

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for
transfer of part of Certificate
No. 488-W in Marion County from
Venture Associates Utilities
Corp. to Palm Cay Utilities,
Inc.

DOCKET NO. 971670-WU
ORDER NO. PSC-98-1231-FOF-WU
ISSUED: September 21, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

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

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service
Commission that the action discussed herein, except our decision to
approve the transfer, is preliminary in nature and will become
final unless a person whose interests are substantially affected
files a petition for a formal proceeding, pursuant to Rule 25-
22.029, Florida Administrative Code.

BACKGROUND

Venture Associates Utilities Corporation (Venture, Seller or
utility) is a developer-owned Class B water utility which presently
provides service to the Palm Cay subdivision and the Ocala Palms
subdivision within Marion County. According to the utility's 1996
consolidated annual report, it serves 1,023 water customers, with
annual operating revenues of \$271,295 and net operating income of
\$5,609. The utility provides service to its Palm Cay system
through an on-site water treatment plant. To provide service to

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FPSC-RECORDS/REPORTING

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the Ocala Palms subdivision, Venture purchases water from the City of Ocala through a master meter and resells it to the individual water users within the development.

On December 31, 1997, Venture filed an application for authority to transfer part of Water Certificate No. 488-W to Palm Cay Utilities, Inc. (Palm Cay or Buyer). The Water Certificate No. 488-W is for both the Palm Cay subdivision and the Ocala Palms Subdivision. Because only the Palm Cay system is being transferred, a new Certificate No. 601-W is assigned to the system. The facilities being purchased included one water treatment plant and one transmission and distribution system. The Palm Cay System has 831 water customers, which represents approximately 80% of the water customer base of the utility.

The application states that the transfer is in the public interest because the stockholders have a vested interest in the service area. The stockholders (Mr. and Mrs. Kurtz) have substantial equity in the infrastructure and accordingly have a vested interest in maintaining the quality of services to the community. Palm Cay Utilities, Inc. will share a common office space in the community with existing businesses of the stockholders, which will provide easy access to the customers.

APPLICATION

The application is in compliance with the governing statute, Sections 367.071 and 367.045, 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.

Rule 25-30.037(2)(q), Florida Administrative Code requires a utility to provide proof that it owns the land or has continued use of the land upon which its facilities are located. Because the transfer has not yet occurred, the warranty deeds provided with the application are in the name of Venture. Therefore, Palm Cay shall provide copies of recorded warranty deeds in its name within 60 days of the date of this order as proof that it owns the land upon which the facilities are located. A description of the territory served by the utility is appended to this Order as Attachment A. It shall be noted that the last angle and distance was missing in Parcel 5 in Order No. 18121, dated September 8, 1987, which granted the utility the original territory. We have corrected that error in this territory description.

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In addition, 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 such filings have expired.

Palm Cay has indicated that it has the technical and financial ability to operate the system. The company is retaining the manager and the operator, which are involved in the daily operations of the utility. Regarding the financial ability, Palm Cay supplied us with a financial statement. The statement indicates that approximately 74% of the company's total assets are in real estate, and that it has approximately \$381,200 in liquid assets. While we do have some concerns about the liquidity of the assets, we believe the owner possesses the overall financial ability to operate the water facility. As stated previously, the annual report for 1996 shows that the consolidated annual operating revenue for the system was \$271,295 and the net operating income was \$5,609. We find that the assets of the new owner are adequate to insure the continued operations of the utility.

The application states that the company's representative has performed a reasonable investigation of the Palm Cay system. The water plant appears to be in satisfactory condition and in compliance with all applicable standards set by the Florida Department of Environmental Protection (DEP). We have contacted the DEP and learned that there are no outstanding notices of violation against the utility.

The application contains a copy of the contract for sale which includes the purchase price, terms of payment and a list of the assets purchased and liabilities assumed. According to the agreement, the purchase price is \$135,000. The sale is financed by a loan from the Amsouth Bank of Florida, Inc. in the amount of \$100,000 secured by assets of the utility, and a \$35,000 loan from Venture Associates Utilities Corp. The Seller will be paid \$100,000 at the closing. The contract provided a closing date of January 31, 1998, unless otherwise extend pursuant to the terms of the sale. The agreement requires approval by the regulatory agency. Therefore, the closing has not occurred. The Seller will deliver occupancy of the property to the Buyer at the time of closing. Therefore, the Seller is responsible for the utility function up to the closing.

Based on the application, the Seller will transfer all customer deposits to the Buyer at the closing. The interest on the

customer deposits will be prorated. There are no developer agreements which the buyer is obligated to assume or fulfill. In addition, there are no guaranteed revenue contracts, customer advances, or leases. There are no fines or refunds owed.

Pursuant to Rules 25-30.110(3) and 25-30.120(2), Florida Administrative Code, annual reports and regulatory assessment fees are due from regulated utilities. The utility is current with respect to its annual report and regulatory assessment fees due in 1997. The application indicates that Venture will be responsible for regulatory assessment fees up to closing on the transfer and Palm Cay assumes responsibility after that time. Since Venture retains ownership of its other water system, it shall remit its portion of the 1998 regulatory assessment fees for the Palm Cay system by March 31, 1999 when it pays the regulatory assessment fees for the remaining systems.

The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, which states that it has tariffs and annual reports on file with the Commission. Customers will experience no change in rates or charges as a result of the transfer.

Based on the foregoing, we find that the transfer of the Palm Cay system from Venture Associates Utilities Corporation to Palm Cay Utilities, Inc., the assignment of Certificate No. 601-W and amendment of Certificate No. 488-W is in the public interest. Therefore, the application for approval to transfer is approved.

RATE BASE

According to the application, the net book value of the system being transferred as of the date of the proposed transfer was projected to be \$133,263. The utility has never had a rate proceeding before the Commission.

We conducted an audit of the books and records of the utility to determine the rate base (net book value) as of January 31, 1998. We have determined the rate base from company provided historical records and supporting source documentation. The audit report contained several exceptions. The utility filed a response to the audit report on May 22, 1998. We have made following adjustments as a result of the rate base audit.

Plant in Service

According to the company ledger, the plant balance for the assets being transferred is \$671,480 (Schedule No. 1). We made a total adjustment of \$9,683 to correct the plant balance. The total adjustment of \$9,683 includes the removal of \$2,100 in plant additions due to the utility not providing support for the additions. The utility had capitalized interest for \$7,583 without an approved allowance for funds used during construction (AFUDC) rate, which is a violation of Rule 25-30.116(5), Florida Administrative Code. The utility did not contest these adjustments in its response to the audit report. Therefore, the plant in service balance shall be reduced by \$9,683 and the related accumulated depreciation balance by \$446.

Land

The utility's general ledger reports a land balance of \$103,021. Our staff auditor had suggested that the land account be reduced by \$77,575.68 to exclude costs not associated with the utility service, such as roads, entrance costs and signs. This audit exception was initially identified in a previous overearnings investigation audit, in which no Commission Order was issued, and was the source of the field auditor's recommendation in this docket. In response to the current audit, the utility has secured an independent appraisal specific to the land associated with utility service. According to the utility's information, the correct value of the land is \$19,104 for well site #1 and \$28,366 for well site #2, resulting in a \$55,551 reduction in the cost of land. Since this appraisal specifically addresses the previous audit's concerns, we find it appropriate that the land account be reduced by \$55,551.

Accumulated Depreciation

We calculated the depreciation expense using the rates per Rule 25-30.140, Florida Administrative Code, to compute depreciation rates. We used depreciation rates that are consistent for a Class C size utility. Because the utility has used Class C guideline rates since inception, it shall continue to use these rates.

In the May 22, 1998 response to the audit report, the utility disagreed with using guideline depreciation rates as proposed. According to the utility, we have never established rate base or

approved depreciation rates for the Palm Cay system. Venture has generated revenues sufficient for a Class B utility since 1991. Venture met the three-year average gross revenue threshold in 1994 and began filing Class B consolidated annual reports. Likewise, the utility has used guideline depreciation rates as a Class B utility. The utility also contends that Rule 25-30.140, Florida Administrative Code, makes no provision or requirement to set different depreciation rates for separate water systems operated under the same certificate and located in the same county. The Palm Cay water system by itself is generating gross revenues sufficient to be classified as a Class B utility. Palm Cay will accordingly accrue depreciation expense as computed with the Class B depreciation rates.

Rule 25-30.140(3), Florida Administrative Code, states that "[e]xcept as listed in Sections (5) and (6) of this rule, average service life depreciation rates based on the guideline lives and salvages shall be used in rate proceedings before this Commission." Section (5) provides that a utility may petition for average service life depreciation rates different from those contained in this rule. Section (6) specifies the conditions under which a utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates. In the past, we have had the practice of not implementing new rules and guideline depreciation rates until that company participates in a proceeding before this Commission either for (1) revised water and/or wastewater rates and charges, or (2) a specific request for changes in depreciation rates (not necessarily advisable without matching revenues).

We find it appropriate for the utility to base its depreciation on the service lives of a Class B rather than Class C utility guideline rates. Because this docket is not a rate proceeding and the utility has never participated in a rate proceeding before this Commission, we find that it is not appropriate to change the utility's depreciation rates at this time. We have allowed other utilities to continue using depreciation rates that were established prior to the Commission's regulation or prior to a rate proceeding. This Order is consistent with Order No. PSC-95-0622-FOF-WS, issued May 22, 1995, in Docket No. 940850-WS, concerning the transfer of Colonies Water Company. The utility shall continue using the Class B guideline depreciation rates, which results in an accumulated depreciation balance of \$155,875.

Contribution-in-aid-of-construction (CIAC)

According to our auditor, organizational costs that were incurred at the inception of the utility were expended for federal income tax purposes, but capitalized on the utility books. Our auditor suggested that the treatment of these organization costs for book purposes be corrected by the utility by increasing the CIAC by \$33,536 and the related accumulated amortization of CIAC by \$6,187, to offset the capitalized costs.

The utility contends that in the first year it is correct to capitalize the organizational costs as noted by the auditor. These are real costs that the utility incurred and it should be allowed to recover the costs. To impute CIAC as our auditor proposed would eliminate the ability of the utility to recover these costs. Further, in this first year, the utility's certified public accountant prepared the federal income tax return prior to the regulatory accountant's preparation of the general ledger. As a result, these costs were inadvertently capitalized for regulatory purposes but not for federal income tax purposes. Therefore, no imputation of CIAC is necessary.

Our staff inquired further as to whether the expense was booked on the developer's books or actually on the utility's books. The utility's consultant affirmed that Venture is incorporated as an "S" corporation and files separate returns from the Developer.

We do allow the capitalizing of organizational costs. There are timing differences and different accounting treatments between book and federal tax purposes that occur frequently, however, we do not normally penalize utilities for these type of differences. Further, no rule violation occurred with this adjustment. Therefore, we find that there is no need for the imputation of CIAC to offset capitalized costs.

As a side note, the development of rate base in this docket revealed that the CIAC level, net of amortization, exceeded 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant, as required in Rule 25-30.580(1)(a), Florida Administrative Code. If the system still has substantial growth potential, we approve the termination of continued collection of CIAC charges by the utility. However, the utility consultant stated that the Palm Cay system is built out, with the exception of the possibility of a small general service customer such as a convenience store located on a small strip of

property. Since this addition would have no substantial impact on the current ratios of CIAC to plant, we find that no change shall be made at this time.

Amortization of CIAC

We have adjusted amortization of CIAC to reflect a weighted composite rate based on utility plant in service except general facilities. According to our auditor, the utility did not maintain records adequately supporting the separation of CIAC from utility investments pursuant to Rule 25-30.140(8), Florida Administrative Code, and did not apply consistent amortization rates.

Venture contends that it has adequately supported the separation of CIAC from utility investments. According to Venture, it received no CIAC in kind. Therefore, no asset can be specifically identified as having been contributed to the utility. We authorized Venture's service availability charges in Order No. PSC-96-0790-FOF-WU, in Docket No. 930892-WU, issued on June 18, 1996, which included: plant capacity charges, meter installation fees, and main extension charges. Venture has segregated all CIAC by account to identify all CIAC with the related plant function.

Rule 25-30.140(8)(a), Florida Administrative Code, states in part:

Where CIAC records are not kept by account, the depreciation rates shall be applied to the entire depreciable plant. The CIAC plant shall then be amortized either by account, function or bottom line depending on availability of supporting information. The amortization rate shall be that of the appropriate account or function where supporting documentation is available to identify the account or function of the related CIAC plant. Otherwise, the composite rate shall be used.

Pursuant to Rule 25-30.140(8)(a), Florida Administrative Code, "The amortization rate shall be that of the appropriate account or function where supporting documentation is available to identify the account or function of the related CIAC plant." Venture, has met this criteria by recording the CIAC segregated by type of charge and by providing satisfactory audit trails to source documents. The correct method of calculating the amortization of CIAC is to use the amortization rates determined by related plant

function, which is what Venture did. The correct amortization rates used by Venture are 3.98% for plant capacity charges, 5.00% for meter installation fees, and 2.38% for main extension charges. Therefore, the correct accumulated amortization of CIAC is \$179,756.

Based upon the foregoing, we find it appropriate to use the amortization rate for a Class B utility, which is being used by the utility, which results in an accumulated CIAC amortization balance of \$179,756.

Rate Base

Our calculation of rate base is shown on Schedule No. 1 for the system. Adjustments to rate base are itemized on Schedule No. 2. Based on the adjustments set forth herein, we find it appropriate that rate base for Palm Cay be established as \$69,448 for the water system as of January 31, 1998. This rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal rate making 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 Venture would be calculated as follows:

Purchase Price:	\$135,000
Commission Calculated Rate Base:	<u>69,448</u>
Positive Acquisition Adjustment:	\$65,552
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An acquisition adjustment was not requested by the applicant. 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; therefore, we find it appropriate that a positive acquisition adjustment not be included in the calculation of rate base.

RATES AND CHARGES

The utility's current approved rates and charges for residential and general service were effective February 13, 1996, pursuant to Order No. PSC-96-0120-FOF-WU, issued in Docket No. 951365-WU. We approved these rates when Venture filed for a tariff modification. Current residential customer deposit charges were effective pursuant to Order No. 18459, issued on November 23, 1987, in Docket No. 860872-WU, which was an original certificate proceeding. The utility's current miscellaneous service charges were approved administratively and became effective on March 24, 1995. The service availability charges were effective July 25, 1996 pursuant to Order No. PSC-96-0790-FOR-WU, in Docket No. 930892-WU. The utility's approved rates and charges are as follows:

Monthly Service Rates

Residential and General Service

Base Facility Charge:

Meter Size:

5/8" x 3/4"	\$ 10.61
1"	\$ 26.52
1 1/2"	\$ 53.03
2"	\$ 84.85
3"	\$169.70
4"	\$265.16
Turbine 6"	\$663.13
Gallon age Charge per 1,000 gallons	\$ 1.21

Customer Deposits

Residential	
5/8" x 3/4"	\$ 20.00
1"	20.00
1 1/2"	30.00
2"	35.00

Miscellaneous Service Charges

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

Service Availability Charges

Main Extension Charge	
Residential - per ERC (350 gpd)	\$417.00
All others - per gallon	\$ 1.19
Plant Capacity Charge	
Residential - per ERC (350gpd)	\$300.00
All others - per gallon	.86
Meter Installation Fee:	
5/8" x 3/4" Meter Size	\$ 75.00
1"	105.00
1 1/2"	155.00
2"	Actual Cost
Over 2"	Actual Cost
Customer Connection (Tap-in) Charge	Actual Cost

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

[i]n 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).

Palm Cay has not requested a change in the rates and charges of the utility. Accordingly, 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.

If there are no timely protests filed by a substantially affected person to the proposed agency actions taken herein, no further action is required and this docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of Palm Cay system from Venture Associates Utilities Corp., 2661 Northwest 60 Avenue, Ocala, Florida 34482 to Palm Cay Utilities, Inc., 8888 Southwest State Rd. 200, Ocala, Florida 34481, assignment of Certificate No. 601-W to the system and amendment of existing Certificate No. 488-W is hereby approved.

ORDERED that the Palm Cay Utilities, Inc. shall submit copies of recorded warranty deeds in its name within 60 days of issuance of this Order as proof that it owns the land upon which the facilities are located. It is further

ORDERED that rate base for transfer purposes, reflecting net book value, is \$69,448 for the water system as of January 31, 1998.

ORDERED that Palm Cay Utilities, Inc. shall continue to charge the rates and charges approved in the utility's tariff until authorized to change by this Commission in a subsequent proceeding. The rates and charges shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 28-106.201, 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 21st day of September, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

SRF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for the purposes of the transfer and our decision not to include a positive are preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, 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 October 12, 1998. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective on the date subsequent to the above date.

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.

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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.

PALM CAY UTILITIES, INC.

MARION COUNTY

WATER TERRITORY

Parcels in Section 25, Township 16 South, Range 20 East:

Parcel A

Commence at the SW corner of Section 25, Township 16 South, Range 20 East, thence N 0°31'02" E along the West line of said Section 25 a distance of 1711.09 feet to a point on the Southeasterly right-of-way line of State Road No. 200, said point being 50 feet from, measured at a right angle to, the centerline of said State Road No. 200, thence N 42°16'04" E along said right-of-way line a distance of 827.90 feet to the Point of Beginning, thence continue N 42°16'04" E along said right-of-way line a distance of 100 feet to the most Westerly corner of lands described in deed recorded in Official Record Book 1044, page 1086, public records of Marion County, Florida, thence S 47°43'56" E along the Southwesterly line of said lands a distance of 300 feet, thence S 42°16'04" W parallel to said Southeasterly right-of-way line a distance of 100 feet, thence N 47°43'56" W parallel to the Southwesterly line of said lands, a distance of 300 feet to the Point of Beginning.

Parcel B

A strip of land 100 feet wide lying 50 feet on each side of the following described center line: Commence at the SW corner of Section 30, Township 16 South, Range 21 East, thence N 0°40'51" E along the West line of said Section 30 a distance of 1096.97 feet, thence S 89°53'31" W, parallel to the North line of the S 1/2 of Section 25, Township 16 South, Range 20 East, a distance of 3096.77 feet, thence N 0°06'29" W 774.31 feet to the Point of Beginning of this centerline description, thence S 89°53'31" W 874.74 feet to the P.C. of a curve, concave Northeasterly, having a central angle of 42°22'33" and radius of 800 feet, thence Northwesterly along the arc of said curve a distance of 591.68 feet to the P.T. of said curve, thence N 47°43'56" W 312.55 feet to a point on the Southeasterly right-of-way line of State Road No. 200, said point being 50 feet from, measured at a right angle to, the centerline of said State Road No. 200, and the end of this centerline description.

Parcel C

Commence at the SW corner of Section 25, Township 16 South, Range 20 East, thence N 0°31'02" E along the West line of said Section 25 a distance of 1711.09 feet to a point on the Southeasterly right-of-way line of State Road No. 200, said point being 50 feet from, measured at a right angle to, the centerline of said State Road No. 200, thence N 42°16'04" E along said right-of-way line a distance of 628.95 feet to the Point of Beginning, thence continue N 42°16'04" E along said right-of-way line a distance of 98.95 feet, thence S 47°43'56" E 300 feet, thence S 42°16'04" W parallel to said right-of-way line a distance of 98.95 feet, thence N 47°43'56" W 300 feet to the Point of Beginning.

Parcel D

Commence at the SW corner of Section 25, Township 16 South, Range 20 East, thence N 0°31'02" E along the West line of said Section 25 a distance of 1711.09 feet to a point on the Southeasterly right-of-way line of State Road No. 200, said point being 50 feet from, measured at a right angle to, the centerline of said State Road No. 200, thence N 42°16'04" E along said right-of-way line a distance of 627.90 feet to the Point of Beginning, thence continue N 42°16'04" E along said right-of-way line a distance of 1.05 feet, thence S 47°43'56" E 300 feet, thence S 42°16'04" W parallel to said right-of-way line, a distance of 1.05 feet, thence N 47°43'56" W 300 feet to the Point of Beginning.

Parcel in Section 25, Township 16 South, Range 20 East, and Section 30, Township 16 South, Range 21 East:

Parcel H

Commence at the SW corner of Section 30, Township 16 South, Range 21 East, thence N 0°40'51" E along the West line of said Section 30 a distance of 1096.97 feet, thence S 89°53'31" W, parallel to the North line of the S 1/2 of Section 25, Township 16 South, Range 20 East, a distance of 413.96 feet to the Point of Beginning, thence continue S 89°53'31" W, parallel to said North line, said line also being the boundary line of lands described in deed, recorded in Official Record Book 1108, page 1542, public records of Marion County, Florida, a distance of 2682.81 feet, thence N 0°06'29" W 1548.62 feet to a point on the North line of the S 1/2 of said Section 25, thence N 89°53'31" E along said North line a distance of 2716.06 feet, thence S 0°40'51" W, parallel to the East line of said Section 25, a distance of 480 feet, thence 89°53'31" E, parallel to the North line of the S 1/2 of said Section 25 and an Easterly projection thereof, a distance of 615.06 feet to a point

on the East line of lands described in deed recorded in Official Record Book 1296, page 658, public records of Marion County, Florida, thence S 0°39'58" W along said East line a distance of 749.63 feet to the SE corner of said lands, said point also being on the North line of lands described in deed recorded in Official Record Book 1131, page 948, public records of Marion County, Florida, thence S 89°55'51" W along said North line a distance of 631.35 feet to the NW corner of said lands, thence S 0°04'09" E along the West line of said lands a distance of 319.54 feet to the Point of Beginning. Containing 106.66 acres, more or less.

Parcel in Sections 30 & 31, Township 16 South, Range 21 East:

Parcel J

Begin at the SW corner of Section 30, Township 16 South, Range 21 East, thence N 0°40'51" E along the West line of said Section 30 a distance of 1096.97 feet, thence S 89°53'31" W, parallel to the North line of the S 1/2 of Section 25, Township 16 South, Range 20 East, a distance of 413.96 feet, thence N 0°04'09" W, along the West line of lands described in deed recorded in Official Record Book 1131, page 948, public records of Marion County, Florida, a distance of 319.54 feet to the NW corner of said lands, thence N 89°55'51" E along the North of said lands, a distance of 2031.35 feet, thence S 0°04'09" E 500 feet, thence N 89°55'51" E parallel to the North line of said lands a distance of 908 feet, thence S 0°45'07" W 2650.13 feet to a point on the boundary of lands described in deed recorded in Official Record Book 1050, page 1565, public records of Marion County, Florida, thence N 89°17'55" W along the boundary of said lands a distance of 2525 feet to a point on the West line of Section 31, Township 16 South, Range 21 East, thence N 0°42'17" E along said West line a distance of 1700.63 feet to the Point of Beginning. Containing 174.31 acres, more or less.

Parcels in Section 30, Township 16 South, Range 21 East:

Parcel K

Commence at the SW corner of Section 30, Township 16 South, Range 21 East, thence N 0°40'51" E along the West line of said Section 30 a distance of 1096.97 feet, thence S 89°53'31" W, parallel to the North line of the S 1/2 of Section 25, Township 16 South, Range 20 East, a distance of 413.96 feet, thence N 0°04'09" W, along the West line of lands described in deed recorded in Official record Book 1131, page 948, public records of Marion County, Florida, a distance of 319.54 feet to the NW corner of said lands, thence N 89°55'51" E along the North line of said lands, a distance of

2031.35 feet, thence S 0°04'09" E 120 feet to the Point of Beginning, thence continue S 0°04'09" E 80 feet, thence N 89°55'51" E, parallel to the North line of said lands, a distance of 202.93 feet, thence N 0°35'24" E 80 feet, thence S 89°55'51" W, parallel to said North line, a distance of 203.85 feet to the Point of Beginning.

Parcel L

Commence at the SW corner of Section 30, Township 16, South, Range 21 East, thence N 0°40'51" E along the West line of said Section 30 a distance of 1096.97 feet, thence S 89°53'31" W, parallel to the North line of the S 1/2 of Section 25, Township 16 South, Range 20 East, a distance of 413.96 feet, thence N 0°04'09" W, along the West line of lands described in deed recorded in Official Record Book 1131, page 948, public records of Marion County, Florida, a distance of 319.54 feet to the NW corner of said lands, thence N 89°55'51" E along the North line of said lands, a distance of 2156.58 feet to the Point of Beginning, said point being on the South line of lands described in deed recorded in Official Record Book 1268, page 1583, public records of Marion County, Florida, Thence N 0°35'24" E parallel to the West line of said lands, a distance of 1114.77 feet to a point on the North line of said lands, said line also being the South right-of-way line of Hialeah Boulevard, as described in deed recorded in Official Record Book 977, page 446, public records of Marion County, Florida, thence S 89°47'34" E along said right-of-way line distance of 80 feet, thence S 0°35'24" W, parallel to said West line a distance of 1114.39 feet to a point on the South line of said lands, thence continue S 0°35'24" W 120.01 feet, thence S 89°55'51" W, parallel to the South line of said lands, a distance of 80 feet, thence N 0°35'24" E 120.01 feet to the Point of Beginning.

Parcel 5

Commence at the West 1/4 corner of Section 30, Township 16 South, Range 21 East, thence N 0°41'46" E along the West line of the NW 1/4 of said Section 30 a distance of 11.01 feet to a point on the South right-of-way line of Hialeah Boulevard, as described in deed recorded in Official Record Book 977, pages 446 thru 453, public records of Marion County, Florida, said point being on a curve, concave Northeasterly, having a central angle of 8°26'25" and a radius of 1007.77 feet, said point also being 50 feet from, measured radially to, the centerline of said Hialeah Boulevard, thence Southeasterly along the arc of said curve and along said right-of-way line a distance of 148.46 feet to the P.T. of said curve (chord bearing and distance between said points being S

85°25'59" E 148.32 feet), thence continue along said right-of-way line the following courses and distances: S 89°39'11" E 489.41 feet to the P.C. of a curve, concave Southwesterly, having a central angle of 11°23'47" and a radius of 818.69 feet, thence Southeasterly along the arc of said curve a distance of 162.84 feet to the P.T. of said curve, thence S 78°15'24" E 360.32 feet to the P.C. of a curve, concave Northeasterly, having a central angle of 11°32'10" and a radius of 804.34 feet, thence Southeasterly along the arc of said curve a distance of 161.95 feet to the P.T. of said curve, thence S 89°47'34" E 228.22 feet to the Point of Beginning, thence continue S 89°47'34" E 469 feet, thence leaving said right-of-way line S 0°35'24" W 1113.45 feet to a point on the North line of lands described in deed recorded in Official Record Book 1131, page 948, public records of Marion County Florida, thence S 89°55'51" W along said North line 469.02 feet, thence N 0°35'24" E 1115.71 feet to the Point of Beginning. Containing 12 acres, more or less.

Parcel in Sections 30 & 31, Township 16 South, Range 21 East:

Commence at the NW corner of Section 31, Township 16 South, Range 21 East, thence S 0°42'17" W along the West line of said Section 31 a distance of 1700.63 feet to a point on the boundary of lands described in deed recorded in Official Record Book 1050, page 1565, public records of Marion County, Florida, thence S 89°17'55" E along said boundary a distance of 2525 feet to the Point of Beginning, thence continue S 89°17'55" E along said boundary a distance of 1572.53 feet, thence N 0°42'05" E along said boundary a distance of 3980.83 feet to a point on the South right-of-way line of Hialeah Boulevard, as described in deed recorded in Official Record Book 977, page 446, public records of Marion County, Florida, said point also being on a curve, concave Northeasterly, having a central angle of 4°16'13" and a radius of 868.45 feet, thence Northwesterly along the arc of said curve a distance of 64.85 feet to the NE corner of lands described in deed recorded in Official Records Book 1298, page 239, public records of Marion County, Florida (chord bearing and distance between said points being N 78°44'51" W 64.84 feet), thence S 0°21'51" W along the East line of lands a distance of 822.22 feet to the SE corner of said lands, said point also being on the North line of lands described in deed recorded in Official Record Book 1131, page 948, public records of Marion County, Florida, thence S 89°55'51" W along said North line a distance of 2426.16 feet, thence leaving said North line S 0°04'09" E 500 feet, thence N 89°55'51" E parallel to said North line a distance of 908 feet, thence S

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0°45'07" W 2650.13 feet to the Point of Beginning. Containing
125.61 acres, more or less.

SCHEDULE NO. 1

VENTURE ASSOCIATES UTILITIES CORPORATION
SCHEDULE OF WATER RATE BASE
As of January 31, 1998

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$671,480	(\$9,683)	\$661,797
Land	103,021	(55,551)	47,470
Accumulated Depreciation	(155,875)	449	(155,426)
Contributions-in- aid-of-Construction	(664,149)		(664,149)
Amortization of Accumulated CIAC	<u>179,756</u>		<u>179,756</u>
TOTAL	\$134,233 =====	(\$64,785) =====	\$ 69,448 =====

SCHEDULE OF WATER RATE BASE

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Utility Plant in Service	
1) To remove unsupported plant	(\$2,100)
2) To remove capitalized interest	(\$7,583)
Total	<u>(\$9,683)</u>
Land	
1) To Adjust land to appraised cost	<u>(\$55,551)</u>