percentage of ownership of each entity or person that owns or will own more than a 5 percent interest in the utility;

(h) The date and state of incorporation or organization of the buyer;

(i) A copy of the contract for sale and all auxiliary or supplemental agreements. If the sale, assignment, or transfer occurs prior to Commission approval, the contract shall include a provision stating that the contract is contingent upon Commission approval;

(j) The buyer must provide the following documentation of the terms of the transfer:

1. The date the closing occurred or will occur;

2. The purchase price and terms of payment;

3. A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities;

4. A description of all consideration between the parties, including promised salaries, retainer fees, stock, stock options, and assumption of obligations;

5. Provisions for the disposition, where applicable, of customer deposits and interest thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases;

6. A statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters;

7. A statement that the buyer has or will obtain the books and records of the seller, including all supporting documentation for rate base additions since the last time rate base was established for the utility;

8. A statement that the utility's books and records will be maintained using the 1996 National Association of Regulatory Utilities Commissioners (NARUC) Uniform System of Accounts (USOA), incorporated by reference in Rule 25-30.115, F.A.C.; and,

9. A statement that the utility's books and records will be maintained at the utility's office(s) within Florida, or that the utility will comply with the requirements of paragraphs 25-30.110(1)(b) and (c), F.A.C., regarding maintenance of utility records at another location or out-of-state. If the records will be maintained at the utility's office(s), the statement should include the location where the utility intends to maintain the books and records;

(k) A statement explaining why the transfer is in the public interest;

(l) To demonstrate the financial ability of the buyer to maintain and operate the acquired utility, the buyer shall provide:

1. A detailed financial statement (balance sheet and income statement), audited if available, of the financial condition of the applicant, that shows all assets and liabilities of every kind and character. The financial statements shall be for the preceding calendar or fiscal year. The financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C. If available, a statement of the sources and uses of funds shall also be provided; and,

2. A list of all entities, including affiliates, upon which the buyer is relying to provide funding to the utility and an explanation of the manner and amount of such funding. The list need not include any person or entity holding less than 5 percent ownership interest in the utility. The applicant shall provide copies of any financial agreements between the listed entities and the utility and proof of the listed entities' ability to provide funding, such as financial statements;

(m) To demonstrate the technical ability of the buyer to provide service, the buyer shall provide:

1. An explanation of the buyer's experience in the water or wastewater industry; and,

2. The buyer's plans for ensuring continued operation of the utility, such as retaining the existing plant operator(s) and office personnel, or contracting with outside entities;

(n) A legal description of the proposed service area in the format prescribed in Rule 25-30.029, F.A.C.;

(o) The proposed net book value of the system as of the date of the proposed transfer, and a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested. If rate base has been established by this Commission, provide the docket and the order number. In addition, provide a schedule of all subsequent changes to rate base;

(p) A statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established or the rate base was last established by the Commission, whichever is later. If the tax returns have not been obtained, provide a description of the steps taken to obtain the tax returns;

(q) A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a description of the repairs or improvements that have been identified, the governmental authority that required the repairs or improvements, if applicable, the approximate cost to complete the repairs or improvements, and any agreements between the seller and buyer regarding who will be responsible for any identified repairs or

improvements;

(r) The applicant shall provide the following documents:

1. A copy of the utility's current permits from the DEP and the water management district;
2. A copy of the most recent DEP and/or county health department sanitary survey, compliance inspection report, and secondary standards drinking water report;
3. A copy of all of the utility's correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years; and,
4. A copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years;

(s) Documentation of the utility's right to access and continued use of the land upon which the utility treatment facilities are located. Documentation of continued use shall be in the form of a recorded warranty deed, recorded quit claim deed accompanied by title insurance, recorded lease such as a 99-year lease, or recorded easement. The applicant may submit an unrecorded copy of the instrument granting the utility's right to access and continued use of the land upon which the utility treatment facilities are or will be located, provided that the applicant files a recorded copy within the time required in the order granting the transfer;

(t) A statement regarding the disposition of outstanding regulatory assessment fees, fines, or refunds owed and which entity will be responsible for paying regulatory assessment fees and filing the annual report for the year of the transfer and subsequent years;

(u) Tariff sheets reflecting any changes resulting from the transfer. Form PSC 1010 (12/15), entitled "Water Tariff" and Form PSC 1011 (12/15), entitled "Wastewater Tariff," which are incorporated by reference in Rule 25-30.033, F.A.C., are example tariffs that may be completed by the applicant and included in the application. These forms are also available on the Commission's website, www.floridapsc.com; and,

(v) If the buyer owns other water or wastewater utilities that are regulated by the Commission, provide a schedule reflecting any economies of scale that are anticipated to be achieved within the next three years and the effect on rates for existing customers served by both the utility being purchased and the buyer's other utilities.

(3) Transfer of an exempt entity to a regulated utility, or transfer of a utility in a nonjurisdictional county to a regulated utility that results in a system whose service transverse county boundaries. Each applicant shall file with the Commission the information set forth in paragraphs (a) through (f) below.

(a) A combined filing fee pursuant to paragraphs 25-30.020(2)(b) and (c), F.A.C.;

(b) Proof of noticing pursuant to Rule 25-30.030, F.A.C.;

(c) The requirements of paragraphs (2)(c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s), (t), (u), and (v) above;

(d) The requirements of paragraphs 25-30.036(2)(h) and (i), F.A.C.;

(e) An explanation of when and under what authority the current rates and charges of the exempt entity or utility in a nonjurisdictional county were established, if applicable; and,

(f) An explanation of how the seller is either exempt pursuant to Section 367.022, F.S., or is a utility in a nonjurisdictional county.

(4) A transfer of majority organizational control of a regulated utility. Each applicant for a transfer of majority organizational control shall file with the Commission the information set forth in paragraphs (a) through (d) below.

(a) A filing fee pursuant to paragraph 25-30.020(2)(c), F.A.C.;

(b) Proof of noticing pursuant to Rule 25-30.030, F.A.C.;

(c) The requirements of paragraphs (2)(c), (d), (f), (i), (j), (k), (l), (m), (q), (t) and (u) above; and,

(d) A description of the ownership transfer, including the date the transfer occurred or will occur and a description of the resulting ownership interests in the utility.

(5) A transfer of a regulated utility to an exempt entity other than a governmental authority. Each applicant for a transfer of ownership of a regulated utility to an exempt entity other than a governmental authority shall file with the Commission Clerk the information set forth in paragraphs (a) through (e) below.

(a) A filing fee pursuant to paragraph 25-30.020(2)(c), F.A.C.;

(b) Proof of noticing pursuant to Rule 25-30.030, F.A.C.;

(c) The requirements of paragraphs (2)(c), (d), (k), (l), (m), and (r) above;

(d) Documentation of the following terms of the transfer:

1. A copy of the contract for sale and all auxiliary or supplemental agreements. If the sale, assignment, or transfer occurs prior to Commission approval, the contract shall include a provision stating that the contract is contingent upon Commission approval;
 2. The closing date;
 3. A statement regarding the disposition of customer deposits and interest thereon; and,
 4. A statement regarding the disposition of any outstanding regulatory assessment fees, fines, refunds, or annual reports; and,
- (e) An explanation of how the buyer is exempt pursuant to Section 367.022, F.S.

Rulemaking Authority 367.121, 367.1213, 350.127(2) FS. Law Implemented 367.071, 367.1213 FS. History—New 1-27-91, Amended 11-30-93, 1-4-16.

ORIGINAL



215 SOUTH MONROE STREET
SUITE 815
TALLAHASSEE, FLORIDA 32301

(850) 412-2000
FAX: (850) 412-1307
KATHRYN.COWDERY@RUDEN.COM

February 8, 2005

REC D 1 PSC
05 FEB -9 AM 10:12
COMMISSION
CLERK

Blanca S. Bayo, Director
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Building, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 030998-WS; Joint Application for Approval of the Transfer of Majority Organizational Control of Del Tura Phase I, LLC and CWS Communities LP as a Result of the Acquisition by Hometown America, L.L.C. of the Stock of Chateau Communities, Inc.

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and seven copies of the statement of Tom Curatolo, Controller of Hometown America, that the books of Palm Valley Utility have been adjusted to reflect the PSC approved rate base balances as of October 16, 2003, as set out in the Staff Recommendation, which was approved by the Florida Public Service Commission at its February 1, 2005 agenda conference. Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention.

CMP _____ Please contact me if you have any questions.

COM _____

CTR _____

ECR _____

GCL _____

OPC _____ Enclosure

MMS _____

RCA _____

SCR _____

SEC 1
TAL:50780:1

OTH _____

Sincerely,

Kathryn G.W. Cowdery

INSTITUTION CENTER
05 FEB -9 PM 9:06

DOCUMENT NUMBER-DATE

01426 FEB-9 05

RUDEN, McCLOSKEY, SMITH, SCHUSTER & RUSSELL, P.A.

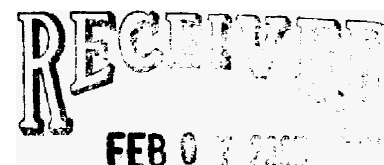


Hometown



February 1, 2005

Kathryn G.W. Cowdery
Ruden McClosky
215 S. Monroe Street, Suite 815
Tallahassee, FL 32301



RE: Palm Valley Utility

Office of
KATHRYN G.W. COWDERY

To Whom It May Concern:

Palm Valley's books have been adjusted to reflect the PSC approved rate base balances as of October 16, 2003, as set out in the Staff Recommendation.

Please let me know if you have any questions in this regard

Regards,

Tom Curatolo
Controllo
Hometown America
(312) 604-7505

Corporate Office

DOCUMENT NUMBER-DATE

01426 FEB-9 8

150 North Wacker Drive, Suite 2800, Chicago, Illinois 60606 TEL: 312.604.7500 FAX: 312.604.7501 www.HometownAmerica.com

FPSC-COMMISSION CLERK

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-

DATE: * May 10, 2004
TO: Stephanie Clapp, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief, Bureau of Auditing *DN*
Division of Regulatory Compliance and Consumer Assistance
RE: **Docket No.** 030998-WU ; **Company Name:** CWS Communities, LP d/b/a
Palm Valley; **Audit Purpose:** Establish ratebase at time of transfer ; **Audit
Control No.** 03-353-3-2

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp
Attachment

cc: **Division of Auditing and Safety** (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

Kathryn G. W. Cowdery
Ruden Law Firm
215 S. Monroe Street, Suite 815
Tallahassee, FL 32301

CWS Communities LP d/b/a Palm Valley
Sandra Seyffart
3700 Palm Valley Circle
Oviedo, FL 32765-4904

Katz, Kutter Law Firm
Nancy M. Burke, Esq.
106 East college Avenue, Suite 1200
Tallahassee, FL 32301

Hometown America, L.L.C.
150 North Wacker Drive, Suite 900
Chicago, IL 60606

DOCUMENT NUMBER-DATE
05498 MAY 12 3
FPC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
BUREAU OF AUDITING*

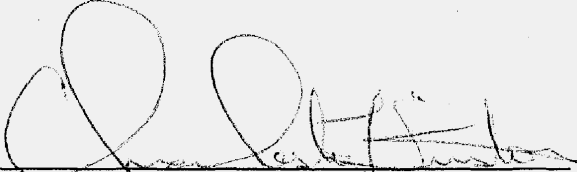
Orlando District Office

**CWS COMMUNITIES, LP
D/B/A PALM VALLEY**

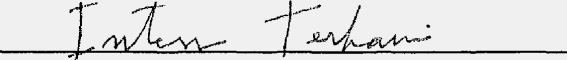
ESTABLISH RATE BASE AT TRANSFER

AS OF OCTOBER 16, 2003

**DOCKET NO. 030998-WS
AUDIT CONTROL NO. 03-353-3-2**



Charleston J. Winston, Audit Manager



Intesar Terkawi, Professional Accountant

TABLE OF CONTENTS

| I. | AUDITOR'S REPORT | PAGE |
|------------|---|-------------|
| | PURPOSE | 1 |
| | DISCLAIM PUBLIC USE | 1 |
| | SUMMARY OF SIGNIFICANT FINDINGS | 2 |
| | SUMMARY OF SIGNIFICANT PROCEDURES | 2 |
| II. | EXCEPTIONS | |
| | 1. BOOKS AND RECORDS | 3 |
| | 2. UTILITY-PLANT-IN-SERVICE | 4 |
| | 3. ACCUMULATED DEPRECIATION | 13 |
| | 4. CIAC AND RELATED AMORTIZATION | 17 |
| | 5. CUSTOMER BILLING | 24 |
| 3. | EXHIBIT | |
| | 1. WATER RATE BASE | 27 |
| | 2. WASTEWATER RATE BASE | 28 |

**DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
AUDITOR'S REPORT**

April 28, 2004

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying schedules of Rate Base as of October 16, 2003, for CWS Communities, LP, d/b/a Palm Valley. The attached schedules were prepared by the audit staff as part of our work in Docket No. 030998-WS.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT FINDINGS

The utility's books and records were not in compliance with NARUC and the Commission Rules.

Utility-plant-in-service for water should be reduced by \$189,854 ,and wastewater increased by \$56,912.

Accumulated depreciation for water should be reduced by \$226,091, and wastewater increased by \$11,362.

Contributions-in-aid-of-construction (CIAC) for water should be increased by \$5,834, and wastewater increased by \$15,579.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all the financial transactions of the company. Our more important audit procedures are summarized below. The following definition applies when used in this report:

Verified - The item was tested for accuracy and compared to the substantiating documentation.

RATE BASE: Reconciled rate base as of July 31, 2001, to Commission Order No. PSC-02-1111-PAA-WS, issued August 13, 2002. Verified all plant additions acquired from August 1, 2001 through October 16, 2003. Verified all CIAC additions and agreed to the Commission-approved tariff. Computed accumulated depreciation and accumulated amortization as of October 16, 2003. Prepared Palm Valley's water and wastewater rate bases as of October 16, 2003.

OTHER: Toured the water plant and facilities. Recalculated a sample of customer bills from the utility's billing register and agreed to the Commission-approved tariff.

Exception No. 1

Subject: Books and Records

Statement of Fact: Rule 25-30.115, Florida Administrative Code, (F.A.C.), requires Florida utilities to maintain their books and records in conformity with the NARUC, National Association of Regulatory Commissioners Uniform System of Accounts (USOA).

NARUC, Class C, Accounting Instruction, states,

Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of accounts so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis and verification of all facts relevant thereto.

NARUC, Class C, Accounting Instruction 4, states,

Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

Per Commission Order No. PSC-01-1574-PAA-WS, issued July 30, 2001, "The utility failed to record retirements since the last rate case. We estimated retirements based on 75% of the replacement cost, where no original cost documentation was available."

Recommendation: Palm Valley's records are commingled with those of the parent company. The utility records are not maintained in accordance with NARUC. Documentation was not maintained at the utility for plant additions and CIAC along with the associated depreciation and amortization. The utility could not provide adequate support documentation for some of its plant additions. The utility did not record any retirements. The utility could not reconcile plant-in-service to its general ledgers and tax returns. The audit staff had to use the utility's Annual Reports as the basis for its plant, accumulated depreciation, CIAC, and CIAC accumulated amortization.

The Commission should require the utility to maintain its books and records in compliance with NARUC.

Exception No. 2

Subject: Utility-Plant-in-Service

Statement of Fact: Per the utility's 2003 Annual Report, the amount of plant-in-service for water is \$1,179,637, and wastewater is \$2,304,081 as of December 31, 2003.

Rate base was established for the utility as of July 31, 2001, in Commission Order No. PSC-02-1111-PAA-WS, issued August 13, 2002.

Recommendation: The utility misclassified plant, did not provide supporting documentation for some of its plant additions, did not reconcile to the above-mentioned Commission Order, and did not retire some of its plant. The transfer date of the utility was October 16, 2003, but the utility does not close its books monthly. The audit staff adjustments are as of October 16, 2003. The utility's books are as of December 31, 2003.

The audit staff determined water plant-in-service to be \$989,783 and wastewater to be \$2,360,993 as of October 16, 2003. The Commission should reduce water plant-in-service by \$189,854 (\$1,179,637 - \$989,783) and should increase the wastewater plant-in-service by \$56,912 (\$2,304,081 - \$2,360,993) See Schedules A, B, C, and D as follows for further details.

The Commission should require the utility to record the above adjustments.

Schedule A - Exception No. 2

WATER

| Date | Per Utility | Difference | Per Order | Explanation |
|--|-------------|-------------|-----------|--|
| 07/31/01 ^{es} | | | \$735,496 | Beginning balance per above Order. Utility does not close its books monthly |
| | Per Utility | Difference | Per Audit | Explanation |
| 2001 Additions | \$843,772 | (\$601,985) | \$241,787 | See Schedule C for details. |
| 2001 Balance | \$1,129,637 | (\$152,354) | \$977,283 | See Schedule C for details. |
| 2002 Additions | \$50,000 | (\$37,500) | \$12,500 | See Schedule C for details. |
| 2003 Additions | \$0 | \$0 | \$0 | |
| 2003 Balance Per audit as of 10/16/03 Per Utility as of 12/31/03 | \$1,179,637 | (\$189,854) | \$989,783 | Utility does not close its books monthly. These balances consist of 2001 balances + 2002 and 2003 additions. |

Schedule B - Exception No. 2

WASTEWATER

| Date | Per Utility | Difference | Per Order | Explanation |
|---|-------------|-------------|-------------|--|
| 07/31/01 | | | \$1,929,409 | Beginning balance per above Order. Utility does not close its books monthly |
| | Per Utility | Difference | Per Audit | Explanation |
| 2001 Additions | \$1,062,040 | (\$667,239) | \$394,801 | See Schedule D for details. |
| 2001 Balance | \$2,196,285 | \$127,925 | \$2,324,210 | See Schedule D for details. |
| 2002 Additions | \$74,556 | (\$58,586) | \$15,970 | See Schedule D for details. |
| 2003 Additions | \$33,240 | (\$12,427) | \$20,813 | See Schedule D for details. |
| 2003 Balance Per-audit as of 10/16/03. Per utility as of 12/31/03 | \$2,304,081 | \$56,912 | \$2,360,993 | Utility does not close its books monthly. These balances consist of 2001 balances + 2002 and 2003 additions. |

WATER

| DATE | ACCT. NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJ. | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|-----------|------------------------------|-----------------|--------------|------------------|------------|------------|------------------|-------------------------|
| 08/13/01 | 304 | Unknown Plant Additions | \$95,807 | | \$95,807 | Unkown | (\$95,807) | \$0 | No support |
| 08/13/01 | 309 | Flow Meter | 7,410 | | 7,410 | Wayne's | | 7,410 | Reclass from 334 |
| 08/13/01 | 309 | Installation Water Sup Lines | 27,272 | | 27,272 | Wayne's | | 27,272 | |
| | | Total: | 34,682 | | 34,682 | | | 34,682 | |
| 05/13/01 | 310 | Generator | 65,000 | | 65,000 | Wayne's | (65,000) | 0 | Included in prior audit |
| 05/13/01 | 311 | Pump | 6,000 | | 6,000 | Wayne's | (6,000) | 0 | Included in prior audit |
| 05/13/01 | 311 | Pumps | 12,000 | | 12,000 | Wayne's | (12,000) | 0 | Included in prior audit |
| | | Total: | 18,000 | | 18,000 | | (18,000) | 0 | |
| 05/13/01 | 330 | Pressure Vessel | 26,000 | | 26,000 | Wayne's | (26,000) | 0 | Included in prior audit |
| 05/13/01 | 330 | Storage Tanks | 152,000 | | 152,000 | Wayne's | (152,000) | 0 | Included in prior audit |
| | | Total: | 178,000 | | 178,000 | | (178,000) | 0 | |
| 08/13/01 | 331 | T & D Lines | 3,010 | 12.00% | 3,420 | C.A. Meyer | | 3,420 | |
| 08/13/01 | 331 | T & D Lines | 511 | 12.00% | 581 | C.A. Meyer | | 581 | |
| 08/13/01 | 331 | T & D Lines | 385 | 12.00% | 438 | C.A. Meyer | | 438 | |
| 08/13/01 | 331 | T & D Lines | 895 | 12.00% | 1,017 | C.A. Meyer | | 1,017 | |
| 08/13/01 | 331 | T & D Lines | 900 | 12.00% | 1,023 | C.A. Meyer | | 1,023 | |
| 08/13/01 | 331 | T & D Lines | 12,155 | 12.00% | 13,813 | C.A. Meyer | | 13,813 | |
| 08/13/01 | 331 | T & D Lines | 2,800 | 12.00% | 3,182 | C.A. Meyer | | 3,182 | |
| 08/13/01 | 331 | T & D Lines | 750 | 12.00% | 852 | C.A. Meyer | | 852 | |
| 08/13/01 | 331 | T & D Lines | 4,400 | 12.00% | 5,000 | C.A. Meyer | | 5,000 | |
| 08/13/01 | 331 | T & D Lines | 51,264 | 12.00% | 58,254 | C.A. Meyer | | 58,254 | |
| 08/13/01 | 331 | T & D Lines | 1,325 | 12.00% | 1,506 | C.A. Meyer | | 1,506 | |
| 08/13/01 | 331 | T & D Lines | 1,000 | 12.00% | 1,136 | C.A. Meyer | | 1,136 | |
| 08/13/01 | 331 | T & D Lines | 2,160 | 12.00% | 2,455 | C.A. Meyer | | 2,455 | |
| 08/13/01 | 331 | T & D Lines | 2,544 | 12.00% | 2,891 | C.A. Meyer | | 2,891 | |
| 08/13/01 | 331 | T & D Lines | 1,830 | 12.00% | 2,080 | C.A. Meyer | | 2,080 | |
| 08/13/01 | 331 | T & D Lines | <u>1,375</u> | 12.00% | <u>1,563</u> | C.A. Meyer | | <u>1,563</u> | |
| | | Total: | \$87,303 | | \$99,208 | | | \$99,208 | |

Schedule C - Exception No. 2

| DATE | ACCT. NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJUSTMENT | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|-----------|-------------------------|-----------------|--------------|------------------|------------|------------------|------------------|-------------------------|
| 08/13/01 | 333 | Services to Customers | \$407 | 12.00% | \$463 | C.A. Meyer | | \$463 | |
| 08/13/01 | 333 | Services to Customers | 33,300 | 12.00% | 37,841 | C.A. Meyer | | 37,841 | |
| 08/13/01 | 333 | Services to Customers | <u>13,690</u> | 12.00% | <u>15,557</u> | C.A. Meyer | | <u>15,557</u> | |
| | | Total: | \$47,397 | | \$53,860 | | | \$53,860 | |
| 01/02/01 | 334 | Meters & Installations | 66,648 | | 66,648 | Wayne's | (56,639) | 10,009 | Included in prior audit |
| 08/13/01 | 335 | Hydrants | 2,808 | 12.00% | 3,191 | C.A. Meyer | | 3,191 | |
| 08/13/01 | 335 | Hydrants | <u>21,060</u> | 12.00% | <u>23,932</u> | C.A. Meyer | | <u>23,932</u> | |
| | | Total: | \$23,868 | | \$27,123 | | | \$27,123 | |
| 08/13/01 | 336 | Back Flow Preventer | 16,905 | | 16,905 | Wayne's | | 16,905 | Reclass from Acct. 339 |
| 05/13/01 | 339 | Concrete Slabs | 28,000 | | 28,000 | Wayne's | (28,000) | 0 | Included in prior audit |
| 05/13/01 | 339 | Soil Preparation | 26,000 | | 26,000 | Wayne's | (26,000) | 0 | Included in prior audit |
| 05/13/01 | 339 | Controls | 3,000 | | 3,000 | Wayne's | (3,000) | 0 | Included in prior audit |
| 05/13/01 | 339 | Process Piping | 12,500 | | 12,500 | Wayne's | (12,500) | 0 | Included in prior audit |
| 05/13/01 | 339 | Electrical Modules | 24,310 | | 24,310 | Wayne's | (24,310) | 0 | Included in prior audit |
| 05/13/01 | 339 | Unknown Plant Additions | 56,639 | | 56,639 | Unknown | (56,639) | 0 | No support |
| 05/13/01 | 339 | Mobilization | <u>38,090</u> | | <u>38,090</u> | Wayne's | <u>(38,090)</u> | 0 | Included in prior audit |
| | | Total: | \$188,539 | | \$188,539 | | (\$188,539) | \$0 | |
| | | Total Water 2001: | \$822,149 | | \$843,772 | | (\$601,985) | \$241,787 | |
| 08/13/02 | 334 | Replace Meters | \$50,000 | | \$50,000 | Wayne's | (\$37,500) | \$12,500 | Retire @ 75% |
| | | Grand Total all years: | \$872,149 | | \$893,772 | | (\$639,485) | \$254,287 | |

WASTEWATER

| DATE | ACCT. NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJ. | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|-----------|---------------------------|-----------------|--------------|------------------|------------|------------|------------------|-------------------------------|
| 08/13/01 | 360 | Force Main | \$624 | 40.00% | \$1,040 | C.A. Meyer | | \$1,040 | |
| 08/13/01 | 360 | Force Main | 315 | 40.00% | 525 | C.A. Meyer | | 525 | |
| 08/13/01 | 360 | Force Main | 557 | 40.00% | 928 | C.A. Meyer | | 928 | |
| 08/13/01 | 360 | Force Main | 10,028 | 40.00% | 16,713 | C.A. Meyer | | 16,713 | |
| 10/31/01 | 360 | Replace Lift Stat Pump | 2,400 | | 0 | Wayne's | 600 | 600 | Retire @ 75%x \$2,400=\$1,800 |
| | | Total: | \$13,924 | | \$19,206 | | \$600 | \$19,806 | |
| 05/13/01 | 361 | Process Piping | 10,000 | | 10,000 | C.A. Meyer | (10,000) | 0 | Included in prior audit |
| 05/13/01 | 361 | Lift Station Installation | 13,000 | | 13,000 | Wayne's | (13,000) | 0 | Included in prior audit |
| 05/13/01 | 361 | Reuse Connection | 18,375 | | 18,375 | C.A. Meyer | (18,375) | 0 | Included in prior audit |
| 05/13/01 | 361 | Lift Station Installation | 15,000 | | 15,000 | Wayne's | (15,000) | 0 | Included in prior audit |
| 08/13/01 | 361 | Sanitary Sewers | 9,360 | 12.00% | 10,636 | C.A. Meyer | | 10,636 | |
| 08/13/01 | 361 | Sanitary Sewers | 424 | 12.00% | 481 | C.A. Meyer | | 481 | |
| 08/13/01 | 361 | Sanitary Sewers | 750 | 12.00% | 852 | C.A. Meyer | | 852 | |
| 08/13/01 | 361 | Sanitary Sewers | 780 | 12.00% | 886 | C.A. Meyer | | 886 | |
| 08/13/01 | 361 | Sanitary Sewers | 1,428 | 12.00% | 1,623 | C.A. Meyer | | 1,623 | |
| 08/13/01 | 361 | Sanitary Sewers | 56,375 | 12.00% | 64,062 | C.A. Meyer | | 64,062 | |
| 08/13/01 | 361 | Sanitary Sewers | 4,437 | 12.00% | 5,042 | C.A. Meyer | | 5,042 | |
| 08/13/01 | 361 | Sanitary Sewers | 17,509 | 12.00% | 19,896 | C.A. Meyer | | 19,896 | |
| 08/13/01 | 361 | Sanitary Sewers | 3,150 | 12.00% | 3,580 | C.A. Meyer | | 3,580 | |
| 08/13/01 | 361 | Sanitary Sewers | 2,491 | 12.00% | 2,831 | C.A. Meyer | | 2,831 | |
| 08/13/01 | 361 | Sanitary Sewers | 7,237 | 12.00% | 8,224 | C.A. Meyer | | 8,224 | |
| 08/13/01 | 361 | Sanitary Sewers | 235 | 12.00% | 267 | C.A. Meyer | | 267 | |
| 08/13/01 | 361 | Lift Station Installation | 2,950 | 40.00% | 4,917 | Wayne's | | 4,917 | |
| 08/13/01 | 361 | Lift Station Installation | 105,505 | | 105,505 | C.A. Meyer | (105,505) | 0 | Included in prior audit |
| 08/13/01 | 361 | Lift Station Installation | 500 | 40.00% | 833 | Wayne's | | 833 | |
| 08/13/01 | 361 | Lift Station Installation | 700 | 40.00% | 1,167 | Wayne's | | 1,167 | |
| 08/13/01 | 361 | Lift Station Installation | 700 | 40.00% | 1,167 | Wayne's | | 1,167 | |
| 08/13/01 | 361 | Sanitary Sewers | 558 | 12.00% | 635 | C.A. Meyer | | 635 | |
| 08/13/01 | 361 | Sanitary Sewers | 110 | 12.00% | 125 | C.A. Meyer | | 125 | |
| 08/13/01 | 361 | Lift Station Installation | 222,289 | | 222,289 | C.A. Meyer | (222,289) | 0 | Included in prior audit |
| 08/13/01 | 361 | Lift Station Installation | 450 | 40.00% | 750 | Wayne's | | 750 | |
| 08/13/01 | 361 | Lift Station Installation | 225 | 40.00% | 375 | Wayne's | | 375 | |
| 08/13/01 | 361 | Sanitary Sewers | 814 | 12.00% | 925 | C.A. Meyer | | 925 | |

| DATE | ACCT NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJUSTMENT | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|----------|-----------------------------|-----------------|--------------|------------------|------------|------------------|------------------|------------------------------|
| 08/13/01 | 361 | Sanitary Sewers | \$1,925 | 12.00% | \$2,188 | C.A. Meyer | | \$2,188 | |
| 08/13/01 | 361 | Sanitary Sewers | 1,653 | 12.00% | 1,878 | C.A. Meyer | | 1,878 | |
| 08/13/01 | 361 | Sanitary Sewers | 1,836 | 12.00% | 2,086 | C.A. Meyer | | 2,086 | |
| 08/13/01 | 361 | Lift Station Installation | 4,500 | 40.00% | 7,500 | Wayne's | | 7,500 | |
| 08/13/01 | 361 | Lift Station Installation | 3,500 | 40.00% | 5,833 | Wayne's | | 5,833 | |
| 08/13/01 | 361 | Sanitary Sewers | 477 | 12.00% | 542 | C.A. Meyer | | 542 | |
| 08/13/01 | 361 | Sanitary Sewers | 21,152 | 12.00% | 24,036 | C.A. Meyer | | 24,036 | |
| 08/13/01 | 361 | Sanitary Sewers | 1,271 | 12.00% | 1,444 | C.A. Meyer | | 1,444 | |
| 08/13/01 | 361 | Sanitary Sewers | 23,065 | 12.00% | 26,210 | C.A. Meyer | | 26,210 | |
| 08/13/01 | 361 | Sanitary Sewers | 590 | 12.00% | 670 | C.A. Meyer | | 670 | |
| 08/13/01 | 361 | Lift Station Installation | <u>19,000</u> | 40.00% | <u>31,667</u> | Wayne's | | <u>31,667</u> | |
| | | Total: | \$574,320 | | \$617,497 | | (\$384,169) | \$233,329 | |
| 08/13/01 | 363 | Manholes | 22,950 | 12.00% | 26,080 | C.A. Meyer | | 26,080 | |
| 08/13/01 | 363 | Manholes | 975 | 12.00% | 1,108 | C.A. Meyer | | 1,108 | |
| 08/13/01 | 363 | Services to Customers | 31,820 | 12.00% | 36,159 | C.A. Meyer | | 36,159 | |
| 08/13/01 | 363 | Manholes | 2,050 | 12.00% | 2,330 | C.A. Meyer | | 2,330 | |
| 08/13/01 | 363 | Manholes | 9,900 | 12.00% | 11,250 | C.A. Meyer | | 11,250 | |
| 08/13/01 | 363 | Services to Customers | 407 | 12.00% | 463 | C.A. Meyer | | 463 | |
| 08/13/01 | 363 | Manholes | 3,666 | 12.00% | 4,166 | C.A. Meyer | | 4,166 | |
| 08/13/01 | 363 | Services to Customers | 3,922 | 12.00% | 4,457 | C.A. Meyer | | 4,457 | |
| 08/13/01 | 363 | Services to Customers | 19,758 | 12.00% | 22,452 | C.A. Meyer | | 22,452 | |
| 08/13/01 | 363 | Services to Customers | 13,690 | 12.00% | 15,557 | C.A. Meyer | | 15,557 | |
| 08/13/01 | 363 | Services to Customers | <u>407</u> | 12.00% | <u>463</u> | C.A. Meyer | | <u>463</u> | |
| | | Total: | \$109,545 | | \$124,483 | | | \$124,483 | |
| 05/13/01 | 364 | Mag Meter | 6,300 | | 6,300 | Wayne's | (6,300) | 0 | Included in prior audit |
| 05/13/01 | 371 | Pumps/Motors | 32,000 | | 32,000 | Wayne's | (32,000) | 0 | Included in prior audit |
| 05/13/01 | 380 | Filtering Devices | 30,000 | | 30,000 | Wayne's | (30,000) | 0 | Included in prior audit |
| 05/13/01 | 380 | Effluent Storage | 20,000 | | 20,000 | Wayne's | (20,000) | 0 | Included in prior audit |
| 05/13/01 | 380 | Concrete Tanks | 14,600 | | 14,600 | Wayne's | (14,600) | 0 | Included in prior audit |
| 05/13/01 | 380 | Clarifier | 45,000 | | 45,000 | Wayne's | (45,000) | 0 | Included in prior audit |
| 05/13/01 | 380 | Pond Pumping Station | 10,000 | | 10,000 | Wayne's | (10,000) | 0 | Included in prior audit |
| 10/13/01 | 380 | Replace 2 Surge Tanks Pumps | 4,100 | | 0 | Wayne's | 1,025 | 1,025 | Retire @ 75%x\$4,100=\$3,075 |
| 12/01/01 | 380 | Aeration in decorative pond | <u>10,000</u> | | <u>0</u> | Wayne's | <u>10,000</u> | <u>10,000</u> | Per invoice |
| | | Total: | \$133,700 | | \$119,600 | | (\$108,575) | \$11,025 | |

| DATE | ACCT. NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJUSTMENT | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|-----------|----------------------------|-----------------|--------------|------------------|------------|------------------|------------------|------------------------------|
| 05/13/01 | 389 | Misc. Metals | \$10,000 | | \$10,000 | Wayne's | (\$10,000) | \$0 | Included in prior audit |
| 05/13/01 | 389 | Pond Liner | 16,150 | | 16,150 | Wayne's | (16,150) | 0 | Included in prior audit |
| 05/13/01 | 389 | Electrical Modules | 8,000 | | 8,000 | Wayne's | (8,000) | 0 | Included in prior audit |
| 05/13/01 | 389 | Mobilization | 24,400 | | 24,400 | Wayne's | (24,400) | 0 | Included in prior audit |
| 05/13/01 | 389 | Controls | 15,000 | | 15,000 | Wayne's | (15,000) | 0 | Included in prior audit |
| 05/13/01 | 389 | Electrical Panels | 10,000 | | 10,000 | Wayne's | (10,000) | 0 | Included in prior audit |
| 05/13/01 | 389 | Electrical Items | 15,300 | | 15,300 | Wayne's | (15,300) | 0 | Included in prior audit |
| 08/13/01 | 389 | Misc. Plant Items | 368 | 40.00% | 613 | C.A. Meyer | | 613 | |
| 08/13/01 | 389 | Misc. Plant Items | 37,947 | | 37,947 | Wayne's | (37,947) | 0 | No support |
| 08/13/01 | 389 | Misc. Plant Items | 600 | 40.00% | 1,000 | C.A. Meyer | | 1,000 | |
| 08/13/01 | 389 | Misc. Plant Items | 2,228 | 40.00% | 3,713 | C.A. Meyer | | 3,713 | |
| 08/13/01 | 389 | Misc. Plant Items | 500 | 40.00% | 833 | C.A. Meyer | | 833 | |
| | | Total: | \$140,493 | | \$142,956 | | (\$136,797) | \$6,159 | |
| | | Total Wastewater 2001: | \$1,010,281 | | \$1,062,042 | | (\$667,241) | \$394,801 | |
| 01/17/02 | 360 | Replaced Lift Station Pump | \$1,200 | | 0 | Wayne's | 300 | 300 | Retire @ 75%x\$1,200 = \$900 |
| 01/17/02 | 360 | Repiped Lift Station | 1,300 | | 0 | Wayne's | 325 | 325 | Retire @ 75%\$1,300x\$975 |
| | | Total: | \$2,500 | | \$0 | | \$625 | \$625 | |
| 07/15/02 | 361 | Unknown Plant Additions | 24,376 | | 24,376 | Unknown | (24,376) | 0 | No Support |
| 01/17/02 | 380 | Perc Pond | 2,800 | | 0 | Wayne's | 2,800 | 2,800 | Per invoice |
| 07/23/02 | 380 | Replace Clarifier | 50,180 | | 50,180 | Wayne's | (37,635) | 12,545 | Retire @ 75% |
| | | Total: | \$52,980 | | \$50,180 | | (\$34,835) | \$15,345 | |
| | | Total Wastewater 2002: | \$79,856 | | \$74,556 | | (\$58,586) | \$15,970 | |

| DATE | ACCT. NO. | DESCRIPTION | PLANT ADDITIONS | COMM. ALL. % | AMOUNT PER BOOKS | VENDOR | AUDIT ADJ. | AMOUNT PER AUDIT | AUDITOR'S COMMENTS |
|----------|-----------|---------------------------|-----------------|--------------|------------------|---------|--------------|------------------|-----------------------------------|
| 01/19/03 | 360 | Replace Lift Station Pump | \$1,400 | | \$0 | Wayne's | \$350 | \$350 | Retire @ 75%x\$1,400=\$ 1,050 |
| 08/14/03 | 360 | Lift Station Pump | 4,200 | | 0 | Wayne's | 1,050 | 1,050 | Retire @ 75%x\$4,200=\$ 3,150 |
| 09/03/03 | 360 | Lift Station Pump | <u>12,450</u> | | 0 | Wayne's | <u>3,113</u> | <u>3,113</u> | Retire @ 75%x\$12,450=\$9,338 |
| | | Total: | \$18,050 | | \$0 | | \$4,513 | \$4,513 | |
| 09/03/03 | 380 | Treatment Plant Blowers | 8,000 | | 0 | Wayne's | 2,000 | 2,000 | Retire @ 75% x \$8,000 = \$ 6,000 |
| 07/10/03 | 381 | Install Effluent Irr. Sys | 14,300 | | 0 | Wayne's | 14,300 | 14,300 | Per Invoice |
| 07/15/03 | 389 | Unknown Plant Additions | | | 33,240 | | (33,240) | 0 | No Support |
| | | Total Wastewater 2003: | \$40,350 | | \$33,240 | | (\$12,428) | \$20,813 | |
| | | Grand Total all years: | \$1,130,487 | | \$1,169,838 | | (\$738,254) | \$431,584 | |

Exception No. 3

Subject: Accumulated Depreciation

Statement of Fact: Per the utility's 2003 Annual Report, the amount of accumulated depreciation for water is \$379,730, and wastewater is \$767,930 as of December 31, 2003.

Rate base was established for the utility as of July 31, 2001, in Commission Order No. PSC-02-1111-PAA-WS, issued August 13, 2002.

The Commission established water and wastewater depreciation rates in rule 25-30.140.

Recommendation: Per Exception No. 2, the utility misclassified plant, did not provide supporting documentation for some of its plant additions, did not reconcile to the above-mentioned Commission Order, and did not retire some of its plant. The transfer date of the utility was October 16, 2003, but the utility does not close its books monthly. The audit staff adjustments are as of October 16, 2003. The utility's books are as of December 31, 2003.

The audit staff determined water accumulated depreciation to be \$153,639 and wastewater to be \$779,292 as of October 16, 2003. The Commission should reduce water accumulated depreciation by \$226,091 (\$153,639 - 379,730) and increase the wastewater accumulated depreciation by \$11,362 (\$779,292 - 767,930). See Schedules A and B as follows for further details.

Schedule A - Exception No. 3

WATER

Water - Accumulated Depreciation (A/D) Adjustments as of October 16, 2003

| Acct. No. | Account Name | Description | Balance Per Utility As of 12/31/03 | Recommended Adjustment | Balance Per Audit As of 10/16/03 |
|-----------|---------------------------|---|------------------------------------|------------------------|----------------------------------|
| 304 | Struc & Improv. | Plant per Order was \$79,576 - fully depreciated. 2001 - Utility made \$95,807 in additions that was removed for nonsupport. | \$88,087 | (\$8,511) | \$79,576 |
| 309 | Supply Mains | 2001 - Reclass a Flow Meter, \$7,410, from Acct. 334 in 2001, rate of 3.13%. Utility used 2.86%. | 2,339 | 1,063 | 3,402 |
| 310 | Power Gener. | Plant per Order, \$71,978, rate of 5.88%. Plant per utility, \$65,000, rate of 5.00%. | 9,750 | 1,893 | 11,643 |
| 311 | Pumping Equip. | Plant per Order, \$73,590, rate of 5.88%. Plant per utility, \$40,342, rate of 10.00% | 31,903 | (1,678) | 30,225 |
| 330 | Dist. Rev. & Standpipes | Plant per Order, \$256,905, rate of 3.03%, beginning A/D balance, (\$36,938). Plant per utility, \$318,910, rate of 5.00%, A/D balance @12/31/01, \$117,879. | 149,771 | (169,193) | (19,422) |
| 331 | T & D Lines | Plant per audit, \$240,912, rate of 2.63%, beginning A/D balance per Order, \$38,208. Plant per utility, \$131,793, rate of 3.125%, A/D balance @12/31/01, \$16,980. | 25,218 | 26,711 | 51,929 |
| 333 | Services | Plant per audit, \$69,160, rate of 2.86%, beginning A/D balance per Order, \$3,975. Plant per utility, \$53,860, rate of 2.50%, A/D balance @12/31/01, \$1,347. | 4,041 | 4,059 | 8,100 |
| 334 | Meters & Install. | Plant per audit, \$79,148, rate of 5.88%. Plant per utility, \$124,058, rate of 5.00%. Difference - in 2001, \$7,410, reclass to Acct. 309. In 2002, audit staff retired, \$37,500. | 14,858 | (41,014) | (26,156) |
| 335 | Hydrants | Plant per audit, \$50,108, rate of 2.50%. Plant per utility, \$34,598, rate of 3.125% | 5,734 | 2,180 | 7,914 |
| 336 | Backflow Prevention | Plant per audit, \$16,905, rate of 10%, reclass from Acct 339. Plant per utility, \$0. | 0 | 3,451 | 3,451 |
| 339 | Other Plant & Misc Equip. | Plant per audit, \$0. Plant per utility, \$205,444, rate of 7.50%. Difference - amounts were classified to others account in prior Order and this audit. | 44,458 | (44,458) | 0 |
| 348 | Other Tangible Plant | Plant per Order was \$2,977 - fully depreciated. - Plant per utility, \$2,977, rate of 10% was used. | 3,573 | (596) | 2,977 |
| Total: | | | \$379,730 | (\$226,091) | \$153,639 |

NOTE:

The per audit amount includes the use of 1/2 year convention. The utility does not include 1/2 year convention. Commission's Rule rate used by audit staff on all of the above calculations. See Schedule C - Exception No.2 for further details. Some differences are due to rounding.

Wastewater - Accumulated Depreciation (A/D) Adjustments as of October 16, 2003

| Acct No. | Account Name | Description | Balance Per Utility As of 12/31/03 | Rec. Adjust | Balance Per Audit As of 10/16/03 |
|----------|-----------------------------|---|------------------------------------|-------------|----------------------------------|
| 354 | Struc & Improv. | Plant per audit, \$114,362, rate of 3.70%, fully depreciated. Plant per utility, \$524,362, rate of 2.5%. | \$143,179 | (\$28,817) | \$114,362 |
| 360 | Collection Sewers - Force | Plant per audit, \$37,283, retirements, \$17,213, rate of 3.70%. Plant per utility, \$26,065, rate of 7.5%. | 11,111 | (22,311) | (11,200) |
| 361 | Collection Sewers - Gravity | Plant per audit, \$523,814, rate of 2.5%, beginning A/D balance, \$128,819. Plant per utility, \$432,757, rate of 2.5%, A/D balance @12/31/01, \$137,837. | 159,170 | (2,102) | 157,068 |
| 362 | Special Collec. Struct. | Plant per audit, \$0, reclassified to Acct 363. Plant per utility, \$44,933, rate of 2.50% | 3,369 | (3,369) | 0 |
| 363 | Services | Plant per audit, \$144,633, rate of 2.86%, beginning A/D balance, \$5,235. Plant per utility, \$79,550, rate of 2.63%, A/D balance @12/31/01, \$2,093. | 6,277 | 7,515 | 13,792 |
| 364 | Flow Measuring Devices | Plant per audit, \$8,881, rate of 20%, beginning A/D balance, \$1,140. Plant per utility, \$6,575, rate of 10%, A/D balance @12/31/01, \$910. | 2,226 | 2,910 | 5,136 |
| 365 | Flow Measuring Installation | Plant per Order/audit, \$0 | 95 | (95) | 0 |
| 366 | Reuse Services | Plant per audit, \$19,928, rate of 2.86%, beginning A/D balance, \$285. Plant per utility, \$0. | 0 | 1,566 | 1,566 |
| 370 | Receiving Wells | Plant per audit, \$74,358, rate of 4%, beginning A/D balance, \$20,860. Plant per utility, \$4,000, rate of 2.5%, A/D balance @12/31/01, \$1,470. | 1,670 | 25,882 | 27,552 |
| 371 | Pumping Equipment | Plant per audit, \$87,086, rate of 5.55%, beginning A/D balance, \$2,417. Plant per utility, \$32,000, rate of 5.56%, A/D balance @12/31/01, \$1,778. | 5,336 | 7,967 | 13,303 |
| 374 | Reuse Dist Reser. | Plant per audit, \$137,119, rate of 3.03%, beginning A/D balance, \$2,078. Plant per utility, \$0 | 0 | 11,427 | 11,427 |
| 375 | Reuse Trans. & Dist. System | Plant per audit, \$222,289, rate of 2.63%, beginning A/D balance, \$2,925. Plant per utility, \$0 | 0 | 16,087 | 16,087 |

Wastewater - Accumulated Depreciation (A/D) Adjustments as of October 16, 2003

| Acct No. | Account Name | Description | Bal. Per Utility as of 12/31/03 | Rec. Adjust | Bal. Per Audit as of 10/16/03 |
|----------|----------------------------|---|---------------------------------|-------------|-------------------------------|
| 380 | Treat & Disposal Equip. | Plant per audit, \$710,840, rate of 6.67%, beginning A/D balance, \$269,415. Plant per utility, \$650,837, rate of 3.13%, A/D balance @12/31/01, \$198,142. | \$238,099 | \$89,897 | \$327,996 |
| 381 | Plant Sewers | Plant per audit, \$41,413, rate of 3.13%, beginning A/D balance, \$424. Plant per utility, \$0. | 0 | 2,517 | 2,517 |
| 382 | Outfall Sewers Lines | Plant per audit, \$197,653, rate of 3.33%, beginning A/D balance, \$58,217. Plant per utility, \$299,673, rate of 2.5%, A/D balance @12/31/01, \$98,540. | 113,524 | (40,483) | 73,041 |
| 389 | Other Plant & Misc. Equip. | Plant per audit, \$12,210, rate of 6.67%, beginning A/D balance, \$3,800. Plant per utility, \$177,544, rate of 7.50%, A/D balance @12/31/01, \$25,342. | 50,456 | (44,910) | 5,546 |
| 394 | Lab. Equipment | Plant per audit, \$3,414, rate of 8.33%, beginning A/D balance, \$142. Plant per utility, \$0. | 0 | 782 | 782 |
| 395 | Power Operated Equipment | Plant per audit, \$22,733, rate of 10%, beginning A/D balance, \$12,225. Plant per utility, \$22,733, rate of 10%, A/D balance @12/31/01, \$25,299. | 29,845 | (12,505) | 17,340 |
| 398 | Other Tangible Plant | Plant per audit, \$2,977, rate of 10%, beginning A/D balance, \$2,977. Plant per utility, \$2,977, rate of 10%, A/D balance @12/31/01, \$2,977. | 3,573 | (596) | 2,977 |
| Total: | | | \$767,930 | \$11,362 | \$779,292 |

Notes:

The per audit amount includes the use of ½ year convention. The utility does not include ½ year convention.

Commission's rule rate used by audit staff on all of the above calculations See Schedule D - Exception No. 2 for further details.

Some differences are due to rounding.

Exception No. 4

Subject: CIAC and Accumulated Amortization

Statement of Fact: Per the utility's 2003 Annual Report, the amount of CIAC for water is \$109,085 and wastewater is \$450,156 as of December 31, 2003.

Per the utility's 2003 Annual Report, the amount of CIAC accumulated amortization for water is \$58,614, and wastewater is \$145,243 as of December 31, 2003.

Rate base was established for the utility as of July 31, 2001, in Commission Order No. PSC-02-1111-PAA-WS, issued August 13, 2002.

Recommendation: The audit staff determined water CIAC to be \$114,919 and wastewater to be \$465,735 as of October 16, 2003. The Commission should increase water CIAC by \$5,834 (\$109,085 - \$114,919) and increase the wastewater CIAC by \$15,579 (\$450,156 - \$465,735). See attached Schedules A through D as follows for further details.

The audit staff determined water accumulated amortization to be \$59,555 and wastewater to be \$179,472 as of October 16, 2003. The Commission should increase water accumulated amortization by \$941 (\$59,555 - \$58,614) and increase the wastewater accumulated amortization by \$34,229 (\$179,472 - \$145,243). The audit staff used a composite rate computed each year for amortization purposes. See Schedules E and F as follows for further details.

The transfer date of the utility was October 16, 2003, but it does not close its books monthly. The audit staff adjustments are as of October 16, 2003. The utility's books are as of December 31, 2003.

Schedule A - Exception No. 4

Water CIAC

| Date | Balance Per Utility | Recommended Adjustment | Balance Per Order | Comments |
|--|---------------------------|---------------------------|-------------------------|--|
| Balance as of 07/31/01 | | | \$92,909 | Balance per Order. Utility does not close its book monthly. |
| | Per Utility | | Per Audit | |
| 2001 Additions | \$3,230 | (\$2,720) | \$510 | See Schedule C. |
| Balance as of 12/31/01 | \$92,739 | \$680 | \$93,419 | |
| 2002 Additions | \$6,650 | (\$2,050) | \$4,600 | See Schedule C. |
| 2003 Additions | \$9,696 | \$7,204 | \$16,900 | See Schedule C. |
| 2003 Balance Per audit as of 10/16/03. Per utility as of 12/31/03 | \$109,085 | \$5,834 | \$114,919 | |

Schedule B - Exception No. 4

Wastewater CIAC

| Date | Balance Per Utility | Recommended Adjustment | Balance Per Order | Comments |
|--|---------------------------|---------------------------|-------------------------|---|
| Balance As of 07/31/01 | | | \$426,748 | Balance per Order. Utility does not close its book monthly. |
| | Per Utility | | Per Audit | |
| 2001 Additions | \$34,867 | (\$29,362) | \$5,505 | See Schedule D. |
| Balance as of 12/31/01 | \$424,913 | \$7,340 | \$432,253 | |
| 2002 Additions | \$21,779 | \$3,050 | \$24,829 | See Schedule D. |
| 2003 Additions | \$3,464 | \$5,189 | \$8,653 | See Schedule D. |
| 2003 Balance Per audit as of 10/16/03. Per Utility as of 12/31/03 | \$450,156 | \$15,579 | \$465,735 | Utility does not close its books monthly. |

Schedule C for Exception No. 4
 Water - CIAC Additions

| Date | Amount Per Sales Agreements | Comments |
|--------------|--------------------------------|-----------------------------|
| 06/30/01 | \$170 | Not included in prior audit |
| 10/17/01 | 170 | |
| 10/29/01 | 170 | |
| Total - 2001 | 510 | |
| 01/15/02 | 170 | |
| 02/16/02 | 170 | |
| 03/07/02 | 170 | |
| 05/22/02 | 170 | |
| 07/07/02 | 170 | |
| 07/10/02 | 170 | |
| 08/22/02 | 170 | |
| 08/27/02 | 170 | |
| 10/03/02 | 170 | |
| 10/05/02 | 170 | |
| 10/08/02 | 2,390 | |
| 10/15/02 | 170 | |
| 10/28/02 | 170 | |
| 11/05/02 | 170 | |
| Total - 2002 | \$4,600 | |
| Unknown | \$2,390 | |
| 03/16/03 | 2,390 | |
| 03/22/03 | 2,390 | |
| 03/31/03 | 2,390 | |
| 04/23/03 | 2,390 | |
| 04/29/03 | 2,390 | |
| 06/25/03 | 2,390 | |
| 10/03/03 | 170 | |
| Total - 2003 | \$16,900 | |
| Grand Total: | \$22,010 | |

Schedule D - Exception No. 4

Wastewater - CIAC Additions

| | Date | Amount Per Sales Agreements | Comments |
|--|--------------|-----------------------------------|-----------------------------|
| | 06/30/01 | \$1,835 | Not included in prior audit |
| | 10/17/01 | 1,835 | |
| | 10/29/01 | 1,835 | |
| | Total - 2001 | 5,505 | |
| | 01/15/02 | 1,835 | |
| | 02/16/02 | 1,835 | |
| | 03/07/02 | 1,835 | |
| | 05/22/02 | 1,835 | |
| | 07/07/02 | 1,835 | |
| | 07/10/02 | 1,835 | |
| | 08/22/02 | 1,835 | |
| | 08/27/02 | 1,835 | |
| | 10/03/02 | 1,835 | |
| | 10/05/02 | 1,835 | |
| | 10/08/02 | 974 | |
| | 10/15/02 | 1,835 | |
| | 10/28/02 | 1,835 | |
| | 11/05/02 | 1,835 | |
| | Total - 2002 | \$24,829 | |
| | Unknown | \$974 | |
| | 03/16/03 | 974 | |
| | 03/22/03 | 974 | |
| | 03/31/03 | 974 | |
| | 04/23/03 | 974 | |
| | 04/29/03 | 974 | |
| | 06/25/03 | 974 | |
| | 10/03/03 | 1,835 | |
| | Total - 2003 | \$8,653 | |
| | Grand Total: | \$38,987 | |

Schedule E - Exception No. 4

Water CIAC Accumulated Amortization

| Date | Balance Per Utility | Recommended Adjustment | Balance Per Order | Comments |
|--|---------------------------|---------------------------|-------------------------|--|
| Balance as of 07/31/01 | | | \$51,829 | Balance per Order. Utility does not close its book monthly. |
| | Per Utility | | Per Audit | |
| 2001 Additions | \$2,898 | (\$1,749) | \$1,149 | Composite rate of 1.23% |
| Balance as of 12/31/01 | \$52,344 | \$634 | \$52,978 | |
| 2002 Additions | \$3,007 | \$306 | \$3,313 | Composite rate of 3.38% |
| 2003 Additions | \$3,263 | \$1 | \$3,264 | Composite rate of 2.84% |
| 2003 Balance Per audit as of 10/16/03. Per utility as of 12/31/03 | \$58,614 | \$941 | \$59,555 | |

It is unknown what amortization rate is used by the utility. The audit staff computed a composite rate each year.

Schedule F - Exception No. 4

Wastewater CIAC Accumulated Amortization

| Date | Balance Per Utility | Recommended Adjustment | Balance Per Order | Comments |
|--|---------------------------|---------------------------|-------------------------|---|
| Balance As of 07/31/01 | | | \$137,223 | Balance per Order. Utility does not close its book monthly. |
| | Per Utility | | Per Audit | |
| 2001 Additions | \$10,623 | (\$3,318) | \$7,305 | Composite rate of 1.69% |
| Balance as of 12/31/01 | \$123,137 | \$21,391 | \$144,528 | |
| 2002 Additions | \$10,895 | \$8,074 | \$18,969 | Composite rate of 4.15% |
| 2003 Additions | \$11,211 | \$4,764 | \$15,975 | Composite rate of 3.43% |
| 2003 Balance Per audit as of 10/16/03. Per Utility as of 12/31/03 | \$145,243 | \$34,229 | \$179,472 | Utility does not close its books monthly. |

It is unknown what amortization rate is used by the utility. The audit staff computed a composite rate each year.

Exception No. 5

Subject: Customer Billing

Statement of Fact: The utility did not charge the clubhouse and office for water and wastewater service prior to March 2004.

Per Florida Statutes 367.081(1), “. . . a utility may only charge rates and charges that have been approved by the Commission.”

Per Commission Order No. 11241-A, issued November 15, 1982, “We find the practice of providing free water to be discriminatory, and we hereby require the utility to perform meter readings and charge these customers, consistent with this opinion, for all water consumption.”

Recommendation: Water consumption, revenues and regulatory assessment fees (RAFs) for the clubhouse and office for 2002 and 2003 if charges had been made are reflected on Schedules A and B as follows.

The audit staff defers to the Tallahassee analyst for final disposition of this matter.

Schedule A - Exception 5

| Date | Reading | Water | | Base Facility Charge | Wastewater | | Total Water & Wastewater |
|--------------------|-----------|-----------------|----------|----------------------------|------------|----------------------------|--------------------------------|
| | | Gallons Used | Amount | | Amount | Base Facility Charge | |
| CLUBHOUSE 2" Meter | | | | | | | |
| 01/23/2002 | 1,431,000 | | | | | | |
| 02/25/2002 | 1,475,300 | 44,300 | \$23.92 | | | | \$23.92 |
| 03/25/2002 | 1,543,900 | 68,600 | 37.04 | | | | 37.04 |
| 04/25/2002 | 1,605,600 | 61,700 | 33.32 | | | | 33.32 |
| 05/23/2002 | 1,726,000 | 120,400 | 65.02 | | | | 65.02 |
| 06/24/2002 | 1,873,000 | 147,000 | 79.38 | | | | 79.38 |
| 07/25/2002 | 1,912,400 | 39,400 | 21.28 | | | | 21.28 |
| 08/27/2002 | 1,952,100 | 39,700 | 21.44 | | | | 21.44 |
| 09/30/2002 | 1,991,400 | 39,300 | 21.22 | | | | 21.22 |
| 10/30/2002 | 2,085,400 | 94,000 | 216.20 | 76.56 | 429.58 | 85.95 | 808.29 |
| 11/27/2002 | 2,062,900 | (22,500) | (51.75) | 76.56 | (102.83) | 85.95 | 7.94 |
| 12/30/2002 | 2,088,500 | 25,600 | 58.88 | 76.56 | 116.99 | 85.95 | 338.38 |
| 01/30/2003 | 2,125,300 | 36,800 | 84.64 | 76.56 | 168.18 | 85.95 | 415.33 |
| | | | | | | Total: | \$1,872.55 |
| | | | | | | RAF Percentage | 4.50% |
| | | | | | | RAF Charge 2002 | \$84.26 |
| 02/27/2003 | 2,200,400 | 75,100 | \$172.73 | \$76.56 | \$343.21 | \$85.95 | \$678.45 |
| 03/28/2003 | 2,280,000 | 79,600 | 183.08 | 76.56 | 363.77 | 85.95 | 709.36 |
| 04/03/2003 | 2,369,700 | 89,700 | 206.31 | 76.56 | 409.93 | 85.95 | 778.75 |
| 05/30/2003 | 2,482,600 | 112,900 | 259.67 | 76.56 | 515.95 | 85.95 | 938.13 |
| 06/30/2003 | 2,550,000 | 67,400 | 155.02 | 76.56 | 308.02 | 85.95 | 625.55 |
| 07/08/2003 | 2,621,600 | 71,600 | 164.68 | 76.56 | 327.21 | 85.95 | 654.40 |
| 08/28/2003 | 2,682,600 | 61,000 | 140.30 | 76.56 | 278.77 | 85.95 | 581.58 |
| 09/29/2003 | 2,754,600 | 72,000 | 165.60 | 76.56 | 329.04 | 85.95 | 657.15 |
| 10/28/2003 | 2,811,600 | 57,000 | 131.10 | 76.56 | 260.49 | 85.95 | 554.10 |
| 11/25/2003 | 2,875,100 | 63,500 | 146.05 | 76.56 | 290.20 | 85.95 | 598.76 |
| 12/31/2003 | 2,931,900 | 56,800 | 130.64 | 76.56 | 259.58 | 85.95 | 552.73 |
| 01/27/2004 | 2,975,500 | 43,600 | 100.28 | 76.56 | 199.25 | 85.95 | 462.04 |
| | | | | | | Total: | \$7,790.99 |
| | | | | | | RAF Percentage | 4.50% |
| | | | | | | RAF Charge 2003 | \$350.59 |

Schedule B - Exception 5

| Date | Reading | Water | | Wastewater | | Total Water & Wastewater |
|--|---------|-----------------|--------|----------------------------|--------|--------------------------------|
| | | Gallons Used | Amount | Base Facility Charge | Amount | |
| OFFICE 1" Meter | | | | | | |
| 01/23/2002 | 232,430 | | | | | |
| 02/25/2002 | 234,450 | 2,020 | \$1.09 | | | \$1.09 |
| 03/25/2002 | 236,710 | 2,260 | 1.22 | | | 1.22 |
| 04/25/2002 | 238,980 | 2,270 | 1.23 | | | 1.23 |
| 05/23/2002 | 240,830 | 1,850 | 1.00 | | | 1.00 |
| 06/24/2002 | 242,880 | 2,050 | 1.11 | | | 1.11 |
| 07/25/2002 | 245,160 | 2,280 | 1.23 | | | 1.23 |
| 08/27/2002 | 247,370 | 2,210 | 1.19 | | | 1.19 |
| 09/30/2002 | 249,710 | 2,340 | 1.26 | | | 1.26 |
| 10/30/2002 | 251,470 | 1,760 | 4.05 | 23.93 | 8.04 | 26.86 |
| 11/27/2002 | 253,210 | 1,740 | 4.00 | 23.93 | 7.95 | 26.86 |
| 12/30/2002 | 254,620 | 1,410 | 3.24 | 23.93 | 6.44 | 26.86 |
| 01/30/2003 | 256,550 | 1,930 | 4.44 | 23.93 | 8.82 | 26.86 |
| | | | | | | Total: |
| | | | | | | \$259.48 |
| | | | | | | RAF Percentage |
| | | | | | | 4.50% |
| | | | | | | RAF Charge 2002 |
| | | | | | | \$11.68 |
| 02/27/2003 | 258,420 | 1,870 | \$4.30 | \$23.93 | \$8.55 | \$26.86 |
| 03/28/2003 | 260,450 | 2,030 | 4.67 | 23.93 | 9.28 | 26.86 |
| 04/03/2003 | 262,450 | 2,000 | 4.60 | 23.93 | 9.14 | 26.86 |
| 05/30/2003 | 264,480 | 2,030 | 4.67 | 23.93 | 9.28 | 26.86 |
| 06/30/2003 | 265,980 | 1,500 | 3.45 | 23.93 | 6.86 | 26.86 |
| 07/08/2003 | 267,930 | 1,950 | 4.49 | 23.93 | 8.91 | 26.86 |
| 08/28/2003 | 275,310 | 7,380 | 16.97 | 23.93 | 33.73 | 26.86 |
| 09/29/2003 | 277,090 | 1,780 | 4.09 | 23.93 | 8.13 | 26.86 |
| 10/28/2003 | 279,410 | 2,320 | 5.34 | 23.93 | 10.60 | 26.86 |
| 11/25/2003 | 281,480 | 2,070 | 4.76 | 23.93 | 9.46 | 26.86 |
| 12/31/2003 | 283,600 | 2,120 | 4.88 | 23.93 | 9.69 | 26.86 |
| 01/27/2004 | 285,540 | 1,940 | 4.46 | 23.93 | 8.87 | 26.86 |
| | | | | | | Total: |
| | | | | | | \$808.64 |
| | | | | | | RAF Percentage |
| | | | | | | 4.50% |
| | | | | | | RAF Charge 2003 |
| | | | | | | \$36.39 |
| Grand Total - 2002 to 2003 - Office and Clubhouse RAFs | | | | | | \$482.92 |

EXHIBIT I

**CWS COMMUNITIES LP
D/B/A PALM VALLEY
WATER RATE BASE
DOCKET NO. 030998-WS
AS OF OCTOBER 16, 2003**

| DESCRIPTION | PER UTILITY AS OF 12/31/03 | AUDIT EXCEPTION | REFER TO | PER AUDIT AS OF 10/16/03 |
|---|----------------------------------|--------------------|-------------|--------------------------------|
| UTILITY PLANT-IN-SERVICE | \$1,179,637 | (\$189,854) | E2 | \$989,783 |
| LAND | \$2,433 | \$0 | | \$2,433 |
| ACCUMULATED DEPRECIATION | (379,730) | 226,091 | E3 | (153,639) |
| CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC) | (109,085) | (5,834) | E4 | (114,919) |
| ACCUMULATED AMORTIZATION OF CIAC | 58,614 | 941 | E4 | 59,555 |
| TOTAL | \$751,869 | \$31,344 | | \$783,213 |

EXHIBIT II**CWS COMMUNITIES LP
D/B/A PALM VALLEY
WASTEWATER RATE BASE
DOCKET NO. 030998-WS
AS OF OCTOBER 16, 2003**

| DESCRIPTION | PER UTILITY AS OF 12/31/03 | AUDIT EXCEPTION | REFER TO | PER AUDIT AS OF 10/16/03 |
|---|----------------------------------|--------------------|-------------|--------------------------------|
| UTILITY PLANT-IN-SERVICE | \$2,304,081 | \$56,912 | E2 | \$2,360,993 |
| LAND | 96,409 | 0 | | 96,409 |
| ACCUMULATED DEPRECIATION | (767,930) | (11,362) | E3 | (779,292) |
| CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC) | (450,156) | (15,579) | E4 | (465,735) |
| ACCUMULATED AMORTIZATION OF CIAC | 145,243 | 34,229 | E4 | 179,472 |
| TOTAL | \$1,327,647 | \$64,200 | | \$1,391,847 |

ORIGINAL
STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR



RECEIVED FPSC
TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900
05 MAY 23 PM 3:40

COMMISSION
CLERK

Public Service Commission

May 20, 2005

Kathryn G. W. Cowdery, Attorney
Ruden, McClosky, Smith, Schuster & Russell, P.A.
215 South Monroe Street, Suite 815
Tallahassee, Florida 32301

Re: Docket No. 030998-WS, Joint application for transfer of majority organizational control of Chateau Communities, Inc., grandparent of Del Tura Phase I, LLC d/b/a Del Tura Utilities, holder of Certificate No. 298-S in Lee County; CWS Communities LP d/b/a Palm Valley Utilities, holder of Certificate Nos. 277-W and 223-S in Seminole County; and CWS Communities LP, holder of Certificate No. . 518-W in Lake County, to Hometown America, L.L.C.

Re: Docket No. 040765-WS, Application for name change on Certificate Nos. 223-S and 277-W in Seminole County from CWS Communities LP d/b/a Palm Valley to CWS Communities LP d/b/a Palm Valley Utilities.

Re: Docket No 041418-WS, Application for deletions and amendments to portions of service territory in Seminole County by CWS Communities LP d/b/a Palm Valley Utilities, holder of Certificates 277-W and 223-S.

Dear Ms. Cowdery:

CMP _____ Enclosed please find Certificate Nos. 277-W and 223-S, which have been updated to
COM _____ reflect the Commission's findings in Docket Nos. 030998-WS (transfer of majority
organizational control), 040765-WS (name change), and 041418-WS (territory amendment). If
CTR _____ you have any questions, please call Mr. Stanley Rieger at (850) 413-6970.

ECR _____

GCL _____

OPC _____

MMS _____

RCA _____

SCR _____ PD/sr

SEC | cc:

OTH _____

Sincerely,

Patti Daniel
Supervisor of Certification Specialist

cc: Division of Office of the General Counsel (Vining, Brown, Jaeger)
Division of Commission Clerk & Administrative Services (Docket File, Security File)

DOCUMENT NUMBER - DATE
05005 MAY 23 05

FPSC-COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

277 - W

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

CWS COMMUNITIES LP d/b/a
PALM VALLEY UTILITIES

Whose principal address is:

3700 Palm Valley Circle
Oviedo, FL 32765-4904 (Seminole County)

to provide water service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

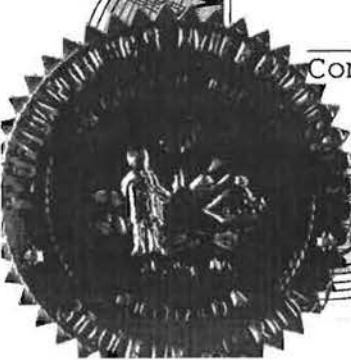
This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

| | | | |
|-------|--------------------|--------|-----------|
| ORDER | 7518 | DOCKET | 750660-WS |
| ORDER | 9626 | DOCKET | 790519-WS |
| ORDER | 12714 | DOCKET | 830530-WS |
| ORDER | 14480 | DOCKET | 850040-WS |
| ORDER | 16360 | DOCKET | 860583-WS |
| ORDER | 19149 | DOCKET | 880230-WS |
| ORDER | 19149-A | DOCKET | 880230-WS |
| ORDER | 23094 | DOCKET | 900166-WS |
| ORDER | PSC-00-1675-PAA-WS | DOCKET | 991984-WS |
| ORDER | PSC-00-2243-PAA-WS | DOCKET | 001138-WS |
| ORDER | PSC-02-1029-FOF-WS | DOCKET | 020122-WS |
| ORDER | PSC-04-1169-FOF-WS | DOCKET | 040765-WS |
| ORDER | PSC-05-0186-PAA-WS | DOCKET | 030998-WS |
| ORDER | PSC-05-0425-FOF-WS | DOCKET | 041418-WS |

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Helen S. Sayo

Commission Clerk and Administrative Services Director



FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

223 - S

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

CWS COMMUNITIES LP d/b/a
PALM VALLEY UTILITIES

Whose principal address is:

3700 Palm Valley Circle
Oviedo, FL 32765-4904 (Seminole County)

to provide wastewater service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

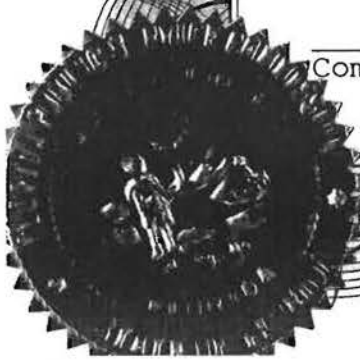
This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

| | | | |
|-------|--------------------|--------|-----------|
| ORDER | 7518 | DOCKET | 750660-WS |
| ORDER | 9626 | DOCKET | 790519-WS |
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| ORDER | PSC-05-0425-FOF-WS | DOCKET | 041418-WS |

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Dorcas S. Bayl

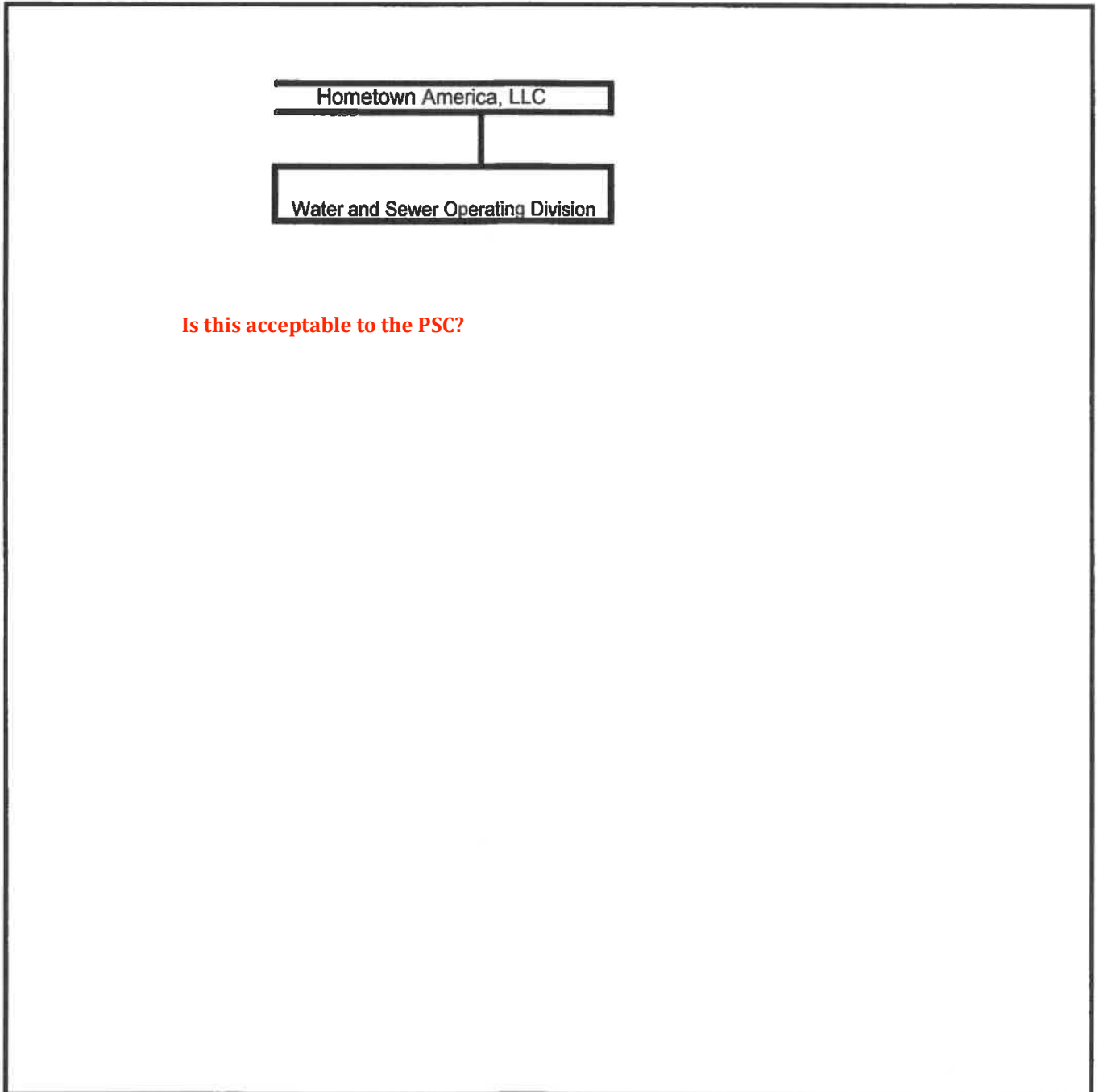
Commission Clerk and Administrative Services Director



PARENT / AFFILIATE ORGANIZATION CHART

Current as of 12/31/05

Complete below an organizational chart that shows all parents and subsidiaries of the utility. The chart must also show the relationship between the utility and the affiliates listed on E-7, E-10(a) and E-10(b).



Is this acceptable to the PSC?