

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: January 20, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Clapp, Romig)
Office of the General Counsel (Vining)

RE: Docket No. 030998-WS – Joint application for approval of 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.
Counties: Lake, Lee, and Seminole

AGENDA: 02/01/05 – Regular Agenda – Proposed Agency Action for Issue 2 – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030998.RCM.DOC

Case Background

CWS Communities LP d/b/a Palm Valley Utilities (Palm Valley) is a Class B utility serving approximately 715 water and 536 wastewater residential customers in Seminole County. This utility is located in the St. Johns River Water Management District (SJRWMD), all of which is considered a water use caution area. The utility was granted Certificate Nos. 277-W and 223-S in 1976.¹ Two transfers and a name change were subsequently approved.² Palm

¹ Certificates issued pursuant to Order No. 7518, issued November 22, 1976, in Docket No. 750660-WS, In Re: Application of ECO-SAN, Inc., for certificates to operate a water and sewer utility in Seminole County, Florida. Section 367.171, Florida Statutes.

² The two transfers were approved pursuant to Order No. PSC-00-1675-PAA-WS, issued September 19, 2000, in Docket No. 991984-WS, In re: Application for transfer of Certificates Nos. 277-W and 223-S in Seminole County

Valley's 2003 annual report lists total gross revenues of \$48,647 for water and \$59,148 for wastewater with net losses of \$65,790 and \$177,322, respectively.

CWS Communities LP (CWS) is a Class C utility serving approximately 275 residential water customers in Lake County. This location is also in the St. Johns River Water Management District (SJRWMD). The utility was granted Certificate Nos. 518-W and 451-S in 1989.³ After the wastewater system was interconnected with the City of Eustis, the utility was found to be an exempt wastewater reseller, and Certificate No. 451-S was cancelled in 1996.⁴ CWS has been transferred twice.⁵ The utility's 2003 annual report lists total gross revenues of \$17,575 and a net loss of \$17,115.

Del Tura Phase I, LLC d/b/a Del Tura Utilities (Del Tura) is a Class B utility serving approximately 1,181 residential wastewater customers in Lee County. This utility is located in the South Florida Water Management District. Water service is provided by Lee County. Del Tura was granted Certificate No. 298-S in 1981.⁶ A transfer and two name changes have subsequently been approved.⁷ Del Tura's 2003 annual report lists total gross revenues of \$283,224 with a net operating loss of \$112,685.

from Alafaya Palm Valley Associates, Ltd. to CWS Communities LP d/b/a Palm Valley and pursuant to Order No. PSC-02-1029-FOF-WS, issued July 29, 2002, in Docket No. 020122, In re: Request for approval of transfer of majority organizational control of CWS Communities LP d/b/a Palm Valley, holder of Certificate Nos. 277-W and 223-S in Seminole County, from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership. A name change was approved pursuant to Order No. PSC-04-1169-FOF-SU, issued on November 23, 2004, in Docket No. 040765-WS, In re: 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.

³ Certificates issued pursuant to Order No. 21342, issued June 6, 1989, in Docket No. 880936-WS, In Re: Application of Century Realty Funds, Inc. and Haselton Associates, Ltd. d/b/a Route 19A North Joint Venture for water and sewer certificates in Lake County, Florida.

⁴ Certificate cancelled pursuant to Order No. PSC-96-1470-FOF-SU, issued December 3, 1996, in Docket No. 961146-SU, In Re: Request for change in regulatory status and cancellation of Certificate No. 451-S in Lake County by Route 19A North Joint Venture (Century Realty Funds/Haselton Associates).

⁵ The two transfers were approved pursuant to Order No. PSC-01-0425-PAA-WU, issued February 22, 2001, in Docket No. 001083-WU, In re: Application for transfer of Certificate No. 518-W in Lake County from Century Realty Funds, Inc. and Haselton Associates, Ltd. d/b/a Route 19A North Joint Venture to CWS Communities LP and pursuant to Order No. PSC-02-1028-FOF-WU, issued July 29, 2002, in Docket No. 020102, In re: Request for approval of transfer of majority organizational control of CWS Communities LP, holder of Certificate No. 518-W in Lake County, from CWS Communities Trust to CP Limited Partnership, known in Florida as Chateau Communities Limited Partnership.

⁶ Certificate issued pursuant to Order No. 10310, issued September 28, 1981, in Docket No. 810322-S, In Re: Application of North Trail Utilities for a certificate to provide sewer service in Lee County, Florida, pursuant to Section 367.041, Florida Statutes.

⁷ The transfer was approved pursuant to Order No. PSC-96-0770-FOF-SU, issued June 17, 1996, in Docket No. 950781-SU, In re: Application for transfer of majority organizational control of Sun Coast Investment Group, Ltd. and change of name on Certificate No. 298-S from North Trail Utilities to Chateau Communities, Inc. in Lee County. A subsequent name change was approved pursuant to Order No. PSC-03-1136-FOF-SU, issued October 10, 2003, in Docket No. 030749-SU, In re: Application for name change on Certificate No. 298-S in Lee County from Chateau Communities, Inc. to Del Tura Phase I, LLC. The recent name change was approved pursuant to Order No. PSC-04-1161-FOF-SU, issued on November 22, 2004, in Docket No. 040552-SU, In re: Application for name change on Certificate No. 298-S in Lee County from Del Tura Phase I, LLC to Del Tura Phase I, LLC d/b/a Del Tura Utilities.

Docket No. 030998-WS

Date: January 20, 2005

Chateau Communities, Inc. (Chateau), is the grandparent company of the above utilities and CWS Communities LP d/b/a Crystal River (Crystal River). These utilities provide water and/or wastewater service within manufactured housing communities which Chateau also owns. The transfer of Crystal River will be addressed in Docket No. 041394-WS.

On October 23, 2003, Chateau and Hometown America, L.L.C. (Hometown), submitted a joint application for the approval of the transfer of majority organizational control of Palm Valley, CWS and Del Tura as a result of the transfer and merger of Chateau with Hometown Communities, L.L.C. (Communities), a wholly-owned subsidiary of Hometown.

The transfer of majority organizational control of Palm Valley, CWS, and Del Tura (the three utilities) is part of a larger \$2.2 billion merger/acquisition transaction. On May 29, 2003, Chateau, ROC Communities, Inc., CP Limited Partnership, Hometown, and Hometown America Holdings, L.L.C., a Delaware limited liability company and a member of Hometown, entered into an Agreement and Plan of Merger, pursuant to which Chateau merged with and into Communities with Communities being the surviving entity. Communities is registered in Florida as Hometown Communities, Limited Partnership. CWS Communities LP and Del Tura Phase I, LLC will survive the merger.

This docket addresses the transfer of majority organizational control and merger of the grandparent of the three utilities. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes.

Discussion of Issues

Issue 1: Should the application for transfer of majority organizational control be approved?

Recommendation: Yes, the application for transfer of majority organizational control of Palm Valley, CWS and Del Tura as a result of the merger of Chateau Communities, Inc. with Hometown America, LLC, is in the public interest and should be approved as of October 16, 2003. Palm Valley, CWS, and Del Tura should remain responsible for all regulatory assessment fees and annual reports for 2004 and the future. Descriptions of the territory being transferred are appended to this recommendation as Attachments A, B and C. (Clapp, Romig, Vining)

Staff Analysis: Pursuant to Section 367.071, Florida Statutes, on October 23, 2003, Chateau and Hometown applied for a transfer of majority organizational control of Palm Valley, CWS and Del Tura as a result of the merger of Chateau Communities, Inc. with Hometown. As stated in the case background, the agreement was executed on May 29, 2003. The closing occurred on October 16, 2003. Pursuant to the Agreement as to Transfer of Florida Public Service Commission Certificated Utilities, the transfer of majority organizational control/merger as it relates to the utilities, was made contingent upon Commission approval.

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, pertaining to an application for transfer of majority organizational control. Descriptions of the territory granted to Certificate Nos. 277-W, 223-S, 518-W, and 298-S are appended to this memorandum as Attachments A, B, and C.

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. No objections to the application were received, and the time for the filing of such objections has expired.

Pursuant to Rule 25-30.037(3)(i), Florida Administrative Code, the application is to contain a copy of the recorded warranty deed as evidence that the utility owns the land upon which the utility facilities are located. Staff verified that the land is owned by each of the subject utilities.

The three utilities are current on annual reports and RAFs through 2003. Palm Valley, CWS, and Del Tura will continue to be responsible for filing the annual report and RAFs for 2004 and future years.

Pursuant to Rule 25-30.037(3)(h), Florida Administrative Code, the application contained a statement that the buyer performed a reasonable investigation of the utility systems. Staff has confirmed with the Florida Department of Environmental Protection (DEP) that the utilities' water and/or wastewater systems are currently in environmental compliance with respect to DEP standards. The Del Tura wastewater system is currently in compliance with DEP. However, DEP has noted high seasonal flows that will be addressed during the annual inspection.

Pursuant to Rule 25-30.037(3)(f), Florida Administrative Code, the application contained a statement of how the transfer is in the public interest including a summary of Hometown's experience in water and wastewater operations and a showing of its financial ability to provide

service. According to the applicants, the transfer is in the public interest because it should be transparent to the customers, who will continue to receive the same quality service to which they are accustomed.

According to the application, Hometown subsidiaries also operate three facilities in Florida that are not under this Commission's jurisdiction. None of the utilities charge for service. In addition, Hometown has subsidiaries that operate water and/or wastewater systems in Texas, Iowa, Michigan, and Pennsylvania, including some that are regulated.

The utilities will be retaining the local management teams that have operated the water and wastewater utilities for more than ten years, including the utility director. The utilities are staffed with licensed and trained personnel. Hometown is committed to providing safe and reliable water and wastewater service to its residents and customers.

The utilities will continue to have the financial ability to provide service. According to the application, Hometown will provide funding to the utilities as needed. The 2003 annual report for Hometown indicates that the company's total assets exceed \$2.8 billion. In addition, Hometown provided a statement that it will fulfill all of the utilities' commitments, obligations, and representations with regard to utility matters.

Based on all of the above, staff recommends that the application for transfer of majority organizational control of Palm Valley, CWS, and Del Tura, as a result of the merger of Chateau Communities, Inc. with Hometown America, LLC, is in the public interest and should be approved as of October 16, 2003. Palm Valley, CWS, and Del Tura should remain responsible for all regulatory assessment fees and annual reports for 2004 and the future. Descriptions of the territory being transferred are appended to this recommendation as Attachments A, B and C.

Issue 2: What is the rate base of Palm Valley, CWS, and Del Tura at the time of transfer?

Recommendation: The rate base, which for transfer purposes reflects the net book value at the time of transfer, is \$820,485 and \$1,422,831 for the Palm Valley water and wastewater systems, respectively. Rate base for transfer purposes should not be established for CWS or Del Tura at this time. Within 60 days of the date of the proposed agency action order, Hometown should provide a statement indicating that Palm Valley's books have been adjusted to reflect the Commission approved rate base balances as of October 16, 2003. (Clapp, Vining)

Staff Analysis: According to the staff audit, none of the utilities were maintaining their books and records in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Pursuant to Rule 25-30.115(1), Florida Administrative Code, all water and wastewater utilities are to maintain their accounts and records in conformity with the NARUC USOA. Since the three utilities did not keep their books on a monthly basis, staff was unable to determine the utilities' account balances as of the transfer date of October 16, 2003. Therefore, the utility balances as of December 31, 2003, were used with adjustments identified to return the balances to the transfer date of October 16, 2003.

Two representatives of the utilities met with audit staff in July, 2004 regarding the accounting requirements. Information collected at this meeting was forwarded to the Hometown America Corporate accounting section. Staff has confirmed that the utilities have now set up general ledgers based on the NARUC USOA. These accounts are being maintained on a monthly basis and copies of the books and records are being maintained in Florida.

CWS

Rate base has never been set for CWS.⁸ CWS was put on notice that an original cost study may be required when the utility files a rate petition if the utility cannot provide the original cost documentation. The CWS 2003 annual report reflects a rate base of \$78,486 for the water system as of December 31, 2003.

The utility's records were commingled with those of the parent company and it was unable to provide records or tax returns to substantiate the balances reported in its annual report. Hometown provided a statement that it will perform an original cost study to support the investment in plant and lines prior to any application for a rate increase.

The Commission is not required to set rate base in transfer of majority organizational control dockets. Therefore, staff recommends that rate base for transfer purposes not be established for CWS at this time.

⁸ Pursuant to Order No. PSC-01-0425-PAA-WU, issued February 22, 2001, in Docket No. 001083-WU, In re: Application for transfer of Certificate No. 518-W in Lake County from Century Realty Funds, Inc. and Haselton Associates, Ltd. d/b/a Route 19A North Joint Venture to CWS Communities LP, the Commission found that rate base could not be established at this time since the Commission staff was unable to obtain sufficient information to determine the utility's rate base at the time of transfer.

Del Tura

Rate base was last set for the Del Tura system as of October 31, 1994.⁹ According to the utility's records, the proposed rate base as of December 31, 2003, is \$977,270.

The staff audit indicated that the utility had many problems with its books and records. For example, the utility failed to record rate base adjustments pursuant to Order No. PSC-96-0770-FOF-SU, in Docket No. 950781-SU. In addition, the utility was unable to provide supporting documentation for plant additions since 1994 and the utility was not using the depreciation guideline rates pursuant to Rule 25-30.140, Florida Administrative Code. The utility requested the Commission's permission to research the problems and make the necessary corrections in its and the parent's books and records.

The Commission is not required to set rate base in transfer of majority organizational control dockets. Therefore, staff recommends that rate base for transfer purposes not be established for Del Tura at this time.

Palm Valley

Rate base was previously set for Palm Valley as of July 31, 2003.¹⁰ According to the utility's records, the proposed rate base at the time of transfer is based on Palm Valley's financial statement of December 31, 2003, which reflects \$801,962 for the water system and \$1,586,294 for the wastewater system. The utility's proposed rate base and staff's recommended adjustments are shown on Schedule Nos. 1 and 2.

Utility-Plant-in-Service (UPIS). Palm Valley's December 31, 2003, books and records included total depreciable UPIS of \$1,229,730 and \$2,562,728 for water and wastewater, respectively. The utility did not provide supporting documentation for some of its plant additions and did not retire some of its plant correctly. Staff recommends that water UPIS should be reduced by \$199,955, to reflect \$37,500 in retirements and \$162,455 in disallowed plant additions. Wastewater UPIS should be reduced by \$159,485, to reflect \$63,922 in plant retirements and \$95,563 in disallowed plant additions. As a result, the verified UPIS balances as of October 16, 2003, are \$1,029,775 and \$2,403,243 for water and wastewater, respectively.

Land. The utility's books and records included land values of \$2,433 and \$96,409 for water and wastewater, respectively, as established in its last rate case. No additions or deletions to the land accounts were noted. Therefore, staff recommends the land balances for the Palm Valley system as of October 16, 2003 should be \$2,433 and \$96,409 for water and wastewater, respectively.

Accumulated Depreciation. Palm Valley's books and records included total accumulated depreciation of \$379,730 and \$767,930 for water and wastewater, respectively. The

⁹ Rate base was last set Pursuant to Order No. PSC-96-0770-FOF-SU, issued June 17, 1996, in Docket No. 950781-SU, In Re: Application for transfer of majority organizational control of Sun Coast Investment Group, Ltd. And change of name on Certificate No. 298-S from North Trail Utilities to Chateau Communities, Inc. in Lee County.

¹⁰ Rate base was set pursuant to Order No. PSC-02-1111-PAA-WS, issued August 13, 2002, in Docket No. 010823-WS, In re: Application for staff-assisted rate case in Seminole County by CWS Communities LP d/b/a Palm Valley.

utility did not reconcile accumulated depreciation to its last rate case and did not retire some of its plant. Staff recommends that water depreciation should be reduced by \$223,371 to reflect \$30,109 for depreciation for January through October 16, 2003, to record retirements, and to record the balance of the prior rate case adjustments. The wastewater depreciation should be increased by \$22,628 to reflect depreciation for January through October 16, 2003, to record retirements, and to adjust using the guideline depreciation rates in Rule 25-30.140, Florida Administrative Code. Therefore, staff recommends the accumulated depreciation balances for the Palm Valley system as of October 16, 2003, should be \$156,359 and \$790,558 for water and wastewater, respectively.

Contributions-In-Aid-of-Construction (CIAC). The utility had CIAC balances as of December 31, 2003, of \$109,085 for water and \$450,156 for wastewater. CIAC for new connections since the rate case of \$5,834 and \$15,579 for water and wastewater, respectively should be recorded. Therefore, staff recommends CIAC balances of \$114,919 and \$465,735 for water and wastewater, respectively, should be approved.

Accumulated Amortization of CIAC. The utility had accumulated amortization of CIAC balances as of December 31, 2003, of \$58,614 for water and \$145,243 for wastewater. Additional amortization of \$941 and \$2,688 for water and wastewater, respectively, should be recorded as a result of the recommended increases in CIAC. In addition, additional amortization of \$31,541 should be recorded for wastewater to reflect the correct amortization rate. Therefore staff recommends accumulated amortization balances as of October 16, 2003, to be \$59,555 and \$179,472 for water and wastewater, respectively.

Conclusion. Staff recommends that, as of October 16, 2003, rate base is \$820,485 and \$1,422,831 for the Palm Valley water and wastewater systems, respectively. Schedule No. 1 shows the calculation of the water and wastewater rate bases. Schedule No. 2 details staff's recommended adjustments. Schedule No. 3 shows staff's recommended account balances for UPIS and accumulated depreciation as of October 16, 2003. Staff notes that rate base for transfer purposes does not include the normal ratemaking adjustments for working capital or used and useful. Within 60 days of the date of the proposed agency action order, Hometown should provide a statement indicating that Palm Valley's books have been adjusted to reflect the Commission approved rate base balances as of October 16, 2003.

Issue 3: Should the rates and charges approved for Palm Valley, CWS, and Del Tura be continued?

Recommendation: Yes, the buyer should continue charging the rates and charges approved for Palm Valley, CWS, and Del Tura until authorized to change by the Commission in subsequent proceedings. The utilities should be reminded that all customers must be billed for service. The ownership changes did not affect the tariff issuing officers, therefore, revised tariff pages are not required. (Clapp)

Staff Analysis: Palm Valley's rates and charges, including service availability charges, for water and wastewater services were approved pursuant to Order No. PSC-02-1111-PAA-WS, issued August 13, 2002, in Docket No. 010823-WS, In re: Application for staff-assisted rate case in Seminole County by CWS Communities LP d/b/a Palm Valley. The utility's approved rates and charges are as found on Schedule No. 4.

CWS's rates and charges for water service were approved pursuant to Order No. 21342, in the original certificate application Docket No. 880936-WS. The utility's approved rates and charges are as found on Schedule No. 5.

Del Tura's rates and charges for wastewater service were last reviewed in a staff assisted rate case approved pursuant to Order No. 18132, issued September 8, 1987, in Docket No. 861643-SU, In re: Application of North Trail Utilities for a staff assisted rate case in Lee County. Del Tura's current rates became effective August 17, 1996, pursuant to a 1996 price index rate adjustment. The utility's approved rates and charges are as found on Schedule No. 6.

Rule 25-9.044(1), Florida Administrative Code, provides that in case of change of ownership or control of a utility which places the operation under a different or new utility the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company unless authorized to change by the Commission.

Communities has not requested a change in the rates and charges of the three utilities. Accordingly, staff recommends that, pursuant to Rule 25-9.044(1), Florida Administrative Code, Palm Valley, CWS, and Del Tura should continue charging the rates and charges approved for them until authorized to change by the Commission in subsequent proceedings. The ownership changes did not affect the tariff issuing officers, therefore, revised tariff pages are not required.

It should be noted that each of the utilities had customers that were not being billed for service. Each utility subsequently imputed the amount of unbilled revenue and Hometown submitted supplemental RAF payments through 2003. The utilities have provided a statement that billing modifications have been made to insure that all customers are billed for service. The utilities should be reminded that all customers must be billed for service.

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Issue 4: Should this docket be closed?

Recommendation: No. If no timely protest by a substantially affected person is received to the proposed agency action issue, a Consummating Order should be issued upon the expiration of the protest period. The docket should remain open until Hometown files a statement that the UPIS and depreciation balances provided in this recommendation have been booked for Palm Valley, then the docket should be administratively closed. (Vining)

Staff Analysis: If no timely protest by a substantially affected person is received to the proposed agency action issue, a Consummating Order should be issued upon the expiration of the protest period. The docket should remain open until Hometown files a statement that the UPIS and depreciation balances provided in this recommendation have been booked for Palm Valley, then the docket should be administratively closed.

CWS COMMUNITIES, LP D/B/A PALM VALLEY
Territory Description
Seminole County

Order No. 7518

In Township 21 South, Range 31 East, Seminole County
Sections 34 and 35

Portions of said Sections 34 and 35 known as Palm Valley Mobile Home Park and more particularly described as follows:

Lots 7 and 15 according to the plat thereof as recorded in Plat Book 11, Page 43, of the Public Records of Seminole County, Florida.

Order No. 9626

Township 21 South, Range 31 East
Section 24

Begin at the East 1/4 Corner of said Section 34, thence North 00 degrees 18 minutes 03 seconds East, a distance of 1333.33 feet; thence North 89 degrees 23 minutes 00 seconds West, a distance of 257.38 feet; thence South 00 degrees 18 minutes 03 seconds West, a distance of 228.21 feet, thence South 88 degrees 35 minutes 41 seconds West, a distance of 541.44 feet; thence South 00 degrees 18 minutes 03 seconds West, a distance of 720.49 feet to an iron pipe on the South right-of-way of park Road; said point being on a curve with a radius of 2625.65 feet, thence continue Easterly along said South right-of-way a distance of 334.71 feet to a concrete monument, said point being the point of curve of said curve; thence South 89 degrees 13 minutes 35 seconds East, a distance of 225.0 feet more or less to the Northeast corner of Lot 7 as recorded in Plat Book 11, page 43 of the Public Records of Seminole County, Florida, thence South 00 degrees 02 minutes, 08 seconds West, a distance of 1485.0 feet more or less; thence South 00 degrees 02 minutes 08 seconds West, a distance of 560.00 feet; thence South 89 degrees 37 minutes 00 seconds East a distance of 235 feet more or less to a point on the East boundary of said Section 34; thence North 00 degrees 18 minutes 03 seconds East, a distance of 1100 feet to the POINT OF BEGINNING.

ALSO

Beginning at a point on the East right-of-way line of Alafaya Trail 279.01 feet South of the South right-of-way line of Park Road running thence South 89 degrees 27 minutes 05 seconds East 613.86 feet to a point; thence North 00 degrees 03 minutes 18 seconds North 300.31 feet to a point on the South right-of-way line of Park Road; thence along the South right-of-way line of Park Road, following the arc of 1156.78 feet radius curve 315.38 feet to a point; thence continuing along said South right-of-way line of Park Road North 63 degrees 49 minutes

52 seconds East, a distance of 1152.76 feet to a point; thence South 00 degrees 02 minutes 08 seconds West, a distance of 1670 feet more or less to a point; thence North 89 degrees 37 minutes 00 seconds West, a distance of 670 feet to a point, thence North 00 degrees 02 minutes, 05 seconds East, a distance of 381.05 feet to a point; thence North 89 degrees, 27 minutes, 05 seconds West a distance of 1275.70 feet to the Westerly right-of-way line of Alafaya Trail; thence North along said right-of-way line North 00 degrees 03 minutes 18 seconds West, 350.02 feet to the POINT OF BEGINNING.

ALSO

Begin at the Southwest corner of Lot 19, Orlando Industrial Park, run West 00 degrees 02 minutes 08 seconds East, 921 feet; thence North 89 degrees 57 minutes 05 seconds East 105 feet, thence North 00 degrees 02 minutes 08 seconds East, 25 feet; thence North 63 degrees 04 minutes 52 seconds East, 807.00 feet; thence South 60 degrees 02 minutes 08 seconds West, 889.52 to the Northerly right-of-way of Park Road; thence South 63 degrees 49 minutes 53 seconds West along said right-of-way 935.93 feet to the POINT OF BEGINNING. Said parcel known as Fox Run Subdivision.

Section 35

Begin at the West 1/4 corner of said Section 35; thence North 00 degrees 18 minutes 03 seconds East, a distance of 1333.33 feet; thence South 89 degrees 34 minutes 49 seconds East, a distance of 332.63 feet; thence South 00 degrees 14 minutes 18 seconds West 1333.71 feet; thence South 00 degrees 30 minutes 22 seconds East 1087.76 feet; thence North 89 degrees 37 minutes 00 seconds West 340 feet more or less to a point on the West boundary line of said Section 35; thence North 00 degrees 18 minutes 03 seconds East, a distance of 1100 feet more or less to the POINT OF BEGINNING.

Order No. 12714

Township 21 South, Range 31 East

Section 34

From the South 1/4 corner of said Section 34, run South 89 degrees 37 minutes 00 seconds East a distance of 740 feet along the South line of said Section; thence North 00 degrees 02 minutes 08 seconds East a distance of 2040 feet more or less, along the East R-O-W line of Seminole Avenue to a point at the intersection of said East line with the South R-O-W line of Jessup Street for a Point of Beginning. From said Point of Beginning thence run South 89 degrees 37 minutes 00 seconds East a distance of 800 feet along said South R-O-W line of Jessup Street, thence South 00 degrees 02 minutes 08 seconds West a distance of 500 feet parallel with said Seminole Avenue, thence North 89 degrees 37 minutes 00 seconds West a distance of 800 feet to said Seminole Avenue, thence North 00 degrees 02 minutes 08 seconds East a distance of 500 feet to the Point of Beginning.

Order No. 14480

Township 21 South, Range 31 East
Section 34

That portion of said Section 34 and all of Lot 8 and a portion of Lot 13, Orlando Industrial Park as recorded in Plat Book 10, Page 100 of the Public Records of Seminole County, Florida described as follows:

Commencing at the Southeast corner of said section, thence run North 89 degrees 37'00" West along the South line of said section and the centerline of an 80 foot R-O-W for a distance of 799.25 feet to a Southerly projection of the East line of Lot 11, Orlando Industrial Park; thence run North 00 degrees 02'08" East along said project line and the East line of Lot 11 for a distance of 840 feet to the Easterly most corner of Lot 13 of said Orlando Industrial Park for the Point of Beginning; thence run South 74 degrees 26'00" West along the South line of said Lot 13 a distance of 365.07 (calc) 364.01 (plat) to the Northeast corner of Lot 12 of said industrial park; thence run North 89 degrees 37'00" West along said South line of Lot 13 for a distance of 760.19 feet to the Southwest corner of said Lot 13; thence run North 00 degrees 02'08" East along the West line of said Lot 13 for a distance of 387.76 feet; thence South 89 degrees 37'00" East for a distance of 225 feet; thence North 00 degrees 02'08" East a distance of 18.88 feet; thence South 89 degrees 37'00" East for a distance of 288 feet; thence North 01 degrees 20'29" West for a distance of 208.09 feet; thence North 89 degrees 37'00" West for a distance of 508 feet to the aforementioned West line of said Lot 13; thence run North 00 degrees 02'08" East along said West line a distance of 185.44 feet to the Northwest corner of said Lot 13; thence run South 89 degrees 37'00" East Along the North line of said Lot 13 for a distance of 800 feet to the Southwest corner of Lot 8 of said industrial park; thence run North 00 degrees 02'08" East along the West line of said Lot 8 a distance of 500 feet to the Northwest corner of said Lot 8; thence run South 89 degrees 37'00" East along the North line of said Lot 8 a distance of 780 feet to the Northeast corner of said Lot 8; thence run South 00 degrees 02'08" West along the East line of said Lot 8 a distance of 500 feet to the Southeast corner of said Lot 8; thence run North 89 degrees 37'00" West along the South line of said Lot 8 a distance of 355.63 feet to a point which lies South 89 degrees 37'00" East a distance of 424.37 feet from the aforementioned Southwest corner of Lot 8; thence South 00 degrees 29'25" East a distance of 218.33 feet; thence South 01 degrees 39'42" East a distance of 481.67 feet; thence North 89 degrees 37'00" West a distance of 129.01 feet to the Point of Beginning.

Section 35

The West 1/4 of the Northwest 1/4 of the Northwest 1/4 of said Section 35,

AND the East 1/2 of the West 1/2 of the Northwest 1/4 of the Southwest 1/4 of said Section 35,

AND the South 453.34 feet of the East 1/2 of the West 1/2 of the Southwest 1/4 of the Northwest 1/4 of said Section 35.

Order No. 23094

Township 21 South, Range 31 East

In Sections 34 and 35

Parcels 5 and 6: This description is in Order No. 14480, except that is in a different format.

From a Northeast Corner of Section 34, run South along the East line of Section 34 3,250 feet. Thence run west 1,100 feet to the point of beginning. Thence South 00 degrees 30' 26" East 218.31 feet. Thence South 01 degrees 42' 27" East 180.76 feet. Thence South 01 degrees 42' 27" East 300.87 feet. Thence North 89 degrees 36' 50" West 129.82 feet. Thence South 74 degrees 26' 00" West 364.01 feet. Thence North 89 degrees 40' 34" West 68.30 feet. Thence North 89 degrees 40' 34" West 691.70 feet. Thence North 00 degrees 00' 38" West 387.73 feet. Thence South 89 degrees 34' 08" East 224.94 feet. Thence North 00 degrees 54' 35" East 18.92 feet. Thence South 89 degrees 44' 01" East 287.87 feet. Thence North 01 degrees 21' 41" West 208.21 feet. Thence North 89 degrees 40' 28" West 508.25 feet. Thence North 00 degrees 02' 34" West 185.42 feet. Thence South 89 degrees 38' 18" East 800.12 feet. Thence South 89 degrees 37' 25" East 424.39 feet to the point of beginning.

Parcel A-2:

The South 1/2 of the East 3/4 of the Southwest 1/4 of the Northwest 1/4, less the South 453.34 feet of the East 1/2 of the West 1/2 of said Southwest 1/4 of the Northwest 1/4, all in Section 35.

Order No. PSC-00-2243-PAA-WS

Addition 8

That part of the Northwest 1/4 of Section 35, Township 21 South, Range 31 East, Seminole County, Florida, being further described as follows:

Commence at the Northwest corner of Section 35, Township 21 South, Range 31 East, Seminole County, Florida and run thence N89 degrees 52'09"E 332.91 feet (N89 degrees 45'42"E 332.85 feet record) along the North boundary of Section 35 to the point of beginning; thence continue N89 degrees 47'40"E 662.10 feet (N89 degrees 45'42"E 665.73 record) along the North boundary of said Section 35; thence S00 degrees 15'18"E 1332.93 feet; thence N89 degrees 49'23"E 333.79 feet (N89 degrees 42'41"E record) to the Northwest corner of SE 1/4 of NW 1/4 of said Section 35; thence continue along the boundary of Brighton Park at Carillon according to the map or plat thereof as recorded in plat book 42, pages 86-89 of the Public Records of Seminole County, Florida, N89 degrees 49'23"E 283.75 feet to the appropriate centerline of a creek; thence continue along the boundary of said subdivision S09 degrees 24'12"E 271.06 feet (S09 degrees 24'12"E 273.12 feet record); thence continue along the said subdivision S06 degrees 51'54"W 400.91 feet (S06 degrees 51'54"W 389.91 feet record); thence

S89 degrees 47'41" W 278.55 feet to the 40 acre line; thence continue S89 degrees 47'41"W 1003.11 feet along the Northerly boundary of Palm Valley Manufactured Housing; thence N00 degrees 00'32"W 1998.66 feet (N00 degrees 14'22"E deed) along the Easterly boundary of Palm Valley Manufactured Housing to the point of beginning.

Containing 1,755,983.6218 square feet of 40.3118 acres M.O.L.

Addition 8A

The East quarter of the Northwest quarter of the Northwest quarter of Section 35, Township 21 South, Range 31 East, Seminole County, Florida.

Containing 443,725.39 square feet or 10.1865 acres M.O.L.

CWS COMMUNITIES LP
Lake County - Water Service Area
Serving Haselton Village Mobile Home Park

Township 18 South, Range 26 East, Section 34

PARCEL A: Beginning at the East 1/4 corner of Section 34, Township 18 South, Range 26 East, Lake County, Florida, run thence South 01 degrees 48' 30" West a distance of 600.06 feet, thence South 60 degrees 02' 15" East a distance of 258.75 feet to the Westerly right of way of County Road No. 19A, thence South 27 degrees 20' 27" West along said right of way, a distance of 529.11 feet to the beginning of a curve having a radius of 510.46 feet and being concave Easterly, thence along the arc of said curve and through a central angle of 23 degrees 49' 40" an arc length of 212.28 feet, thence South 01 degrees 43' 53" West along said Westerly right of way of County Road No. 19-A, a distance of 369.71 feet to the Northerly right of way of County Road No. 452-A, thence South 89 degrees 58' 57" West along said Northerly right of way a distance of 806.22 feet, thence North 01 degrees 52' 26" East, a distance of 514.53 feet, thence North 89 degrees 19' 12" West a distance of 9.49 feet, thence North 01 degrees 50' 47" East a distance of 39.32 feet, thence South 89 degrees 37' 31" West a distance of 339.62 feet, thence North 01 degrees 51' 37" East a distance of 641.18 feet to the Southwest bank of a dug canal, thence North 25 degrees 58' 09" West along said Southwest bank of dug canal, a distance of 304.55 feet, thence North 01 degrees 51' 37" East a distance of 340.00 feet to the East-West Mid-Section line, thence South 88 degrees 35' 32" East along said East-West Mid-Section line, a distance of 1315.80 feet to the Point of Beginning.

PARCEL B: (Wastewater Treatment Plant Site) That part of the Northeast 1/4 of Section 34, Township 18 South, Range 26 East, Lake County, Florida, described as follows: Begin at the Southeast corner of said Northeast 1/4 of Section 34, run thence North 01 degrees 54' 49" East along the East line of said Northeast 1/4 a distance of 202.01 feet, thence North 42 degrees 18' 58" West 524.11 feet, thence South 22 degrees 28' 22" West 621.10 feet to a point on the South line of said Northwest 1/4 of Section 34, thence South 88 degrees 28' 40" East along the said South line of the Northeast 1/4 Section 34, a distance of 583.71 feet to the Point of Beginning and Point of Terminus.

DEL TURA PHASE I, LLC
Lee County - Wastewater Service Area

Order No. 10310

Township 43 South, Range 24 East
Section 16

Commence at the Southwest corner of said Section 16, said point being the point of beginning, thence run East along said south boundary line of Section 16, 5,180.40 feet more or less to a point, thence N. 26°05'06" W. 2258.80 feet more or less to a point, thence N. 63°56'08" E. 491.26 feet more or less to a point on the West right-of-way line of State Road 45, thence N. 26°05'06" W. along said Westerly right-of-way line 66 feet more or less to a point, thence S. 63°56'08" W. 491.26 feet more or less to a point, thence N. 26°05'06" W. 300.05 feet more or less to a point, thence N. 63°56'08" E. 476.30 feet more or less to a point on the Westerly right-of-way line of State Road 45, thence Northwesterly along said westerly right-of-way line 1721.75 feet more or less to a point, thence leaving said westerly right-of-way line run S. 63°56'08" W. 800 feet more or less to a point, thence N. 25°58'00" W. 268.78 feet more or less to a point, thence S. 67°14'48" W. 3089.60 feet more or less to a point on the westerly section line of said section 16, thence South along said westerly section line of section 16, 2851.06 feet more or less to the Point of Beginning.

Order No. 19115

Parcel 4

A parcel of land lying in the North half of Section 16, Township 43 South, Range 24 East, Lee County, Florida more particularly described as follows:

Commencing at the North Quarter Corner of Section 16, thence South 89°49'58" West (basis of bearings being the Florida State Plane Coordinate system) along the north line of said Section 16, a distance of 2,155.39 feet to the Point of Beginning; thence continuing South 89°49'58" West, a distance of 338.42 feet; thence South 65°24'12" West, a distance of 312.69 feet to the West line of said Section 16, being 130.00 feet South of the Northwest corner of said

Order No. 20513

A parcel of land in Section 16, Township 43 South, Range 24 East Lee County, Florida more particularly described as follows:

Commence at the northwest corner of Section 16, Township 43 South, Range 24 East thence N. 89°50'24" E. along the north line of the northwest one quarter of said Section 16 for

624.33 feet; thence S. 17°10'19" E. along the westerly line of Fountain View according to the plat thereof as recorded in Plat Book 34 Pages 165-172 of the Public Records of Lee County, Florida for 862.80 feet; thence S. 14°18'16" E. along the westerly line of Fountain View Unit 1-A according to the plat thereof as recorded in Plat Book 36 at Pages 50-51 of the aforementioned Public Records for 35.04 feet to the Point of Beginning of the herein described parcel of land; thence along the southerly boundary of Fountain View Unit 1-A for the following described two (2) courses; (1) N. 75°14'50" E. for 487.93 feet; (2) thence N. 89°58'28" E. for 301.37 feet; thence along the southerly boundary of the aforementioned plat of Fountain View for the following described three (3) courses; (1) S. 14°18'10" E. for 190.56 feet; (2) thence N. 75°41'50" E. for 889.91 feet; (3) thence N. 63°52'50" E. for 739.60 feet to an intersection with the westerly right-of-way line of S.R. 45 (U.S. 41 Tamiami Trail) Section 12010-2511; thence S. 26°07'10" E. along said Westerly right-of-way for 937.54 feet; thence S. 63°52'50" W. for 739.79 feet; thence N. 26°07'10" W. for 268.69 feet; thence S. 67°06'54" W. for 3089.60 feet to an intersection with the west line of the northwest one quarter of the aforementioned Section 16; thence N. 0°26'20" W. along said west line for 919.07 feet; thence N. 75°41'50" E. for 1028.11 feet; thence N. 14°18'16" W. for 523.40 feet to the Point of Beginning.

CWS COMMUNITIES, LP D/B/A PALM VALLEY UTILITIES
 SCHEDULE OF WATER RATE BASE
 AS OF OCTOBER 16, 2003

DESCRIPTION	12/31/03 BALANCE PER UTILITY	STAFF'S ADJUSTMENTS		BALANCE PER STAFF
Utility Plant in Service	\$1,229,730	(199,955)	A	\$1,029,775
Land	2,433	0		2,433
Contributions in Aid of Construction (CIAC)	(109,085)	(5,834)	D	(114,919)
Accumulated Depreciation	(379,730)	223,371	B	(156,359)
Amortization of CIAC	<u>58,614</u>	<u>941</u>	C	<u>59,555</u>
WATER RATE BASE	<u>\$801,962</u>	<u>\$18,523</u>		<u>\$820,485</u>

CWS COMMUNITIES, LP D/B/A PALM VALLEY UTILITIES
 SCHEDULE OF WASTEWATER RATE BASE
 AS OF OCTOBER 16, 2003

DESCRIPTION	12/31/03 BALANCE PER UTILITY	STAFF'S ADJUSTMENTS		BALANCE PER STAFF
Utility Plant in Service	\$2,562,728	\$(159,485)	A	\$2,403,243
Land	96,409	0		96,409
Contributions in Aid of Construction (CIAC)	(450,156)	(15,579)	D	(465,735)
Accumulated Depreciation	(767,930)	(22,628)	B	(790,558)
Amortization of CIAC	<u>145,243</u>	<u>34,229</u>	C	<u>179,472</u>
WASTEWATER RATE BASE	<u>\$1,586,294</u>	<u>\$163,463</u>		<u>\$1,422,831</u>

SCHEDULE 2

CWS COMMUNITIES, LP D/B/A PALM VALLEY UTILITIES
 SCHEDULE OF WATER RATE BASE ADJUSTMENTS

EXPLANATION	STAFF RECOMMENDED ADJUSTMENT	
	WATER	WASTEWATER
A Utility Plant In Service		
1. To record retirements	\$(37,500)	\$(63,922)
2. To remove unsupported plant	<u>(162,455)</u>	<u>(95,563)</u>
Total UPIS adjustments	\$(199,955)	\$(159,485)
B Accumulated Depreciation		
1. To record balance of prior rate case adjustment	\$215,980	0
2. To record retired UPIS	37,500	63,922
3. To record depreciation for January through October 16, 2003	(30,109)	(87,910)
4. To decrease depreciation using guideline depreciation rate	<u>0</u>	<u>1,360</u>
Total Accumulated Depreciation adjustments	\$223,371	\$(22,628)
C Contributions-In-Aid-of-Construction (CIAC)		
To record additional CIAC	\$(5,834)	\$(15,579)
D Accumulated Amortization of CIAC		
1. To increase amortization for unrecorded CIAC	\$941	\$2,688
2. To increase amortization using correct amortization rate	<u>0</u>	<u>31,541</u>
Total Accumulated Amortization adjustments	<u>\$941</u>	<u>\$34,229</u>
Total Adjustments	\$18,523	\$(163,463)

CWS COMMUNITIES, LP D/B/A PALM VALLEY UTILITIES			SCHEDULE NO. 3	
STAFF RECOMMENDED OCTOBER 16, 2003 PLANT BALANCE				
WATER			PLANT	ACCUMULATED
ACCT NO.	ACCOUNT NAME		BALANCE	DEPRECIATION
				BALANCE
304	Structures and Improvements		\$79,576	\$79,576
309	Supply Mains		48,524	3,402
310	Power Generation		71,978	11,643
311	Pumping Equipment		73,590	30,225
330	Distribution and Reservoirs		256,905	(19,422)
331	Transmission and Distribution Equipment		240,912	51,929
333	Services		69,160	8,100
334	Meter and Meter Installations		119,139	(23,437)
335	Hydrants		50,108	7,914
336	Backflow Prevention Devices		16,905	3,451
348	Other Tangible Plant		<u>2,977</u>	<u>2,977</u>
	Total Water Plant		<u>\$1,029,775</u>	<u>\$156,359</u>

CWS COMMUNITIES, LP D/B/A PALM VALLEY UTILITIES			SCHEDULE NO. 3	
STAFF RECOMMENDED OCTOBER 16, 2003 PLANT BALANCE				
WASTEWATER			PLANT	ACCUMULATED
ACCT NO.	ACCOUNT NAME		BALANCE	DEPRECIATION
				BALANCE
354	Structures and Improvements		\$114,362	\$114,362
360	Collection – Forced Sewer		37,283	(11,200)
361	Collection – Gravity Sewer		523,814	157,068
362	Services		144,633	13,792
364	Flow Measuring Devices		51,131	16,403
366	Reuse Service		19,928	1,566
370	Receiving Wells		74,358	27,552
371	Pumping Equipment		87,086	13,303
374	Reuse Distribution Reservoirs		137,119	11,427
375	Reuse Transmission and Distribution System		222,289	16,087
380	Transmission and Distribution Equipment		710,840	327,996
381	Plant Sewers		41,413	2,517
382	Outfall Sewer Lines		197,653	73,041
389	Other Plant & Misc. Equipment		12,210	5,546
394	Laboratory Equipment		3,414	782
395	Power Operated Equipment		22,733	17,340
398	Other Tangible Plant		<u>2,977</u>	<u>2,977</u>
	Total Water Plant		\$2,403,243	\$790,558

CWS Communities LP d/b/a Palm Valley Utilities

Water Monthly Service Rates
Residential and General Service

Meter Sizes	Base Facility Charge
5/8" x 3/4"	\$ 9.57
3/4"	14.36
1"	23.93
1 1/2"	47.85
2"	76.56
3"	153.12
4"	239.25
Charge Per 1,000 gallons	\$ 2.30

Wastewater Monthly Service Rates
Residential Service

All Meter Sizes	Base Facility Charge
	\$ 10.74
Charge per 1,000 gallons (6,000 gallon maximum)	\$ 3.81

General Service

Meter Size	Base Facility Charge
5/8" x 3/4"	\$10.74
3/4"	16.12
1"	26.86
1 1/2"	53.72
2"	85.95
3"	171.91
4"	268.60
Charge per 1,000 gallons	\$4.57

Irrigation Monthly Service Rates

Reuse charge per 1,000 gallons	\$1.15
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Service Availability Charges

	Water	Wastewater
Meter Installation Fee 5/8" x 3/4"	\$177	\$177*
Plant Capacity Charge	1,035	\$433
Main Extension Charge	1,178	\$364

*Reuse Meters

CWS Communities LP
Water Monthly Service Rates
Residential and General Service

<u>Status</u>	<u>Flat Rate</u>
Occupied	\$ 7.00
Unoccupied	3.00*
*If unoccupied for 60 consecutive days	
Service Availability Charges	
Tap-in fee	\$325.00

Del Tura Phase I, LLC
Wastewater Quarterly Service Rates
Residential Service

Flat Rate		\$65.29
	General Service	
Clubhouse		\$652.87
Satellite Recreational Area 1		65.29
Satellite Recreational Area 2		65.29
Satellite Recreational Area 3		65.29
Sales/Administrative Offices		261.13
Construction Office		130.58