

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for transfer) DOCKET NO. 950959-SU
of facilities and Certificate) ORDER NO. PSC-96-0448-FOF-SU
No. 232-S in Seminole County) ISSUED: March 29, 1996
from Longwood Utilities, Inc. to)
Utilities, Inc. of Longwood.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING RATE BASE FOR
PURPOSES OF THE TRANSFER AND DECISION
NOT TO INCLUDE A POSITIVE ACQUISITION
ADJUSTMENT IN THE CALCULATION OF RATE BASE

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the establishment of rate base for purposes of the transfer and our decision not to include a positive acquisition adjustment in the calculation of rate base are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal hearing, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Longwood Utilities, Inc. (Longwood or utility) provided wastewater service in Seminole County and served approximately 1,849 customers. The annual report for 1994 shows that the operating revenue for the system was \$627,690 and the net operating income was \$32,225. The utility is a Class B utility under Commission jurisdiction. On August 14, 1995, Longwood applied for a transfer of the Longwood wastewater system (Wastewater

PROCESSING DATE

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FPSC-REGISTRY/REPORTING

Certificate No. 232-S in Seminole County) to Utilities, Inc. of Longwood (Utilities, Inc.).

Pursuant to Section 367.011 and Section 367.021, Florida Statutes, anyone who owns, operates, manages or controls a water and/or wastewater utility system is subject to the Commission's jurisdiction. Section 367.031, Florida Statutes, requires each utility subject to the Commission's jurisdiction to obtain a certificate of authorization or request an exemption. Section 367.071, Florida Statutes, states that no utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without approval of the Commission. We have reviewed the Management and Asset Purchase Agreement (Agreement) and find that, although the parties have come to an agreement on the sale, the official closing is contingent upon our approval.

APPLICATION

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer. The application contains \$1,500, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.037(2)(g), Florida Administrative Code.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. One objection was received and subsequently withdrawn. A description of the territory served by the utility is appended to this Order as Attachment A.

With regard to the purchaser's technical ability, Utilities, Inc. has approximately 30 years of experience in the water and wastewater utility industry. At the present time, Utilities, Inc., provides safe and reliable water and wastewater service to approximately 140,000 customers in thirteen states. In addition, Utilities, Inc. has indicated that experienced operators and engineers will be retained to manage and operate the wastewater system.

Staff contacted the Department of Environmental Protection (DEP) and learned that an inspection of the system conducted in September of 1994 by DEP yielded three unsatisfactory conditions. One condition involved the proper measurement of chlorine residual and has since been remedied. The other two conditions concerned

the operation of the percolation ponds. An engineering study was conducted and the report indicated that the lack of free board cited by the DEP in September of 1994 was due to unusually heavy rainfall. However, Utilities, Inc. does plan on cleaning and dinking the percolation ponds on an ongoing basis. If the percolation pond capacity continues to be insufficient after cleaning and dinking, other measures will be taken as necessary.

With regard to the purchaser's financial ability, Utilities, Inc. provided a statement that it has both the regulatory experience and the financial ability to ensure consistent compliance with DEP regulations. Utilities, Inc. of Longwood is a wholly owned subsidiary of Utilities, Inc. Utilities, Inc. has approximately \$235,000,000 of assets and a total capitalization of \$87,000,000. Through its affiliation with Utilities, Inc., Utilities, Inc. of Longwood will have access to investment capital, at reasonable rates, that will be needed from time to time in order to fund facility upgrades and improvements. Additionally, it appears that Utilities, Inc. of Longwood will have access to working capital at reasonable rates as the need arises.

Utilities, Inc. has provided a copy of the Agreement and a statement which includes the purchase price, terms of payment and a list of the assets purchased and the liabilities assumed. Based on the application, there are no developer agreements which the buyer is obligated to assume or fulfill. In addition, there are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances or leases. Further, the utility has no currently outstanding debts. Utilities, Inc. provided a statement that it will fulfill the commitments, obligations and representations of the transferor.

Based on the above, we find the transfer of facilities of Longwood Utilities, Inc. to Utilities, Inc. of Longwood, is in the public interest and shall be approved. Certificate No. 232-S shall be amended to include additional territory in Seminole County by Utilities, Inc. of Longwood.

RATE BASE

According to the application, the net book value of the system being transferred as of the date of the proposed transfer is \$632,579. In Longwood's last rate case, Docket No. 871059-SU, all parties reached a Stipulation of Settlement which was appended to Order No. 20779, issued February 20, 1989. As this case was stipulated, no rate base was set at that time.

An audit of the books and records of the utility was performed to determine the rate base (net book value) at the time of transfer. The rate base was examined and the beginning balances were determined from the 1987 working papers of the last audit in Docket No. 871059-SU. Additions since the last audit were traced to the supporting documentation. The depreciation and amortization from December 12, 1987, to July 31, 1995, was recalculated. In addition, contributions-in-aid-of-construction (CIAC) were traced to the Company's General Ledger, and the deposits and tax returns were reviewed for unrecorded CIAC. CIAC was recalculated using the tariff rates and number of customers. We find that the utility's books and records were maintained in substantial compliance with Commission directives.

We have reviewed the utility Plant account balances for the period December 12, 1987, through July 31, 1995. In 1988, the utility recorded plant additions of \$76,774. However, upon investigation, the utility was unable to provide documentation for \$65,592 of those additions. This indicates a negative adjustment to rate base of \$65,592.

The utility has not used the depreciation rates in accordance with Rule 25-30.140, Florida Administrative Code. The depreciation expense using the rates per Rule 25-30.140, for the audit period was recalculated. Thereby, accumulated depreciation was increased by \$36,469.

In addition, an automobile was purchased in 1988 for \$11,182, which was later sold to a company employee for \$2,392. According to the NARUC Uniform System of Accounts, "At the time of retirement of depreciable utility plant in service, this account shall be charged with the book cost of the property retired plus the cost of removal, and shall be credited with the salvage value and any other amounts recovered,..." Therefore, accumulated depreciation should be debited by \$4,441, which is the difference between the original cost (\$11,182), the amount originally debited to accumulated depreciation (\$4,349), and the salvage value of \$2,392. [$\$11,182 - \$4,349 - \$2,392 = \$4,441$]

Order No. 10821 included a negative acquisition adjustment of \$55,248, which was amortized over 50 years and accumulated amortization as of December 12, 1980, of \$6,426. The utility's balance for July, 1995, was \$23,095. The utility nets the negative acquisition adjustment from utility plant. We find that the utility plant shall be shown without reflection of the acquisition adjustment and accumulated depreciation shall be shown without reflection of the amortization of the acquisition adjustment. Amortization, calculated at a rate of \$1,105 per year for 14 years

and 7 months, is \$16,115. This added to the \$6,426 from the last order brings the balance to \$22,541 ($\$6,426 + \$16,115 = \$22,541$). The utility's balance was \$23,095. Therefore, the accumulated amortization of acquisition adjustment has been credited the difference of \$554 ($\$23,095 - \$22,541 = \554).

The utility booked an addition to CIAC in 1991 for \$1,239 related to Allowance for Funds Prudently Invested. According to the tariff, these charges are considered revenues. Therefore, CIAC shall be reduced by \$1,239 along with its related amortization by \$176.57. The net result is an increase to rate base of \$1,052. In addition, the utility is required to follow Rule 25-30.140, Florida Administrative Code, in calculating amortization. The amortization of CIAC was calculated using a composite rate of 3.49%. Based on the information provided, accumulated amortization of CIAC shall be increased by \$180,159.

Calculation of rate base is shown on Schedule No. 1 for the wastewater system. Adjustments to rate base are itemized on Schedule No. 2. Based on the adjustments set forth herein, we find that rate base for Utilities, Inc. shall be established as \$707,054 for the wastewater system as of July 31, 1995. This rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the rate base for transfer purposes. The acquisition adjustment resulting from the transfer of Longwood would be calculated as follows:

Purchase Price:	\$850,000
Commission Calculated Rate Base:	<u>707,054</u>
Positive Acquisition Adjustment:	<u>\$142,946</u>

In the absence of extraordinary circumstances, it has been our practice that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary. An acquisition adjustment was not requested by the applicant. Therefore, we find that a positive acquisition adjustment shall not be included in the calculation of rate base.

RATES AND CHARGES

The utility's current approved rates and charges were effective February 1, 1989, pursuant to Order No. 20779, issued in Docket No. 871059-SU. We approved these rates when Longwood Utilities, Inc. filed for a rate increase.

Rule 25-9.044(1), Florida Administrative Code, provides that:

In cases 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)...

Utilities, Inc. has not requested a change in the rates and charges of the utility. Accordingly, we find that the utility shall continue operations under the existing tariff and apply the approved rates and charges. The utility has filed a tariff reflecting the transfer of ownership. The tariff shall be effective for services provided or connections made on or after the stamped approval date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of facilities and Certificate No. 232-S in Seminole County from Longwood Utilities, Inc. to Utilities Inc. of Longwood is hereby approved. It is further

ORDERED that rate base, which for transfer purposes reflects the net book value of the system, is \$707,054. It is further

ORDERED that Utilities, Inc. of Longwood shall continue charging the rates and charges on the tariff until authorized to change by this Commission. The tariff reflecting the change in ownership shall become effective for services provided or connections made on or after the stamped approval date. It is further

ORDERED that the provisions of this Order regarding the establishment of rate base for purposes of the transfer and our decision not to include a positive acquisition adjustment in the calculation of rate base are issued as proposed agency action and shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code,

is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 29th day of March, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Jeyson
Chief, Bureau of Records

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions regarding the establishment of rate base for purposes of the transfer and our decision not to include a positive acquisition adjustment in the calculation of rate base are preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This

petition must be received by the Director, Division of Records and Reporting, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 19, 1996. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A

LONGWOOD UTILITIES, INC.

WASTEWATER SERVICE AREA

SEMINOLE COUNTY

Township 20 South, Range 29 East, Seminole County, Florida.

Section 25

The West 800 feet less the South 300 feet thereof of the Northeast 1/4 of the Southeast 1/4 and the West 150 feet of the Southeast 1/4 of the Southeast 1/4 and the East 800 feet of the West 1/2 of the Southeast 1/4.

Township 20 South, Range 30 East, Seminole County, Florida.

Section 30

The South 400 feet of the North 466 feet of the West 318 feet of the Southwest 1/4 of the Southwest 1/4.

Section 30 & 31.

TRACT I

Beginning at a point on the centerline of Longwood Markham Road at the Southwest corner of Section 30-20-30 and Northwest corner of Section 31-20-30; thence South 89 degrees 44 minutes 25 seconds East, a distance of 33.00 feet to a concrete monument at the POINT OF BEGINNING; thence North 00 degrees 15 minutes 35 seconds East, a distance of 197.00 feet to a point; thence South 89 degrees 56 minutes 08 seconds East, a distance of 409.00 to a point; thence South 00 degrees 15 minutes 35 seconds West, a distance of 197.00 feet to a point; thence South 89 degrees 56 minutes 08 seconds East, a distance of 874.50 feet to a point in the center of a 100.00 foot Florida Power Corporation easement; thence along said centerline South 00 degrees 41 minutes 19 seconds West, a distance of 873.75 feet to a point still in the centerline of said easement; thence North 89 degrees 56 minutes 08 seconds West, a distance of 870.00 feet to a point; thence North 00 degrees 15 minutes 35 seconds East, a distance of 214.00 feet to a point; thence North 89 degrees 56 minutes 08 seconds West, a distance of 406.96 feet to a concrete monument on the Easterly right-of-way line of Longwood Markham Road; thence along said easement North 00 degrees 15 minutes 35 seconds East, a distance of 659.70 feet to a concrete monument at the place of beginning, less the east 50 feet;

TRACT II

The Northeast 1/4 of the Southwest 1/4 of the Northwest 1/4 and the North 500 feet of the South 1/2 of the Southwest 1/4 of the Northwest 1/4.

TRACT III

The Northeast 1/4 of the Southwest 1/4 and all that portion of the Northwest 1/4 of the Southeast 1/4 lying Southwesterly of the Longwood Markham Road as it is now constructed and the Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4 less the North 200 feet and the Southeast 1/4 of the Northwest 1/4 of the Southwest 1/4 less the South 150 feet and all that portion of the East 1/2 of the Northeast 1/4 of the Southeast 1/4 of the Southwest 1/4 lying North of Longwood Palm Springs Road as it is now constructed and all that portion of the South 300 feet of the Southwest 1/4 of the Southeast 1/4 of the Northeast 1/4 lying Southwesterly of the Longwood Markham Road as it is now constructed. All of which is Lake Searcy Shores subdivision, recorded in Plat Book 18, pages 23-25 of the Public Records of Seminole County, Florida, also described as BEGIN at the Southeast corner of the N.W. 1/4 of S.E. 1/4 of Section 31, Township 20 South, Range 30 East, Seminole County, Florida; run thence N89°45'18"W along the South line of said N.W. 1/4 of S.E. 1/4 a distance of 1310.78 feet to the N.E. corner of the S.E. 1/4 of the S.W. 1/4 of said Section 31; thence S00°55'08"W along the East line of said S.E. 1/4 of the S.W. 1/4 a distance of 475.75 feet to the centerline of Warren Street; thence N89°50'22"W along said centerline of Warren Street 264.30 feet; thence N00°55'08"E 476.18 feet to a point on the South line of the N.E. 1/4 of the S.W. 1/4 of said Section 31; thence N89°44'45"W 1064.57 feet to the S.W. corner of said N.E. 1/4 of S.W. 1/4; thence N00°18'32"E along the West line of said N.E. 1/4 of S.W. 1/4 a distance of 346.50 feet; thence N89°44'45"W 423.70 feet; thence N00°18'32"E 763.00 feet; thence S89°44'45"E 423.70 feet to the aforesaid west line of the N.E. 1/4 of S.W. 1/4; thence N00°18'32"E 213.85 feet to the N.W. corner of N.E. 1/4 of said S.W. 1/4; thence S89°42'26"E 1342.95 feet to the Center of said Section 31; thence N00°55'08"E along the West line of the N.E. 1/4 of said Section 31 a distance of 189.51 feet; thence N77°47'34"E 366.06 feet to the centerline of Longwood-Markham Road; thence S24°16'55"E 339.90 feet along said centerline to the P.C. of a curve concave Northeasterly and having a radius of 995.81 feet; run thence Southeasterly along the centerline of said road and along the arc of said curve 275.99 feet to the P.T.; thence run S40°09'41"E 688.96 feet to the P.C. of a curve concave Southwesterly and having a radius of 1149.79 feet; thence run Southeasterly along the arc of said curve 377.23 feet to the P.T.; thence S21°21'49"E 11.70 feet to the East line of aforesaid N.W.

1/4 of S.E. 1/4; thence S00°28'44"E 192.16 feet to the POINT OF BEGINNING.

Township 20 South, Range 29 East

Section 25

The South 1583 feet of the East 1/2 of Government Lot 2 North of Longwood Markham Road, also described as the South 1583 feet of the East 1/2 of the S.E. 1/4.

Section 36

That part of Government Lot 1, recorded in the Public Records of Seminole, as Windtree West, P.B. 20, page 97, 98, also described as Begin at the Northeast corner of Lot 94, Devonshire, as recorded in Plat Book 17, Pages 18 and 19, Public Records of Seminole County, Florida, said point also being 33 feet west and 1757.84 feet South of the Northeast corner of Section 36; run thence North 89°47'18" West along the Northerly line of Devonshire Subdivision a distance of 895.00 feet to a point on the Easterly line of Lot 75 of said Devonshire; thence North 00°20'33" West along said Easterly line a distance of 438.00 feet to the Northeast corner of Lot 72 of said Devonshire; thence North 89°52'36" West along the North line of said Devonshire a distance of 366.00 feet; thence North 00°25'10" West a distance of 741.46 feet; thence North 89°34'50" East a distance of 280.00 feet; thence South 21°25'10" East a distance of 56.37 feet; thence North 53°13'39" East a distance of 140.00 feet; thence North 08°03'39" East a distance of 232.00 feet; thence North 89°53'39" East a distance of 300.00 feet; thence South a distance of 85.70 feet; thence South 33°18'13" East a distance of 137.00 feet; thence South 74°58'13" East a distance of 152.00 feet; thence South 34°31'47" West a distance of 159.00 feet; thence South 44°18'13" East a distance of 55.00 feet; thence South 11°08'13" East a distance of 209.42 feet; thence North 89°36'47" East a distance of 315.40 feet to a point on the Westerly Right-of-Way line of E.E. Williamson Road; thence South 00°23'13" East along said Right-of-Way line a distance of 540.00 feet; thence North 89°54'39" West a distance of 127.84 feet; thence South 00°19'50" East a distance of 151.86 feet; thence South 89°54'39" East, 119.99 feet to a point on said Westerly Right -of-Way line, thence South 00°23'13" East along said Right-of-Way line a distance of 142.03 feet to the Point of Beginning, and that part of Government Lot 1 recorded as Windtree West Unit Two, P.B. 21, page 89, 90, also described as From the Northeast corner of Section 36, run S00°23'13"E along the East line of Said Section 36 a distance of 923.67 feet; thence S89°36'47"W a distance of 25.00 feet for a Point of Beginning, said point being N89°36'47"E a distance of 8.00 feet from the N.E. corner of Lot 1, Windtree West, as recorded in Plat Book 20, Pages 97-98, Public Records of Seminole County,

Florida; continue thence S89°36'47"W along the North line of said Windtree West a distance of 315.40 feet, thence N11°08'13"W a distance of 209.42 feet; thence N44°18'13"W a distance of 55.00 feet; thence N34°31'47"E a distance of 159.00 feet; thence N74°58'13"W a distance of 152.00 feet; thence N33°18'13"W a distance of 137.00 feet; thence North a distance of 85.70 feet; thence S89°53'39"W a distance of 300 feet; thence S08°03'39"W a distance of 232.00 feet; thence S53°13'39W a distance of 140.00 feet; thence N21°25'10"W a distance of 56.37 feet to the Northeast Corner of Lot 43, said Windtree West; thence S89°34'50"W a distance of 280.00 feet to a point on the West line of the East 1294.00 feet of said Government Lot 1; thence N00°25'10"W along said West line a distance of 547.22 feet to a point on the South Right-of-Way line of E.E. Williamson Road; thence N89°53'48"E along said Right-of-Way line a distance of 1269.34 feet; thence S00°23'13"E along the West Right-of-Way line of E.E. Williamson Road a distance of 899.18 feet to the Point of Beginning, and the East 900 feet West of Range Line Road of the Southeast 1/4 of the Southeast 1/4 of said Section 36 North of S.R. 434.

Township 20 South, Range 30 East

Section 30

The South 1/2 of the Southwest 1/4 of said Section 30, except the West 318 feet of the North 466 feet, the North 66 feet and existing right-of-way for Lake Emma Road and Longwood Hills Road.

Section 31

All that part of the East 1/2 of the Northwest 1/4 of said Section 31, recorded as "The Landings" Subdivision, Plat Book 23, Pages 2 through 6, Public Records of Seminole County, Florida, also described as Begin at the Northeast corner of the N.W. 1/4 of said Section 31, thence S00°43'40"W, along the East line of the Northwest 1/4 thereof, 929.73 feet; thence S46°04'54"W, 394.79 feet, thence N51°35'07"W, 61.60 feet; thence S26°36'53"W, 150 feet; thence S48°42'23"W, 40.85 feet to a point on the South line of the N. 1/2 of the N.W. 1/4 of said Section 31, thence S89°54'42"W, along the South line of said N. 1/2 of the N.W. 1/4 of Section 31, 153.69 feet to a point on a curve concave Westerly, having a radius of 671.17 feet; thence from a tangent bearing of S00°14'11"E, run 233.36 feet along the arc of said curve thru a central angle of 19°55'16", to a point of reverse curvature having a radius of 26.00 feet; thence run 27.25 feet along the arc of said curve, thru a central angle of 60°02'51" to a point in the North line of Longwood-Markham Road, a 50 foot Right of Way as now used; thence N70°21'44W, along said North Right of Way thereof, 258.20 feet to a point of curvature of a curve concave Northerly, having a radius of 2476.02 feet; thence run 167.12 feet along the arc of said

curve, thru a central angle of $03^{\circ}52'02''$ to the end of said curve; thence $N39^{\circ}40'49''W$, 137.00 feet; thence $N02^{\circ}12'46''W$, 450.67 feet; thence $S89^{\circ}51'59''W$, 147.18 feet to the West Right of Way line of the Florida Power Corporation Utility Easement and/or the East line of the "First Replat of Highland Hills Subdivision" as recorded in Plat Book 20' page 7 Public Records of Seminole County, Florida; thence $N00^{\circ}12'48''E$, along said line 873.87 feet to a point on the North line of Section 31; thence $N89^{\circ}51'28''E$, 1262.22 feet along the North line of Section 31, to the POINT OF BEGINNING.

AND

The South 250 feet of the Southwest 1/4 of the Northwest 1/4 and all of the Northwest 1/4 of the Southwest 1/4 except Lake Searcy Shores Subdivision, Plat Book 18, Pages 23, 24 and 25, Public Records of Seminole County, Florida, also described as The South 250 feet of the Southwest 1/4 of the Northwest 1/4 and the West 1/2 of the Northwest 1/4 of the Southwest 1/4, and the North 200 feet of the Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4, and the South 150 feet of the Southeast 1/4 of the Northwest 1/4 of the Southwest 1/4.

AND

All that part of the Southeast 1/4 of the Southwest 1/4, less the West 303.36 feet thereof, lying South of the Longwood-Palm Springs Road and the Southwest 1/4 of the Southeast 1/4, lying South of the Longwood-Palm Springs Road, less right-of-way for roads, both parcels together also described as: Beginning at the Southeast corner of the Southwest 1/4 of the Southeast 1/4 of said Section 31, thence run westerly 2257 feet along the South line of said Section 31; thence run Northerly 558 feet along the East line of the West 303.36 feet of the Southeast 1/4 of the Southwest 1/4 of said Section 31; thence run northeasterly 573 feet along the south Right of Way line of Longwood Palm Springs Road; thence run Easterly 1748 feet along said Right of Way line; thence run Southerly 833 feet along the East line of the Southwest 1/4 of the Southeast 1/4 of said Section 31 to the Point of Beginning.

AND

The South 450 feet of the West 1407 feet of the North 1/2 of Northwest 1/4 (less North 82 feet of West 442 feet).

AND

Beginning 660 feet South of the Northwest corner, run East 442 feet, South 296 feet, West 442 feet North 296 feet.

All of the part of the West 1/2 of the Northeast 1/4 of said Section 31, Recorded as "Tiberon Cove" subdivision, Plat Book 23, Pages 15, 16, public records of Seminole County, Florida, described as follows: BEGIN at the Southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 31; thence run N44°31'50"E, 175.00 feet more or less, to the edge of water in West Lake; thence run Easterly and Southeasterly along the edge of said lake to a point on the North line of the Southwest 1/4 of the Northeast 1/4 of said Section 31; thence N89°57'42"W, 313.5 feet more or less, to the POINT OF BEGINNING. Also all of the Southwest 1/4 of the Northeast 1/4 of said Section 31 except (A.) that portion deeded as right of way for E.E. Williamson Road and/or Longwood Markham Road, Plat Book 6, Page 53 of the Public Records of Seminole County, Florida, and except the following (B.), that part of Lake Searcy Shores, Plat Book 18, pages 23-25, Public Records of Seminole County, Florida, described as follows: BEGIN at the Southwest corner of the Southwest 1/4 of the Northeast 1/4 of said Section 31; thence N89°07'35"E, 451.59 feet to a point on the Westerly right of way line of said E.E. Williamson Road; thence N24°27'23"W, along said Westerly right of way line, 285.12 feet; thence S76°54'32"W, 339.66 feet to a point in the West line of the Northeast 1/4 of said Section 31; thence S00°48'21"W, along said West line 189.51 feet to the POINT OF BEGINNING. Also excepting (C.) BEGIN at a point on the South line of the Northeast 1/4 of said Section 31 at a point S89°07'35"W, 189.74 feet from the Southeast corner of the Southwest 1/4 thereof; thence N16°45'25"W, 470.85 feet; thence S85°03'35"W, 201.10 feet; thence S70°16'35"W, 431.44 feet to a point on the Easterly Right of Way line of said E.E. Williamson Road; thence S24°27'23"E, along said right of way line, 326.49 feet to a point on the South line of said Northeast 1/4 of Section 31; thence N89°07'35"E, along the South line thereof, 607.14 feet to the POINT OF BEGINNING. Also excepting (D.) Commence at the intersection of the Easterly right of way line of said E.E. Williamson Road with the South line of the Northeast 1/4 of said Section 31, being S89°07'35"W, 796.89 feet from the Southeast corner of the Southwest 1/4 thereof; thence N24°27'23"W, along the Easterly right of way line of said E.E. Williamson Road, 326.49 feet; thence N70°16'35"E, 142.76 feet for the POINT OF BEGINNING; thence N58°57'59"E, 76.49 feet; thence N81°35'11"E, 76.49 feet; thence S70°16'35"W, 150.00 feet to the POINT OF BEGINNING.

AND

The Southwest 1/4 of the Southwest 1/4 except Longwood-Palm Springs Road, Range Line Road and S.R. 434. Also: The West 303.36 feet South of Longwood-Palm Springs Road and all North of Longwood-Palm Springs Road except the East 264.30 feet of the Southeast 1/4 of

the Southwest 1/4 of said Section 31, North of S.R. 434, also described as, Begin at the Southwest corner of the Southeast 1/4 of said Section 31; thence run Northerly 1320 feet to the Northwest corner of said Southeast 1/4 of the Southwest 1/4; thence run Easterly 1017 feet along the North line of said Southeast 1/4 of the Southwest 1/4; thence run Southerly 497 feet along the West line of the East 264.30 feet of said Southeast 1/4 of the Southwest 1/4; thence run Easterly 204 feet along the South Right of Way line of Longwood Palm Springs Road; thence run Southeasterly 573 feet along said Right of Way line; thence run Southerly 558 feet along the East line of the West 303.36 feet of said Southeast 1/4 of said Southwest 1/4; thence run Westerly 303.36 feet along the South line of said Southeast 1/4 of the Southwest 1/4 to the Point of Beginning less Right of Way for Longwood Palm Springs Road and State Road 434.

The West 576 feet of the North 618 feet of the Southwest 1/4 of the Northwest 1/4 of said Section 31, except existing right-of-way for Longwood Markham Road and Longwood Avenue (also known as Range Line Road).

The Southeast 1/4 of the Northwest 1/4 except Longwood Markham Road.

Township 21 South, Range 29 East

Section 1

The East 200 feet of the North 500 feet of the East 1/2 of Tract No. 1, Sanlando Springs, according to the plat thereof as recorded in Plat Book 5, Page 52, Public Records of Seminole County, Florida, said property also being described as the East 200 feet of the North 500 feet of the East 1/2 of the Northeast 1/4 of the Northeast 1/4, (less right-of-way of State Road 434). Less and except a rectangular parcel containing 5,000 feet lying within the boundaries of the following described parcel: The North 200 feet of the East 200 feet of the North 500 feet of the East 1/2 of the Northeast 1/4 of the Northeast 1/4.

Township 21 South, Range 30 East

Section 6

The West 900 feet of the Northwest 1/4 of the Northwest 1/4 of said Section 6, (Less right-of-way of State Road 434).

Township 20 South, Range 30 East

Section 30

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The Northwest 1/4 of the Southwest 1/4, and the North 66 feet of the Southwest 1/4 of the Southwest 1/4, and the West 1/2 of the Northeast 1/4 of the Southwest 1/4 of said Section 30.

Township 21 South, Range 29 East

Section 1

The North 1/2 of the Northeast 1/4 of said Section 1

AND

That portion of the Northeast 1/4 of the Northwest 1/4 of said Section 1 lying South of the R-O-W of State Road 434, and East and North of the replat of Tracts 1, 2, 7, 10, and 15: and the South 1/2 of Tract 14, less Block H, Tract #10, Sanlando Springs, recorded in Plat Book 7, page 1 of the Public Records of Seminole County, Florida, said replat also described as, The W. 1/2 of the N.E. 1/4, the W. 1/2 of the N.E. 1/4 of the N.E. 1/4 and the W. 1/2 of the S.E. 1/4 and the S. 1/2 of the S.E. 1/4 of the S.W. 1/4, all in Section 1,
Township 21 South, Range 39 East.

SCHEDULE NO. 1

LONGWOOD UTILITIES, INC.

SCHEDULE OF WASTEWATER RATE BASE

As of July 31, 1995

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant in Service	\$2,350,121	(\$10,344)	\$2,339,777
Land	228,560	0	228,560
Accumulated Depreciation	(804,639)	(55,123)	(859,792)
Contributions-in- aid-of-Construction	(1,640,533)	1,239	(1,639,294)
CIAC Amortization	490,499	179,982	670,480
Acquisition Adjustment	0	(55,248)	(55,248)
Amortization of Acquisition Adjustment	<u>0</u>	<u>22,541</u>	<u>22,541</u>
TOTAL	<u>\$524,008</u>	<u>\$83,047</u>	<u>\$707,054</u>

SCHEDULE NO. 2

LONGWOOD UTILITIES, INC.

SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Utility Plant in Service	
To show acquisition adjustment broad instead of net	\$55,248
To remove additions which could not be substantiated	<u>(\$65,592)</u>
Total Adjustment to Utility Plant	(\$10,344)
Accumulated Depreciation	
To show acquisition adjustment broad instead of net	(\$23,095)
To reduce accumulated depreciation for the retirement of a vehicle	\$4,441
To record recalculation of depreciation per Rule 25-30.140	<u>(\$36,469)</u>
Total Adjustment to Acc. Depreciation	(\$55,123)
Contributions-in-aid- of-Construction	
AFPI revenue should be taken out of CIAC	\$1,239
Accumulated Amortization of CIAC	
AFPI revenue should be taken out of CIAC	(\$177)
Increase amortization to use composite rate	<u>\$180,159</u>
Total Adjustment to Acc. Amortization of CIAC	\$179,982

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Acquisition Adjustment

To show acquisition adjustment
broad instead of net (\$55,248)

Accumulated Amortization of

Acquisition Adjustment

To show acquisition adjustment
broad instead of net \$23,095
Overstated accumulated amortization (\$554)

Total Adjustment to Acc. Amortization
of Acquisition Adjustment \$22,541