

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:** AUGUST 26, 1999

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF WATER AND WASTEWATER (CLAPP, MUNROE)  
DIVISION OF LEGAL SERVICES (CIBULA, CROSBY)

**RE:** DOCKET NO. 981079-SU - APPLICATION FOR AMENDMENT OF  
CERTIFICATE NO. 104-S TO EXTEND SERVICE TERRITORY IN PASCO  
COUNTY BY HUDSON UTILITIES, INC.  
COUNTY: PASCO

**AGENDA:** SEPTEMBER 7, 1999 - REGULAR AGENDA - PROPOSED AGENCY  
ACTION ON ISSUES 4, 5, and 6 - INTERESTED PERSONS MAY  
PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\WAW\WP\981079SU.RCM

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REPORTING

*J.M.C. B.P. S.M.A.*

CASE BACKGROUND

Hudson Utilities, Inc. (Hudson or utility) is a Class B utility located in Pasco County. Hudson was granted Certificate No. 104-S on June 19, 1973. The utility provides wastewater collection service to its customers and contracts with Pasco County (County) for wastewater treatment service pursuant to a Bulk Wastewater Treatment Agreement entered into on June 5, 1990. Hudson serves approximately 1,468 residential and 87 commercial customers. According to Hudson's 1998 annual report, the utility had annual operating revenues of \$948,129 and a net loss of \$164,691.

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FPSC-RECORDS/REPORTING

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Pursuant to Section 367.045, Florida Statutes, on August 26, 1998, Hudson applied for an amendment of Wastewater Certificate No. 104-S for extension of service area in the County. The utility proposes to include certain service areas to which Hudson had inadvertently extended service to 396 customers outside of its certificated territory, to extend service to prospective customers adjacent to such areas, and to transfer certain customers within Pasco County's jurisdiction through an addendum to the Bulk Wastewater Treatment Agreement.

On November 9, 1998, Hudson submitted a request for limited proceeding which was added to this docket. The limited proceeding was filed to address a difference in rates applied to those customers to be added that are currently served by the County and the remaining areas the utility included in its amendment.

Staff has authority to administratively approve applications for amendment when no objections have been filed and the application is without controversy. However, since this docket involves a change in rates for some customers, staff is bringing this matter to the Commission.

This recommendation addresses whether the Commission should approve the two territory amendments, the transfer from the County, modification in rates for the current County customers, and Hudson's apparent violation of Section 367.045, Florida Statutes, as discussed in Issue 1. The territory amendments are discussed in Issue 2 and the transferred area and change in rates is discussed in Issue 3.

#### DISCUSSION OF ISSUES

**ISSUE 1:** Should Hudson Utilities, Inc., be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent violation of Section 367.045, Florida Statutes?

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**RECOMMENDATION:** No. A show cause proceeding should not be initiated. (CIBULA)

**STAFF ANALYSIS:** As stated in the case background, Hudson is serving 396 customers outside of its certificated territory. Section 367.045(2), Florida Statutes, states that:

A utility may not...extend its service outside the area described in its certificate of authorization until it has obtained an amended certificate of authorization from the [C]ommission.

Section 367.161(1), Florida Statutes, authorizes the Commission to assess a penalty of not more than \$5,000 for each offense, if a utility is found to have knowingly refused to comply with, or to have willfully violated any provision of Chapter 367, Florida Statutes. In serving outside of its certificated territory without obtaining an amended certificate of authorization, the utility's act was "willful" in the sense intended by Section 367.161, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, titled In Re: Investigation Into The Proper Application of Rule 25-14.003, Florida Administrative Code, Relating To Tax Savings Refund For 1988 and 1989 For GTE Florida, Inc., the Commission having found that the company had not intended to violate the rule, nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, 'willful' implies an intent to do an act, and this is distinct from an intent to violate a statute or rule."

Although Hudson's failure to obtain an amended certificate of authorization from the Commission prior to serving outside of its certificated area is an apparent violation of Section 367.045(2), Florida Statutes, according to its application, the utility erroneously believed that the 396 customers were included in its service area and paid all the necessary regulatory fees for serving the area. Furthermore, by its application, the utility now seeks to add this territory to its service area.

Staff does not believe that the apparent violation of Section 367.045, Florida Statutes, rises in these circumstances to the level which warrants the initiation of a show cause proceeding.

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Therefore, staff recommends that the Commission not order Hudson to show cause for failing to obtain an amended certificate of authorization prior to serving outside of its certificated territory.

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**ISSUE 2:** Should Hudson Utilities' application for amendment of Wastewater Certificate No. 104-S be granted?

**RECOMMENDATION:** Yes. Hudson Utilities' application for amendment of Wastewater Certificate No. 104-S should be granted for the additional wastewater territory described in Attachment A. Hudson should charge the customers in the territory added herein the rates and charges contained in its current tariff until authorized to change by this Commission in a subsequent proceeding. (CLAPP, MUNROE)

**STAFF ANALYSIS:** As stated earlier, on August 26, 1998, Hudson filed an application for amendment of Wastewater Certificate No. 104-S to add territory in Pasco County, pursuant to Rule 25-30.036(3), Florida Administrative Code. Except as discussed previously, the application is in compliance with the governing statute Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for amendment of certificate. The application contains a check in the amount of \$1,750, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The utility's wastewater collection system is constructed in platted road right-of-ways and easements, which provide for the continued use of the land as required by Rule 25-30.036(3)(d), Florida Administrative Code.

Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.036(3)(e), (f) and (i), Florida Administrative Code. A description of the wastewater territory is appended to this recommendation as Attachment A. The utility has submitted an affidavit consistent with Section 367.045(2)(d), Florida Statutes, stating that it has tariffs and annual reports on file with the Commission.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code. On September 24, 1998, Ms. Lorraine Kowalski timely submitted a letter objecting to the application "due to lack of information." Staff replied to Ms. Kowalski's letter on October 26, 1998, and legal staff contacted Ms. Kowalski on August 3, 1999, and confirmed that she did not wish to pursue her objection and did not want to commence a formal proceeding. On December 28, 1998,

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seven Krag Drive residents filed a petition in which they objected to being required to hook up to a wastewater system while their septic systems seemed to be functioning properly. Staff telephoned most of the residents and, on January 14, 1999, mailed letters to all of the residents to respond to their concerns. The letters advised the residents that the mandatory hook up policy is a Pasco County requirement and any objection to the policy should be addressed to the County Commission. Additionally, the letters asked the protestors to contact the Commission by February 8, 1999, if they wanted to pursue a formal hearing. None of the protestors contacted the Commission within the time period specified, and none of them indicated that they wanted to commence a formal proceeding. No additional objections to the notice of application have been received and the time for filing such has expired. The local planning agency was provided notice of the application and did not file a protest to the amendment.

The Department of Community Affairs has reviewed the application and indicates that there are no growth management concerns related to consistency with the Pasco County Comprehensive Plan. The Department of Environmental Protection has no outstanding notices of violation against this system.

According to the application, Hudson has the financial and technical ability to provide wastewater collection service to the three amendment territories. The utility has been certificated in the wastewater collection business since 1973.

As mentioned earlier, the application includes two areas that Hudson has requested be added to its territory as simple amendments. The first territory is a four to five square mile area adjoining the northern and northeastern boundaries of Hudson's existing service territory. This area is not included in the certificated service territory of any other wastewater utility, nor is it within the boundaries of the County's service territory. Hudson requests this territory to extend its service to this area to accommodate expected population growth.

The second territory is an area between and contiguous to the southern boundary of Hudson's existing service territory and an area known as Signal Cove. This area includes 396 customers for

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whom Hudson has provided wastewater collection service for several years and has included in its regulatory assessment fee payments. The utility erroneously believed that this area was included in its service area. It now seeks to amend its certificate to formally recognize and obtain the Commission's authorization to serve the customers in this area.

The majority of Hudson's existing and proposed service territory is located in an area federally designated as a flood plain area, which is unsuitable for the efficient use of septic tanks and drain fields. The comprehensive land use plan adopted by Pasco County and the State of Florida requires that coastal areas, including Hudson's existing and proposed service territory, be provided with sanitary sewer collection and treatment systems. The County owns and operates regional wastewater treatment and disposal facilities but generally does not provide wastewater collection service. Consequently, in order to accommodate expected population growth in the areas proposed to be added to Hudson's existing service territory, Hudson and the County have extended the term of the Bulk Wastewater Treatment Agreement for ten years, from 2015 to 2025.

The rates and charges for Hudson were established most recently in Order No. 23810, issued November 27, 1990, in Docket No. 900293-SU, as the result of a staff-assisted rate case. The rates were amended by Order No. PSC-98-0316-AS-SU, issued February 23, 1998, in Docket No. 980076-SU. In addition, the rates were modified effective March 29, 1999, by way of the 1998 price index and pass-through rate adjustment. Hudson should charge the customers in the territories added herein the rates and charges contained in its tariff, until authorized to change by this Commission in a subsequent proceeding.

Hudson has stated that the proposed extension is not expected to impact its monthly rates and service availability charges based upon its average construction costs and rate structure. Hudson's current lender has indicated a willingness to continue its existing financing for the additional service territories.

The utility has returned its certificate for entry of the additional territory and filed revised tariff sheets which reflect

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the amended territory description. Based on the above information, staff believes that the utility has the capacity, the technical expertise, and support of the County to provide quality service to these areas in the future. Additionally, staff believes that it is in the public interest to grant Hudson's application for amendment of Wastewater Certificate No. 104-S to add the additional territory as described in Attachment A. (Attachment A contains the additional territory descriptions for the two amendment areas, as well as, the transfer area. Attachment B contains the composite description for all of Hudson's territory.)



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**ISSUE 3:** Should the request for transfer of service territory from Pasco County be approved?

**RECOMMENDATION:** Yes. The request for transfer of service territory from Pasco County should be approved and the service territory for Wastewater Certificate No. 104-S should be modified to include the additional territory. Hudson should be required to submit proof of transfer of the territory within three months of the issuance date of the order in this docket. (CLAPP, MUNROE)

**STAFF ANALYSIS:** As previously mentioned, Hudson included a third territory in its request for amendment to its territory. Upon closer examination, it has been determined that the amendment should be treated as a transfer, since some of the residences in the area known as the Signal Cove subdivision currently receive wastewater service from Pasco County.

Signal Cove is adjacent to the southern boundary of the second territory amendment requested in Issue 2. Signal Cove is planned to consist of approximately 400 single family homes, mobile homes, and commercial properties and includes 382 existing buildings. Of these existing buildings, 131 are County wastewater customers.

According to the utility, the County, over the past 10 years, has indicated to Hudson and others that it was not in the business of constructing gravity sewer collection systems within the County. The estimated construction costs to various subdivisions that have requested service by the County have been approximately three to four times that proposed by private enterprise utility companies. Therefore, the Signal Cove Homeowners Association, after joint meetings with County officials and representatives of Hudson, requested that the County allow Hudson to serve their area. This action resulted in the County's approval.

The agreed upon estimate of the purchase price for the existing Signal Cove gravity sewer collection, pumping station and force main system (serving the 131 customers) was \$105,000. A formal sales agreement has not been executed. An Addendum to the Bulk Wastewater Treatment Agreement is the only contract entered into between Hudson and the County for the Signal Cove area. The Agreement, as explained in greater detail in Issue 6, allows

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payment for the purchase price to be made over a period of 25 years. The payments are to be made based upon \$1.00 per 1,000 gallons of wastewater submitted for treatment from the 131 Signal Cove customers currently served by the County. These payments are not from surcharges on the 131 Signal Cove customers, but from Hudson's earnings.

According to the utility, the condition of the existing system being sold to Hudson is good as to materials and alignment; however, the lines have been video taped and found to have several leaks at service joints due to the type of joint material utilized during installation of the vitrified clay pipe. Contractor cost estimates of approximately \$50,000 for these repairs were a part of the consideration in negotiating the Addendum. Additionally, the cost of the repairs should have no effect on the rates for current customers of Hudson.

Hudson has stated that the proposed extension is not expected to impact its monthly rates and service availability charges based upon its average construction costs and rate structure. Hudson's current lender has indicated a willingness to continue its existing financing for the additional service territories.

The utility has returned the certificate for entry of the additional territory and filed revised tariff sheets which reflect the transferred territory description. Based on the above information, staff believes that the utility has the capacity, the financial and technical ability, and support of Signal Cove, as well as, the County to provide quality service to this areas in the future. Additionally, staff believes that it is in the public interest to approve the transfer of Signal Cove subdivision to Hudson. Therefore, staff recommends that the service territory for Wastewater Certificate No. 104-S be modified to include the additional territory described in Attachment A. (Attachment A contains the territory descriptions for the two amendment areas, as well as, the transfer area. Attachment B contains the composite description for all of Hudson's new and previously granted territory.) Staff further recommends that Hudson be required to submit proof of transfer of the territory to Hudson within three months of the issuance date of the order in this docket.

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**ISSUE 4:** What is the rate base of the Signal Cove territory at the time of transfer?

**RECOMMENDATION:** The rate base of the Signal Cove territory cannot be determined at this time. Hudson should be put on notice that it will be required to conduct an original cost study upon the filing of any rate petition. (CLAPP)

**STAFF ANALYSIS:** In its application, Hudson proposed no net book valuation for the acquired assets. The Signal Cove territory is currently provided service by Pasco County. Since the County is not subject to the Commission's jurisdiction, it is not required to keep its books in compliance with the NARUC Uniform System of Accounts.

Hudson and the County arrived at an oral estimate of the purchase price for the existing Signal Cove gravity sewer collection, pumping station and force main system (131 services) of \$105,000. The only contract entered into for this transfer is the Addendum to the Bulk Service Agreement between Hudson and the County.

Based on the above, staff recommends that rate base at the time of the transfer cannot be established in this proceeding. Staff further recommends that Hudson be put on notice that it will be required to conduct an original cost study upon the filing of any rate petition.

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**ISSUE 5:** Should an acquisition adjustment be approved?

**RECOMMENDATION:** An acquisition adjustment cannot be determined since rate base cannot be established at this time. (CLAPP)

**STAFF ANALYSIS:** An acquisition adjustment results when the purchase price differs from the original cost calculation adjusted to the time of acquisition. Since rate base for the utility at the time of the transfer cannot be established, staff recommends that no acquisition adjustment be approved in this docket.

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**ISSUE 6:** Should the rates of the Signal Cove customers be approved as specified in Pasco County's Addendum to Bulk Wastewater Treatment Agreement with Hudson?

**RECOMMENDATION:** Yes. The rates of the Signal Cove customers should be approved as specified in Pasco County's Bulk Wastewater Treatment Agreement with Hudson. The tariff sheets should be effective for services rendered on or after the stamped approval date, in accordance with Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. (CLAPP)

**STAFF ANALYSIS:** As stated earlier, Hudson's rates and charges were established most recently by Order No. 23810, issued November 27, 1990, in Docket No. 900293-SU, as the result of a staff-assisted rate case. The rates were amended by Order No. PSC-98-0316-AS-SU, issued February 23, 1998, in Docket No. 980076-SU. In addition, the rates were modified effective March 29, 1999, by way of the 1998 price index and pass-through rate adjustment.

On November 6, 1998, Hudson filed a request for limited proceeding for the 131 Signal Cove customers transferred from Pasco County. Enclosed with the request was a check in the amount of \$200 pursuant to Sections 367.0822 and 367.145, Florida Statutes, and Rule 25-30.020(2)(g), Florida Administrative Code.

The sale of the Signal Cove customers to Hudson includes several different rate provisions. In order to understand the rates, it is helpful to first discuss how Pasco County has developed its rates for wastewater treatment service to other utility systems. The County has been experiencing growth into areas that had formerly been more rural or agricultural in nature and served by smaller private utility systems. As the County's population has expanded, its utility has also expanded with the construction of large, regional wastewater treatment plants. Many of the older private systems have interconnected with the County under bulk wastewater treatment agreements. Hudson has such an agreement. Under this agreement, rather than the County requiring an impact fee from the customers of these regulated systems, the County has instituted a capital recovery charge in the form of \$1.00 per 1,000 gallons of flow, which essentially is added onto the existing utility's gallonage charge as a surcharge. This

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surcharge is currently included in the gallonage charge approved for Hudson customers by the Commission.

The Bulk Service Agreement Addendum also provides for an extension of the original Agreement for another 10 years, making the total period of time 35 years from the June 5, 1990, effective date. The Addendum provides that any customer paying the \$1.00 capital recovery charge under the contract would stop paying it at the end of 25 years. Hudson is to provide the County with at least an annual report identifying those customers who have paid for a period of 25 years. In addition, the Addendum provides that any new development within Hudson's service area will pay a prorated up-front impact fee to the County at the time a building permit is issued when there is less than 25 years left to the Agreement. This implies that the \$1.00 surcharge will not be collected from any of the Hudson customers after June 4, 2025.

The Addendum also details a methodology for Hudson to compensate the County for the facilities being purchased by Hudson in the Signal Cove subdivision. Hudson is to pay the County \$1.00 per thousand gallons of wastewater flow generated by the 131 customers being transferred from the County. These flows are measured by calculating 80% of the water consumption billed by the County to estimate the wastewater generated, which is a common method of estimating flows used by the Commission in utility rate cases. The County will bill Hudson for this flow. As stated earlier, the 131 transferred customers will not be charged the \$1.00 surcharge for the flow. Therefore, Hudson will pay the billed amount as part of its general operating expenses. This monthly billing method, charged over 25 years, will result in the County being compensated for the facilities purchased. However, this method results in only an estimated purchase price of \$105,000, since the actual amount paid will be based upon the flow billed.

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The Bulk Service Agreement Addendum results in the following rates:

RATES AND CHARGES COMPARISON  
 PASCO COUNTY TO HUDSON UTILITIES

CATEGORY	PASCO COUNTY			HUDSON UTILITIES, INC.		
	Base Facility Charge	Per 1,000 Gallons Charge	Wastewater Impact Fee	Base Facility Charge	Per 1,000 Gallons Charge	Service Availability Charge
131 Existing County Signal Cove Customers	\$14.56	\$2.82	\$1,611 plus construction costs	\$15.08	\$3.95	NONE
Unserviced Signal Cove Customers (New)	N/A	N/A	N/A	\$15.08	\$4.95	\$1,000
Amended Hudson Areas	N/A	N/A	N/A	\$15.08	\$4.95	\$1,000
Existing Hudson Customers	N/A	N/A	N/A	\$15.08	\$4.95	\$1,000
New Development after June 5, 2000	N/A	N/A	Prorated current impact fee	\$15.08	\$4.95	\$1,000

Since the \$1.00 surcharge was incorporated into the gallonage charge specifically for payment of the delayed impact fees for the County's wastewater treatment system, this charge is not necessary for the 131 Signal Cove customers who have already paid the impact fee. Therefore, staff recommends the utility's request be approved and the lesser rate of \$3.95 per 1,000 gallons be implemented for these Signal Cove customers. The tariff should be effective for services provided or connections made on or after the stamped approval date, in accordance with Rule 25-30.475, Florida Administrative Code, provided the customers have received notice.

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**ISSUE 7:** Should this docket be closed?

**RECOMMENDATION:** No. This docket should remain open for an additional three months to allow staff to verify that Hudson has submitted proof of the territory transfer. If no timely protest is received to the proposed agency action issues, upon expiration of the protest period, the order should become final and effective upon the issuance of a consummating order. Once proof of the territory transfer has been submitted, the docket should be closed administratively. (CIBULA)

**STAFF ANALYSIS:** This docket should remain open for an additional three months to allow staff to verify that Hudson has submitted proof of the territory transfer. If no timely protest is received to the proposed agency action issues, upon expiration of the protest period, the order should become final and effective upon the issuance of a consummating order. Once proof of the territory transfer has been submitted, the docket should be closed administratively.



Hudson Utilities, Inc.

Wastewater Territory Description

Pasco County

Additional Area

Township 24 South, Range 16 East

Section 14

All of Said Section, LESS the following described portions thereof: Commence at the Southwest corner of said Section 14 and the POINT OF BEGINNING; Thence run North, along the West line of said Section 14, 30 feet to the center line of Old Dixie Highway; Thence run North 40 degrees East along the center line of Old Dixie Highway, 670 feet; Thence run North 32 degrees East along the centerline of Old Dixie Highway, 780 feet; Thence run East, 1,566 feet; Thence run South, 1,075 feet; Thence run west, 500 feet; Thence run South, 120 feet to the South line of said Section 14; Thence run West, along the South line of said Section 14; 1,910 feet to the POINT OF BEGINNING. Also, commence at the Southwest corner of said Section 14; Thence run North along the West line of said Section 14, 30 feet to the center line of Old Dixie Highway; Thence run North 40 degrees East along the center line of Old Dixie Highway, 670 feet; Thence run North 32 degrees East along the centerline of Old Dixie Highway, 1,160 feet to the POINT OF BEGINNING; Thence continue North 32 degrees East along the center line of Old Dixie Highway, 1,704 feet; Thence run East, 1,975 feet; Thence run South, 2,965 feet to the South line of said Section 14; Thence run West, along the South line of said Section 14, 1,240 feet; Thence run North, 1,520 feet; Thence run West, 1,638 feet to the POINT OF BEGINNING. The areas excepted are portions of the Viva Villas and Sea Pines Subdivisions served by Pasco County.

Section 15: All of Said Section.

Section 16: All of Said Section.

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Section 21:

All of Said Section, LESS the South 1500 feet of the North 2500 feet of the East 500 feet of said Section. The area excepted is a portion of the Sea Pines Subdivisions served by Pasco County.

Section 22:

All of Said Section, LESS the following described portions thereof: Commence at the Northwest corner of said Section 22; Thence run South along the West Section line 1,000 feet to the POINT OF BEGINNING; Thence run East 1,500 feet to the center of a canal; Thence run South 600 feet; Thence run East 2,200 feet to the center of Old Dixie Highway; Thence run South 47 degrees West along center of Old Dixie Highway 1,300 feet; Thence run West approximately 2,720 feet to the West section line of said Section 22; Thence run North along the West section line 1,500 feet to the POINT OF BEGINNING. Also, commence at the Northwest corner of said Section 22; Thence run South along the West Section line 1,000 feet; Thence run East 1,500 feet to the POINT OF BEGINNING: Thence run North 350 feet; Thence run East 3,225 feet to the center of Old Dixie Highway; Thence run South 47 degrees West along center of Old Dixie Highway 513 feet; Thence run West approximately 2,850 feet to the POINT OF BEGINNING. Also, commence at the Northeast corner of said Section 22 and the POINT OF BEGINNING, Thence run South along the East line of said section 945 feet; Thence run West 949 feet to the center line of Old Dixie Highway; Thence run North 47 degrees East along the center line of Old Dixie Highway 790 feet; Thence run North 40 degrees East along the centerline of Old Dixie Highway 530 feet to the North line of said Section 22; Thence run East, along the North line of said Section 22, 30 feet to the POINT OF BEGINNING. The areas excepted is a portion of the Sea Pines Subdivision served by Pasco County.

Section 23:

All of Said Section, LESS the following described portions thereof: Commence at the Northwest corner of said Section 23 and the POINT OF BEGINNING; Thence run East along the North line of said Section 23, 1,910 feet; Thence run South 945 feet; Thence run West 1,910 feet to the West section line of said Section 23; Thence run North

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along the West section line of said Section 23, 945 feet to the POINT OF BEGINNING. Also, commence at the Northwest corner of said Section 23; Thence run east along the North line of said Section 23, 2,700 feet to the POINT OF BEGINNING; Thence continue East along the North line of said Section 23, 1,240 feet; Thence run Southwesterly, parallel to U.S. 19, 1,500 feet; Thence run South, 100 feet; Thence run Southwesterly, parallel to U.S. 19, 140 feet; Thence run West, 175 feet; Thence run North, 1,380 feet to the POINT OF BEGINNING. The areas excepted are portions of the Viva Villas and Sea Pines Subdivisions served by Pasco County.

Section 26:

All of North 1/2 of said Section 26; LESS that portion previously granted and approved by Public Service Commission on April 24, 1990, Amendment Order No. 22852, Docket No. 900065-SU.

Section 27:

That portion of the NE 1/4 lying East of U.S. 19 and, All of the North 1/2 of the South 1/2 of said section 27 lying East of the Eastern Right-of-Way of U.S. Highway 19 (State Road 55); LESS that portion previously granted and approved by Public Service Commission on December 10, 1990, Amendment Order No. 23846, Docket No. 900020-SU.

Section 33:

All of said Section 33; LESS that portion previously granted and approved by Public Service Commission on June 19, 1973, Amendment Order No. 5781, Docket No. C-72696-S (Original Certificate), and on October 31, 1984, Amendment Order No. 13823, Docket No. 840296-SU.

Section 34:

The Northwest 1/4 of the SW 1/4

Township 25 South, Range 16 East

Section 4:

The North 150 feet of said Section 4.

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ATTACHMENT B

Hudson Utilities, Inc.

Wastewater Territory Description

Pasco County

Composite Territory Description

This composite territory description includes all previous territory additions and the new area. The utility was first granted their original territory by Order No. 5781 in Docket No. C-72695-S. The utility amended their territory by Order No. 13823, Docket No. 840296-SU; Order No. 14477, Docket No. 850149-SU; Order No. 15556, Docket No. 850779-SU; Order No. 22852, Docket No. 900065-SU; Order No. 23846, Docket No. 900832-SU and the new area. This composite territory greatly simplifies their territory description.

Township 24 South, Range 16 East

Section 14

All of Said Section, LESS the following described portions thereof: Commence at the Southwest corner of said Section 14 and the POINT OF BEGINNING; Thence run North, along the West line of said Section 14, 30 feet to the center line of Old Dixie Highway; Thence run North 40 degrees East along the center line of Old Dixie Highway, 670 feet; Thence run North 32 degrees East along the centerline of Old Dixie Highway, 780 feet; Thence run East, 1,566 feet; Thence run South, 1,075 feet; Thence run west, 500 feet; Thence run South, 120 feet to the South line of said Section 14; Thence run West, along the South line of said Section 14; 1,910 feet to the POINT OF BEGINNING. Also, commence at the Southwest corner of said Section 14; Thence run North along the West line of said Section 14, 30 feet to the center line of Old Dixie Highway; Thence run North 40 degrees East along the center line of Old Dixie Highway, 670 feet; Thence run North 32 degrees East along the centerline of Old Dixie Highway, 1,160 feet to the POINT OF BEGINNING; Thence continue North 32 degrees East along the center line of Old Dixie Highway,

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1,704 feet; Thence run East, 1,975 feet; Thence run South, 2,965 feet to the South line of said Section 14; Thence run West, along the South line of said Section 14, 1,240 feet; Thence run North, 1,520 feet; Thence run West, 1,638 feet to the POINT OF BEGINNING. The areas excepted are portions of the Viva Villas and Sea Pines Subdivisions served by Pasco County.

Section 15: All of Said Section.

Section 16: All of Said Section.

Section 21:

All of Said Section, LESS the South 1500 feet of the North 2500 feet of the East 500 feet of said Section. The areas excepted is a portion of the Sea Pines Subdivision served by Pasco County.

Section 22:

All of Said Section, LESS the following described portions thereof: Commence at the Northwest corner of said Section 22; Thence run South along the West Section line 1,000 feet to the POINT OF BEGINNING; Thence run East 1,500 feet to the center of a canal; Thence run South 600 feet; Thence run East 2,200 feet to the center of Old Dixie Highway; Thence run South 47 degrees West along center of Old Dixie Highway 1,300 feet; Thence run West approximately 2,720 feet to the West section line of said Section 22; Thence run North along the West section line 1,500 feet to the POINT OF BEGINNING. Also, commence at the Northwest corner of said Section 22; Thence run South along the West Section line 1,000 feet; Thence run East 1,500 feet to the POINT OF BEGINNING: Thence run North 350 feet; Thence run East 3,225 feet to the center of Old Dixie Highway; Thence run South 47 degrees West along center of Old Dixie Highway 513 feet; Thence run West approximately 2,850 feet to the POINT OF BEGINNING. Also, commence at the Northeast corner of said Section 22 and the POINT OF BEGINNING, Thence run South along the East line of said section 945 feet; Thence run West 949 feet to the center line of Old Dixie Highway; Thence run North 47 degrees East along the center line of Old Dixie Highway 790 feet; Thence run North 40 degrees East along the centerline of Old Dixie Highway 530 feet to the North line of said Section 22; Thence

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run East, along the North line of said Section 22, 30 feet to the POINT OF BEGINNING. The areas excepted is a portion of the Sea Pines Subdivisions served by Pasco County.

Section 23:

All of Said Section, LESS the following described portions thereof: Commence at the Northwest corner of said Section 23 and the POINT OF BEGINNING; Thence run East along the North line of said Section 23, 1,910 feet; Thence run South 945 feet; Thence run West 1,910 feet to the West section line of said Section 23; Thence run North along the West section line of said Section 23, 945 feet to the POINT OF BEGINNING. Also, commence at the Northwest corner of said Section 23; Thence run east along the North line of said Section 23, 2,700 feet to the POINT OF BEGINNING; Thence continue East along the North line of said Section 23, 1,240 feet; Thence run Southwesterly, parallel to U.S. 19, 1,500 feet; Thence run South, 100 feet; Thence run Southwesterly, parallel to U.S. 19, 140 feet; Thence run West, 175 feet; Thence run North, 1,380 feet to the POINT OF BEGINNING. The areas excepted are portions of the Viva Villas and Sea Pines Subdivisions served by Pasco County.

Section 26:

All of the North 1/2 of said Section 26.

Section 27:

All of said Section 27; LESS the South 1/2 of the Southeast 1/4

Section 28:

All of said Section.

Section 32:

The East 818 feet of the North 1/2 of said Section 32.

Section 33:

All of said Section.

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Section 34:

The West 1/2 of the Northwest 1/4. The Northwest 1/4 of the SW 1/4

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Township 25 South, Range 16 East

Section 4:

The North 150 feet of said Section 4.