



May 25, 2012

VIA HAND DELIVERY

Ms. Ann Cole
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-PPSC
12 MAY 25 PM 3:50
COMMISSION
CLERK

Re: Docket No. 110200-WU-In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.
Our File No. 46023.01

Dear Ms. Cole:

Water Management Services, Inc. ("WMSI" or "Utility") submits the following in response to Staff's Third Data Request dated April 25, 2012:

1. The utility is working with Centennial Bank on a day-to-day basis to complete the loan documentation necessary for the refinancing, and will provide the staff with a complete set of documents as soon as the loan closes.

2. (a) No, but the utility is working with Fidelity Bank on a USDA loan as shown by the loan application attached as Exhibit "A." The utility also has a pending request to DEP to subordinate its loan, and to modify the debt service requirements to pay interest only with principal payments equal to all CIAC collected. See Exhibit "B." The utility will notify staff as soon as a response is received from either DEP or Fidelity.

(b) N/A

(c) The Fidelity USDA loan can probably be approved and closed within 90-120 days after a final Commission order provides WMSI with adequate rates to operate and pay the debt service on the loan. The DEP loan request is dependent on an increase in rates and service availability charges as requested in this case.

(d) The USDA application has been filed as shown by Exhibit "A" and the DEP modification request has been submitted, as shown by Exhibit "B."

(e) N/A

DOCUMENT NUMBER-DATE

03362 MAY 25 2012

3. (a) Yes, in that the USDA loan requires a superior lien on all assets, including the supply main across the bridge.

(b) No.

(c) N/A

(d) See letter attached as Exhibit "B," which was hand delivered on May 17, 2012. The utility met with Robert Holmden on May 22, 2012, and he indicated a written response to the Exhibit "B" letter would be forthcoming within a short period of time. That letter will be sent to the PSC staff upon receipt.

4. (a) (i) The first property WMSI considered was referred to as the "Mirabella lots," which were four 25' x 130' lots located across the alley directly behind the current plant. WMSI made an offer on those lots, which was rejected. The lots were then immediately taken "off the market." About the same time, it was determined that WMSI needed more than four 25' lots for the necessary plant improvements.

(ii) The next property WMSI considered was referred to as the "Centennial lots," which were owned by Centennial Bank. These are eight 25' x 135' lots separated by a 30' alley, located about 2 1/2 blocks from the current plant. The bank never put a price on the lots, but said "make an offer." WMSI never made an offer to buy the lots from Centennial because the other "Proctor lots" became available, and they were contiguous lots located across the street from the current plant on the same alley.

(b) Gene Brown talked to several realtors and other people who are familiar with current values of commercial property on St. George Island. He also met with the bank which held the mortgage on the Proctor lots, and he followed foreclosure sales of other commercial lots on the island and talked with employees of WMSI who had knowledge of island values. He also talked with property owners and their representatives concerning other commercial lots near the current plant.

(c) On September 13, 2011, Gene Brown and Tom Proctor met with Chip Johnson, an MAI, who is not the appraiser who did the appraisal attached as Exhibit "C."

(d) February 8, 2011, as shown by the copy attached as Exhibit "C."

(e) \$420,000. See attached Exhibit "C."

(f) The first "asking price" was \$750,000.

(g) No, it was a negotiated price based upon all 7 lots to be purchased approximately one year from the contract date.

(h) It was for sale for a few months after the owners worked out a deal with their bank which held a mortgage on the lots.

5. The 7 lots were tied up with a mortgage and related problems until a few months before the contract with WMSI. The first asking price about one year go was \$750,000, subject to working out the bank mortgage problems. That was the only asking price ever quoted to WMSI, and the \$425,000 was a negotiated price based upon all the facts and circumstances.

6. No.

7. No.

8. WMSI has dropped the 5th well from its current plans, so this question is no longer applicable.

9. N/A. See above.

10. N/A. See above.

11. (a) Yes.

(b) Yes.

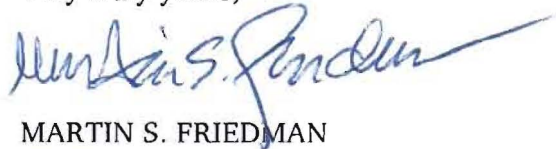
(c) Yes, but this one time accounting error did not have any effect on WMSI's rates or its ratepayers. This land was never included in any rate base approved by the Commission, and it has never been included in any rate base calculations in any MFR's in any case filed before the Commission. For the gain on sale to be credited to customers it must have been "formerly used and useful or included in uniform rates". Order No. PSC-96-1320-FOF-WS. Also see Order No. PSC-11-0514-FOF-WS where the Commission refused to give customers the benefit on the gain on sale of property that was never used and useful. Thus, under no circumstances should a gain on sale be for

Ms. Ann Cole
Office of Commission Clerk
Florida Public Service Commission
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the benefit of customers for those properties which have never been determined to be used and useful. .

12. (d) See Exhibit "D" attached.
(e) See Exhibit "E" attached.
(f) See Exhibit "F" attached.
(g) See Exhibit "G" attached.
(h) See Exhibit "H" attached.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Martin S. Friedman", with a long, sweeping horizontal stroke extending to the right.

MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosures

_____ **WATER MANAGEMENT SERVICES, INC.** _____

250 John Knox Rd. # 4
Tallahassee, FL 32303
(850) 668-0440 Fax (850) 577-0441

May 25, 2012

FEDERAL EXPRESS

Mr. Thomas F. Hurdman
Business Development Officer
SBA Lending Division
Fidelity Bank
10151 Deerwood Park Blvd.
Building 200, Suite 100
Jacksonville, FL 32256

Re: USDA Loan

Dear Tom:

Enclosed is our application for the loan we have been discussing. The total loan request is for \$6,600,000, which will be used as follows:

\$2,743,016	-	Pay off existing first mortgage loan
\$ 450,000	-	Purchase land for improvements
\$3,092,698	-	Construct 600,000 gallon water storage facility, new plant improvements and expand distribution system all as per attached plans (the 5 th well has been deleted from the project, which resulted in a \$533,575 reduction in the overall cost.)
<u>\$ 314,286</u>	-	5% closing cost and fees
\$ 6,600,000	-	Total Loan

We are asking to pay interest only during the first year while construction is underway, which is assumed to be calendar year 2013. We are requesting a 30 year term with equal monthly payments after that. If a shorter term is required, the amortization period still needs to be 30 years for cash flow purposes.

Mr. Thomas F. Hurdman
Page Two
May 25, 2012

This loan request is based upon two major assumptions:

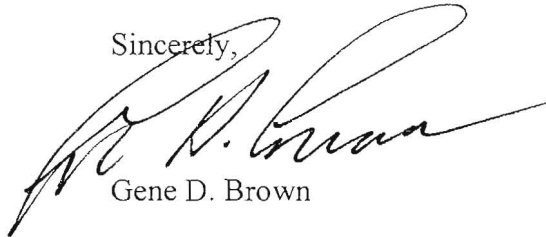
- (1) That we are successful in securing a substantial rate increase in our case before the Florida Public Service Commission (PSC), including much higher tap fees; and
- (2) That the Florida Department of Environmental Protection (DEP) agrees to subordinate its security interest on the water supply main to Fidelity's first mortgage lien, and to modify the debt service requirements on the DEP loan as requested in the letter dated May 17, 2012, a copy of which is attached as Exhibit "A" to this letter.

Based on these assumptions, I have prepared a two-year cash flow schedule for the first two years of the loan, 2013 and 2014, a copy of which is included as item 15 in the enclosed loan package. As you can see, we will have adequate cash flow to service your debt, which will be our overriding priority, if we are successful in the pending PSC case. In addition to a first mortgage lien and security interest in all our assets, Fidelity will have a pledge of all the utility's revenue, except for tap fees which will be paid as principal reductions on the DEP loan.

Please review this loan request based upon the assumptions set forth above. I acknowledge that our current financials do not support this request without a rate increase. We should have a good indication within the next several months as to whether we will be able to meet the attached projections which are based on the relief sought in the current PSC case. However, I do not want to wait until we have final decisions from the PSC and DEP before we start working on this loan. I need some type of prior indication that Fidelity can do this loan if we can demonstrate the ability to meet the cash flow projections when the PSC case is completed.

I look forward to working with you on this loan.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene D. Brown", with a stylized, flowing script.

Gene D. Brown

Enclosure

WATER MANAGEMENT SERVICES, INC.

250 John Knox Rd. # 4
Tallahassee, FL 32303
(850) 668-0440 Fax (850) 577-0441

May 17, 2011

HAND DELIVERY

Mr. Robert E. Holmden, P.E.
Chief, Bureau of Water Facilities Funding
Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Dear Mr. Holmden:

As you know, the City of Carrabelle is considering the purchase of our water system on St. George Island. If that happens, our SRF loan from DEP will be paid in full.

In the meantime, and assuming the Carrabelle deal does not happen, we are proceeding with our plans for extensive capital improvements, including a new ground storage facility. We plan to finance these improvements with a new USDA guaranteed loan from Fidelity Bank in Jacksonville. That loan will pay off the existing first mortgage of approximately \$2.7 million at Centennial Bank (formerly Gulf State Bank) and provide approximately \$3.5 million in new funds for the improvements.

However, Fidelity is only willing to make this loan if they have a superior lien on all of the utility's operating assets, including the supply main across the bridge. Accordingly, I need to know if DEP is willing to subordinate its lien on the supply main so that Fidelity will have a superior security interest in all our assets, including the supply main. Without this subordination, I do not know of any realistic way to finance and construct these improvements.

On a related matter, I need to know whether DEP is willing to modify the debt service requirements on our existing SRF loan for the next 10 years to allow WMSI to pay interest only each 6 months with periodic payments of principal equal to all tap fees (CIAC) collected by the utility during that 10-year period. We have a pending request with the PSC to raise our tap fees to \$10,000 per equivalent residential connection (ERC). That request is based on the statute and PSC rule which allows the utility to set tap fees, or "service availability charges," at a rate which will allow the utility to recover 75% of the cost of new capital improvements, such as the new supply main across the bridge, from its customers. The tap fees were never increased after the main was constructed with the DEP/SRF loan in 2003. Nevertheless, the utility has reduced the

EXHIBIT "A"

Page Two
May 17, 2012

principal balance on the SRF loan by almost \$1,000,000 without any increase in tap fees. We are confident that the PSC will increase these tap fees as required by law so that the customers who benefit from the supply main will pay 75% of the cost of that line.

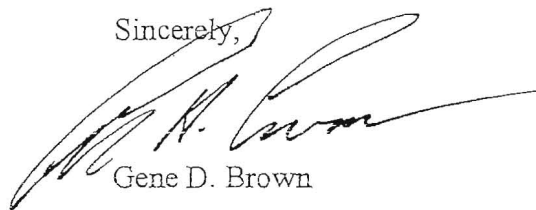
Based upon the 10 year planning document filed by our engineer, Les Thomas, we project 408 new connections on the island by the end of 2021. At \$10,000 each, that would provide an additional \$4,080,000 in principal reductions on the SRF loan. At that point, the SRF loan will still have over 10 years left on the existing 30 year amortization. At that time, WMSI and DEP can reestablish a payment plan based upon the next 10 year plan from our engineer and the rates and charges then in effect.

Realistically, this plan or a similar plan is the only way WMSI can repay the principal portion of the SRF loan. Our water line was destroyed by State action without our consent, and the new line cost approximately \$6,000,000, at least 75% of which should be paid by the water customers who benefitted from the line. Even if the PSC gives us all the increased monthly rates that we have requested, there is still not sufficient cash flow to amortize the SRF loan in full without a substantial increase in tap fees. Some level of tap fees will be paid because there is still so much growth potential on the island. But there is no way to accurately predict when these fees will be paid for the purpose of establishing firm annual principal loan payments. In our 10 year capacity study, we project an increase in connections back to our historical average of 56 new connections per year. If you would like to review this 10 year engineering study, let me know and I will send you a copy.

Assuming that we are successful in our pending PSC case for increased monthly charges, and assuming that the PSC approves our request for increased tap fees, I am confident that WMSI can repay the SRF loan with no problem. But we are at the mercy of the State of Florida in this entire matter. The State DOT destroyed our water main forcing us to spend over \$6,000,000. The State PSC has total control over the rates and fees we can charge and collect to pay for this huge capital expense. I now need help from the State DEP to work with out a plan to repay this loan with interest only, and with the payment of all tap fees collected as referenced above.

My PSC attorney, Marty Friedman, and I will be happy to answer any questions you may have regarding this matter when we meet with you next Tuesday.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene D. Brown", written over a horizontal line.

Gene D. Brown

cc: Martin S. Friedman, Esq.

USDA LOAN APPLICATION

FIDELITY BANK

Submitted by:
WATER MANAGEMENT SERVICES, INC.
250 John Knox Road
Suite 4
Tallahassee, FL 32303

**WATER MANAGEMENT SERVICES, INC. (“WMSI”)
USDA LOAN APPLICATION**

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LOAN REQUEST

OPERATING COMPANY - WATER MANAGEMENT COMPANY, INC., a Florida Corporation

BUSINESS ADDRESS - 250 John Knox Road, Suite 4, Tallahassee, FL 32303

PHONE NUMBER - (850)668-0440 Office
(850)524-6200 Gene Brown Cell
(850)577-0441 Fax

EMAIL - gdb5@comcast.net

TYPE OF BUSINESS - Water Utility **DATE ESTABLISHED** - 1974

TAX ID - 59-3449317

EXISTING EMPLOYEES - 8 **AFTER THIS LOAN** - 9*

*This loan may prevent one or more existing employees from being laid off.

OWNERSHIP OF APPLICANT COMPANY

List below all owners, co-owners, and all stockholders who own or have owned 20 percent or more of the applicant firm with the past six months. Percentage of ownership must total 100%.

Name: St. George Island Utility Co., Ltd.	Title: Limited Partnership	% of Ownership: 85%
Brown Management Group, Inc.	Title: Corporation	% of Ownership: 10%
Thomas Bronson	Title: N/A	% of Ownership: 5%

AFFILIATES

List below all business concerns in which the applicant company or any of the individuals listed in the ownership section above own 20% or more of the affiliate company(s) listed below.

No affiliate owns more than 20% of WMSI, but Brown Management Group, Inc. owns 10% as shown above.

USE OF PROCEEDS

Land Acquisition	\$ 450,000
New Construction of 600,000 gallon storage facility new plant improvements and expansion of distribution system	\$3,092,698
Payoff Bank Loan	\$2,743,016
Closing Costs (approximately 5% of Project Amount)	\$ 314,286
TOTAL PROJECT COSTS	\$6,600,000
Less Own Cash/Equity to be Injected	\$ N/A
TOTAL LOAN REQUESTED FOR PROJECT	\$6,600,000

USDA LOAN APPLICATION HISTORY OF BUSINESS

Background and History of Principals

and Company - Water Management Services, Inc. (WMSI) is a Florida corporation which owns and operates the water utility serving St. George Island, Florida. The president and CEO of WMSI is Gene D. Brown who is also the controlling owner. Mr. Brown's company built the water system in 1974 to serve the St. George Island State Park and other customers on St. George Island, a barrier island approximately 5 miles from Eastpoint in Franklin County, Florida. Water is transported from 4 deep wells on the mainland in Eastpoint through a 12" ductile iron supply main attached to the bridge. The treatment plant, storage tanks and distribution lines are located on the island. Each service location is served by a separate meter.

Nature of Business, Type of Products/Services - WMSI is a water utility which serves potable water to St. George Island, Florida under a franchise issued by the Florida Public Service Commission.

Customer Profile - Water Management Services, Inc. serves potable water to residences, businesses and public/recreational establishments on St. George Island, Florida.

List of Key Customers - WMSI has 1825 active service connections including residential, multi-family, hotel and motels, various commercial establishments and the St. George Island State Park.

List of Major Competitors - None. The company has a franchise under a certificate issued by the Florida Public Service Commission.

Major Past Accomplishments -

Does WMSI have plans for future expansion? See plant improvements and expansions listed below.

Number of New Locations? WMSI does not have plans for any new physical locations. It does anticipate new water connections at the rate of 20 new connections in 2012; 25 in 2013; 30 in 2014; 30 in 2015; 35 in 2016; 40 in 2017; 45 in 2018; 50 in 2019; and 55 in 2020 and each year thereafter until buildout.

How many new company locations are planned for this market? N/A

Future Expansion - WMSI plans to make the following expansions to its system:

- (1) construction of new mechanical, electrical, generator and chlorine storage building;
- (2) installation of new emergency generator at well no. 3;
- (3) installation of new chlorine system;
- (4) installation of 600,000 gallon ground storage tank;
- (5) installation of new SCADA communication system;
- (6) installation of new high service pump packages;
- (7) installation of piping, wiring, valves, meters, etc. required for the new equipment;
- (8) construction of new distribution lines to increase fire flow and pressure.

How will this benefit WMSI? - This will enable WMSI to make improvements necessary to insure safe, reliable water service to St. George Island. It will also allow WMSI to provide a level of fire protection to St. George Island that is not presently available.

Will the funding of this loan create new employment opportunities? - WMSI will need at least one additional employee during the term of this loan, and this loan may prevent WMSI from reducing its staff by one or more employees. Also, a substantial number of temporary jobs will be created from the construction funded by this loan.

NOTES PAYABLE SCHEDULE

Name **WATER MANAGEMENT SERVICES, INC.**

Schedule of ALL BUSINESS NOTES ONLY, including wholesale plans for cars, mortgages, installment debts and other contractual obligations.

Account Number To Whom Payable	Original Amount	Original Date (xx/xx/xx)	Balance Due	Interest Rate	Maturity Date (xx/xx/xx)	Payment (Frequency)	Security	How Proceeds Were Used	Status
500763851 Centennial Bank	\$3,000,000	06/16/06	\$2,743,016	4.25%	06/16/12	\$10,038 Monthly	Business Assets	Consolidate Loans	Interest Only
DW1901-010 D.E.P.-State Revolving Loan	\$5,417,289	05/15/03	\$5,026,003	2.99%	05/15/33	\$76,426 Quarterly	Subordinated	Build new water line	Interest Only
127728-40 Florida Commerce Credit Union	\$21,300	01/29/09	\$8,236	6.00%	02/01/14	\$412 Monthly	Truck	Purchase Truck	
910280777 Farmers & Merchants Bank	\$43,058	02/27/09	\$19,057	6.85%	03/02/13	\$107 Monthly	Backhoe	Purchase Backhoe	Interest Only
920737471 Farmers & Merchants Bank	\$360,000	11/01/07	\$315,595	7.50%	11/05/24	\$1,766 Monthly	Lots	Purchase Land	Interest Only
550-0028312-000 U.S. Bank-Lease	\$25,250	12/20/09	\$8,135	6.76%	12/20/12	\$739 Monthly	Truck	Lease Truck	
01-48-0093-13468 S.E. Toyota-Lease	\$29,546	12,15,09	\$23,548	13.55%	11/15/13	\$662 Monthly	Truck	Lease Truck	
002-0284722-100 TFS Business Capital-Lease	\$95,000	10/15/09	\$46,202	0.48%	10/15/14	\$1,715 Monthly	Platform	Lease Hydra-Platform	
019-0001209-001 Wells Fargo Financial Leasing	\$11,267	10/25/09	\$5,717	6.90%	10/25/14	\$237 Monthly	Gator	Lease Gator 4-Wheeler	
025-0472048-000 Great American Leasing-Lease	\$14,293	06/25/08	\$345	9.49%	06/12/12	\$375 Monthly	Copier	Lease Copy Machine	
1875617 Pitney Bowes-Lease	\$10,770	04/29/09	\$4,496	5.89%	07/16/14	\$642 Quarterly	Mail Mach	Lease Mail Machine	
9763427 Pitney Bowes Lease	\$11,850	09/17/08	\$3,767	5.89%	11/16/13	\$706 Quarterly	Stuffer Mach	Least Forms Stuffer	
Continental Utility Software	\$17,600	10/01/09	\$4,400	0.00%	07/01/13	\$1,240 Quarterly	None	Lease Billing Software	

Signed By

[Signature]

Date

May 24, 2012

As of May 15, 2012

Water Management Services, Inc.
Balance Sheet
December 31, 2011

5/25/12
EPB

ASSETS

Utility Plant In Service

303.00	Land and Land Rights	\$	832,486.07
304.00	Structures & Improvements		356,328.82
307.00	Wells & Springs		405,021.00
309.00	Supply Mains		3,984,508.07
310.00	Power Generation Equipment		113,061.44
311.00	Pumping Equipment		246,664.62
320.00	Water Treatment Equipment		79,209.16
330.00	Dist. Reservoirs & Standpipes		362,073.24
331.00	Transmission & Dist. Mains		2,425,852.19
333.00	Services		243,367.26
334.00	Meters & Meter Installation		211,832.29
335.00	Hydrants		183,193.63
340.00	Office Furniture & Fixtures		81,932.11
341.00	Transportation Equipment		30,311.91
343.00	Tools, Shop & Garage Equip.		36,881.87
345.00	Power Operated Equipment		64,550.57

Total Plant In Service 9,657,274.25

Construction Work In Process

105.40	CWIP-System Improvements	123,281.25
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Total Construction Work in Process 123,281.25

Depreciation of Utility Plant

108.01	Accum Depr-Struct. & Impr.	(126,141.95)
108.02	Accum Depr-Wells & Springs	(214,953.61)
108.03	Accum Depr-Supply Mains	(1,119,869.84)
108.04	Accum Depr-Power Gen Equip	(87,116.36)
108.05	Accum Depr-Pumping Equip.	(148,339.50)
108.06	Accum Depr-Treatment Equip	(44,720.61)
108.07	Accum Depr-Dist Res & Stdp	(262,297.86)
108.08	Accum Depr-T & D Mains	(1,102,866.73)
108.09	Accum Depr-Services	(157,934.84)
108.10	Accum Depr-Meters & Inst.	(159,313.31)
108.11	Accum Depr-Hydrants	(78,712.09)
108.13	Accum Depr-Ofc Furn. & Equip	(50,797.63)
108.14	Accum Depr-Tools & Equip	(21,013.62)
108.145	Accum Depr-Power Operated Equip	(42,756.47)
108.16	Accum Depr-Transp. Equip.	(17,681.96)
108.17	Accum Depr-Tax Basis	(897,374.00)

Total Plant Depreciation (4,531,890.38)

Net Plant

5,248,665.12

Water Management Services, Inc.
Balance Sheet
December 31, 2011

Other Property & Investments

121.00	Disallowed Investment in Plant	815,366.29
121.10	Non-Utility Property-Land	325,800.00
123.00	Investment in Assoc. Cos.-BMG	1,215,074.67

Current & Accrued Assets

131.03	Petty Cash Fund-Island	1.85
131.08	Cash in Checking-GSB Operating	(15,432.11)
131.09	Cash in Checking-FMB Bank	25.94
131.11	Cash in Checking-GSB Construct	(3,188.45)
131.12	Cash in Checking-FCCU	8.06
	Total Cash	(18,584.71)
141.00	Accounts Receivable-Customers	124,674.71
142.00	Accounts Receivable-Other	1,002.00
143.00	Prov. for Uncollectible Accts	(28,425.00)
	Total Receivables (Net)	97,251.71
162.10	Deposits	12,695.75
162.30	Prepaid Insurance	19,030.29
	Total Prepayments & Deposits	31,726.04
	Total Current Assets	2,466,634.00

Deferred Debits

181.00	Deferred Loan Costs	77,125.90
183.00	Deferred Cap & Hyd Study	36,125.00
186.05	Deferred Cost-Ratecase1 Appeal	37,100.89
186.06	Deferred Costs-Ratecase 2	60,574.79
186.07	Deferred Costs-Ratecase 1	132,966.83
186.20	Deferred Loss on Bridge/Main	24,532.00
186.30	Deferred Costs-Wastewater	50,350.59
	Total Deferred Debits	418,776.00

Total Assets **\$ 8,134,075.12**

Water Management Services, Inc.
Balance Sheet
December 31, 2011

LIABILITIES AND CAPITAL

Equity Capital

215.00	Unappropriated Retained Earnings	\$ (1,968,725.73)
218.00	Common Stock	10,000.00
219.00	Additional Paid in Capital	1,441,089.17
	Current Period Income(Loss)	(431,532.13)

Total Capital	(949,168.69)
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Long-Term Liabilities

224.25	N/P-FMB Bank	295,501.95
224.32	N/P-D.E.P.	4,960,016.89
224.33	N/P-FCCU	5,606.08
224.37	N/P-FMB Bank	3,901.16

Total Long-Term Liabilities	5,265,026.08
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Current Liabilities

231.00	Accounts Payable	636,848.94
232.20	N/P-Curr-Centennial Bank	2,743,015.75
232.25	N/P-Curr-FMB Bank	20,093.03
232.32	N/P-Curr-D.E.P.	151,572.07
232.33	N/P-Curr-FCCU	4,459.16
232.37	N/P-Curr-FMB Bank	15,156.26
233.00	Advances-BMG	3,621.26
235.00	Customer Deposits	110,433.40
236.10	Acc Taxes-Reg Assess Fee	33,255.00
236.20	Acc Taxes-Property	26,811.60
236.30	Acc Taxes-Fed W/H	13,539.99
236.40	Acc Taxes-FICA & Med	14,659.33
236.50	Acc Taxes-Unemployment	475.41
237.25	Acc Int-FMB Bank	1,481.54
237.33	Acc Int-FCCU	49.64
237.41	Acc Int-FMB Bank	89.46
237.60	Acc Int-D.E.P.	19,106.44
237.65	Acc Int-Centennial Bank	12,432.06
241.00	Accts. Payable-401K W/H	687.39

Total Current Liabilities	3,807,787.73
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Deferred Credits

252.10	Advances for Construction	10,430.00
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Total Deferred Credits	10,430.00
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Total Liabilities	9,083,243.81
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Total Liabilities & Capital	\$ 8,134,075.12
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Water Management Services, Inc.
Income Statement
For the Twelve Months Ending December 31, 2011

	Year to Date
Water Revenues	
461.10 Metered Sales-Residential	1,112,838.59
461.20 Metered Sales-Commercial	165,066.25
461.40 Metered Sales-Public Auth	43,778.89
461.50 Metered Sales-Multi Family	57,541.57
469.00 Guaranteed Revenue-AFPI	122.77
471.00 Misc Service Revenue	5,421.38
473.00 CIAC Revenue	21,680.77
	<hr/>
Total Revenues	1,406,450.22
	<hr/>
Water Operations Expenses	
Salaries & Wages - Oper.	221,038.69
604.10 Employee Pensions & Benefits	21,453.59
615.10 Purchased Power	63,697.49
616.10 Purchased Fuel for Power Prod	5,802.46
618.10 Chemicals	12,561.60
620.10 Materials and Supplies	9,650.75
631.10 Contractual Services-Eng	27,170.00
636.10 Contractual Services-Other	60,991.64
635.10 Contractual Services-Testing	6,270.00
642.10 Rental of Equipment	33,616.15
650.10 Transportation Expenses	32,168.29
656.10 Insurance-Vehicle	6,980.52
657.10 Insurance-General	21,096.49
658.10 Insurance-Workman's Comp	4,385.83
659.10 Insurance-Flood	5,161.73
675.11 Continuing Education	396.27
675.12 Dues & Subscriptions	1,002.10
675.13 Repairs & Maintenance	43,423.47
675.14 Telephone	8,256.13
675.15 Postage	7,477.60
675.16 Uniforms	3,364.93
675.19 Travel Expense	362.24
	<hr/>
Total Water Operations Expense	596,327.97
	<hr/>
Administrative Expenses	
Salaries & Wages - Admin.	205,962.29
604.80 Employee Pensions & Benefits	86,217.18
615.80 Purchased Power	2,112.76
620.80 Materials and Supplies	5,824.29
632.80 Contractual Services-Acctg	11,180.50
633.80 Contractual Services-Legal	9,775.00
636.80 Contractual Services-Other	2,657.61
641.80 Rental of Bldg/Real Property	15,750.00
641.81 Rental of Storage Buildings	4,141.21
650.80 Transportation Expenses	9,565.45
657.80 Insurance-General	4,905.00
658.80 Insurance-Workman's Comp	790.28
660.80 Advertising Expense	270.00
670.80 Bad Debt Expense	185.00
675.81 Continuing Education	434.00
675.82 Dues & Subscriptions	2,437.14
675.83 Repairs & Maintenance	1,219.71
675.84 Telephone	2,112.87
675.85 Postage	1,233.71
675.86 Bank Charges	4,327.75
675.89 Travel Expenses	1,335.68
	<hr/>

Water Management Services, Inc.
Income Statement
For the Twelve Months Ending December 31, 2011

		Year to Date
Total Administrative Expense		372,437.43
Total Operating Expenses		968,765.40
Depreciation & Amortization		
403.00	Depreciation Expense	268,883.55
407.30	Amort.-Bridge/Main	14,298.00
666.80	Amort.-Rate Case Expense	57,295.03
		<hr/>
Net Depreciation & Amortization		340,476.58
Taxes Other Than Income		
408.10	Utility Reg. Assessment Fees	62,315.00
408.11	Other Taxes- Property	13,561.01
408.12	Other Taxes- Payroll	33,992.97
408.13	Other Taxes and Licenses	3,725.07
		<hr/>
Total Non-Income Taxes		113,594.05
		<hr/>
Utility Operating Income		(16,385.81)
		<hr/>
Other Income & Expenses		
414.00	Gain/Loss-Sale of Utility Prop	540.93
419.00	Int. & Dividend Income	781.35
426.05	Non-Utility Exp-Affiliates	(21,737.81)
426.10	Non-Utility Exp-Penalties/Fine	(15,343.73)
426.70	Non-Utility Exp-Life Insurance	(12,015.00)
		<hr/>
Net Other Income		(47,774.26)
		<hr/>
Interest Expense		
427.10	Interest-Affiliates	3,695.98
427.30	Interest- Long-Term Debt	120,475.85
427.31	Interest-D.E.P.	150,321.59
427.32	Interest-FMB	21,025.75
427.40	Interest- Customer Deposits	4,230.11
427.50	Interest- Vendors	14,996.20
428.20	Amort of Loan Fees	13,368.58
428.30	Loan Costs-Required Life Ins	39,258.00
		<hr/>
Total Interest Expense		367,372.06
		<hr/>
Taxable Income		(431,532.13)
Income Taxes		
		<hr/>
Total Income Tax Expense		0.00
		<hr/>
Net Income		\$ (431,532.13)
		<hr/> <hr/>

Form **4506-T**

(Rev. January 2010)

Department of the Treasury
Internal Revenue Service**Request for Transcript of Tax Return**

OMB No. 1545-1872

▶ Request may be rejected if the form is incomplete or illegible.

Tip. Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.

Water Management Services, Inc.

1b First social security number on tax return or employer identification number (see instructions)

59-3449317

2a If a joint return, enter spouse's name shown on tax return.

2b Second social security number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code

250 John Knox Road Suite 4, Tallahassee, FL 32304

4 Previous address shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with the tax information.

Caution. If the transcript is being mailed to a third party, ensure that you have filled in line 5 and line 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy.

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶

a **Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days ☐

b **Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days. ☐

c **Record of Account**, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days ☐

7 **Verification of Nonfiling**, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days ☐

8 **Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2007, filed in 2008, will not be available from the IRS until 2009. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days ☐

Caution. If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.

Signature of taxpayer(s). I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note.** For transcripts being sent to a third party, this form must be received within 120 days of signature date.

Water Management Services, Inc.

Telephone number of taxpayer on line 1a or 2a

(850) 668-0440

Sign
Here

Signature (see instructions)

Gene D. Brown

Date

Title (if line 1a above is a corporation, partnership, estate, or trust)

N/A

Spouse's signature

Date

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules & statements, & to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of officer <i>[Signature]</i>	Date 9/15/10	Title <i>[Signature]</i>	May the IRS discuss this return with preparer shown below (see inst.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Paid	Preparer's signature <i>[Signature]</i>	Date 9-13-10	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN P00138982
Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code Barbara Sheehan Withers CPA 411 Live Oak Plantation Rd Tallahassee, FL 32312-2364	EIN 55-0801880 Phone no. (850) 893-4080		

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost
(ii) ☐ Lower of cost or market
(iii) ☐ Other (Specify method used and attach explanation.) ➤

b Check if there was a writedown of subnormal goods ➤ ☐c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ➤ ☐d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No**Schedule C** Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs	80	
8	Dividends from wholly owned foreign subsidiaries	100	
9	Total. Add lines 1 through 8. See instructions for limitation		0
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from affiliated group members	100	
12	Dividends from certain FSCs	100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12		
14	Income from controlled foreign corps. under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4	0	
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b		0

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	GENE D BROWN	263-72-2979	95.00 %	%	%	141,684
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					141,684
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					141,684

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	0
3	Alternative minimum tax (attach Form 4626)		
4	Add lines 2 and 3		
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834, line 29	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	Total credits. Add lines 5a through 5e	6	0
7	Subtract line 6 from line 4	7	0
8	Personal holding company tax (attach Schedule PH (Form 1120))	8	
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)	9	
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31	10	0

Schedule K Other Information (see instructions)

1	Check accounting method: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) <input type="checkbox"/>	Yes	No
2	See the instructions and enter the:		
a	Business activity code no. <input type="checkbox"/> 221300		
b	Business activity <input type="checkbox"/> WATER UTILITIES		
c	Product or service <input type="checkbox"/> WATER		
3	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation <input type="checkbox"/>		X
4	At the end of the tax year:		
a	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G)	X	
b	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G)		X
5	At the end of the tax year, did the corporation:	Yes	No
a	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions If "Yes," complete (i) through (iv)		X

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

Schedule K Continued

- b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions ☒
- If "Yes," complete (i) through (iv).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

- 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) ☒
- If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.
- If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.
- 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock? ☒
- For rules of attribution, see section 318. If "Yes," enter:
- (i) Percentage owned ▶ _____ and (ii) Owner's country ▶ _____
- (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____
- 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐
- If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.
- 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____
- 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 3
- 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☒
- If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.
- 12 Enter available NOL carryover from prior tax years (do not reduce it by any deduction on ln. 29a.) ▶ \$ 985,269
- 13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? ☒
- If "Yes," the corporation is not required to complete Sch. L, M-1, and M-2 on page 5. Instead, enter total amount of cash distributions and book value of property distributions (other than cash) made during the tax year. ▶ \$ _____

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		-18,981		-16,343
2a	Trade notes and accounts receivable	122,219		115,908	
b	Less allowance for bad debts	(24,500)	97,719	(26,000)	89,908
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	8,926,461		8,902,857	
b	Less accumulated depreciation	(4,032,741)	4,893,720	(4,246,251)	4,656,606
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		835,886		835,886
13a	Intangible assets (amortizable only)	189,303		221,582	
b	Less accumulated amortization	()	189,303	()	221,582
14	Other assets (attach schedule)		2,190,830		2,167,560
15	Total assets		8,188,477		7,955,199
Liabilities and Shareholders' Equity					
16	Accounts payable		91,933		201,615
17	Mortgages, notes, bonds payable in less than 1 year		359,836		157,596
18	Other current liabilities (attach schedule)		188,975		240,900
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		7,467,817		7,653,280
21	Other liabilities (attach schedule)		21,037		20,737
22	Capital stock: a Preferred stock				
	b Common stock	10,000	10,000	10,000	10,000
23	Additional paid-in capital		1,441,089		1,441,089
24	Retained earnings -- Appropriated (attach sch.)				
25	Retained earnings -- Unappropriated		-1,392,210		-1,770,018
26	Adjustments to shareholders' equity (attach sch.)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		8,188,477		7,955,199

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1	Net income (loss) per books	-377,808	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Inc. subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				
	23,652		9	Add lines 7 and 8	
6	Add lines 1 through 5	-354,156	10	Income (page 1, line 28) -- line 6 less line 9	-354,156

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-1,392,210	5	Distributions: a Cash	
2	Net income (loss) per books	-377,808		b Stock	
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-1,770,018	8	Balance at end of year (line 4 less line 7)	-1,770,018

2009 SCHEDULE M-1 EXPLANATION ATTACHMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

Computation of Net Income (Loss) Per Books
Form 1120, Schedule M-1, Line 1

Income (loss) (Schedule M-1, line 10) carries from Form 1120, page 1, line 28.....	-354,156
Increases:	
Deductions on return not charged against book income (Schedule M-1, line 8)	
Income recorded on books not included on return (Schedule M-1, line 7)	
Decreases:	
Expenses recorded on books not included on return (Schedule M-1, line 5)	23,652
Income subject to tax not recorded on books (Schedule M-1, line 4)	
Excess capital losses over capital gains (Schedule M-1, line 3)	
Federal income tax per books (Schedule M-1, line 2)	
Computed net income (loss) per books (Schedule M-1, line 1)	-377,808

Department of the Treasury
Internal Revenue Service

- ▶ Attach to Form 1120.
- ▶ See instructions.

2009

Employer identification number (EIN)

59-3449317

Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

Certain Individuals and Estates Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

Schedule G (Form 1120) 2009

Depreciation and Amortization

(including Information on Listed Property)

OMB No. 1545-0172

2009

Attachment
Sequence No. 67Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

WATER MANAGEMENT SERVICES INC. FOR FORM 1120

59-3449317

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	\$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000
6	(a) Description of property	(b) Cost (busn. use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	250,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	10,744
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	12,910

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	222,101
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B -- Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		10,743	25 yrs.	HY	S/L	215
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	

Section C -- Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	8,625
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	254,595
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2009)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support business/investment use claimed?		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	24b If "Yes," is the evidence written?		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
2008 GMC SI	09-12-2008	100.0%	30,312	30,312	05	200DBHY	4,800	
		%						
		%						
27 Property used 50% or less in a qualified business use:								
2008 GMC SI	10-10-2007	50.00%	42,886	21,443	10	S/L-	1,425	
USED 2007	06-30-2008	50.00%	30,413	15,207	05	S/L- HY	2,400	
		%				S/L-		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	8,625
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
30 Total business/investment miles driven during the year (do not include commuting miles)	18492	11034	13314			
31 Total commuting miles driven during the year		2500	2500			
32 Total other personal (noncommuting) miles driven		8534	10814			
33 Total miles driven during the year. Add lines 30 through 32	18492	22068	26628			
34 Was the vehicle available for personal use during off-duty hours?	Yes <input checked="" type="checkbox"/>	No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Yes <input type="checkbox"/>	No <input type="checkbox"/>
35 Was the vehicle used primarily by a more than 5% owner or related person?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
36 Is another vehicle available for personal use?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year (see instructions):					
43 Amortization of costs that began before your 2009 tax year				43	38,800
44 Total. Add amounts in column (f). See the instructions for where to report				44	38,800

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

Name(s) shown on return

WATER MANAGEMENT SERVICES INC.

Identifying number

59-3449317

1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S
(or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Most Property Held More Than 1 Year (see instructions)

(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements & expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) & (e)
2						

- 3 Gain, if any, from Form 4684, line 43. 3
- 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37. 4
- 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5
- 6 Gain, if any, from line 32, from other than casualty or theft 6 5994
- 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7 5994

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

- 8 Nonrecaptured net section 1231 losses from prior years (see instructions) 8
- 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) 9

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

- 11 Loss, if any, from line 7 11 ()
- 12 Gain, if any, from line 7 or amount from line 8, if applicable 12
- 13 Gain, if any, from line 31 13
- 14 Net gain or (loss) from Form 4684, lines 35 and 42a 14
- 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15
- 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 16
- 17 Combine lines 10 through 16 17
- 18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:
- a If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See inst. 18a
- b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 18b

For Paperwork Reduction Act Notice, see the instructions.

Form 4797 (2009)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	1245 - BACKHOE TRAILER	06-30-2005	12-22-2009
B			
C			
D			
These columns relate to the properties on lines 19A - 19D. ▶			
		Property A	Property B
20	Gross sales price (Note: See line 1 before completing.)	20	10000
21	Cost or other basis plus expense of sale	21	16022
22	Depreciation (or depletion) allowed or allowable	22	12016
23	Adjusted basis. Subtract line 22 from line 21	23	4006
24	Total gain. Subtract line 23 from line 20	24	5994
25	If section 1245 property:		
a	Depreciation allowed or allowable from line 22	25a	
b	Enter the smaller of line 24 or 25a	25b	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975 (see instructions)	26a	
b	Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b	
c	Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c	
d	Additional depreciation after 1969 and before 1976	26d	
e	Enter the smaller of line 26c or 26d	26e	
f	Section 291 amount (corporations only)	26f	
g	Add lines 26b, 26e, and 26f	26g	
27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).		
a	Soil, water, and land clearing expenses	27a	
b	Line 27a multiplied by applicable percentage (see inst.)	27b	
c	Enter the smaller of line 24 or 27b	27c	
28	If section 1254 property:		
a	Intangible drilling & development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a	
b	Enter the smaller of line 24 or 28a	28b	
29	If section 1255 property:		
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a	
b	Enter the smaller of line 24 or 29a (see instructions)	29b	

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30	Total gains for all properties. Add property columns A through D, line 24	30	5,994
31	Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31	
32	Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 37. Enter the portion from other than casualty or theft on Form 4797, line 6	32	5,994

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in prior years	33
34	Recomputed depreciation (see instructions)	34
35	Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35

2009 CAPITAL LOSS CARRYOVER SUMMARY STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

Capital Loss Carryover Available in 2009	0
Current Year Net Capital Gain/Loss	5,994
Capital Loss Carryover to 2010	0

2009 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.

59-3449317

Page 1

STATEMENT #1 - Other Income (FM 1120/1120C LN 10/9)

CIAC REVENUE.....	26,939
MISC SERVICE REVENUE.....	2,911
GUARANTEED REVENUE-AFPI.....	246
SALE OF EASEMENT.....	4,500

TOTAL CARRIED TO FM 1120/1120C LN 10/9.....	34,596
---	--------

STATEMENT #2 - Taxes & Licenses (1120/H/1120C 17/12/15)

Taxes & Licenses:

Payroll Tax.....	33,265
Real Estate Tax.....	4,770
Other Taxes.....	59,380
Licenses.....	2,782
TOTAL Taxes & Licenses.....	100,197

TOTAL CARRIED TO 1120/H/1120C 17/12/15.....	100,197
---	---------

STATEMENT #3 - Other Deductions (1120/H/1120C 26/15/23)

Other Deductions:

Amortization.....	38,800
Bank Charges.....	3,180
Postage.....	7,873
Supplies.....	18,791
Telephone.....	10,864
Travel.....	3,607
Uniforms.....	3,191
Utilities.....	2,432
PURCHASED POWER.....	75,419
CHEMICALS.....	13,565
CONTRACTUAL SERVICES - MANAGEMENT....	7,250
CONTRACTUAL SERVICES - ACCOUNTING....	4,225
CONTRACTUAL SERVICES - LEGAL.....	4,809
CONTRACTUAL SERVICES - OTHER.....	46,407
CONTRACTUAL SERVICES - TESTING.....	3,265
CONTRACTUAL SERVICES - ENG.....	27,500
TRANSPORTATION EXPENSES.....	23,168
MISC. EXPENSES.....	46
DUES & SUBSCRIPTIONS.....	3,148
CONTINUING EDUCATION.....	1,465
TOTAL Other Deductions.....	299,005

Insurance:

INSURANCE GENERAL.....	34,958
INSURANCE WORKMENS COMP.....	7,962
INSURANCE FLOOD.....	4,912
TOTAL Insurance.....	47,832

TOTAL CARRIED TO 1120/H/1120C 26/15/23.....	346,837
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2009 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.
59-3449317

Page 2

STATEMENT #4 - Other Expen Not Deduc This Yr (1120/1120C M1 LINE 5c)

NON-UTILITY LIFE INS.....	12,015
FINES & PENALTIES.....	11,637
TOTAL CARRIED TO 1120/1120C M1 LINE 5c.....	23,652

STATEMENT #5 - Other Assets (1120/1120C Sc L LN 14d/12)

	Beginning	Ending
PREPAID INSURANCE AND OTHER.....	27,672	19,597
DEFERRED LIMITED PROCEEDING.....	24,184	0
NET DISALLOWED INVESTMENT IN PLANT...	811,018	811,018
INVESTMENT IN ASSOCIATED COS.....	1,160,703	1,219,899
DIFF. IN RETAINED EARNINGS-PRIOR YRS.	4,069	4,069
DEPOSITS.....	13,184	12,977
NOTE RECEIVABLE ASSOCIATED COS.....	150,000	100,000
TOTAL CARRIED TO 1120/1120C Sc L LN 14d/12.....	2,190,830	2,167,560

STATEMENT #6 - Other Current Liabilities (1120 PG 5 SCH L LINE 18)

	Beginning	Ending
CUSTOMER DEPOSITS.....	108,815	103,669
OTHER ACCRUALS - TAXES-INTEREST-ETC..	80,160	137,231
TOTAL CARRIED TO 1120 PG 5 SCH L LINE 18.....	188,975	240,900

~~STATEMENT #7 - Other Liabilities (1120/1120C Sc L LN 21d/19)~~

	Beginning	Ending
ADVANCES FOR CONSTRUCTION.....	21,037	20,737
TOTAL CARRIED TO 1120/1120C Sc L LN 21d/19.....	21,037	20,737

STATEMENT #8 - Paid-in/Capital Surplus (1120/1120C Sc L LN 23d./21)

	Beginning	Ending
PAID IN CAPITAL.....	1,236,650	1,236,650
CONTRIBUTED CAPITAL.....	200,000	200,000
ADDITIONAL CONTRIBUTION.....	4,439	4,439
TOTAL CARRIED TO 1120/1120C Sc L LN 23d./21.....	1,441,089	1,441,089

2009 NOL DEDUCTION SUMMARY STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

Net Operating Losses Available in 2009. \$ 985,269

Taxable Income (Before NOL Dedn, After Special Dedns) . \$ -354,156

Total Net Operating Loss Deduction (Limited Taxable Inc). \$ 0

Net Operating Losses Carried Forward to 2010 \$ 1,339,425

2009 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 1997 . . . \$ 20,591
Amount Absorbed In 2003 . . . \$ 20,591
Total Amount Absorbed . . . \$ 20,591
Available For Carryover To 2009 \$ 0

CARRYOVER GENERATED FOR TAX YEAR 1998 . . . \$ 95,240
Amount Absorbed In 2003 . . . \$ 36,022
Amount Absorbed In 2004 . . . \$ 59,218
Total Amount Absorbed . . . \$ 95,240
Available For Carryover To 2009 \$ 0

CARRYOVER GENERATED FOR TAX YEAR 1999 . . . \$ 124,048
Amount Absorbed In 2004 . . . \$ 52,285
~~Total Amount Absorbed . . . \$ 52,285~~
Available For Carryover To 2009 \$ 71,763

2009 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2000 . . . \$ 128,593

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 128,593

CARRYOVER GENERATED FOR TAX YEAR 2001 . . . \$ 87,462

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 87,462

CARRYOVER GENERATED FOR TAX YEAR 2002 . . . \$ 136,518

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 136,518

2009 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2005 . . . \$ 39,981

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 39,981

CARRYOVER GENERATED FOR TAX YEAR 2006 . . . \$ 124,782

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 124,782

CARRYOVER GENERATED FOR TAX YEAR 2007 . . . \$ 103,664

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 103,664

2009 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2008 . . . \$ 292,506

Total Amount Absorbed \$

Available For Carryover To 2009 \$ 292,506

2009 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	1999
C.	NOL Amount	71,763
D(1).	Carryovers from Years Before Both A & B	0
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	0
3.	Subtract Line 2 from Line 1	-354,156
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	71,763

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2000
C.	NOL Amount	128,593
D(1).	Carryovers from Years Before Both A & B	71,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	71,763
3.	Subtract Line 2 from Line 1	-425,919
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	128,593

2009 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2001
C.	NOL Amount	87,462
D(1).	Carryovers from Years Before Both A & B	200,356
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	200,356
3.	Subtract Line 2 from Line 1	-554,512
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	87,462

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2002
C.	NOL Amount	136,518
D(1).	Carryovers from Years Before Both A & B	287,818
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	287,818
3.	Subtract Line 2 from Line 1	-641,974
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	136,518

2009 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2005
C.	NOL Amount	39,981
D(1).	Carryovers from Years Before Both A & B	424,336
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	424,336
3.	Subtract Line 2 from Line 1	-778,492
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	39,981

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2006
C.	NOL Amount	124,782
D(1).	Carryovers from Years Before Both A & B	464,317
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	464,317
3.	Subtract Line 2 from Line 1	-818,473
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	124,782

2009 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2007
C.	NOL Amount	103,664
D(1).	Carryovers from Years Before Both A & B	589,099
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	589,099
3.	Subtract Line 2 from Line 1	-943,255
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year	103,664

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2009
B.	NOL Year	2008
C.	NOL Amount	292,506
D(1).	Carryovers from Years Before Both A & B	692,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-354,156
2.	Amount From D(1)	692,763
3.	Subtract Line 2 from Line 1	-1,046,919
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year	292,506

Form 1120

Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2010 or tax year beginning _____, 2010, end. _____, 2010

See separate instructions.

OMB No. 1545-0123

2010

A Check if:

- 1a Consolidated return (attach Form 951)
- b Life/nonlife consolidated return
- 2 Personal holding co. (attach Sch. PH)
- 3 Personal service corp. (see instructions)
- 4 Schedule M-3 attached

Print
or
type

Name No. street, and room or suite no. City/town, state, and ZIP code

WATER-MANAGEMENT SERVICES INC.
250 JOHN KNOX ROAD #4
TALLAHASSEE FL 32303

B Employer identification no.

59-3449317

C Date incorporated

04-29-1997

D Total assets (see instructions)

\$ 8,241,806

E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

INCOME

DEDUCTIONS
LIMITATIONS
ON DEDUCTIONS
FORCREDITS
AND
REFUNDABLE
PAYMENTS

1a	Gross receipts/sales	1,286,455	b Less returns and allowances		c Bal	1c	1,286,455
2	Cost of goods sold (Schedule A, line 8)					2	0
3	Gross profit. Subtract line 2 from line 1c					3	1,286,455
4	Dividends (Schedule C, line 19)					4	
5	Interest					5	3,387
6	Gross rents					6	
7	Gross royalties					7	
8	Capital gain net income (attach Schedule D (Form 1120))					8	1,500
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	
10	Other income (see instructions -- attach schedule)					10	154,611 #2
11	Total income. Add lines 3 through 10					11	1,445,953
12	Compensation of officers (Schedule E, line 4)					12	115,192
13	Salaries and wages (less employment credits)					13	341,206
14	Repairs and maintenance					14	54,658
15	Bad debts					15	2,240
16	Rents					16	56,336 #3
17	Taxes and licenses					17	107,671 #4
18	Interest					18	294,845
19	Charitable contributions					19	0
20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)					20	264,524
21	Depletion					21	
22	Advertising					22	600
23	Pension, profit-sharing, etc., plans					23	111,432
24	Employee benefit programs					24	
25	Domestic production activities deduction (attach Form 8903)					25	
26	Other deductions (attach schedule)					26	524,040 #5
27	Total deductions. Add lines 12 through 26					27	1,872,744
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	-426,791
29	Less: a Net operating loss deduction (see instructions)	29a	0			29c	0
	b Special deductions (Schedule C, line 20)	29b					
30	Taxable income. Subtract line 29c from line 28 (see instructions)					30	-426,791
31	Total tax (Schedule J, line 10)					31	0
32a	2009 overpayment credited to 2010	32a					
b	2010 estimated tax payments	32b					
c	2010 refund applied for on Form 4466	32c	()		d Bal	32d	
e	Tax deposited with Form 7004					32e	
f	Credits: (1) Form 2439 (2) Form 4136					32f	
g	Refundable credits from Form 3800, line 19c, and Form 8827, line 8c	32g				32h	0
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached					33	
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34	0
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35	0
36	Enter amt. from line 35 you want. Credited to 2011 estimated tax		0	Refunded		36	0

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

May the IRS discuss this return
with preparer shown below
(see inst.)? Yes ☐ No ☒

Paid

Preparer

Use Only

Print/Type preparer's name

BARBARA S WITHERS

Preparer's signature

Barbara S Withers

Date

9-13-11

Check ☒ if PTIN

self-employed P00138982

Firm's name BARBARA SHEEHAN WITHERS CPA

Firm's EIN 55-0801880

Firm's address 411 LIVE OAK PLANTATION RD

Phone no.

TALLAHASSEE FL 32312

(850) 893-4080

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost
(ii) ☐ Lower of cost or market
(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO

9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ Nof Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No**Schedule C** Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			0
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corps. under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4	0		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			0

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	GENE D BROWN	263-72-2979	95.00 %	%	%	115,192
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					115,192
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on page 1, line 12					115,192

Schedule K

Continued

- b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions
- If "Yes," complete (i) through (iv).

Yes	No
	<input checked="" type="checkbox"/>

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

- 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)
- If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.
- If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.
- 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of the corporation's stock entitled to vote or (b) the total value of all classes of the corporation's stock?
- For rules of attribution, see section 318. If "Yes," enter:
- (i) Percentage owned and (ii) Owner's country
- (c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached
- 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐
- If checked, the corp. may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.
- 9 Enter the amount of tax-exempt interest received or accrued during the tax year \$
- 10 Enter the number of shareholders at the end of the tax year (if 100 or fewer) 3
- 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ☒
- If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.
- 12 Enter available NOL carryover from prior tax years (do not reduce it by any deduction on ln. 29a.) \$ 1,339,425
- 13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?
- If "Yes," the corporation is not required to complete Sch. L, M-1, and M-2 on page 5. Instead, enter total amount of cash distributions and book value of property distributions (other than cash) made during the tax year. \$
- 14 Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)?
- If "Yes," complete and attach Schedule UTP.

<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/>

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		-16,343		453
2a	Trade notes and accounts receivable	115,908		135,172	
b	Less allowance for bad debts	(26,000)	89,908	(28,240)	106,932
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions) ..				
6	Other current assets (attach schedule) ...				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule) ...				
10a	Buildings and other depreciable assets ..	8,902,857		8,815,479	
b	Less accumulated depreciation	(4,246,251)	4,656,606	(4,310,722)	4,504,757
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		835,886		832,486
13a	Intangible assets (amortizable only)	221,582			
b	Less accumulated amortization	()	221,582	()	
14	Other assets (attach schedule)		2,167,560		2,797,178 #6
15	Total assets		7,955,199		8,241,806
Liabilities and Shareholders' Equity					
16	Accounts payable		201,615		471,632
17	Mortgages, notes, bonds payable in less than 1 year		157,596		2,859,129
18	Other current liabilities (attach schedule)		240,900		232,317 #7
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		7,653,280		5,236,908
21	Other liabilities (attach schedule)		20,737		11,030 #8
22	Capital stock: a Preferred stock				
	b Common stock	10,000	10,000	10,000	10,000
23	Additional paid-in capital		1,441,089		1,441,089 #10
24	Retained earnings -- Appropriated (attach sch.)				
25	Retained earnings -- Unappropriated		-1,770,018		-2,219,643
26	Adjustments to shareholders' equity (attach sch.)				199,344 #9
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity ..		7,955,199		8,241,806

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more--see instructions

1	Net income (loss) per books	-449,625	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest	\$
3	Excess of capital losses over capital gains				
4	Inc. subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				
	Fines & Life Ins. 22,834 #1	22,834	9	Add lines 7 and 8	
6	Add lines 1 through 5	-426,791	10	Income (page 1, line 28) -- line 6 less line 9	-426,791

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-1,770,018	5	Distributions: a Cash	
2	Net income (loss) per books	-449,625		b Stock	
3	Other increases (itemize):		6	Other decreases (itemize):	
			7	Add lines 5 and 6	
4	Add lines 1, 2, and 3	-2,219,643	8	Balance at end of year (line 4 less line 7)	-2,219,643

2010 SCHEDULE M-1 EXPLANATION ATTACHMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

Computation of Net Income (Loss) Per Books Form 1120, Schedule M-1, Line 1

Income (loss) (Schedule M-1, line 10) carries from Form 1120, page 1, line 28	<u>-426,791</u>
Increases:	
Deductions on return not charged against book income (Schedule M-1, line 8)	_____
Income recorded on books not included on return (Schedule M-1, line 7)	_____
Decreases:	
Expenses recorded on books not included on return (Schedule M-1, line 5)	<u>22,834</u>
Income subject to tax not recorded on books (Schedule M-1, line 4)	_____
Excess capital losses over capital gains (Schedule M-1, line 3)	_____
Federal income tax per books (Schedule M-1, line 2)	_____
Computed net income (loss) per books (Schedule M-1, line 1)	<u>-449,625</u>

SCHEDULE D
(Form 1120)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, or certain Forms 990-T.
▶ See separate instructions.

OMB No. 1545-0123

2010

Name

WATER MANAGEMENT SERVICES INC.

Employer identification number

59-3449317

Part I Short-Term Capital Gains and Losses -- Assets Held One Year or Less

(a) Description of property (Example: 100 shares of Z Co.)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)	(f) Gain or (loss) (Subtract (e) from (d))
1					

2	Short-term capital gain from installment sales from Form 6252, line 26 or 37	2	
3	Short-term gain or (loss) from like-kind exchanges from Form 8824	3	
4	Unused capital loss carryover (attach computation)	4	()
5	Net short-term capital gain or (loss). Combine lines 1 through 4	5	

Part II Long-Term Capital Gains and Losses -- Assets Held More Than One Year

6					
	GAIN/LOSS UTIL PRVARIOUS	VARIOUS	1,500		1,500

7	Enter gain from Form 4797, line 7 or 9	7	
8	Long-term capital gain from installment sales from Form 6252, line 26 or 37	8	
9	Long-term gain or (loss) from like-kind exchanges from Form 8824	9	
10	Capital gain distributions (see instructions)	10	
11	Net long-term capital gain or (loss). Combine lines 6 through 10	11	1,500

Part III Summary of Parts I and II

12	Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)	12	
13	Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)	13	1,500
14	Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns	14	1,500

Note. If losses exceed gains, see Capital losses in the instructions.

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule D (Form 1120) (2010)

Department of the Treasury
Internal Revenue Service

- ▶ Attach to Form 1120.
- ▶ See instructions.

2010

Employer identification number (EIN)

59-3449317

Certain Entities Owning the Corporation's Voting Stock. (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership, (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

Part II

Certain Individuals and Estates Owning the Corporation's Voting Stock.(Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.

Schedule G (Form 1120) 2010

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

2010

Attachment
Sequence No. 67Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

WATER MANAGEMENT SERVICES INC. FOR FORM 1120

59-3449317

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	500,000
6	(a) Description of property	(b) Cost (busn. use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2009 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	500,000
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2011. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other-than-listed-property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	15,054

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2010	17	249,470
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B -- Assets Placed in Service During 2010 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			27.5 yrs.	MM	S/L	
			39 yrs.	MM	S/L	
				MM	S/L	

Section C -- Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	22	264,524
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2010)

2010 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.
59-3449317

Page 1.

STATEMENT #1 - Other Expen Not Deduc This Yr (1120/1120C M1 LINE 5c)

Fines/Penalties:

FINES & PENALTIES.....	10,819	
LIFE INSURANCE PREMIUMS.....	12,015	
TOTAL Fines/Penalties.....		22,834

TOTAL CARRIED TO 1120/1120C M1 LINE 5c.....	22,834
---	--------

STATEMENT #2 - Other Income (FM 1120/H/1120C LN 10/7/9)

CIAC REVENUE.....	149,109	
MISC SERVICE REVENUE.....	5,256	
GUARANTEED REVENUE-AFPI.....	246	

TOTAL CARRIED TO FM 1120/H/1120C LN 10/7/9.....	154,611
---	---------

STATEMENT #3 - Rent (FM 1120/1120C LN 16/14)

Rent:

Rent - Tangible Property.....	34,322	
Rent - Real Property.....	22,014	
TOTAL Rent.....		56,336

TOTAL CARRIED TO FM 1120/1120C LN 16/14.....	56,336
--	--------

STATEMENT #4 - Taxes & Licenses (1120/H/1120C 17/12/15)

Taxes & Licenses:

Payroll Tax.....	34,895	
Real Estate Tax.....	11,826	
Other Taxes.....	58,138	
Licenses.....	2,812	
TOTAL Taxes & Licenses.....		107,671

TOTAL CARRIED TO 1120/H/1120C 17/12/15.....	107,671
---	---------

STATEMENT #5 - Other Deductions (1120/H/1120C 26/15/23)

Other Deductions:

Bank Charges.....	2,921	
Postage.....	9,964	
Supplies.....	18,661	
Telephone.....	12,701	
Travel.....	1,870	
Uniforms.....	4,158	
Utilities.....	2,199	
PURCHASED POWER.....	59,928	
CHEMICALS.....	12,879	

Continued On Page2

2010 DETAIL STATEMENTS

WATER MANAGEMENT SERVICES INC.

59-3449317

Page 2

CONTRACTUAL SERVICES - MANAGEMENT.....	600	
CONTRACTUAL SERVICES - ACCOUNTING.....	18,550	
CONTRACTUAL SERVICES - LEGAL.....	6,000	
CONTRACTUAL SERVICES - OTHER.....	91,572	
CONTRACTUAL SERVICES - TESTING.....	4,490	
CONTRACTUAL SERVICES - ENG.....	22,679	
TRANSPORTATION EXPENSES.....	37,533	
MISC. EXPENSES.....	51	
DUES & SUBSCRIPTIONS.....	3,548	
CONTINUING EDUCATION.....	3,447	
AMORTIZATION BRIDGE MAIN & RATE CASE.....	78,037	
ADDITIONAL DEPRECIATION.....	29,566	
AMORTIZATION LOAN FEES.....	19,178	
LOAN COSTS REQUIRED BY BANK.....	39,258	
TOTAL Other Deductions.....		479,790

Insurance:

INSURANCE GENERAL.....	35,552	
INSURANCE WORKMENS COMP.....	3,864	
INSURANCE FLOOD.....	4,834	
TOTAL Insurance.....		44,250

TOTAL CARRIED TO 1120/H/1120C 26/15/23.....		524,040
---	--	---------

STATEMENT #6 - Other Assets (1120/1120C Sc L LN 14d/12)

	Beginning	Ending
PREPAID INSURANCE AND OTHER.....	19,597	19,847
DEFERRED LOAN, RATE CASE, BRIDGE/WW C	0	373,961
NET DISALLOWED INVESTMENT IN PLANT...	811,018	811,018
INVESTMENT IN ASSOCIATED COS.....	1,219,899	1,175,075
DIFF. IN RETAINED EARNINGS-PRIOR YRS.	4,069	0
DEPOSITS.....	12,977	12,696
NOTE RECEIVABLE ASSOCIATED COS.....	100,000	0
CWIP - SYSTEM IMPROVEMENTS.....	0	61,300
NON-UTILITY PROPERTY - LAND.....	0	325,800
ACCOUNTS RECEIVABLE - OTHER.....	0	17,481
TOTAL CARRIED TO 1120/1120C Sc L LN 14d/12.....	2,167,560	2,797,178

STATEMENT #7 - Other Current Liabilities (1120/1120C LN 18/16)

	Beginning	Ending
CUSTOMER DEPOSITS.....	103,669	97,550
OTHER ACCRUALS - TAXES-INTEREST-ETC..	137,231	96,143
CUSTOMER REFUNDS - INTERIM RATES.....	0	38,624
TOTAL CARRIED TO 1120/1120C LN 18/16.....	240,900	232,317

2010 NOL DEDUCTION SUMMARY STATEMENT

WATER MANAGEMENT SERVICES INC.

59-3449317

Net Operating Losses Available in 2010.	1,339,425
Taxable Income (Before NOL Deduction, After Special Dedns) . .	-426,791
Total Net Operating Loss Deduction (Limited to Taxable Income)	0
Net Operating Losses Carried Forward to 2011	1,766,216

2010 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 1997 . . . \$ 20,591

Total Amount Absorbed \$ 20,591

Available For Carryover To 2010 \$ 0

CARRYOVER GENERATED FOR TAX YEAR 1998 . . . \$ 95,240

Amount Absorbed In 2003 . . . \$ 36,022

Amount Absorbed In 2004 . . . \$ 59,218

Total Amount Absorbed \$ 95,240

Available For Carryover To 2010 \$ 0

CARRYOVER GENERATED FOR TAX YEAR 1999 . . . \$ 124,048

Amount Absorbed In 2004 . . . \$ 52,285

Total Amount Absorbed \$ 52,285

Available For Carryover To 2010 \$ 71,763

2010 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2000 . . . \$ 128,593

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 128,593

CARRYOVER GENERATED FOR TAX YEAR 2001 . . . \$ 87,462

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 87,462

~~CARRYOVER GENERATED FOR TAX YEAR 2002 . . . \$ 136,518~~

Total Amount Absorbed \$

~~Available For Carryover To 2010 \$ 136,518~~

2010 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2005 . . . \$ 39,981

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 39,981

CARRYOVER GENERATED FOR TAX YEAR 2006 . . . \$ 124,782

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 124,782

~~CARRYOVER GENERATED FOR TAX YEAR 2007 . . . \$ 103,664~~

Total Amount Absorbed \$

~~Available For Carryover To 2010 \$ 103,664~~

2010 NOL DEDUCTION STATEMENT

WATER MANAGEMENT SERVICES INC.
59-3449317

CARRYOVER GENERATED FOR TAX YEAR 2008 . . . \$ 292,506

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 292,506

CARRYOVER GENERATED FOR TAX YEAR 2009 . . . \$ 354,156

Total Amount Absorbed \$

Available For Carryover To 2010 \$ 354,156

2010 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	1999
C.	NOL Amount	71,763
D(1).	Carryovers from Years Before Both A & B	0
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	0
3.	Subtract Line 2 from Line 1	-426,791
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	71,763

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2000
C.	NOL Amount	128,593
D(1).	Carryovers from Years Before Both A & B	71,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	71,763
3.	Subtract Line 2 from Line 1	-498,554
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	128,593

2010 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2001
C.	NOL Amount	87,462
D(1).	Carryovers from Years Before Both A & B	200,356
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	200,356
3.	Subtract Line 2 from Line 1	-627,147
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year	-87,462

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2002
C.	NOL Amount	136,518
D(1).	Carryovers from Years Before Both A & B	287,818
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	287,818
3.	Subtract Line 2 from Line 1	-714,609
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year	136,518

2010 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.
59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2005
C.	NOL Amount	39,981
D(1).	Carryovers from Years Before Both A & B	424,336
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	424,336
3.	Subtract Line 2 from Line 1	-851,127
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	39,981

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2006
C.	NOL Amount	124,782
D(1).	Carryovers from Years Before Both A & B	464,317
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	464,317
3.	Subtract Line 2 from Line 1	-891,108
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	124,782

2010 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2007
C.	NOL Amount	103,664
D(1).	Carryovers from Years Before Both A & B	589,099
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	589,099
3.	Subtract Line 2 from Line 1	-1,015,890
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	103,664

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2008
C.	NOL Amount	292,506
D(1).	Carryovers from Years Before Both A & B	692,763
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	692,763
3.	Subtract Line 2 from Line 1	-1,119,554
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year.	292,506

2010 NET OPERATING LOSS WORKSHEET

WATER MANAGEMENT SERVICES INC.

59-3449317

NET OPERATING LOSS INFORMATION

A.	Carryover Year	2010
B.	NOL Year	2009
C.	NOL Amount	354,156
D(1).	Carryovers from Years Before Both A & B	985,269
D(2).	Carrybacks from Years Before B	0

COMPUTATION OF MODIFIED TAXABLE INCOME

1.	Taxable Income for Year A	-426,791
2.	Amount From D(1)	985,269
3.	Subtract Line 2 from Line 1	-1,412,060
4.	Allowed Contributions Using Amount on Line 3	0
5.	Amount From D(2)	0
6.	Dividend Received Deduction	0
7.	Add Lines 4, 5, and 6	0
8.	Modified Taxable Income (Line 3 - Line 7)	0
9.	NOL on Line C Absorbed this Year	0
10.	NOL on Line C Carried Over to Subsequent Year	354,156

GENE D. BROWN
MANAGEMENT RESUME

DATE OF BIRTH: March 21, 1941
PLACE OF BIRTH: Miccosukee, FL
SOCIAL SECURITY NO.: 263-72-2979
SPOUSE: Marilyn B. Brown
SPOUSE'S SOCIAL SECURITY NO.: 265-66-3568
RESIDENCE ADDRESS: 7149 Ox Bow Circle, Talla., FL 32312
(1991 to present)
PREVIOUS ADDRESS: 4039 Kilmartin Drive, Talla., FL 32308
(1990 to 1991)
EDUCATION: Public Schools of Leon County
Florida State University (B.S. 1963)
University of Florida (J.D. 1966)
(Graduated Second in Class)

I am not employed by the U.S. Government.

I am a U.S. Citizen.

I have never been charged with nor convicted of any criminal offense other than a misdemeanor involving a motor vehicle violation.

I am not involved in any lawsuit at this time and have never filed for personal or business Bankruptcy Protection.

I have never obtained credit under any other name.

I have no military service background.

EXTRACURRICULAR ACTIVITIES

Florida State University: Hall of Fame (one of four selected); President, Gold Key Honorary; Omicron Delta Kappa Honorary; Executive Board Chairman, Rush Chairman and Public Relations Chairman, Phi Delta Theta; Sophomore Class Treasurer; Junior Class Senator; Senate Parliamentarian; Men's Vice President (President of Men's Senate); Vice President of Student Enterprises; "Who's Who in American Universities and Colleges"; Dean's List.

University of Florida: Executive Editor, U.of Fla. Law Review; Moot Court Team-State Championship (two-man team); S.E. Regional Championship (three-man team); President, Phi Delta Legal Fraternity; Florida Blue Key Honorary.

Publications: "Collateral, Post Conviction Remedies in Florida," 20 University of Florida Law Review, 306, 1968; "Criminal Law" Right to Counsel During State Prosecutions," 17 University of Florida Law Review, 634, 1965; "Florida' Obscenity Statutes-Some Recommendations," 18 University of Florida Law Review, 135, 1965; "Land Use Controls," 31 U. Miami L. Rev. 1083, 1977.

WORK EXPERIENCE

Professional Water Skier (1961)
Clerk, Florida Attorney General's Office (1962)
Attache' to Speaker of the House, Florida Legislature (1963);
Legal Assistant, Chief Justice Campbell Thornal, Florida Supreme Court (1966-68);
Associate, Horne, Rhodes, Brown & Stephens (1969-71);
Sole Practitioner (1971-72);
Partner, Brown, Smith, Young & Pelham and its predecessors (1972-76);
Private Practice, Utility Management and Development Activities (1974-2000);
President & CEO of Water Management Services, Inc. (1974-to date)

LEGAL AFFILIATIONS

Tallahassee Bar Association; American Bar Association; The Florida Bar (Chairman, Second Judicial Circuit Grievance Committee (1978-81); Member, State Committee on Professional Ethics (1980-82); Florida Academy of Trial Lawyers; American Judicature Society; "AV" rating in Martindale-Hubbell.

DEVELOPMENT ACTIVITIES

As a practicing lawyer, represented real estate developers since 1968, including: Deltona, Killearn Properties, Century Construction Company, Contex Realty, Westinghouse Development, Collins Bros. Construction Co., Associated Developers of Florida, Inc. and others.

Became an active developer in 1973 by acquiring one-half interest in St. George Island. Developed St. George Island with a partner until 1981. Acquired all of Leisure Properties, Ltd. In 1981, and completed the development of "St. George Plantation" on St. George Island.

Developed a 2,300 acre planned community near Panama City, FL known as "Leisure Lakes," consisting of approximately 1,500 lots and related amenities. Developed and managed an 1,100 acre commercial lakefront hunting preserve in Monticello, FL.

Supervised the design and construction of a publicly franchised water system serving over 1,800 customers; Served as the CEO of the utility since its inception in 1974.

NO. 7

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NO. 9

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USDA LOAN APPLICATION
SOURCE OF CAPITAL INJECTION

Source of Funds	Details	Amount of Funds
Cash on Hand	N/A	
Sale of Investments	N/A	
Sale of Assets	N/A	
Financing of Real Estate (HELOC - Line of Credit are ineligible for injection on 7(a) loans but eligible for 504 Loans) (Including equity)	SEE LOAN DOCUMENTS	
Investor Funds	N/A	
Other	N/A	

TOTAL CASH INJECTION

SBA requires 3 months bank statements proving source of injection.

Bank statements are attached.

BANK STATEMENTS OMITTED FROM THIS COPY

NO. 11

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NO. 12

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NO. 13

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NO. 14

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**WATER MANAGEMENT SERVICE
CASH FLOW-BUDGET
2013**

ACCT #	DESCRIPTION	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	GRAND TOTAL
WATER REVENUES/RECEIPTS		(Dec Billing)	(Jan Billing)	(Feb Billing)	(Mar Billing)	(Apr Billing)	(May Billing)	(Jun Billing)	(Jul Billing)	(Aug Billing)	(Sep Billing)	(Oct Billing)	(Nov Billing)	
461.10	METERED SALES-RESIDENTIAL	78,000.00	79,300.00	71,400.00	71,100.00	84,000.00	107,900.00	146,985.00	125,300.00	111,500.00	95,100.00	88,200.00	69,200.00	1,127,985.00
461.20	METERED SALES-COMMERCIAL	12,000.00	12,000.00	12,000.00	15,000.00	13,000.00	16,000.00	14,000.00	14,000.00	16,000.00	13,000.00	13,000.00	15,000.00	165,000.00
461.40	METERED SALES-PUBLIC AUTH	3,500.00	3,400.00	4,200.00	3,400.00	3,600.00	3,600.00	3,900.00	4,300.00	3,700.00	3,500.00	3,400.00	3,300.00	43,800.00
461.50	METERED SALES-MULTI FAMILY	4,500.00	4,300.00	4,400.00	5,500.00	4,400.00	5,500.00	4,400.00	4,400.00	5,800.00	4,400.00	4,400.00	5,500.00	57,500.00
461.XX	RATE INCREASE	49,300.00	46,300.00	41,300.00	42,300.00	50,300.00	64,300.00	79,300.00	72,300.00	65,300.00	55,300.00	50,300.00	40,336.00	656,636.00
469.00	GUARANTEED REVENUE-A.F.P.I.					122.00				123.00				245.00
471.00	MISC. SERVICE REVENUE	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	7,656.00
461.10	NEW CUSTOMER TAP FEES	20,000.00	20,000.00	20,000.00	20,000.00	30,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	250,000.00
	TOTAL RECEIPTS	167,938.00	165,938.00	153,938.00	157,938.00	186,060.00	217,938.00	269,223.00	240,938.00	223,061.00	191,938.00	179,938.00	153,974.00	2,308,822.00
		147,938.00	145,938.00	133,938.00	137,938.00	156,060.00	197,938.00	249,223.00	220,938.00	203,061.00	171,938.00	159,938.00	133,974.00	
LABOR & LABOR RELATED COSTS														
601.10	WAGES-EMPLOYEE (OPER)	13,483.00	13,483.00	13,483.00	16,854.00	13,483.00	13,483.00	16,854.00	13,483.00	13,483.00	16,854.00	13,483.00	16,854.00	175,280.00
	BONUS EXPENSE											0.00	1,649.00	1,649.00
603.10	WAGES-OFFICERS (OPER)	4,019.23	4,019.23	4,019.23	5,024.03	4,019.23	4,019.23	3,966.34	5,076.92	4,019.23	5,024.03	5,076.92	3,966.34	52,249.96
	BONUS EXPENSE												522.50	522.50
601.80	WAGES-EMPLOYEE (G & A)	11,746.36	11,746.36	11,746.36	14,682.20	11,746.36	11,746.36	11,625.20	14,803.36	11,746.36	11,625.20	14,803.36	14,682.20	152,699.68
	BONUS EXPENSE												1,527.00	1,527.00
603.80	WAGES-OFFICERS (G & A)	4,019.23	4,019.23	4,019.23	5,024.03	4,019.23	4,019.23	3,966.34	5,076.92	3,966.34	5,024.03	5,076.92	3,966.34	52,197.07
	BONUS EXPENSE												522.50	522.50
408.12	OTHER TAXES-PAYROLL	2,537.00	2,536.00	2,537.00	4,604.00	2,536.00	2,693.00	3,190.00	2,536.00	2,537.00	3,190.00	2,536.00	3,522.00	34,954.00
604.10	EMPL PENSION/BENEFITS (OPER)	2,088.00	2,088.00	2,262.00	2,262.00	2,262.00	2,262.00	2,262.00	2,262.00	10,610.00	2,262.00	2,262.00	2,262.00	35,144.00
604.80	EMPL PENSION/BENEFITS (G & A)	807.00	807.00	898.00	898.00	2,398.00	898.00	898.00	898.00	72,104.00	898.00	898.00	893.00	83,295.00
658.10	INSURANCE-W. COMP (OPER)	395.00	394.00	395.00	395.00	394.00	395.00	395.00	394.00	395.00	395.00	394.00	395.00	4,736.00
658.80	INSURANCE-W. COMP (G & A)	54.00	54.00	54.00	55.00	54.00	54.00	54.00	54.00	55.00	54.00	54.00	54.00	650.00
650.10	TRANSPORTATION EXP (OPER)	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,123.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,123.00	13,466.00
650.80	TRANSPORTATION EXP (G & A)	870.00	870.00	870.00	870.00	870.00	870.00	870.00	870.00	870.00	870.00	870.00	870.00	10,440.00
675.16	UNIFORMS (OPER)	314.00	314.00	314.00	392.00	314.00	314.00	392.00	314.00	314.00	392.00	314.00	392.00	4,080.00
675.11	CONTINUING ED	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
	TOTAL LABOR & RELATED COSTS	41,554.82	41,552.82	41,819.82	52,282.26	43,317.82	41,976.82	45,694.88	46,990.20	121,321.93	47,810.26	46,990.20	53,300.88	624,612.71
OPERATIONS EXPENSES														
615.10	PURCHASED POWER	4,650.00	4,750.00	4,350.00	4,900.00	5,200.00	6,400.00	7,000.00	6,500.00	4,500.00	4,150.00	3,700.00	3,830.00	59,930.00
616.10	PURCHASED FUEL FOR POWER	0.00	0.00	0.00	0.00	0.00	2,275.00	0.00	0.00	0.00	0.00	0.00	0.00	2,275.00
618.10	CHEMICALS	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	12,900.00
620.10	MATERIAL & SUPPLIES (OPER)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
631.10	CONTRACTUAL SERVICES-ENG	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
635.10	CONTRACTUAL SERVICES-TESTING	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	5,160.00
636.10	CONTRACTUAL SERVICES-OTHER	7,326.00	6,026.00	6,026.00	7,326.00	7,226.00	6,026.00	7,236.00	5,936.00	5,936.00	7,240.00	5,936.00	7,760.00	80,000.00
642.10	RENTAL OF EQUIPMENT (OPER)	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	33,600.00
650.10	LEASE OF EQUIPMENT (OPER)	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	16,804.00
656.10	INSURANCE-VEHICLES (OPER)	640.00	640.00	640.00	640.00		640.00	640.00	640.00	640.00	640.00	640.00	640.00	8,000.00
657.10	INSURANCE-GENERAL (OPER)	1,250.00	1,250.00	1,250.00	1,250.00		2,500.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
659.10	INSURANCE-OTHER (FLOOD) (OPER)					1,218.00	2,976.00					701.00		4,895.00
675.12	DUES & SUBSCRIPTIONS		354.00					379.00						733.00
675.13	REPAIRS/MAINT (OPER)	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	52,800.00
675.14	TELEPHONE (OPER)	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	8,256.00
675.15	POSTAGE (OPER)	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	7,500.00
675.19	TRAVEL EXPENSES (OPER)			100.00							110.00			210.00
	TOTAL OPERATIONS EXPENSE	28,785.00	27,938.00	27,284.00	29,035.00	28,562.00	36,695.00	31,045.00	29,623.00	27,244.00	28,309.00	27,145.00	28,398.00	350,063.00

**WATER MANAGEMENT SERVICE
CASH FLOW-BUDGET
2013**

ACCT #	DESCRIPTION	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	GRAND TOTAL
ADMINISTRATIVE EXPENSES														
615.80	PURCHASED POWER (G & A)	165.00	170.00	150.00	145.00	190.00	180.00	180.00	190.00	220.00	210.00	210.00	190.00	2,200.00
620.80	MATERIAL & SUPPLIES (G & A)	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	532.00	6,527.00
632.80	CONTRACTUAL SERVICES-ACCTG	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	1,300.00	750.00	750.00	750.00	9,550.00
633.80	CONTRACTUAL SERVICES-LEGAL	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
636.80	CONTRACTUAL SERVICES-OTHER	542.00	542.00	542.00	542.00	542.00	540.00	542.00	542.00	542.00	542.00	542.00	540.00	6,500.00
641.80	RENTAL OF BLDG/REAL PROP	1,670.00	1,670.00	1,671.00	1,670.00	1,670.00	1,671.00	1,671.00	1,670.00	1,671.00	1,670.00	1,670.00	1,671.00	20,045.00
657.80	INSURANCE-GENERAL (G & A)	750.00	750.00	750.00	750.00	750.00	0.00	1,700.00	750.00	750.00	750.00	750.00	750.00	9,200.00
660.80	ADVERTISING EXPENSE				300.00						300.00			600.00
666.00	RATE CASE EXPENSES	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	84,000.00
670.80	BAD DEBT EXPENSE	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	205.00	185.00	2,240.00
675.82	DUES & SUB (G & A)	480.00	0.00	0.00	480.00	0.00	0.00	480.00	0.00	0.00	480.00	0.00	0.00	1,920.00
675.83	REPAIRS/MAINT (G & A)	30.00	30.00	30.00	30.00	30.00	30.00	30.00	890.00	30.00	30.00	30.00	30.00	1,220.00
675.84	TELEPHONE (G & A)	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	1,740.00
675.85	POSTAGE (G & A)	167.00	167.00	166.00	167.00	167.00	166.00	167.00	167.00	167.00	167.00	167.00	166.00	2,000.00
675.86	BANK CHARGES (G & A)	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	2,880.00
675.89	TRAVEL EXPENSES (G & A)	100.00	100.00	100.00	300.00	100.00	100.00	200.00	100.00	100.00	200.00	100.00	100.00	1,600.00
	TOTAL ADMINISTRATIVE EXPENSE	13,269.00	12,794.00	12,774.00	13,749.00	12,814.00	12,052.00	14,335.00	13,674.00	13,394.00	13,714.00	12,854.00	12,799.00	158,222.00
ASSET PURCHASES/SALES														
300.00	CAPITAL EXPENDITURES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
	NET ASSET PURCHASES/SALES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
TAXES OTHER THAN INCOME														
408.10	UTILITY REG ASSESSMENT FEE	42,000.00						45,950.00						87,950.00
408.11	OTHER TAXES-PROPERTY			35,920.00										35,920.00
408.13	OTHER TAXES AND LICENSES			320.00		200.00			150.00	75.00		2,000.00	55.00	2,800.00
	TOTAL TAXES OTHER THAN INCOME	42,000.00	0.00	36,240.00	0.00	200.00	0.00	45,950.00	150.00	75.00	0.00	2,000.00	55.00	126,670.00
OTHER INCOME & EXPENSES														
419.00	INTEREST & DIVIDEND INCOME						(720.00)							(720.00)
426.70	SUBSIDIARY CONTRIBUTION	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(54,000.00)
427.40	INTEREST-CUSTOMER DEPOSITS	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
427.50	INTEREST-VENDORS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
428.30	LOAN COSTS-REQUIRED LIFE INSUR	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	39,258.00
	NET OTHER INCOME & EXPENSES	271.50	271.50	271.50	271.50	271.50	(448.50)	271.50	271.50	271.50	271.50	271.50	271.50	2,538.00
	TOTAL AVAILABLE FOR DEBT SERV	40,057.68	81,381.68	33,548.68	60,600.24	98,894.68	125,662.68	129,926.62	148,229.30	58,754.57	99,833.24	88,677.30	57,149.62	1,022,716.29
DEBT SERVICE														
	DEP LOAN-INTEREST					76,425.00						73,575.00		150,000.00
	DEP LOAN-PRINCIPAL	20,000.00	20,000.00	20,000.00	20,000.00	30,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	250,000.00
	FCCU-GMC LOAN	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	4,944.00
	FMB-BACKHOE LOAN	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	1,284.00
	FIDELITY BANK (INTEREST ONLY)	24,375.00	24,375.00	24,375.00	30,000.00	30,000.00	30,000.00	35,625.00	35,625.00	35,625.00	41,250.00	41,250.00	41,250.00	393,750.00
	TOTAL DEBT SERVICE	44,894.00	44,894.00	44,894.00	50,519.00	136,944.00	50,519.00	56,144.00	56,144.00	56,144.00	61,769.00	135,344.00	61,769.00	799,978.00
	* NET CHANGE IN CASH *	(4,836.32)	36,487.68	(11,345.32)	10,081.24	(38,049.32)	75,143.68	73,782.62	92,085.30	2,610.57	38,064.24	(46,666.70)	(4,619.38)	
	ENDING CASH BALANCE	(4,836.32)	31,651.36	20,306.04	30,387.28	(7,662.04)	67,481.64	141,264.26	233,349.56	235,960.13	274,024.37	227,357.67	222,738.29	222,738.29

**WATER MANAGEMENT SERVICE
CASH FLOW-BUDGET
2014**

ACCT #	DESCRIPTION	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	GRAND TOTAL
		(Dec Billing)	(Jan Billing)	(Feb Billing)	(Mar Billing)	(Apr Billing)	(May Billing)	(Jun Billing)	(Jul Billing)	(Aug Billing)	(Sep Billing)	(Oct Billing)	(Nov Billing)	
WATER REVENUES/RECEIPTS														
461.10	METERED SALES-RESIDENTIAL	78,950.00	80,250.00	72,350.00	72,050.00	84,950.00	108,850.00	147,935.00	126,250.00	112,450.00	96,050.00	89,150.00	70,170.00	1,139,405.00
461.20	METERED SALES-COMMERCIAL	12,000.00	12,000.00	12,000.00	15,000.00	13,000.00	16,000.00	14,000.00	14,000.00	16,000.00	13,000.00	13,000.00	15,000.00	165,000.00
461.40	METERED SALES-PUBLIC AUTH	3,500.00	3,400.00	4,200.00	3,400.00	3,600.00	3,600.00	3,900.00	4,300.00	3,700.00	3,500.00	3,400.00	3,300.00	43,800.00
461.50	METERED SALES-MULTI FAMILY	4,500.00	4,300.00	4,400.00	5,500.00	4,400.00	5,500.00	4,400.00	4,400.00	5,800.00	4,400.00	4,400.00	5,500.00	57,500.00
461.XX	RATE INCREASE	49,300.00	46,300.00	41,300.00	42,300.00	50,300.00	64,300.00	79,300.00	72,300.00	65,300.00	55,300.00	50,300.00	40,336.00	656,636.00
469.00	GUARANTEED REVENUE-A.F.P.I.					122.00				123.00				245.00
471.00	MISC. SERVICE REVENUE	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	638.00	7,656.00
461.10	NEW CUSTOMER TAP FEES	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	300,000.00
	TOTAL RECEIPTS	173,888.00	171,888.00	159,888.00	163,888.00	182,010.00	223,888.00	275,173.00	246,888.00	229,011.00	197,888.00	185,888.00	159,944.00	2,370,242.00
LABOR & LABOR RELATED COSTS														
601.10	WAGES-EMPLOYEE (OPER)	14,105.00	14,105.00	14,105.00	17,631.00	14,105.00	14,105.00	17,631.00	14,105.00	14,105.00	17,631.00	14,105.00	17,634.00	183,367.00
	BONUS EXPENSE											0.00	1,669.00	1,669.00
603.10	WAGES-OFFICERS (OPER)	4,139.69	4,139.69	4,139.69	5,175.12	4,139.69	4,139.69	5,175.12	4,139.69	4,139.69	5,719.12	4,139.69	5,229.12	54,416.00
	BONUS EXPENSE												522.00	522.00
601.80	WAGES-EMPLOYEE (G & A)	12,098.00	12,098.00	12,098.00	15,122.00	12,098.00	12,098.00	15,122.00	12,098.00	12,098.00	15,122.00	12,098.00	15,120.00	157,270.00
	BONUS EXPENSE												1,527.00	1,527.00
603.80	WAGES-OFFICERS (G & A)	4,139.69	4,139.69	4,139.69	5,175.12	4,139.69	4,139.69	5,175.12	4,139.69	4,139.69	5,719.12	4,139.69	5,229.12	54,416.00
	BONUS EXPENSE												522.00	522.00
408.12	OTHER TAXES-PAYROLL	2,629.00	2,629.00	2,629.00	4,721.00	2,629.00	2,629.00	3,307.00	2,629.00	2,629.00	3,307.00	2,629.00	3,644.00	36,011.00
604.10	EMPL PENSION/BENEFITS (OPER)	2,262.00	2,262.00	2,453.00	2,453.00	2,453.00	2,453.00	2,453.00	2,453.00	11,705.00	2,453.00	2,453.00	2,458.00	38,311.00
604.80	EMPL PENSION/BENEFITS (G & A)	888.00	888.00	986.00	986.00	2,486.00	986.00	986.00	986.00	72,670.00	986.00	986.00	986.00	84,820.00
658.10	INSURANCE-W. COMP (OPER)	416.00	416.00	416.00	416.00	416.00	416.00	416.00	416.00	416.00	416.00	416.00	413.00	4,989.00
658.80	INSURANCE-W. COMP (G & A)	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	53.00	669.00
650.10	TRANSPORTATION EXP (OPER)	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,122.00	1,118.00	13,460.00
650.80	TRANSPORTATION EXP (G & A)	871.00	871.00	871.00	871.00	871.00	871.00	871.00	871.00	871.00	871.00	871.00	866.00	10,447.00
675.16	UNIFORMS (OPER)	314.00	314.00	314.00	392.00	314.00	314.00	392.00	314.00	314.00	392.00	314.00	392.00	4,080.00
675.11	CONTINUING ED	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
	TOTAL LABOR & RELATED COSTS	43,140.38	43,140.38	43,429.38	54,220.24	44,929.38	43,429.38	52,806.24	43,429.38	124,365.38	53,894.24	43,429.38	57,482.24	647,696.00
OPERATIONS EXPENSES														
615.10	PURCHASED POWER	4,650.00	4,750.00	4,350.00	4,900.00	5,200.00	6,400.00	7,000.00	6,500.00	4,500.00	4,150.00	3,700.00	3,830.00	59,930.00
616.10	PURCHASED FUEL FOR POWER	0.00	0.00	0.00	0.00	0.00	2,275.00	0.00	0.00	0.00	0.00	0.00	0.00	2,275.00
618.10	CHEMICALS	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	1,075.00	12,900.00
620.10	MATERIAL & SUPPLIES (OPER)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
631.10	CONTRACTUAL SERVICES-ENG	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	30,000.00
635.10	CONTRACTUAL SERVICES-TESTING	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	430.00	5,160.00
636.10	CONTRACTUAL SERVICES-OTHER	7,326.00	6,026.00	6,026.00	7,326.00	7,226.00	6,026.00	7,236.00	5,936.00	5,936.00	7,240.00	5,936.00	7,760.00	80,000.00
642.10	RENTAL OF EQUIPMENT (OPER)	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00	33,600.00
650.10	LEASE OF EQUIPMENT (OPER)	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	1,401.00	1,400.00	1,400.00	16,804.00
656.10	INSURANCE-VEHICLES (OPER)	640.00	640.00	640.00	640.00		1,600.00	640.00	640.00	640.00	640.00	640.00	640.00	8,000.00
657.10	INSURANCE-GENERAL (OPER)	1,250.00	1,250.00	1,250.00	1,250.00		2,500.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	15,000.00
659.10	INSURANCE-OTHER (FLOOD) (OPER)					1,218.00	2,976.00					701.00		4,895.00
675.12	DUES & SUBSCRIPTIONS		354.00						379.00					733.00
675.13	REPAIRS/MAINT (OPER)	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00	52,800.00
675.14	TELEPHONE (OPER)	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	688.00	8,256.00
675.15	POSTAGE (OPER)	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	625.00	7,500.00
675.19	TRAVEL EXPENSES (OPER)			100.00							110.00			210.00
	TOTAL OPERATIONS EXPENSE	28,785.00	27,938.00	27,284.00	29,035.00	28,562.00	36,695.00	31,045.00	29,623.00	27,244.00	28,309.00	27,145.00	28,398.00	350,063.00

**WATER MANAGEMENT SERVICE
CASH FLOW-BUDGET
2014**

ACCT #	DESCRIPTION	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	GRAND TOTAL
ADMINISTRATIVE EXPENSES														
615.80	PURCHASED POWER (G & A)	165.00	170.00	150.00	145.00	190.00	180.00	180.00	190.00	220.00	210.00	210.00	190.00	2,200.00
620.80	MATERIAL & SUPPLIES (G & A)	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	545.00	532.00	6,527.00
632.80	CONTRACTUAL SERVICES-ACCTG	750.00	750.00	750.00	750.00	750.00	750.00	750.00	750.00	1,300.00	750.00	750.00	750.00	9,550.00
633.80	CONTRACTUAL SERVICES-LEGAL	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
636.80	CONTRACTUAL SERVICES-OTHER	542.00	542.00	542.00	542.00	542.00	540.00	542.00	542.00	542.00	542.00	542.00	540.00	6,500.00
641.80	RENTAL OF BLDG/REAL PROP	1,670.00	1,670.00	1,671.00	1,670.00	1,670.00	1,671.00	1,671.00	1,670.00	1,671.00	1,670.00	1,670.00	1,671.00	20,045.00
657.80	INSURANCE-GENERAL (G & A)	750.00	750.00	750.00	750.00	750.00	0.00	1,700.00	750.00	750.00	750.00	750.00	750.00	9,200.00
660.80	ADVERTISING EXPENSE				300.00						300.00			600.00
666.00	RATE CASE EXPENSES	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	84,000.00
670.80	BAD DEBT EXPENSE	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	185.00	205.00	185.00	2,240.00
675.82	DUES & SUB (G & A)	480.00	0.00	0.00	480.00	0.00	0.00	480.00	0.00	0.00	480.00	0.00	0.00	1,920.00
675.83	REPAIRS/MAINT (G & A)	30.00	30.00	30.00	30.00	30.00	30.00	30.00	890.00	30.00	30.00	30.00	30.00	1,220.00
675.84	TELEPHONE (G & A)	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	145.00	1,740.00
675.85	POSTAGE (G & A)	167.00	167.00	166.00	167.00	167.00	166.00	167.00	167.00	166.00	167.00	167.00	166.00	2,000.00
675.86	BANK CHARGES (G & A)	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	240.00	2,880.00
675.89	TRAVEL EXPENSES (G & A)	100.00	100.00	100.00	300.00	100.00	100.00	200.00	100.00	100.00	200.00	100.00	100.00	1,600.00
	TOTAL ADMINISTRATIVE EXPENSE	13,269.00	12,794.00	12,774.00	13,749.00	12,814.00	12,052.00	14,335.00	13,674.00	13,394.00	13,714.00	12,854.00	12,799.00	158,222.00
ASSET PURCHASES/SALES														
300.00	CAPITAL EXPENDITURES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
	NET ASSET PURCHASES/SALES	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	24,000.00
TAXES OTHER THAN INCOME														
408.10	UTILITY REG ASSESSMENT FEE	46,740.00						46,200.00						92,940.00
408.11	OTHER TAXES-PROPERTY			35,920.00										35,920.00
408.13	OTHER TAXES AND LICENSES			320.00		200.00			150.00	75.00		2,000.00	55.00	2,800.00
	TOTAL TAXES OTHER THAN INCOME	46,740.00	0.00	36,240.00	0.00	200.00	0.00	46,200.00	150.00	75.00	0.00	2,000.00	55.00	131,660.00
OTHER INCOME & EXPENSES														
419.00	INTEREST & DIVIDEND INCOME						(720.00)							(720.00)
426.70	SUBSIDIARY CONTRIBUTION	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(4,500.00)	(54,000.00)
427.40	INTEREST-CUSTOMER DEPOSITS	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
427.50	INTEREST-VENDORS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,000.00
428.30	LOAN COSTS-REQUIRED LIFE INSUR	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	3,271.50	39,258.00
	NET OTHER INCOME & EXPENSES	271.50	271.50	271.50	271.50	271.50	(448.50)	271.50	271.50	271.50	271.50	271.50	271.50	2,538.00
	TOTAL AVAILABLE FOR DEBT SERV	39,682.12	85,744.12	37,889.12	64,612.26	93,233.12	130,160.12	128,515.26	157,740.12	61,661.12	99,699.26	98,188.12	58,938.26	1,056,063.00
DEBT SERVICE														
	DEP LOAN-INTEREST					71,550.00						70,425.00		141,975.00
	DEP LOAN-PRINCIPAL	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	300,000.00
	FCCU-GMC LOAN	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	412.00	4,944.00
	FMB-BACKHOE LOAN	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	107.00	1,284.00
	FIDELITY BANK	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	46,148.00	553,776.00
	TOTAL DEBT SERVICE	71,667.00	71,667.00	71,667.00	71,667.00	143,217.00	71,667.00	71,667.00	71,667.00	71,667.00	71,667.00	142,092.00	71,667.00	1,001,979.00
	* NET CHANGE IN CASH *	(31,984.88)	14,077.12	(33,777.88)	(7,054.74)	(49,983.88)	58,493.12	56,848.26	86,073.12	(10,005.88)	28,032.26	(43,903.88)	(12,728.74)	
	ENDING CASH BALANCE	190,753.12	204,830.24	171,052.36	163,997.62	114,013.74	172,506.86	229,355.12	315,428.24	305,422.36	333,454.62	289,550.74	276,822.00	

_____ **WATER MANAGEMENT SERVICES, INC.** _____

250 John Knox Rd. # 4
Tallahassee, FL 32303
(850) 668-0440 Fax (850) 577-0441

May 17, 2011

HAND DELIVERY

Mr. Robert E. Holmden, P.E.
Chief, Bureau of Water Facilities Funding
Department of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Dear Mr. Holmden:

As you know, the City of Carrabelle is considering the purchase of our water system on St. George Island. If that happens, our SRF loan from DEP will be paid in full.

In the meantime, and assuming the Carrabelle deal does not happen, we are proceeding with our plans for extensive capital improvements, including a new ground storage facility. We plan to finance these improvements with a new USDA guaranteed loan from Fidelity Bank in Jacksonville. That loan will pay off the existing first mortgage of approximately \$2.7 million at Centennial Bank (formerly Gulf State Bank) and provide approximately \$3.5 million in new funds for the improvements.

However, Fidelity is only willing to make this loan if they have a superior lien on all of the utility's operating assets, including the supply main across the bridge. Accordingly, I need to know if DEP is willing to subordinate its lien on the supply main so that Fidelity will have a superior security interest in all our assets, including the supply main. Without this subordination, I do not know of any realistic way to finance and construct these improvements.

On a related matter, I need to know whether DEP is willing to modify the debt service requirements on our existing SRF loan for the next 10 years to allow WMSI to pay interest only each 6 months with periodic payments of principal equal to all tap fees (CIAC) collected by the utility during that 10-year period. We have a pending request with the PSC to raise our tap fees to \$10,000 per equivalent residential connection (ERC). That request is based on the statute and PSC rule which allows the utility to set tap fees, or "service availability charges," at a rate which will allow the utility to recover 75% of the cost of new capital improvements, such as the new supply main across the bridge, from its customers. The tap fees were never increased after the main was constructed with the DEP/SRF loan in 2003. Nevertheless, the utility has reduced the

Page Two
May 17, 2012

principal balance on the SRF loan by almost \$1,000,000 without any increase in tap fees. We are confident that the PSC will increase these tap fees as required by law so that the customers who benefit from the supply main will pay 75% of the cost of that line.

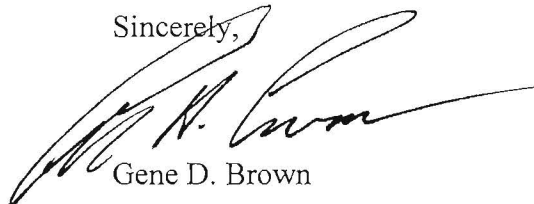
Based upon the 10 year planning document filed by our engineer, Les Thomas, we project 408 new connections on the island by the end of 2021. At \$10,000 each, that would provide an additional \$4,080,000 in principal reductions on the SRF loan. At that point, the SRF loan will still have over 10 years left on the existing 30 year amortization. At that time, WMSI and DEP can reestablish a payment plan based upon the next 10 year plan from our engineer and the rates and charges then in effect.

Realistically, this plan or a similar plan is the only way WMSI can repay the principal portion of the SRF loan. Our water line was destroyed by State action without our consent, and the new line cost approximately \$6,000,000, at least 75% of which should be paid by the water customers who benefitted from the line. Even if the PSC gives us all the increased monthly rates that we have requested, there is still not sufficient cash flow to amortize the SRF loan in full without a substantial increase in tap fees. Some level of tap fees will be paid because there is still so much growth potential on the island. But there is no way to accurately predict when these fees will be paid for the purpose of establishing firm annual principal loan payments. In our 10 year capacity study, we project an increase in connections back to our historical average of 56 new connections per year. If you would like to review this 10 year engineering study, let me know and I will send you a copy.

Assuming that we are successful in our pending PSC case for increased monthly charges, and assuming that the PSC approves our request for increased tap fees, I am confident that WMSI can repay the SRF loan with no problem. But we are at the mercy of the State of Florida in this entire matter. The State DOT destroyed our water main forcing us to spend over \$6,000,000. The State PSC has total control over the rates and fees we can charge and collect to pay for this huge capital expense. I now need help from the State DEP to work with out a plan to repay this loan with interest only, and with the payment of all tap fees collected as referenced above.

My PSC attorney, Marty Friedman, and I will be happy to answer any questions you may have regarding this matter when we meet with you next Tuesday.

Sincerely,

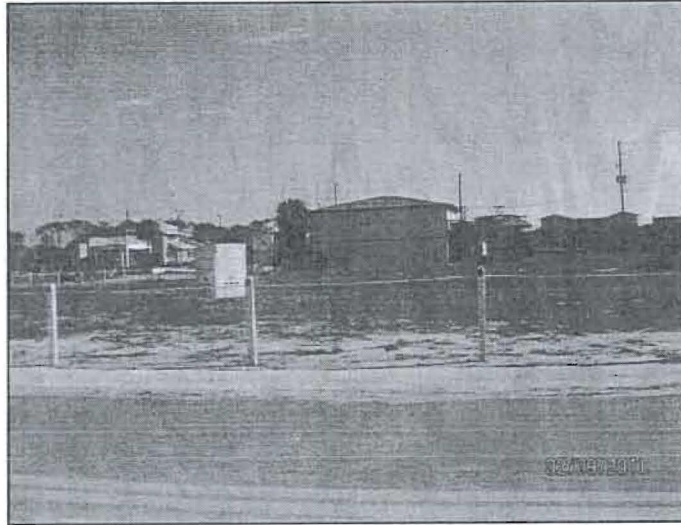
A handwritten signature in black ink, appearing to read "Gene D. Brown", with a stylized, flowing script.

Gene D. Brown

cc: Martin S. Friedman, Esq.

**.54 Acre± Mixed Use Site
St. George Island, Franklin County, Florida**

**Southeast Corner of 1st Street West & West Pine Avenue
St. George Island, Florida**

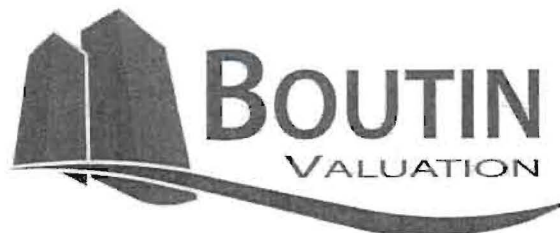


Effective Date of the Appraisal - February 8, 2011
Date of the Appraisal Report - February 10, 2011

Neal R. Boutin, Jr., MAI
State-Certified General Real Estate Appraiser #RZ199

Mark Stewart Boutin
State-Certified Residential Real Estate Appraiser #RD5371

File #11004



EMINENT DOMAIN • COMMERCIAL • RESIDENTIAL

1114 Thomasville Road, Suite I • Tallahassee, Florida • 32303
(850) 222-8258 • (850) 222-1569 Fax
www.boutinvaluation.com

Certification Statement

Our appraisal assignment involved an unimproved mixed use commercial site located at the southeast corner of 1st Street and West Pine Avenue on St. George Island, Florida. We have made a personal inspection of the property and have carefully considered all known relevant information which may have affected the opinions reported. Our analysis followed appraisal methodology as promulgated by the Appraisal Foundation and the Appraisal Institute.

Our reporting presentation is a **Summary Appraisal Report** which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a **Summary Appraisal Report**. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in this report. All parties who rely upon this report without written consent do so at their own risk. We are not responsible for any unauthorized use of this report.

All professional assistance was provided by State of Florida licensed appraisers and/or appraiser trainees. Professional sales services as well as information compiled by our office have been relied upon in this valuation analysis. All information utilized within this report was verified as being correct by parties reportedly involved in the transactions. Each of the sales transactions presented in this report were independently verified by Neal R. Boutin, Jr., MAI and/or his staff working under his supervision, direction and control. Neal R. Boutin, Jr., MAI and any state certified appraiser working on this assignment has inspected the subject of this assignment as well as viewed the comparable sales utilized herein. Furthermore, this report was prepared personally by Neal R. Boutin, Jr., MAI. Any questions concerning this report should be directed to him and/or any other state certified appraiser signing the appraisal certification.

The undersigned certify that, to the best of their knowledge and belief,...

The statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are the undersigned's personal, impartial and unbiased professional analyses, opinions and conclusions.

The undersigned have complied with the competency provision of the Uniform Standards of Professional Appraisal Practice.

The undersigned has no present or prospective interest in the property that is the subject of this report and the undersigned has no personal interest with respect to the parties involved.

The undersigned have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

The undersigned's engagement in this assignment is not contingent upon the developing or reporting predetermined results.

The undersigned's compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of the appraisal.



The undersigned have performed a previous appraisal of the subject property within the three (3) years prior to this assignment. The appraisal had an effective date of December 3, 2009 and was prepared for Premier Bank, the intended user of this appraisal.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Neal R. Boutin, Jr. has completed the requirements of the continuing education program of the Appraisal Institute.

The undersigned made a personal inspection of the property that is the subject of this report.

Mark Stewart Boutin, State-Certified Residential Real Estate Appraiser #RD5371, provided professional assistance in the market research and preparation of a draft of this appraisal. However, all data selected, analyses and conclusions are those of Neal R. Boutin, Jr., MAI.

Effective Date of the Appraisal

February 8, 2011

Opinion of Market Value

\$420,000


Neal R. Boutin, Jr.,
MAI
2011.02.10 11:45:44
-05'00'


Mark S. Boutin
2011.02.10
11:45:23 -05'00'

Neal R. Boutin, Jr., MAI
State-Certified General Real Estate Appraiser #RZ199

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BOARD
6363621

NAME	BIRTH NAME	LICENSE NO.	EXPIRATION DATE
NEAL R. BOUTIN, JR.	NEAL R. BOUTIN, JR.	100111548	01/01/2011

The CERTIFIED GENERAL APPRAISER
Named Below IS CERTIFIED
Under the provisions of Chapter 475, FS.
Expiration Date: NOV 30, 2011

BOUTIN, NEAL R. JR.
1134 THOMASVILLE RD.
SUITE 1
TALLAHASSEE FL 32303

CHARLIE CRIST
GOVERNOR

CHARLIE LITTON
SECRETARY

DISPLAY AS REQUIRED BY LAW

Mark Stewart Boutin
State-Certified Residential Real Estate Appraiser #RD5371

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BOARD
6363621

NAME	BIRTH NAME	LICENSE NO.	EXPIRATION DATE
MARK S. BOUTIN	MARK S. BOUTIN	100247864	02/01/2011

The CERTIFIED RESIDENTIAL APPRAISER
Named Below IS CERTIFIED
Under the provisions of Chapter 475, FS.
Expiration Date: NOV 30, 2011

BOUTIN, MARK STEWART
1134 THOMASVILLE RD.
SUITE 1
TALLAHASSEE FL 32303

CHARLIE CRIST
GOVERNOR

CHARLIE LITTON
SECRETARY

DISPLAY AS REQUIRED BY LAW

Assignment Summary

General Assignment Information

Effective Date of the Appraisal	February 8, 2011
Date of the Appraisal Report	February 10, 2011
Property Owner	TNB Financial Services
Property Location	Southeast Corner of 1 st Street West and West Pine Avenue
City/County/State	St. George Island/Franklin County/Florida
Site Size (Acres±)	0.54
Zoning Designation	C-4, Mixed Use Residential
Reported Utilities	Public Water & Septic Tank

Assignment Conclusions

Sales Comparison Approach	\$413,000 to \$425,000
Cost Approach	N/A
Income Approach	N/A
Conclusion of Value	\$420,000



Assignment Introduction

Client - Financial Institution

Premier Bank
c/o Maria Canapa
1910 Commonwealth Lane
Tallahassee, Florida 32303

Identification of the Property

The subject of this appraisal assignment involves an unimproved mixed use commercial site containing 0.54 acres± located at the southeast corner of 1st Street West and West Pine Avenue, a location within the municipal boundaries of Franklin County, Florida. The subject property is identified by the Franklin County Property Appraiser as Parcel #29-09S-06W-7311-006W-0240.



View of Subject Property



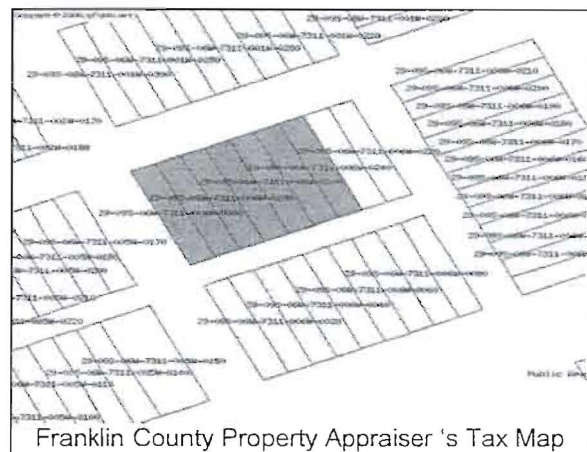
Road View - West Pine Avenue

Intended User of the Appraisal

The intended user of this appraisal is Premier Bank. The depth of discussion contained in this report is specific to the needs of the intended user and is limited solely to Premier Bank.

Intended Use of the Appraisal

The intended use of this appraisal is to provide the aforementioned intended user an estimate of market value of the fee simple estate subject to the assumptions and conditions contained herein for internal banking purposes and is not intended for any other use. We are not responsible for any



Franklin County Property Appraiser 's Tax Map

unauthorized use of this report.

Real Estate Interest Valued in the Appraisal

Our review indicates the subject property being appraised is reportedly owned in fee simple estate.

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

¹Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, (Chicago: Appraisal Institute, 2002), p. 113.

Our analysis has considered the fee simple interest of the subject property reportedly held by the property owner as the basis for our analysis.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the fee simple estate subject to the assumptions and conditions contained herein.

Definition of Market Value

The most probable price which a property should bring in an open and competitive market under all conditions requisite to fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

buyer and seller are typically motivated

both parties are well informed or well advised, and acting in what they consider their own best interests

a reasonable time is allowed for exposure in the open market

payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto and

the price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.^{2,3}

²The Appraisal Foundation. Uniform Standards of Professional Appraisal Practice. United States of America: The Appraisal Foundation; 2010-2011.

³55 FR 34696, August 24, 1990, as amended at 57 FR12202, April 9, 1992, 59 FR 29499, June 7, 1994.

The opinion of market value referenced in this report is in relation to cash and/or in terms arithmetically equivalent to cash and recognizes an adequate, sufficient and reasonable exposure to the market has occurred.

Reasonable Exposure Time

Based on our interviews with local experienced real estate participants, our review of the exposure time of comparable sales and our knowledge of the Franklin County real estate market, a normal exposure time for properties of the subject type in the subject market is 18 to 24 months assuming aggressive marketing and a realistic asking price.

Reasonable Marketing Time

Considering the known supply of competing properties currently on the market and the current economic climate, we anticipate the reasonable marketing time will be consistent with the previously concluded exposure time.

Effective Date of the Appraisal

The effective date of this appraisal is February 8, 2011, the date of last inspection by our office. When the date of inspection is different from the date of the appraisal report, we have assumed no material change has occurred in the condition of the subject property from what was noted during our inspection.

Date of the Appraisal Report

The date of this appraisal report is its date of final review and delivery, February 10, 2011.

Owner of Record as Reported by Franklin County Property Appraiser

TBN Financial Services
P. O. Box 1177
Thomasville, GA 31799

Sales History of the Property

As required by the Uniform Standards of Professional Appraisal Practice, Standards Rule 1-5 (a) and (b), we have provided a three (3) year sales history as well as analyzed any prior sales within the required three (3) year reporting period. In addition, we have presented and analyzed any known sale contracts, options and/or listings as of the effective date of the appraisal. It is noted that our office has not been provided with a title search and that our research is limited to the information provided by the Franklin County Property Appraiser's Office and its associated website.

Sales of the Subject Property Having Occurred Within Three (3) Year Reporting Period

The last recorded transactions known to this office involving the subject occurred in March of 2008 via two warranty deeds recorded in the Franklin County Public Records Official Record Book 960 Pages 204 and 610. The two transactions were between related parties and were not arms length transactions. Due to the nature of these transactions, they have not been considered on our analysis.

Based on our limited review of the public records, no other known transfers of title for the subject have occurred within the past three (3) years.

Last Known Reported Arms Length Transaction Involving the Subject Property

The last known reported arms length transaction involving the subject site was dated December 30, 2004 via a warranty deed for a verified sales price of \$1,339,000. The transaction was recorded in the Franklin County Public Records Official Record Book 826 Page 666. Due to the age of the transaction and significant change in market conditions, we have not considered this transaction in our analysis of the subject property.

Current Sales Contract, Option or Listing Known Involving the Subject Property

Our research indicates the subject is marketed and listed for sale by Sperry Van Ness, a brokerage firm that the property owner currently owns. According to the property owner, the property is listed, but does not have a asking price. The property owner felt the best way to market the property in the current market conditions is as a "Make Offer" listing.

Assignment Conditions

General Assignment Conditions

General Value Conditions

Unless otherwise specifically stated, the value given in this appraisal report represents our opinion of the market value as of the date specified. The market value of the real estate is affected by market and economic conditions, both local and national, and will vary as these conditions change.

The values for land and improvements as contained within this report are constituent parts of the total value reported and are not to be used in making a summation appraisal by combination with values derived from other sources.

Legal Matters

The legal description used in this report is assumed to be correct. However, it may not necessarily have been confirmed by survey. No responsibility is assumed in connection with a survey or for encroachments, overlapping or other discrepancies that might be revealed thereby. In addition, we assume no responsibility for matters legal in nature and title to the property is assumed to be marketable.

This appraisal is based on the assumption that no easements other than those specifically noted in our analysis encumber the subject which would be detrimental to the value and/or marketability of the property.

Any sketches in the report are included to assist the reader in visualizing the property. We have not made a survey and assume no responsibility for any survey which may be presented.

The subject property is appraised as though under responsible ownership and competent management.

Information and Data

The information as to the description of the improvements as well as any income and expense information of the subject property as submitted by the client for this appraisal or has been obtained by our office is considered to be accurate and reflects the subject as of the date of this appraisal. We assume no responsibility for the accuracy of information supplied by others.

The information contained in this report including any information furnished by others to our office is not guaranteed but was gathered from reliable sources which are believed to be accurate. Since every appraisal report consists in part of data which is considered legally "hearsay evidence," we reserve the right to reconsider any value estimate to the extent justified by subsequent discovery of any inaccuracies in such data or the discovery of any new data which could result in a revised value estimate.

Unapparent Conditions

We have completed an inspection of the subject property as noted in the Scope of Work section of this report. We are not engineers and are not competent to judge matters of an engineering nature nor have we retained independent structural, mechanical, electrical or civil engineers in connection with this report. If questions regarding engineering studies are critical to the decision process of the intended user, the advice of competent engineering consultants should be obtained and relied upon. The inspection was thorough enough to adequately describe the real estate being appraised, develop an opinion of highest and best use and perform purposeful comparisons in the analysis/valuation of the property being appraised.

We assume that no hidden or unapparent conditions of the property, subsoil or structures exist which would render it more or less valuable than otherwise comparable property. In addition, we assume no responsibility for such conditions or for engineering which might be required to discover such conditions.

No responsibility is assumed for engineering matters, neither structural nor mechanical. Good structural and mechanical conditions are assumed to exist and no opinion as to these matters is to be inferred or construed from this appraisal. It is assumed no subsurface soil conditions exist that would entail foundation problems to the extent that these conditions would affect the development of the site with respect to its highest and best use.

In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the improvements, such as the presence of urea formaldehyde foam insulation, asbestos and/or the existence of toxic waste, which may or may not be present on the property, has not been considered. The presence of these potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that no such material on or in the property exists that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. We are not qualified to detect such substances and urge the client to retain an expert in this field if desired.

Zoning and Licenses

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined and considered in the valuation. Unless otherwise noted, it is assumed that no encroachments or violations exist within the subject property. Furthermore, it is assumed that the subject property complied with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the valuation.

This appraisal is based upon the assumption that all required licenses and/or permits, consents or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based in a timely manner and without unusual cost. A zoning and/or land use compliance analysis has not been made nor was a part of the Scope of Work in this assignment.

Specific Assignment Conditions

Specific Assumptions

The site size as reported was based on the information obtained from the Franklin County Property Appraiser and recorded legal description. It is noted our office was not provided a survey of the subject property.

This appraisal is based upon the assumption that no unknown easements and/or encroachments encumber the subject which would be detrimental to the value and/or marketability of the property. Our office was not provided a survey of the subject property.

Our analysis is based on our limited investigation of the subject property and resources available to our office and does not report to be an engineering and/or land use analysis of the subject property's natural features and/or development potential. We reserve the right to modify this analysis to the degree necessary as a result of being provided a professional engineering/land planning analysis that is contrary to our analysis of the development issues involving the subject property.

Our value estimate is predicated on the assumption that no contamination of the subject exists which would impact its marketability and/or value.

Our analysis is based on the assumption that the subject could be developed with one of the uses identified in the C-4, Mixed Use Residential classification of Franklin County. Any further determination of land use contrary to our assumption could substantially impact the value conclusion reported. A zoning and/or land use compliance analysis has not been made nor was a part of the Scope of Work in this assignment.

Extraordinary Assumptions

None.

Hypothetical Conditions

None.

Supplemental Standards

None.

Jurisdictional Exceptions

None.

Scope of Work

The appraisal process encompasses the necessary research and analysis to produce credible assignment results in accordance with the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

Extent to Which the Property is Identified and Inspected

The subject parcel was identified by using the Franklin County Property Appraiser's records, the legal description obtained from the Franklin County Public Records Official Record Book 960 Pages 610 thru 611. It is noted the client did provide a plat map of the subject property.

Neal R. Boutin, Jr., MAI and Mark Stewart Boutin completed an inspection of the subject property on December 3, 2009. A follow up inspection was completed by Mark Stewart Boutin on February 9, 2011. No one was present at the inspection.

Type and Extent of the Data Researched

The Neighborhood Overview was based upon our observation of the area and our analysis of information obtained during our investigation of the subject neighborhood.

The Subject Property Description was based upon information provided by the client and/or property owner as well as information obtained during our onsite observation of the subject property and its neighborhood. In addition to our inspection, additional property data was collected from the public records of Franklin County and a prior appraisal report completed for Premier Bank on April 1, 2005 by Cureton-Johnson & Associates Real Estate Services.

Our office conducted a search for comparable sales utilizing the Metro Market Trends Real Estate Activity Reporting System, Franklin County Property Appraiser's Office, Tallahassee Board of Realtors MLS system, our in-house sales system and conversations with local active real estate brokers. Each of the sales relied upon in this report were physically inspected and photographed. In addition, each of these sales were independently verified by Neal R. Boutin, Jr., MAI and/or his staff working under his supervision, direction and control with the information utilized within this report verified as being correct by parties reportedly involved in the transactions.

Type and Extent of the Analysis Applied

The subject property consists of an unimproved mixed use commercial site containing 0.54 acres± located at the southeast corner of 1st Street West and West Pine Street. Our analysis of the subject property was based on the Sales Comparison Approach with the Cost and Income Approaches having limited applicability in this assignment due to the underlying unimproved status of the subject property. The use of only the Sales Comparison Approach does not limit reliability of the analysis.

As previously noted, we utilized the Sales Comparison Approach in our analysis of the subject

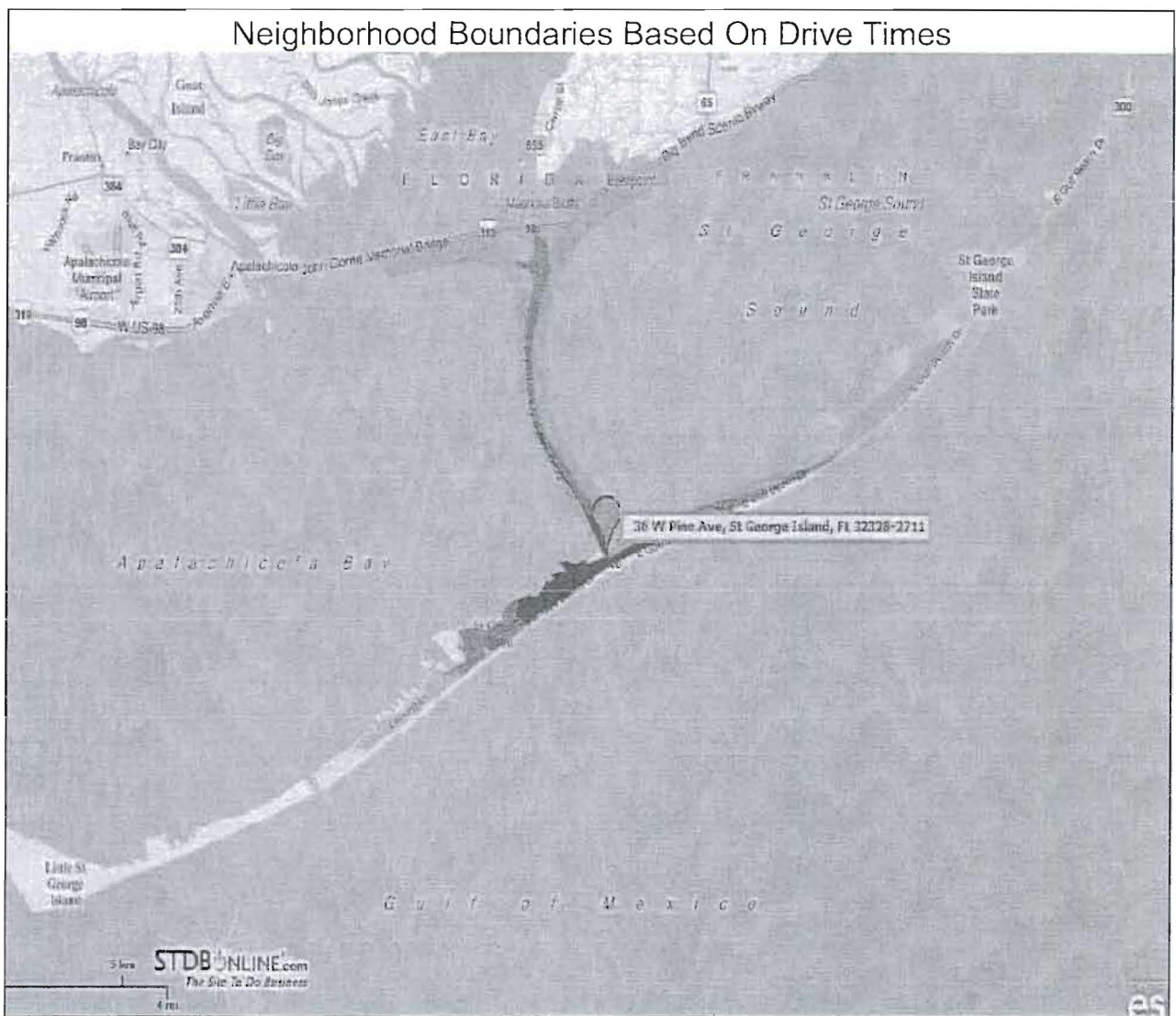
property. The subject property's physical and legal characteristics were examined and considered with the market demands as to its highest and best use. After the highest and best use was established, we collected and verified information regarding sales of comparable mixed use commercial sites having similar locational and physical characteristics. After analyzing the data utilizing a qualitative analysis, a range of market value for the subject property was estimated based on the Sales Comparison Approach. After analysis of the range in value, a final estimate of value was made for the subject property.

Valuation Analysis

The following section of this report will present an overview of the subject property neighborhood, a description of the subject property itself, an analysis of the subject property's highest and best use, an application of the appropriate approaches to value and our reconciled conclusion of value.

Neighborhood Overview

Social, economic, governmental and environmental forces influence property values within a specific area. The neighborhood overview provides the framework for the valuation of a given property. It identifies the specific area of analysis and establishes the basic search criteria. The neighborhood overview assists in the determination of future land uses and value trends within the defined boundaries.



Neighborhood Demographics

Drive Time: 5, 10, 15 Minutes			
	5 minutes	10 minutes	15 minutes
2010 Population			
Total Population	357	508	1,958
Male Population	50.1%	50.4%	53.0%
Female Population	49.9%	49.6%	47.0%
Median Age	55.3	54.2	48.9
2010 Income			
Median HH Income	\$62,738	\$60,658	\$46,918
Per Capita Income	\$40,055	\$37,291	\$24,517
Average HH Income	\$74,438	\$70,661	\$55,779
2010 Households			
Total Households	191	252	783
Average Household Size	1.87	1.91	2.27
2010 Housing			
Owner Occupied Housing Units	19.3%	21.3%	29.5%
Renter Occupied Housing Units	5.4%	5.8%	7.4%
Vacant Housing Units	75.2%	72.9%	63.1%
Population			
1990 Population	299	419	1,419
2000 Population	343	486	1,744
2010 Population	357	508	1,958
2015 Population	348	486	1,909
1990-2000 Annual Rate	1.38%	1.49%	2.08%
2000-2010 Annual Rate	0.39%	0.43%	1.14%
2010-2015 Annual Rate	-0.51%	-0.52%	-0.51%
In the identified market area, the current year population is 1,958. In 2000, the Census count in the market area was 1,744. The rate of change since 2000 was 1.14 percent annually. The five-year projection for the population in the market area is 1,909, representing a change of -0.51 percent annually from 2010 to 2015. Currently, the population is 53.0 percent male and 47.0 percent female.			
Households			
1990 Households	130	180	552
2000 Households	172	237	726
2010 Households	191	252	783
2015 Households	166	257	769
1990-2000 Annual Rate	2.84%	2.79%	2.78%
2000-2010 Annual Rate	1.03%	0.96%	0.74%
2010-2015 Annual Rate	-0.32%	-0.38%	-0.36%
The household count in this market area has changed from 726 in 2000 to 783 in the current year, a change of 0.74 percent annually. The five-year projection of households is 769, a change of -0.36 percent annually from the current year total. Average household size is currently 2.27, compared to 2.33 in the year 2000. The number of families in the current year is 551 in the market area.			
Housing			
Currently, 29.5 percent of the 2,121 housing units in the market area are owner occupied; 7.4 percent, renter occupied; and 63.1 percent are vacant. In 2000, there were 1,502 housing units - 37.9 percent owner occupied, 9.2 percent renter occupied and 52.9 percent vacant. The rate of change in housing units since 2000 is 3.42 percent. Median home value in the market area is \$248,750, compared to a median home value of \$157,913 for the U.S. in five years, median home value is projected to change by 3.04 percent annually to \$288,689. From 2000 to the current year, median home value changed by 6.16 percent annually.			
Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2010 and 2015, ESRI converted 1990 Census data into 2000 geography.			

Neighborhood Land Uses

Existing land uses in the immediate subject neighborhood are predominately commercial in nature and located within the central part of the island near the bridge connecting St. George Island to the mainland of Florida. The primary influence within the neighborhood is mixed use commercial and residential with some single family residences as well as higher density residential uses located throughout the island. With regards to the commercial retail and service uses, these uses exist to provide services to the residents and visitors on St. George Island. Land uses adjacent to the subject are as follows: retail/service stores to the west and east, a restaurant to the north and a branch bank to the south.

Neighborhood Development Trends

Based on our visual inspection of the neighborhood, the immediate area is approximately 70% developed with most properties having been developed within the past 30 years. The subject neighborhood is considered to be within a stable period of its life cycle.

Recent developments within the neighborhood are limited due to the economic conditions and the absence of a strong demand for residential and commercial development.

Neighborhood Value Trends

Neighborhood trends with regards to real estate values have consistently been in the upper third of the spectrum within the Franklin County market. Unimproved commercial and residential land prices tend to range from \$50,000 to over \$600,000 depending upon the location, legal and physical aspects of the site. With respect to existing properties, the sales activity tends to range from around \$150,000 to over \$2,000,000 for single family residences and \$75 to over \$150 per square foot for commercial retail/service facilities depending on location and proximity to the Gulf of Mexico.

Up until the past few years, St. George Island has experienced a reasonably stable rate of appreciation over the past 30 years. However, the last four years has seen the neighborhood experience a significant decrease in property values in keeping with most coastal regions of Florida. This trend is expected to continue into the immediate future with a stabilization of the market occurring when supply equals demand and the consumer has the ability to obtain mortgage financing on reasonable terms and conditions.

Summary of the Neighborhood Overview

In summary, the subject neighborhood continues to be within a period of decline due to the limited demand resulting from the present economic conditions and the rapid expansion of pricing that occurred in 2003 thru 2006. However, we expect a stabilization to occur sometime within the neighborhood allowing the market to return to a more reasonable pricing structure. We believe the community does recognize the vacation and seasonal character of the neighborhood and will continue to view this area as a highly desirable destination for both short-term and permanent residency.

Subject Property Description

Site Description

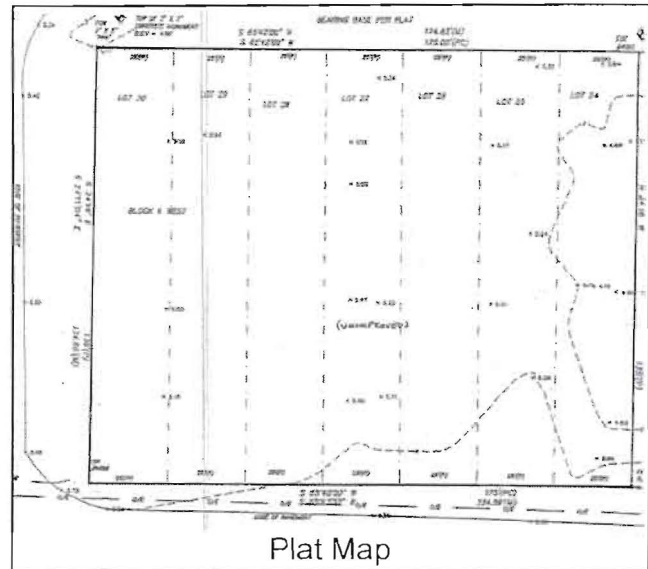
The subject is an unimproved mixed use commercial site containing 0.54 acres± located at the southeast corner of 1st Street West and West Pine Avenue, a location on St. George Island within the boundaries of Franklin County, Florida. The subject property is located within what is known on St. George Island as the Central Business District.

Reported Site Size	0.54 Acres± (23,625 Square Feet±)
Shape	Rectangular
Frontage on 1 st Street West	175 Feet±
Frontage on West Pine Avenue	135 Feet±
Source	Franklin County Public Records Plat Map/ Owner Provided Plat Map

Per our limited review of the Franklin County Public Records, the subject property appears to have no known easements. It is noted our office was not provided a complete survey of the subject property. **This appraisal is based upon the assumption that no unknown easements**

or encroachments encumber the subject which would be detrimental to the value and/or marketability of the property.

The subject property's topography generally level and situated at the grade of both 1st Street West and West Pine Avenue. **Our analysis is based on our limited investigation of the subject property and resources available to our office and does not report to be an engineering and/or land use analysis of the subject property's natural features and/or development potential. We reserve the right to modify this analysis to the degree necessary as a result of being provided a professional engineering/land planning analysis that is contrary to our analysis of the development issues involving the subject property.**



Flood Insurance Rate Map Panel Number	12037C0561 E
Date of Map/Amended	June 17, 2002
Flood Zone	AE
Within Area Requiring Flood Insurance	Yes

The following utilities are reportedly available as of the date of our analysis. The existence of these utilities is considered adequate for improvement of the subject site.

Electricity	Public Supplied
Water	Water Management Services, Inc.
Sewage Disposal	Onsite Septic Tank

With regards to access, access to the subject property is by way of 1st Street West and West Pine Avenue, both two-lane asphalt paved roadways.

Our value estimate is predicated on the assumption that no contamination of the subject exists which would impact its marketability and/or value. We have not been provided an environmental audit of the subject. An environmental audit of the subject by a qualified expert is an absolute necessity to determine whether or not any current or potential toxic wastes, hazardous materials or undesirable substances may be affecting the subject site. Our office has not made any representations, either expressed or implied, regarding the existence or nonexistence of toxic wastes, hazardous materials or undesirable substances affecting the subject site.

Government Regulations

The Franklin County Planning and Development Code designates the subject as being within the C-4, Mixed Use Residential. The C-4, Mixed Use Residential is intended to allow predominately medium to high density commercial or residential development abutting area arterial roadways with medium to high traffic volumes. Our review indicates single family detached structures, combinations of two story single family and retail/service facilities, retail/service stores, hotels, restaurants, banks, etc. are permitted uses that are consistent with the designed intent. **Our analysis is based on the assumption that the subject could be developed with one of the uses identified in the Franklin County Planning and Development Code. Any further determination of land use contrary to our assumption could substantially impact the value conclusion reported. A zoning and/or land use compliance analysis has not been made nor was a part of the Scope of Work in this assignment.**

Per our conversation with Rachel Ward of the Franklin County Planning and Building Department, a previous site plan was approved for a mixed use residential/commercial development known as "George Towne Village " in 2005. Ms. Ward informed us that the site plan has since expired. However, she commented the site plan could be re-submitted for approval which she felt would more than likely be approved.

2010 Assessed Value and Real Estate Taxes

Assessed Value of Subject Property	\$	287,000
Indicated Tax Liability	\$	2,902

Highest and Best Use Analysis

As though vacant, the legally permissible, physically possible, financially feasible and maximally productive use of the subject property is for a residential and/or commercial use. However, given the current economic climate a prudent investor would hold the property for the next three (3) to four (4) years and wait to begin construction when the commercial and residential real estate market shows signs of a decrease in supply and a heightened demand. Our summary of support and rationale is presented below.

Legal Permissibility

The subject property is located within an area designated as C-4, Mixed Use Residential with uses permitted under this designation being predominately commercial and residential in nature with varying degrees of intensity and usage being site specific. With regards to utilities public water is available along with a septic tank system is required for development of the subject.

Physical Possibility

The subject property is rectangular in shape with generally level topography situated at the grades of 1st Street West and West Pine Avenue. The site has the ability to have vehicular and pedestrian access to and from both 1st Street West and West Pine Avenue. We have not independently verified soil conditions, the potential for the presence of hazardous wastes or other

conditions that may restrict construction on the site. However, our observation of other developed properties within the neighborhood indicates sufficient physical characteristics exist for the potential development of a residential and/or commercial use. Based on our review of site's physical aspects, our analysis indicates the physical attributes of the subject property are adequate to support a wide range of construction alternatives oriented towards a residential and/or commercial use.

Financially Feasible

The financial feasibility of a specific use on the subject property is a function of the conformity of uses within the neighborhood and the strength of the specific market. Presently, the immediate neighborhood is comprised of mainly commercial uses with some residential uses located outside the central business district of St. George Island. Our investigation of prevailing sales prices and the absorption of commercial and residential sites indicates a limited demand exists at the present time with the current absorption period ranging from a minimum of two (2) to four (4) years for the existing supply of commercial and residential sites. However, given the existent neighborhood development trends and the legally permissible issues discussed earlier recognizing the costs to construct and the return generated by the various uses, feasible development and use of the subject property is for residential and/or commercial development when the market characteristics begin to change.

Maximally Productive Use

The immediate neighborhood exhibits a variety of primarily commercial oriented improvements including retail/service stores indicating a broad range of acceptable uses. In addition to the commercial uses are some limited residential uses. Our analysis indicates a residential and/or commercial development would be consistent with existing development patterns and produce the highest return.

Subject Property Valuation

As noted previously within the Scope of Work section of this report, the Sales Comparison Approach will be utilized in the valuation analysis of the subject property.

Sales Comparison Approach

The Sales Comparison Approach is based upon the theory that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable substitute property. The principal of substitution confirms that the maximum value of a property is set by the cost of acquisition of an equally desirable and valuable property, assuming that substitution can be made without costly delay.

In this analysis, we have utilized a qualitative analysis. Qualitative analysis recognizes the imperfect nature of the real estate market and the difficulty in determining precise mathematical adjustments. Our use of the qualitative process allows us to analyze comparable sales that we have selected and determine whether or not the location, physical and use characteristics of the sales are similar, superior or inferior to those of the subject property. This application of the qualitative process allows for a bracketing of a probable range of value for the subject with the

sales proving to be most comparable establishing a narrower most probable range of value. Based on our market observations and experience, we further refine our analysis into a relatively narrow range of value from which we reconcile a final indication of value for the subject property.

Market Observations

Our analysis of the Franklin County real estate market indicates a market of limited activity with most unimproved properties sold being residential in nature.

Existing Immediate Area Inventory:

Based on our observation and the Prudential Shimmering Sands Realty website, St. George Island has 76 unimproved residential and commercial sites with an average asking price of \$272,907 as of the date of this analysis.

Current Listing Activity:

Our review of the current listings of residential and commercial sites from Multiple Listing Service, MLS indicates 181 sites are for sale within Franklin County with an average asking price of \$124,143. These listings average approximately 594 days on the market. The chart below lists some of the properties for sale on St. George Island as of the date of this analysis.

Residential/Commercial Sites Listed For Sale on St. George Island				
MLS #	Street Address	Site Size	Listing Price	Price Per SF
213252	Akel Street	0.50 Acres±	\$109,000	\$5.00/SF
211909	E. Gorrie Drive	0.30 Acres±	\$120,000	\$9.18/SF
140109	Brown Street	0.31 Acres±	\$169,900	\$12.58/SF
241482	E. Gulf Beach Drive	0.08 Acres±	\$79,000	\$22.67/SF
240645	Gunn Street	0.07 Acres±	\$79,000	\$23.41/SF

Historical Sales Activity:

According to MLS reporting of Franklin County sales activity, residential and commercial sites from 2007 thru 2010 produced approximately 53 transactions with 2007 reporting 10 sites sold at an average price of \$197,000 per site with 2008 having 12 residential and commercial sites sold at an average price of \$157,458 per site. With respect to 2009, 2009 had 28 transactions at an average price of \$116,318. With respect to 2010 thru the date of this analysis, 33 transactions occurred at an average price of \$103,439 per site. Our analysis of the above information indicates residential and commercial site sales have slightly increased since 2007.

In terms of sales prices, residential and commercial site prices have decrease by approximately 48% from a high of \$197,000 in 2007. The graphic analysis below reenforces our observations of a market that peaked in 2006 and has since declined consistent with the overall real estate market in coastal areas. Given economic conditions as well as local market conditions, we

A 3D bar chart illustrating the decline in total revenue over four periods. The vertical axis represents revenue in dollars, ranging from 0 to \$200,000 in increments of \$50,000. The horizontal axis shows the periods: 2007, 2008, 2009, and 2010/2011. Each bar is labeled with its exact value: \$197,000 for 2007, \$157,458 for 2008, \$116,318 for 2009, and \$103,439 for 2010/2011. The chart shows a consistent year-over-year decrease in revenue.

Year	Total Revenue (\$)
2007	\$197,000
2008	\$157,458
2009	\$116,318
2010/2011	\$103,439

Comparative Analysis

Map showing a residential area with several streets and property listings. The map includes a scale bar (0 to 2000 feet) and a north arrow. The following properties are highlighted:

- Subject Property:** Located near the intersection of E 21st Ave and E 30th St.
- Land Sale #1:** Located near the intersection of E 21st Ave and E 30th St.
- Land Sale #2:** Located near the intersection of E 21st Ave and E 30th St.
- Land Sale #3:** Located near the intersection of E 21st Ave and E 30th St.
- Listing # 240645:** Located near the intersection of E 21st Ave and E 30th St.
- Listing # 140109:** Located near the intersection of E 21st Ave and E 30th St.
- Listing # 213252:** Located near the intersection of E 21st Ave and E 30th St.
- Listing # 241482:** Located near the intersection of E 21st Ave and E 30th St.
- Listing # 211909:** Located near the intersection of E 21st Ave and E 30th St.

Streets shown include: E 21st Ave, E 30th St, E 31st St, E 32nd St, E 33rd St, E 34th St, E 35th St, E 36th St, E 37th St, E 38th St, E 39th St, E 40th St, E 41st St, E 42nd St, E 43rd St, E 44th St, E 45th St, E 46th St, E 47th St, E 48th St, E 49th St, E 50th St, E 51st St, E 52nd St, E 53rd St, E 54th St, E 55th St, E 56th St, E 57th St, E 58th St, E 59th St, E 60th St, E 61st St, E 62nd St, E 63rd St, E 64th St, E 65th St, E 66th St, E 67th St, E 68th St, E 69th St, E 70th St, E 71st St, E 72nd St, E 73rd St, E 74th St, E 75th St, E 76th St, E 77th St, E 78th St, E 79th St, E 80th St, E 81st St, E 82nd St, E 83rd St, E 84th St, E 85th St, E 86th St, E 87th St, E 88th St, E 89th St, E 90th St, E 91st St, E 92nd St, E 93rd St, E 94th St, E 95th St, E 96th St, E 97th St, E 98th St, E 99th St, E 100th St.

Highways shown include: 220, 300, 360.

Scale: 0 to 2000 feet.

North Arrow.

Map Data: © DeLorme, DeLorme Street Atlas USA © 2009.

Map Title: MIN (7.5' W).

Map Scale: Data Zoom 13-0.

Comparative Analysis				
Sale #	Subject Property	1 (ORB: 986-009)	2 (ORB: 991-653)	3 (ORB: 958-283)
Sale Price		\$150,000	\$88,500	\$144,000
Sale Price Per SF		\$22.22	\$5.05	\$8.26
Date of Value/Sale	February 8, 2011	April 8, 2009	June 29, 2009	February 7, 2008
Market Condition Adjusted Sale Price Per SF	Annual Change -10%	\$18.14	\$4.24	\$5.78
Locational Characteristics				
Street Address	West Pine Street/ 1 st Street West St. George Island, FL	East Gulf Beach Drive St. George Island, FL	East Pine Avenue St. George Island, FL	West Pine Avenue St. George Island, FL
Corner	Yes	Yes	No	Yes
Physical Characteristics				
Site Size (SF±)	23,625	6,751	17,535	17,437
Shape	Rectangular	Rectangular	Rectangular	Rectangular
Access	West Pine Street/ 1 st Street West	East Gulf Beach Drive/ Franklin Blvd	East Pine Avenue	West Pine Avenue
Public Utilities	Water/Septic Tank	Water/Septic Tank	Water/Septic Tank	Water/Septic Tank
Use Characteristics				
Zoning	C-4, Mixed Use Residential	C-4, Mixed Use Residential	R-1, Single Family Residential	R-1, Single Family Residential
Highest and Best Use	Commercial/ Residential Development	Commercial/Residential Development	Residential Development	Possible Commercial/ Residential Development
Present Use	Unimproved	Unimproved	Unimproved	Unimproved

The sales presented reflect a range of \$4.24 to \$18.14 per square foot with an average of \$9.39 per square foot. Our review of the sales presented indicates Sales 2 and 3 are not as good as the subject primarily due to their location outside the Central Business District of St. George Island. In addition, these sales reflect primarily residential usage with limited commercial opportunity. As a result, these sales indicate the lower end of the value range and demonstrate the subject should sell for more than \$5.78 per square foot. With regards to Sale 1, Sale 1 is better than the subject due to its smaller size. However, Sale 1 is the most recent 2009 sale of a corner commercial site located in the Central Business District of St. George Island. As a result, Sale 1 indicates the upper end of the value range and demonstrates the subject should sell for less than \$18.14 per square foot.

In narrowing the above range, we need to reexamine the subject property. The subject is an unimproved mixed use corner site located in the Central Business District of St. George Island. However, our review of the current market conditions indicates the supply of commercial and residential properties on St. George Island exceeds demand. Our analysis suggests a value within the upper third of the range established by Sales 1 and 3, \$14.02 to \$18.14 per square foot.

Therefore, based on our analysis of the sales presented, the value of the subject property on a per square foot basis is as follows:

Land Area (Square Feet)	Price Per Square Foot	Value Indication
23,625	\$17.50	\$413,438
23,625	\$18.00	\$425,250
Indicated Value Range by the Sales Comparison Approach		\$413,000 to \$425,000

Reconciled Conclusion of Value

The Sales Comparison Approach	\$413,000 to \$425,000
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By reason of our investigation and analysis, the data contained in this report and our files and our experience in the real estate business, it is our opinion that the value of the subject property subject to the assumptions and limiting conditions contained herein as of February 8, 2011 is as follows:

Conclusion of Value for the Subject Property	
Conclusion of Value	\$420,000
Price Per Square Foot	\$17.78

EXHIBIT "D"
BILLS TO DATE FOR CONSULTANTS.

Vince Locurto
See Attached.

Martin S. Friedman
See Attached.

Les Thomas
See Attached.

Jeanne Allen
See Attached.

Additional Expenses
See Attached.

THE LOCURTO LAW FIRM, P.A.

2804 Remington Green Circle

First Floor

Tallahassee, FL 32308

Phone (850) 566-1601 Fax (850) 727-8636

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Email: cvl@locurtolaw.com

December 15, 2011

Mr. Gene Brown, Esq., President,
Water Management Services, Inc.
250 John Knox Road, Suite 4
Tallahassee, FL 32303

Re: In Re Application for rate increase in Franklin County by
Water Management Services, Inc. before the Public Service Commission
Docket No.: 1120200-WU

BILL FOR LEGAL SERVICES RENDERED

Date	Description	Time
10/12/11	Meet with G. Brown and expert witnesses, Les Thomas, Engineer and Jeannie Allen, CPA re preparation for filing of Minimum Filing Requirements (MFR)'s and related Docs for testimony in hearing in rate case.	2.0 hrs@\$250.00/hr
11/3/11	Meet GDB at CPA's office briefly to discuss and obtain MFR's and pretrial testimony	NO CHARGE
11/4/11	Receipt and review of MFR's for new rate case and begin review of GDB pre-hearing Testimony.	3.5 hrs@\$250.00/hr
11/6/11	Continue review and revisions to GDB pre-hearing testimony; travel to and meet with GDB re changes to testimony.	2.5 hrs@\$250.00/hr
11/7/11	Meet briefly with sandy to review and sign MFR's for new rate case.	.5hs@\$250.00/hr
11/17/11	Meet with G. Brown re scope of engagement and attorneys fees in rate case.	.5hs@\$250.00/hr
11/18/11	Phone conference with R. Jaeger re PSC request for extension of time to comply with 60 day deadline to decide interim rates; phone conference with G. Brown re same; Follow up phone conf. with R. Jaeger and prepare email to same confirming extension of time through early January agenda conference or as needed to comply with 60 day rule for decision with respect to interim rates.	.75hrs@\$250/hr
11/19/11	Review of pre-filed testimony of Les Thomas, PE and Jeanie Allen, CPA in support Of application for WMS's application for rate increase and make notes re same. Cursory review of MFR's in support of application for rate increase.	2.0hrs@\$250/hr
11/29/11	Receipt and review of PSC request for documents including accounting work-papers supporting utility accounts.	.75hrs@\$250/hr
12/13/11	Receipt and review of PSC Request for Production of Documents and incorporated Interrogatories consisting of 17 total items, exclusive of subparts.	1.0hrs@\$250/hr

CURRENT CHARGES FOR LEGAL SERVICES RENDERED

14.5 hrs @ \$250.00/hr=\$3,625.00

COSTS:

Online Legal Research	\$00.00
Copies	NO CHARGE
Long distance	NO CHARGE
Facsimiles	00.00
Federal Express	00.00

Total Current Costs:

WAIVED

TOTAL OUTSTANDING BALANCE DUE UPON RECEIPT!!

\$3,625.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC
MR. GENE D. BROWN
250 JOHN KNOX ROAD, SUITE 4
TALLAHASSEE, FL 32303

FEBRUARY 10, 2012
INVOICE # 47026
FILE # 46023-00001
PAGE 1

MATTER: 2011 RATE CASE (2010 TY)

1/11/12 MSF	RESEARCH AND DRAFT ESTIMATED RATE CASE EXPENSE SCHEDULE AND LETTER TO MR. BROWN CONCERNING SAME	.40	136.00
1/13/12 MSF	LETTER TO ATTORNEY JAEGER AND MR. FLETCHER OF PSC STAFF; TELEPHONE CONFERENCE WITH MR. BROWN WHO TELEPHONED;	.30	102.00
1/15/12 MSF	REVIEW PSC STAFF'S FIRST DATA REQUEST; REVIEW AND COMMENT UPON FIRST DRAFT OF PROPOSED RESPONSES TO SAME;	1.00	340.00
1/18/12 MSF	REVIEW EXHIBITS TO RESPONSE TO STAFF'S FIRST DATA REQUEST AND REVISIONS TO LETTER; TELEPHONE CONFERENCE WITH AND LETTER TO MS. CHASE CONCERNING SAME	.40	136.00
1/20/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED TO DISCUSS CONFIDENTIAL FILINGS	.30	102.00
1/23/12 MSF	REVIEW EXHIBITS TO DATA REQUEST RESPONSE AND TELEPHONE CONFERENCE WITH MS. CHASE CONCERNING SAME; TELEPHONE CONFERENCE WITH MR. BROWN; CORRESPONDENCE WITH MS. CHASE AND LETTER TO MS. COLE AT PSC	.60	204.00
1/24/12 MSF	REVIEW AND COMMENT UPON DOCUMENTS TO IMPLEMENT INTERIM RATES	.30	102.00
1/31/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED AND LETTER TO PSC STAFF REGARDING INTERIM RATES	.10	34.00
TOTAL HOURS		3.40	

PROFESSIONAL FEES \$ 1,156.00

LAW OFFICES
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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

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PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC

Invoice #: 47026

PAGE 2

MARTIN S FRIEDMAN

3.40

1,156.00

3.40

\$ 1,156.00

TOTAL COSTS ADVANCED

\$.00

TOTAL STATEMENT

\$ 1,156.00
=====

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
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TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

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PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC
MR. GENE D. BROWN
250 JOHN KNOX ROAD, SUITE 4
TALLAHASSEE, FL 32303

MARCH 12, 2012
INVOICE # 47122
FILE # 46023-00001
PAGE 1

MATTER: 2011 RATE CASE (2010 TY)

2/10/12 MSF	REVIEW, RESEARCH AND RESPOND TO CORRESPONDENCE FROM MS. CHASE REGARDING IMPLEMENTATION OF INTERIM RATES	.20	68.00
2/15/12 MSF	CORRESPONDENCE WITH PSC STAFF AND CLIENT REGARDING ESCROW;	.20	68.00
2/16/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED	.30	102.00
2/20/12 MSF	CORRESPONDENCE WITH STAFF AND MS. CHASE REGARDING DOCUMENTATION FOR INTERIM INCREASE	.10	34.00
2/21/12 MSF	CORRESPONDENCE WITH MS. CHASE AND PSC STAFF REGARDING CUSTOMER NOTICE.	.20	68.00
2/22/12 MSF	TELEPHONE CONFERENCES WITH MR. FLETCHER AND MR. MAUREY OF PSC STAFF REGARDING CUSTOMER NOTICE AND CORRESPONDENCE WITH MS. CHASE	.20	68.00
2/24/12 MSF	TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLOR WHO TELEPHONED AND LETTER TO MS. CHASE; REVIEW APPROVED TARIFFS AND LETTER TO MS. CHASE	.40	136.00
2/29/12 MSF	REVIEW OFFICIAL DATE OF FILING LETTER AND LETTER TO MS. CHASE REGARDING NOTICING REQUIREMENTS; DRAFT AFFIDAVIT OF MAILING INTERIM RATE NOTICE	.40	136.00
TOTAL HOURS		2.00	

PROFESSIONAL FEES

\$ 680.00

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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

FEI# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC

Invoice #: 47122

PAGE 2

MARTIN S FRIEDMAN

2.00

680.00

2.00

\$ 680.00

TOTAL COSTS ADVANCED

\$.00

TOTAL STATEMENT

\$ 680.00
=====

LAW OFFICES
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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC
MR. GENE D. BROWN
250 JOHN KNOX ROAD, SUITE 4
TALLAHASSEE, FL 32303

APRIL 11, 2012
INVOICE # 47348
FILE # 46023-00001
PAGE 1

MATTER: 2011 RATE CASE (2010 TY)

3/01/12 MSF	LETTER TO MR. FLETCHER AT PSC REGARDING SCHEDULING	.10	34.00
3/02/12 MSF	REVIEW OPC'S MOTION TO SET FOR HEARING AND REVIEW PSC DOCKET; TELEPHONE CONFERENCE WITH MR. BROWN CONCERNING SAME	.40	136.00
3/07/12 MSF	RESEARCH AND DRAFT RESPONSE TO OPC'S MOTION TO SET MATTER FOR HEARING	2.70	918.00
3/10/12 MSF	RESEARCH AND DRAFT COMBINED CUSTOMER NOTICE; LETTER TO PSC STAFF; LETTER TO MS. CHASE	1.30	442.00
3/12/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED AND DRAFT LETTER TO COMMISSION	.20	68.00
3/13/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED; TELEPHONE CONFERENCE WITH ATTORNEY JAEGER; REVIEW STAFF COMMENTS AND REVISE COMBINED NOTICE; CORRESPONDENCE CONCERNING SAME	.90	306.00
3/14/12 MSF	REVIEW OPC DISCOVERY AND LETTER TO MS. CHASE; CORRESPONDENCE WITH MS. CHASE REGARDING VARIOUS MATTERS; LETTER TO MS. CHASE REGARDING CONFIDENTIAL DOCUMENTS	.60	204.00
3/15/12 MSF	REVIEW AND COMMENT UPON AUDIT	.30	102.00
3/16/12 MSF	REVIEW STAFF'S SECOND DATA REQUEST AND BRIEF CONVERSATION WITH MR. BROWN	.20	68.00
3/17/12 MSF	REVIEW COMMENTS FROM MR. TODD AND ATTORNEY JAEGER AND REVISE COMBINED NOTICE' LETTER TO MR. TODD	.20	68.00
3/20/12 MSF	TELEPHONE CONFERENCE WITH MR. SMITH AND MS. CHASE REGARDING OPC DISCOVERY AND PSC DATA REQUEST; REVIEW COMMENTS FROM PSC STAFF AND REVISE COMBINED NOTICE AND SYNOPSIS; CORRESPONDENCE WITH ATTORNEY JAEGER REGARDING NOTICING; LETTER TO MR. BROWN	1.80	612.00
3/23/12 MSF	REVIEW STAFF RECOMMENDATION ON RAP INSTALLMENT PAYMENTS AND RESEARCH PRIOR ORDER CONCERNING SAME	.50	170.00
3/27/12 MSF	CONFERENCE WITH MR. BROWN AND ATTEND PSC AGENDA;	1.40	476.00
3/28/12 MSF	REVIEW AND COMMENT UPON RESPONSE TO PSC AUDIT;	.50	170.00

LAW OFFICES
SUNDSTROM, FRIEDMAN & FUMERO, LLP
2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC

Invoice #: 47348

PAGE 2

3/29/12 MSF	LETTER TO PSC CLERK REGARDING SAME REVIEW STAFF RECOMMENDATION AND LETTER TO CLIENT CONCERNING SAME	.20	68.00
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TOTAL HOURS	11.30
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PROFESSIONAL FEES	\$ 3,842.00
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MARTIN S FRIEDMAN	11.30	3,842.00
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	11.30	\$ 3,842.00
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PHOTOCOPIES	5.50
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TOTAL COSTS ADVANCED	\$ 5.50
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TOTAL STATEMENT	----- \$ 3,847.50 =====
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2548 BLAIRSTONE PINES DR
TALLAHASSEE, FLORIDA 32301

F.E.I.# 59-2783536

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

WATER MANAGEMENT SERVICES, INC
MR. GENE D. BROWN
250 JOHN KNOX ROAD, SUITE 4
TALLAHASSEE, FL 32303

MAY 10, 2012
INVOICE # 47599
FILE # 46023-00001
PAGE 1

MATTER: 2011 RATE CASE (2010 TY)

4/02/12 MSF	LETTER TO PSC ATTORNEY JAEGER; TELEPHONE CONFERENCE WITH GENE BROWN WHO TELEPHONED	.30	102.00
4/03/12 MSF	TELEPHONE CONFERENCE WITH PSC ATTORNEY JAEGER WHO TELEPHONED AND LETTER TO ATTORNEY JAEGER	.30	102.00
4/06/12 MSF	TELEPHONE CONFERENCE WITH MS. VEDULA OF PSC AUDIT DEPARTMENT WHO TELEPHONED AND LETTER TO MS. CHASE	.10	34.00
4/09/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED REGARDING CONFIDENTIAL DOCUMENTS; DRAFT NOTICE OF FILING AFFIDAVIT OF MAILING; TRAVEL TO TALLAHASSEE FOR PSC AGENDA	4.40	1,496.00
4/10/12 MSF	PREPARE FOR AND ATTEND PUBLIC SERVICE COMMISSION AGENDA AND RETURN TO CENTRAL FLORIDA	7.00	2,380.00
4/11/12 MSF	TELEPHONE CONFERENCE WITH MS. CHASE; RESEARCH AND DRAFT REQUEST FOR CONFIDENTIAL TREATMENT OF AUDIT RECORDS AND JUSTIFICATION MATRIX	1.00	340.00
4/12/12 MSF	RESEARCH AND DRAFT RESPONSES TO OPC DISCOVERY AND LETTER TO MR. BROWN CONCERNING SAME; REVIEW AND RESPOND TO CORRESPONDENCE FROM MR. BROWN REGARDING DATA RESPONSES	1.20	408.00
4/13/12 MSF	REVIEW AND REVISE PROPOSED RESPONSE TO SECOND DATA REQUEST; REVIEW INFORMAL RESPONSES TO MR. BROWN AND MR. REIGER; LETTER TO ATTORNEY BROWN	.30	102.00
4/17/12 MSF	CORRESPONDENCE WITH ATTORNEY JAEGER AND ATTORNEY BROWN; RESEARCH AND DRAFT LETTER TO PSC CLERK WAIVING FIVE MONTH DEADLINE; DRAFT LETTER TO PSC CLERK WAIVING EIGHT MONTH DEADLINE;	.50	170.00
4/23/12 MSF	TELEPHONE CONFERENCE WITH PSC ATTORNEY JAEGER WHO TELEPHONED REGARDING CONFIDENTIALITY REQUEST AND LETTER TO MR. BROWN CONCERNING SAME	.30	102.00
4/24/12 MSF	RESEARCH AND DRAFT LETTER TO PSC CLERK WITHDRAWING REQUEST FOR CONFIDENTIAL TREATMENT; TELEPHONE CONFERENCE WITH MR. BROWN; CORRESPONDENCE REGARDING DOCUMENT PRODUCTION	.40	136.00

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WATER MANAGEMENT SERVICES, INC

Invoice #: 47599

PAGE 2

4/25/12 MSF	TRAVEL TO ST. GEORGE ISLAND AND CONFERENCE WITH MR. BROWN; ATTEND CUSTOMER MEETING AND DEBRIEFING WITH MR. BROWN	8.10	2,754.00
4/26/12 MSF	RETURN TO LAKE MARY OFFICE FROM CUSTOMER MEETING AT ST. GEORGE ISLAND; REVIEW DOCUMENTS PRODUCED TO OPC AND PSC STAFF	5.50	1,870.00
4/27/12 MSF	CORRESPONDENCE WITH STAFF AND OPC REGARDING DOCUMENT PRODUCTION; RESEARCH AND DRAFT MOTION FOR PROTECTIVE ORDER WITH REGARD TO CONFIDENTIAL DOCUMENTS; TELEPHONE CONFERENCE WITH OPC ATTORNEY WHO TELEPHONED REGARDING DISCOVERY; REVIEW STAFF'S THIRD DATA REQUEST AND LETTER TO MR. BROWN CONCERNING SAME; REVIEW ORDER DENYING OPC MOTION AND LETTER TO MR. BROWN CONCERNING SAME	1.70	578.00
4/30/12 MSF	SEVERAL TELEPHONE CONFERENCES WITH GENE BROWN WHO TELEPHONED; REVIEW STAFF'S FOURTH DATA REQUEST AND LETTER TO MR. BROWN CONCERNING SAME	.40	136.00
TOTAL HOURS		31.50	
PROFESSIONAL FEES			\$ 10,710.00

MARTIN S FRIEDMAN	31.50	10,710.00
	31.50	\$ 10,710.00

LEXIS SERVICE	68.48
FEDERAL EXPRESS	34.26
PHOTOCOPIES	5.25
TRAVEL EXPENSE	858.19

TOTAL COSTS ADVANCED	\$ 966.18
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WHEN REMITTING

WATER MANAGEMENT SERVICES, INC

Invoice #: 47599

PAGE 3

TOTAL STATEMENT

\$ 11,676.18
=====

WebTime Query Report

0003 - MARTIN S FRIEDMAN

05/16/2012

Date	Client	Client Name	Matter	Matter Description	SM/Task	Service	Hours	Rate
05/02/2012	46023	WATER MANAGEMENT SERVICES, INC	1	2011 RATE CASE (2010 TY)		10000	0.20	A
/REVIEW CORRESPONDENCE; TELEPHONE CONFERENCE WITH MS. CHASE WHO TELEPHONED, TELEPHONE CONFERENCE WITH OPC ATTORNEY SAYLOR WHO TELEPHONED								
Date Total (05/02/2012):							0.20	
05/06/2012	46023	WATER MANAGEMENT SERVICES, INC	1	2011 RATE CASE (2010 TY)		10000	0.30	A
REVIEW OPC "ISSUES AND CONCERNS" AND LETTER TO MR. BROWN CONCERNING SAME								
Date Total (05/06/2012):							0.30	
05/07/2012	46023	WATER MANAGEMENT SERVICES, INC	1	2011 RATE CASE (2010 TY)		10000	0.20	A
REVIEW OPC MATRIX ON RESPONSES TO INTERROGATORIES AND TELEPHONE CONFERENCE WITH MR. BROWN WHO TELEPHONED								
Date Total (05/07/2012):							0.20	
05/10/2012	46023	WATER MANAGEMENT SERVICES, INC	1	2011 RATE CASE (2010 TY)		10000	0.30	A
REVIEW STAFF'S FIFTH DATA REQUEST AND LETTER TO MR. BROWN CONCERNING SAME; REVIEW TEMPORARY PROTECTIVE ORDER AND LETTER TO MR. BROWN CONCERNING SAME								
Date Total (05/10/2012):							0.30	
05/15/2012	46023	WATER MANAGEMENT SERVICES, INC	1	2011 RATE CASE (2010 TY)		10000	0.50	A
TELEPHONE CONFERENCE WITH MR. BROWN REGARDING VARIOUS RATE CASE MATTERS								
Date Total (05/15/2012):							0.50	
Report Totals:							1.50	

Law, Redd, Crona & Munroe, P.A.

Water Management Services, Inc.

Rate Case Expense Summary - Billed through April 30, 2012 and Estimated Costs to Complete

Summary Actual Hours and Dollars Billed:	J. Allen	M. Conrad	D. Fernandez	B. Gandy	J. Liu	A. Hooker	\$ Billed	Cumulative Billings
Billing #1 - July-August 31, 2011	89.4	46	6.5	5.4	6.5		\$24,500.00	-
Billing #2 - September 30, 2011	40.9			3			\$8,248.00	\$32,748.00
Billing #3 - October 31, 2011	83.4						\$15,429.00	\$48,177.00
Billing #4 - November 30, 2011	45.6			0.2			\$8,481.00	\$56,658.00
Billing #5 - December 31, 2011	4.4						\$814.00	\$57,472.00
Billing #6 - January 31, 2012	27.7			1.9			\$5,552.00	\$63,024.00
Billing #7 - March 31, 2012	27.2					1.9	\$5,203.00	\$68,227.00
Billing #8 - April 30, 2012	18.5						\$3,422.50	\$71,649.50
Total Hours	337.1	46	6.5	10.5	6.5	1.9	408.5	
Billing Rate	\$185.00	\$115.00	\$115.00	\$225.00	\$110.00	\$90.00	-	
Total \$ Billed	\$62,363.50	\$5,290.00	\$747.50	\$2,362.50	\$715.00	\$171.00	\$71,649.50	\$71,649.50
Accounting services - other than rate case:								
Hours included in total billings above (as corrected)	56.8	5		3.9	6.5	1.9		
Billing Rate	\$185.00	\$115.00		\$225.00	\$110.00	\$90.00		
Accounting services - other than rate case	\$10,508.00	\$575.00		\$877.50	\$715.00	\$171.00	\$12,846.50	
Rate case expenses billed as of 4/30/2012:								
Preparation of MFRs, revisions to MFRs, assistance with PSC staff audit requests, review of interim recommendation and assistance with other data and document requests (total billed less other accounting services, per above): as corrected	\$51,855.50	\$4,715.00	\$747.50	\$1,485.00	\$0.00	\$0.00	\$58,803.00	
Estimate - Additional Hours through PAA:								
Provide assistance to client in connection with responses to PSC staff's and other data requests, including updates to rate case expense	6							6
Review Staff Recommendations, testing recommended revenue requirements and rates and discussion with client	12							12
Review PAA order, testing final approved revenue requirements and resulting final rates, discussion with client	6							6
Total Estimate	24							24
Incurring but not yet billed (from above)								0
Total Hours Unbilled and Estimated through PAA	24							24
Billing Rate	\$185.00							
Total Estimate to Complete	\$4,440.00						\$4,440.00	
LRCM - Total Projected Hours	304.3	41	6.5	6.6	0	0	432.5	
Billing Rate	\$185.00	\$115.00	\$115.00	\$225.00	\$110.00	\$90.00		
LRCM - Total Projected Rate Case Expense	\$56,295.50	\$4,715.00	\$747.50	\$1,485.00	\$0.00	\$0.00	\$63,243.00	

Water Management Services, Inc.**Client No. 8167****Time Detail for Rate Case-related expenses January through April 2012**

Date	Hours Rate Case	Description
1/4/2012	0.1	P.C. w/ GB re deficiency letter
1/5/2012	3.0	Meeting w/ WMS regarding MFR revisions needed to address items in deficiency letter and requests from PSC auditors
1/6/2012	1.8	Assist w/ data requests from PSC auditors; revisions to MFRs
1/8/2012	4.3	MFR revisions to address items in deficiency letter
1/9/2012	5.2	MFR revisions to address items in deficiency letter
1/10/2012	3.9	Attend interim agenda conference; consult w/ WMS re case; final edits to revised MFR pgs per deficiency letter; assist w/ responses to audit requests
1/12/2012	0.5	Revise MFR index page and scan pages in revised volume 1 for completeness
1/13/2012	1.5	Assist w/ responses to PSC staff letter (Fletcher)
1/16/2012	0.5	Assist w/ data requests, including rate case expense est.
1/17/2012	1.5	Assist w/ data requests, including rate case expense est.
1/24/2012	1.0	Read through interim rate order
1/26/2012	0.7	Read through 2nd deficiency letter regarding the MFRs; P.C. to PSC for clarification regarding the
	24.0	January 2012 sub-total
2/9/2012	0.5	Disc w/ WMS regarding MFR revisions needed to address 2nd deficiency letter
2/13/2012	0.5	Correspondence regarding MFR revisions needed to address 2nd deficiency letter
2/14/2012	4.9	MFR schedule revisions w/r/t 2nd deficiency letter, primarily the billing analysis and related schedules
2/16/2012	0.3	Corrections made to MFR schedule E-3 and also resent schedule E-2, page 4
2/17/2012	0.5	Correspondence and transmission of certain MFR schedules to the client and PSC auditor to be used as exhibit in audit report
	6.7	February - March 2012 sub-total
4/3/2012	2.2	Read through PSC audit report and WMS' draft response
4/5/2012	0.3	Assistance w/ document requests and interrogatories for rate case
4/9/2012	0.8	Assistance w/ document requests and interrogatories for rate case
4/10/2012	3.4	Assistance w/ document requests and interrogatories for rate case
4/11/2012	2.5	Assistance w/ document requests and interrogatories for rate case
4/23/2012	1.5	Assistance w/ document requests; mtg w/ GB re same and updates on status
4/24/2012	1.5	Assistance w/ document requests
	12.2	April 2012 sub-total
	42.9	Total hours incurred on rate case from January through April 2012

Water Management Services, Inc.

Description of work performed by individual (See Detail Worksheets for hours by day)

#38 – Bonnie Gandy

Meetings and conferences regarding accounting assistance and rate case filing.

#77 – Jeanne Allen

Except as noted in the attached schedule, all time spent on preparing the MFRs for filing the rate case, including writing prefiled testimony, various meetings and conferences with WMS personnel, communications with other WMS consultants and researching requirements.

#127 – Delia Fernandez

Assisted with data entry for the MFR schedules from WMS' source documents; primarily entered the gallons of water by day and also linked some of the income statement balances from the general ledger to the MFR schedules.

#143 – Martha Conrad

Assisted with data entry for the MFR schedules; primarily assisted with linking the balance sheet accounts to various rate base schedules.

Provided accounting assistance with plant depreciation and matrix schedules in Excel and began comparison to Peachtree fixed asset reports.

#152 – Jiajing Liu

Provided accounting assistance with plant depreciation and matrix schedules in Excel to roll forward amounts to December 31, 2010 from prior accountant schedules for comparison to amounts reported in the 2010 general ledger.

Water Management Services, Inc.

Client No. 8167

Time Detail for Other Accounting Assistance and Rate Case-related after MFR filing

Date	Hours Rate Case	Hours Other	Description
7/26/2011		1.0	Preliminary discussions regarding overall scope of consulting work and draft engagement letter
8/22/2011		4.8	Began scanning WMS' internal cash flow analysis and tie out to prior years annual reports
8/23/2011		3.2	Continue scanning WMS' internal cash flow analysis and tie out to prior years annual reports
8/24/2011		2.2	Scan cash flow analysis schedules provided by BM for amounts not directly on annual reports
10/1/2011		1.0	Assistance reconciling depreciation schedules with Peachtree fixed asset reports
10/6/2011		5.0	Assistance reconciling depreciation schedules with Peachtree fixed asset reports
10/7/2011		4.0	Assistance reconciling depreciation schedules with Peachtree fixed asset reports
11/16/2011		1.5	Meeting w/ GB, SC and BM
11/22/2011	0.6		Communication with WMS w/r/t audit requests for rate case and read through same
11/28/2011	5.0		Assistance with audit requests for rate case
12/1/2011	1.2		Reconciled summary TB for 12/31 to detail GL to assist in response to PSC auditor
12/8/2011	0.3		Read through MFR deficiency letter
12/12/2011	1.1		Research question re billing units in MFRs and disc w/ JB regarding same i/r/t MFR deficiency letter
12/16/2011		1.8	Accounting assistance w/r/t brief to be filed for the prior case and PC w/ GB re same
		<u>24.5</u>	Total other accounting assistance for J. Allen

Law, Redd, Crona & Munroe, P.A., CPA's

2075 Centre Pointe Blvd., Ste 200 ♦ Tallahassee, FL 32308
(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
250 John Knox Road
Tallahassee, FL 32303

Invoice: 82698
Date: 4/30/2012
Amount Due: \$53,049.50

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public
Service Commission and accounting assistance related to depreciation and various reconciliation
procedures as follows:

	Rate Case Filing	Other Accounting Assistance	Total
Billings as of March 31, 2012	\$56,546.00	\$ 11,681.00	\$68,227.00
April services	<u>2,257.00</u>	<u>1,165.50</u>	<u>3,422.50</u>
Subtotal	<u>\$58,803.00</u>	<u>\$12,846.50</u>	71,649.50
Less payments received as of April 30, 2012			(18,600.00)
Invoice Total			<u>\$53,049.50</u>

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 5/30/2012
Amount Due: \$53,049.50
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

Zip Code _____

Law, Redd, Crona & Munroe, P.A., CPA's

2075 Centre Pointe Blvd., Ste 200 ♦ Tallahassee, FL 32308
(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
250 John Knox Road
Tallahassee, FL 32303

Invoice: 82425
Date: 3/31/2012
Amount Due: \$49,627.00

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public Services Commission and accounting assistance related to depreciation and various reconciliation procedures as follows:

	Rate Case Filing	Other Accounting Assistance	Total
Billings as of January 31, 2012	\$55,306.50	\$ 7,717.50	\$63,024.00
February services	<u>1,239.50</u>	<u>3,963.50</u>	<u>5,203.00</u>
Subtotal	<u>\$56,546.00</u>	<u>\$11,681.00</u>	<u>\$68,227.00</u>
Less payments received as of March 31, 2012			<u>(18,600.00)</u>
Balance due on account			<u>\$49,627.00</u>

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 4/30/2012
Amount Due: \$49,627.00
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

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2075 Centre Pointe Blvd., Ste 200 ♦ Tallahassee, FL 32308
(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
250 John Knox Road
Tallahassee, FL 32303

Invoice: 81090
Date: 1/31/2012
Amount Due: \$47,999.00

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public Services Commission and accounting assistance related to depreciation and various reconciliation procedures as follows:

	Rate Case Filing	Other Accounting Assistance	Total
Billings as of December 31, 2011	\$50,866.50	\$6,605.50	\$57,472.00
January services	<u>4,440.00</u>	<u>1,112.00</u>	<u>5,552.00</u>
Subtotal	<u>\$55,306.50</u>	<u>\$7,717.50</u>	<u>\$63,024.00</u>
Less payments received as of January 31, 2012			<u>(15,025.00)</u>
Balance due on account			<u>\$47,999.00</u>

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 2/29/2012
Amount Due: \$47,999.00
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

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(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
250 John Knox Road
Tallahassee, FL 32303

Invoice: 81742
Date: 12/31/2011
Amount Due: \$42,447.00

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public Services Commission and accounting assistance related to depreciation and various reconciliation procedures as follows:

	Rate Case <u>Filing</u>	Other Accounting <u>Assistance</u>	<u>Total</u>
Billings as of November 30, 2011	\$50,385.50	\$6,272.60	\$56,658.00
December services	<u>481.00</u>	<u>333.00</u>	<u>814.00</u>
Subtotal	<u>\$50,866.50</u>	<u>\$6,605.50</u>	<u>\$57,472.00</u>
Less payments received			<u>(15,025.00)</u>
Balance due on account			<u>\$42,447.00</u>

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 1/31/2012
Amount Due: \$42,447.00
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

Law, Redd, Crona & Munroe, P.A., CPA's

2075 Centre Pointe Blvd., Ste 200 ♦ Tallahassee, FL 32308
(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
250 John Knox Road
Tallahassee, FL 32303

Invoice: 81651
Date: 12/9/11
Amount Due: \$45,208.00

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public
Services Commission as of October 31, 2011.
November consulting services

all but \$277.50 is
rate case related

\$42,182.00
8,481.00
50,663.00

Accounting assistance related to depreciation and reconciliation procedures
Total invoiced as of November 2011

5,995.00
56,658.00

Less payments received

(11,450.00)

Invoice Total

\$45,208.00

this would be other
accounting
assistance, adding
in the \$277.50, the
total would be
\$6,272.50

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 1/9/12
Amount Due: \$45,208.00
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

Law, Redd, Crona & Munroe, P.A., CPA's

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(850) 878-6189 ♦ lrcm@lrcm.com ♦ www.lrcm.com

Water Management Services, Inc.
Gene Brown
3038-A Crawfordville Road
Crawfordville, FL 32327

Invoice: 8167
Date: 10/31/11
Amount Due: \$37,727.00

Invoice Due Upon Receipt

For professional services rendered as follows:

Consulting services related to certain filings before the Florida Public Services Commission as of September 30, 2011.	\$32,748.00
October consulting services	<u>9,434.00</u>
Subtotal	42,182.00
Accounting assistance related to depreciation and reconciliation procedures	<u>5,995.00</u>
	48,177.00
Less payments received	<u>(10,450.00)</u>
Invoice Total	<u>\$37,727.00</u>

Please return this portion with payment We accept VISA/ M/C, and Discover cards

Due Date: 10/31/11
Amount Due: \$37,727.00
Amount Enclosed \$ _____

ID: 8167

Client Name Water Management Services, Inc.

Email address: _____

Card Type: _____ Exp Date: _____

Card# _____ CVC _____ Name as it appears on card: _____

Signature: _____

Law, Redd, Crona & Munroe, P.A.

2075 Centre Pointe Blvd., #200

Tallahassee FL 32308

Phone: (850) 878-6189

Fax: (850) 942-5301

Water Management Services, Inc.

Gene Brown

3038-A Crawfordville Road

Crawfordville, Florida 32327

Client#: 8167

Invoice#: 81374

Date: 09/30/11

For Professional Services Rendered as Follows:

Consulting services and assistance related to certain filings before
the Florida Public Services Commission as of September 30, 2011.

\$32,748.00

Less payments received

<7,875.00>

Please pay this amount:

\$24,873.00

All accounts over 30 days will be charged 1.5% service charge

Law, Redd, Crona & Munroe, P.A.

Law, Redd, Crona & Munroe, P.A.

2075 Centre Pointe Blvd., #200

Tallahassee FL 32308

Phone: (850) 878-6189

Fax: (850) 942-5301

Water Management Services, Inc.

Gene Brown

3038-A Crawfordville Road

Crawfordville, Florida 32327

Client#: 8167

Invoice#: 81226

Date: 08/31/11

For Professional Services Rendered as Follows:

Consulting services and assistance related to certain filings before
the Florida Public Services Commission.

\$24,500.00

Less retainer

<4,500.00>

Please pay this amount:

\$20,000.00

All accounts over 30 days will be charged 1.5% service charge

Law, Redd, Crona & Munroe, P.A.

Time and Expense Listing

January 1, 2012 - January 31, 2012

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	01/04/12	01/04/12	8167	AUD	Rate Case	402	Time	Billable	5.0000	0.10	18.50	0.00	18.50	0.00
77	01/05/12	01/05/12	8167	AUD		402	Time	Billable	5.0000	3.00	555.00	0.00	555.00	0.00
77	01/06/12	01/06/12	8167	AUD		402	Time	Billable	5.0000	1.80	333.00	0.00	333.00	0.00
77	01/08/12	01/08/12	8167	AUD		402	Time	Billable	5.0000	4.30	795.50	0.00	795.50	0.00
77	01/09/12	01/09/12	8167	AUD		402	Time	Billable	5.0000	5.20	962.00	0.00	962.00	0.00
77	01/10/12	01/10/12	8167	AUD		402	Time	Billable	5.0000	3.90	721.50	0.00	721.50	0.00
77	01/12/12	01/12/12	8167	AUD		402	Time	Billable	5.0000	0.50	92.50	0.00	92.50	0.00
77	01/13/12	01/13/12	8167	AUD		402	Time	Billable	5.0000	1.50	277.50	0.00	277.50	0.00
77	01/16/12	01/16/12	8167	AUD		402	Time	Billable	5.0000	0.50	92.50	0.00	92.50	0.00
77	01/17/12	01/17/12	8167	AUD		402	Time	Billable	5.0000	1.50	277.50	0.00	277.50	0.00
77	01/23/12	01/23/12	8167	AUD	Other Actg.	402	Time	Billable	5.0000	0.30	55.50	0.00	55.50	0.00
77	01/24/12	01/24/12	8167	AUD	R.C. + Other	402	Time	Billable	5.0000 (1 hr RC; 1.1 Other)	2.10	388.50	0.00	388.50	0.00
77	01/26/12	01/26/12	8167	AUD	↓	402	Time	Billable	5.0000 (.7 RC; 1.8 Other)	2.50	462.50	0.00	462.50	0.00
77	01/30/12	01/30/12	8167	AUD	Other Actg.	402	Time	Billable	5.0000	0.20	37.00	0.00	37.00	0.00
77	01/31/12	01/31/12	8167	AUD	↓	402	Time	Billable	5.0000	0.30	55.50	0.00	55.50	0.00
Report Totals										27.70	5,124.50	0.00	5,124.50	0.00

Rate Case - 24.0 hours x \$185 = \$4,440 Invoice #81090
 Other Actg. - 3.7 hours x \$185 = \$684.50
 ♂ 27.7 hours + 427.50 B.Gandy time
 \$1,112.00 Invoice #81090

Time and Expense Listing

January 1, 2012 - January 31, 2012

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
38	01/09/12	01/09/12	8167	AUD	Other Acctg.	305	Time	Billable	2.0000	0.80	180.00	0.00	180.00	0.00
38	01/26/12	01/26/12	8167	AUD	L	305	Time	Billable	2.0000	1.10	247.50	0.00	247.50	0.00
Report Totals										1.90	427.50	0.00	427.50	0.00

Time and Expense Listing

February 1, 2012 - March 31, 2012

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	02/01/12	02/01/12	8167	AUD	Other Actg.	402	Time	Billable	5.0000	3.00	555.00	0.00	555.00	0.00
77	02/02/12	02/02/12	8167	AUD		402	Time	Billable	5.0000	3.60	666.00	0.00	666.00	0.00
77	02/06/12	02/06/12	8167	AUD		402	Time	Billable	5.0000	4.30	795.50	0.00	795.50	0.00
77	02/07/12	02/07/12	8167	AUD		402	Time	Billable	5.0000	3.50	647.50	0.00	647.50	0.00
77	02/08/12	02/08/12	8167	AUD		402	Time	Billable	5.0000	2.30	425.50	0.00	425.50	0.00
77	02/09/12	02/09/12	8167	AUD	Other Actg + R.C.	402	Time	Billable	5.0000 (3 hrs Other: .5 R.C.)	3.50	647.50	0.00	647.50	0.00
77	02/13/12	02/13/12	8167	AUD	Rate Case	402	Time	Billable	5.0000	0.50	92.50	0.00	92.50	0.00
77	02/14/12	02/14/12	8167	AUD		402	Time	Billable	5.0000	4.90	906.50	0.00	906.50	0.00
77	02/16/12	02/16/12	8167	AUD		402	Time	Billable	5.0000	0.30	55.50	0.00	55.50	0.00
77	02/17/12	02/17/12	8167	AUD		402	Time	Billable	5.0000	0.50	92.50	0.00	92.50	0.00
77	02/21/12	02/21/12	8167	AUD	Other Actg.	402	Time	Billable	5.0000	0.80	148.00	0.00	148.00	0.00
Report Totals										27.20	5,032.00	0.00	5,032.00	0.00

Rate Case - 6.7 hours $\times \$185 = \$1,239.50$
 Other Actg - 20.5 hours $\times \$185 = \$3,792.50$
 27.2 hours
 + 171.00 A. Hooker time
\$3,963.50 Invoice #82425

Time and Expense Listing

February 1, 2012 - March 31, 2012

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
166	02/02/12	02/02/12	8167	AUD	Other Actg.	402	Time	Billable	1.0000	0.75	67.50	0.00	67.50	0.00
166	02/14/12	02/14/12	8167	AUD	I	402	Time	Billable	1.0000	1.15	103.50	0.00	103.50	0.00
Report Totals										1.90	171.00	0.00	171.00	0.00

Time and Expense Listing

April 1, 2012 - April 30, 2012

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	04/03/12	04/03/12	8167	AUD	Rate Case	402	Time	Billable	5.0000	2.20	407.00	0.00	407.00	0.00
77	04/05/12	04/05/12	8167	AUD		402	Time	Billable	5.0000	0.30	55.50	0.00	55.50	0.00
77	04/09/12	04/09/12	8167	AUD		402	Time	Billable	5.0000	0.80	148.00	0.00	148.00	0.00
77	04/10/12	04/10/12	8167	AUD		402	Time	Billable	5.0000	3.40	629.00	0.00	629.00	0.00
77	04/11/12	04/11/12	8167	AUD		402	Time	Billable	5.0000	2.50	462.50	0.00	462.50	0.00
77	04/23/12	04/23/12	8167	AUD		402	Time	Billable	5.0000	1.50	277.50	0.00	277.50	0.00
77	04/24/12	04/24/12	8167	AUD	Other Actg.	402	Time	Billable	5.0000	1.50	277.50	0.00	277.50	0.00
77	04/29/12	04/29/12	8167	AUD		402	Time	Billable	5.0000	3.80	703.00	0.00	703.00	0.00
77	04/30/12	04/30/12	8167	AUD		402	Time	Billable	5.0000	2.50	462.50	0.00	462.50	0.00
Report Totals										18.50	3,422.50	0.00	3,422.50	0.00

Rate Case - 12.2 hours $\times \$185 = \$2,257$ Invoice #82698
 Other Actg - 6.3 hours $\times \$185 = \$1,165.50$ 1
18.5 hours

Time and Expense Listing
July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
127	08/11/11	08/11/11	8167	AUD		303	Time	Billable	1.0000	1.50	172.50	0.00	172.50	0.00
127	08/12/11	08/12/11	8167	AUD		303	Time	Billable	1.0000	5.00	575.00	0.00	427.50	147.50
Report Totals										6.50	747.50	0.00	600.00	147.50

Time and Expense Listing

July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
143	08/02/11	08/02/11	8167	AUD		402	Time	Billable	1.0000	6.25	718.75	0.00	718.75	0.00
143	08/03/11	08/03/11	8167	AUD		402	Time	Billable	1.0000	6.75	776.25	0.00	776.25	0.00
143	08/04/11	08/04/11	8167	AUD		402	Time	Billable	1.0000	7.00	805.00	0.00	805.00	0.00
143	08/05/11	08/05/11	8167	AUD		402	Time	Billable	1.0000	7.00	805.00	0.00	805.00	0.00
143	08/08/11	08/08/11	8167	AUD		402	Time	Billable	1.0000	6.50	747.50	0.00	747.50	0.00
143	08/09/11	08/09/11	8167	AUD		402	Time	Billable	1.0000	3.00	345.00	0.00	345.00	0.00
143	08/11/11	08/11/11	8167	AUD		402	Time	Billable	1.0000	0.50	57.50	0.00	57.50	0.00
143	08/12/11	08/12/11	8167	AUD		402	Time	Billable	1.0000	2.50	287.50	0.00	287.50	0.00
143	08/14/11	08/14/11	8167	AUD		402	Time	Billable	1.0000	3.50	402.50	0.00	402.50	0.00
143	08/21/11	08/21/11	8167	AUD		402	Time	Billable	1.0000	3.00	345.00	0.00	345.00	0.00
Report Totals										46.00	5,290.00	0.00	5,290.00	0.00

Time and Expense Listing
July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
152	08/12/11	08/12/11	8167	AUD		403	Time	Billable	1.0000	6.50	715.00	0.00	715.00	0.00
Report Totals										6.50	715.00	0.00	715.00	0.00

Time and Expense Listing

July 1, 2011 - August 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
38	07/18/11	07/18/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	07/26/11	07/26/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/02/11	08/02/11	8167	AUD		305	Time	Billable	1.0000	0.40	90.00	0.00	90.00	0.00
38	08/09/11	08/09/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/10/11	08/10/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/15/11	08/15/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	10.00	215.00
Report Totals										5.40	1,215.00	0.00	1,000.00	215.00

Time and Expense Listing
September 1, 2011 - September 30, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
38	09/08/11	09/08/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	0.00	225.00
38	09/09/11	09/09/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	0.00	225.00
38	09/29/11	09/29/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	0.00	225.00
Report Totals										3.00	675.00	0.00	0.00	675.00

Time and Expense Listing
November 1, 2011 - November 30, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
38	11/07/11	11/07/11	8167	AUD		305	Time	Billable	1.0000	0.20	45.00	0.00	0.00	45.00
Report Totals										0.20	45.00	0.00	0.00	45.00

Time and Expense Listing

July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
38	07/18/11	07/18/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	07/26/11	07/26/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/02/11	08/02/11	8167	AUD		305	Time	Billable	1.0000	0.40	90.00	0.00	90.00	0.00
38	08/09/11	08/09/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/10/11	08/10/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	08/15/11	08/15/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	09/08/11	09/08/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	09/09/11	09/09/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	225.00	0.00
38	09/29/11	09/29/11	8167	AUD		305	Time	Billable	1.0000	1.00	225.00	0.00	50.00	175.00
38	11/07/11	11/07/11	8167	AUD		305	Time	Billable	1.0000	0.20	45.00	0.00	0.00	45.00
Report Totals										8.60	1,935.00	0.00	1,715.00	220.00

Time and Expense Listing

July 1, 2011 - August 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	07/25/11	07/25/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	07/26/11	07/26/11	8167	AUD		402	Time	Billable	1.0000	2.00	370.00	0.00	370.00	0.00
77	07/27/11	07/27/11	8167	AUD		402	Time	Billable	1.0000	1.70	314.50	0.00	314.50	0.00
77	07/28/11	07/28/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	277.50	0.00
77	08/01/11	08/01/11	8167	AUD		402	Time	Billable	1.0000	4.20	777.00	0.00	777.00	0.00
77	08/02/11	08/02/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	462.50	0.00
77	08/03/11	08/03/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	08/04/11	08/04/11	8167	AUD		402	Time	Billable	1.0000	4.30	795.50	0.00	795.50	0.00
77	08/05/11	08/05/11	8167	AUD		402	Time	Billable	1.0000	6.50	1,202.50	0.00	1,202.50	0.00
77	08/08/11	08/08/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	08/09/11	08/09/11	8167	AUD		402	Time	Billable	1.0000	3.20	592.00	0.00	592.00	0.00
77	08/10/11	08/10/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	1,165.50	0.00
77	08/11/11	08/11/11	8167	AUD		402	Time	Billable	1.0000	5.20	962.00	0.00	962.00	0.00
77	08/12/11	08/12/11	8167	AUD		402	Time	Billable	1.0000	4.60	851.00	0.00	851.00	0.00
77	08/15/11	08/15/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	1,295.00	0.00
77	08/16/11	08/16/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	1,165.50	0.00
77	08/17/11	08/17/11	8167	AUD		402	Time	Billable	1.0000	5.20	962.00	0.00	962.00	0.00
77	08/18/11	08/18/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	08/19/11	08/19/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	1,295.00	0.00
77	08/22/11	08/22/11	8167	AUD		402	Time	Billable	1.0000	6.50	1,202.50	0.00	50.00	1,152.50
77	08/23/11	08/23/11	8167	AUD		402	Time	Billable	1.0000	6.60	1,221.00	0.00	0.00	1,221.00
77	08/24/11	08/24/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	0.00	1,165.50
Report Totals										89.40	16,539.00	0.00	13,000.00	3,539.00

Time and Expense Listing

September 1, 2011 - September 30, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	09/02/11	09/02/11	8167	AUD		402	Time	Billable	1.0000	5.50	1,017.50	0.00	1,017.50	0.00
77	09/07/11	09/07/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	09/08/11	09/08/11	8167	AUD		402	Time	Billable	1.0000	1.20	222.00	0.00	222.00	0.00
77	09/12/11	09/12/11	8167	AUD		402	Time	Billable	1.0000	3.00	555.00	0.00	555.00	0.00
77	09/15/11	09/15/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	156.50	121.00
77	09/16/11	09/16/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	0.00	462.50
77	09/20/11	09/20/11	8167	AUD		402	Time	Billable	1.0000	2.00	370.00	0.00	0.00	370.00
77	09/21/11	09/21/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	0.00	185.00
77	09/22/11	09/22/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	0.00	1,295.00
77	09/23/11	09/23/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	0.00	1,036.00
77	09/26/11	09/26/11	8167	AUD		402	Time	Billable	1.0000	4.00	740.00	0.00	0.00	740.00
77	09/27/11	09/27/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	0.00	1,036.00
77	09/28/11	09/28/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	0.00	185.00
Report Totals										40.90	7,566.50	0.00	2,136.00	5,430.50

Time and Expense Listing

October 1, 2011 - October 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	10/05/11	10/05/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	0.00	185.00
77	10/06/11	10/06/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	0.00	925.00
77	10/07/11	10/07/11	8167	AUD		402	Time	Billable	1.0000	4.00	740.00	0.00	0.00	740.00
77	10/09/11	10/09/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	0.00	462.50
77	10/10/11	10/10/11	8167	AUD		402	Time	Billable	1.0000	3.40	629.00	0.00	0.00	629.00
77	10/11/11	10/11/11	8167	AUD		402	Time	Billable	1.0000	4.80	888.00	0.00	0.00	888.00
77	10/12/11	10/12/11	8167	AUD		402	Time	Billable	1.0000	5.50	1,017.50	0.00	0.00	1,017.50
77	10/13/11	10/13/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	0.00	277.50
77	10/14/11	10/14/11	8167	AUD		402	Time	Billable	1.0000	4.60	851.00	0.00	0.00	851.00
77	10/17/11	10/17/11	8167	AUD		402	Time	Billable	1.0000	2.70	499.50	0.00	0.00	499.50
77	10/18/11	10/18/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	0.00	1,036.00
77	10/19/11	10/19/11	8167	AUD		402	Time	Billable	1.0000	7.80	1,443.00	0.00	0.00	1,443.00
77	10/20/11	10/20/11	8167	AUD		402	Time	Billable	1.0000	4.50	832.50	0.00	0.00	832.50
77	10/21/11	10/21/11	8167	AUD		402	Time	Billable	1.0000	7.30	1,350.50	0.00	0.00	1,350.50
77	10/24/11	10/24/11	8167	AUD		402	Time	Billable	1.0000	7.20	1,332.00	0.00	0.00	1,332.00
77	10/25/11	10/25/11	8167	AUD		402	Time	Billable	1.0000	4.90	906.50	0.00	0.00	906.50
77	10/26/11	10/26/11	8167	AUD		402	Time	Billable	1.0000	3.70	684.50	0.00	0.00	684.50
77	10/28/11	10/28/11	8167	AUD		402	Time	Billable	1.0000	7.40	1,369.00	0.00	0.00	1,369.00
Report Totals										83.40	15,429.00	0.00	0.00	15,429.00

Time and Expense Listing
November 1, 2011 - November 30, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	11/01/11	11/01/11	8167	AUD		402	Time	Billable	1.0000	7.20	1,332.00	0.00	0.00	1,332.00
77	11/02/11	11/02/11	8167	AUD		402	Time	Billable	1.0000	6.90	1,276.50	0.00	0.00	1,276.50
77	11/03/11	11/03/11	8167	AUD		402	Time	Billable	1.0000	7.40	1,369.00	0.00	0.00	1,369.00
77	11/04/11	11/04/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	0.00	1,165.50
77	11/06/11	11/06/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	0.00	925.00
77	11/07/11	11/07/11	8167	AUD		402	Time	Billable	1.0000	5.70	1,054.50	0.00	0.00	1,054.50
77	11/16/11	11/16/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	0.00	277.50
77	11/22/11	11/22/11	8167	AUD		402	Time	Billable	1.0000	0.60	111.00	0.00	0.00	111.00
77	11/28/11	11/28/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	0.00	925.00
Report Totals										45.60	8,436.00	0.00	0.00	8,436.00

Time and Expense Listing

December 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	12/01/11	12/01/11	8167	AUD		402	Time	Billable	1.0000	1.20	222.00	0.00	222.00	0.00
77	12/08/11	12/08/11	8167	AUD		402	Time	Billable	1.0000	0.30	55.50	0.00	55.50	0.00
77	12/12/11	12/12/11	8167	AUD		402	Time	Billable	1.0000	1.10	203.50	0.00	203.50	0.00
77	12/16/11	12/16/11	8167	AUD		402	Time	Billable	1.0000	1.80	333.00	0.00	333.00	0.00
Report Totals										4.40	814.00	0.00	814.00	0.00

Time and Expense Listing

July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	07/25/11	07/25/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	07/26/11	07/26/11	8167	AUD		402	Time	Billable	1.0000	2.00	370.00	0.00	370.00	0.00
77	07/27/11	07/27/11	8167	AUD		402	Time	Billable	1.0000	1.70	314.50	0.00	314.50	0.00
77	07/28/11	07/28/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	277.50	0.00
77	08/01/11	08/01/11	8167	AUD		402	Time	Billable	1.0000	4.20	777.00	0.00	777.00	0.00
77	08/02/11	08/02/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	462.50	0.00
77	08/03/11	08/03/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	08/04/11	08/04/11	8167	AUD		402	Time	Billable	1.0000	4.30	795.50	0.00	795.50	0.00
77	08/05/11	08/05/11	8167	AUD		402	Time	Billable	1.0000	6.50	1,202.50	0.00	1,202.50	0.00
77	08/08/11	08/08/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	08/09/11	08/09/11	8167	AUD		402	Time	Billable	1.0000	3.20	592.00	0.00	592.00	0.00
77	08/10/11	08/10/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	1,165.50	0.00
77	08/11/11	08/11/11	8167	AUD		402	Time	Billable	1.0000	5.20	962.00	0.00	962.00	0.00
77	08/12/11	08/12/11	8167	AUD		402	Time	Billable	1.0000	4.60	851.00	0.00	851.00	0.00
77	08/15/11	08/15/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	1,295.00	0.00
77	08/16/11	08/16/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	1,165.50	0.00
77	08/17/11	08/17/11	8167	AUD		402	Time	Billable	1.0000	5.20	962.00	0.00	962.00	0.00
77	08/18/11	08/18/11	8167	AUD		402	Time	Billable	1.0000	0.50	92.50	0.00	92.50	0.00
77	08/19/11	08/19/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	1,295.00	0.00
77	08/22/11	08/22/11	8167	AUD		402	Time	Billable	1.0000	6.50	1,202.50	0.00	1,202.50	0.00
77	08/23/11	08/23/11	8167	AUD		402	Time	Billable	1.0000	6.60	1,221.00	0.00	1,221.00	0.00
77	08/24/11	08/24/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	1,165.50	0.00
77	09/02/11	09/02/11	8167	AUD		402	Time	Billable	1.0000	5.50	1,017.50	0.00	1,017.50	0.00
77	09/07/11	09/07/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	09/08/11	09/08/11	8167	AUD		402	Time	Billable	1.0000	1.20	222.00	0.00	222.00	0.00
77	09/12/11	09/12/11	8167	AUD		402	Time	Billable	1.0000	3.00	555.00	0.00	555.00	0.00
77	09/15/11	09/15/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	277.50	0.00
77	09/16/11	09/16/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	462.50	0.00
77	09/20/11	09/20/11	8167	AUD		402	Time	Billable	1.0000	2.00	370.00	0.00	370.00	0.00
77	09/21/11	09/21/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	09/22/11	09/22/11	8167	AUD		402	Time	Billable	1.0000	7.00	1,295.00	0.00	1,295.00	0.00
77	09/23/11	09/23/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	1,036.00	0.00

Time and Expense Listing

July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	09/26/11	09/26/11	8167	AUD		402	Time	Billable	1.0000	4.00	740.00	0.00	740.00	0.00
77	09/27/11	09/27/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	1,036.00	0.00
77	09/28/11	09/28/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	10/05/11	10/05/11	8167	AUD		402	Time	Billable	1.0000	1.00	185.00	0.00	185.00	0.00
77	10/06/11	10/06/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	925.00	0.00
77	10/07/11	10/07/11	8167	AUD		402	Time	Billable	1.0000	4.00	740.00	0.00	740.00	0.00
77	10/09/11	10/09/11	8167	AUD		402	Time	Billable	1.0000	2.50	462.50	0.00	462.50	0.00
77	10/10/11	10/10/11	8167	AUD		402	Time	Billable	1.0000	3.40	629.00	0.00	629.00	0.00
77	10/11/11	10/11/11	8167	AUD		402	Time	Billable	1.0000	4.80	888.00	0.00	888.00	0.00
77	10/12/11	10/12/11	8167	AUD		402	Time	Billable	1.0000	5.50	1,017.50	0.00	1,017.50	0.00
77	10/13/11	10/13/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	277.50	0.00
77	10/14/11	10/14/11	8167	AUD		402	Time	Billable	1.0000	4.60	851.00	0.00	851.00	0.00
77	10/17/11	10/17/11	8167	AUD		402	Time	Billable	1.0000	2.70	499.50	0.00	499.50	0.00
77	10/18/11	10/18/11	8167	AUD		402	Time	Billable	1.0000	5.60	1,036.00	0.00	1,036.00	0.00
77	10/19/11	10/19/11	8167	AUD		402	Time	Billable	1.0000	7.80	1,443.00	0.00	1,443.00	0.00
77	10/20/11	10/20/11	8167	AUD		402	Time	Billable	1.0000	4.50	832.50	0.00	832.50	0.00
77	10/21/11	10/21/11	8167	AUD		402	Time	Billable	1.0000	7.30	1,350.50	0.00	1,350.50	0.00
77	10/24/11	10/24/11	8167	AUD		402	Time	Billable	1.0000	7.20	1,332.00	0.00	1,332.00	0.00
77	10/25/11	10/25/11	8167	AUD		402	Time	Billable	1.0000	4.90	906.50	0.00	175.50	731.00
77	10/26/11	10/26/11	8167	AUD		402	Time	Billable	1.0000	3.70	684.50	0.00	0.00	684.50
77	10/28/11	10/28/11	8167	AUD		402	Time	Billable	1.0000	7.40	1,369.00	0.00	0.00	1,369.00
77	11/01/11	11/01/11	8167	AUD		402	Time	Billable	1.0000	7.20	1,332.00	0.00	0.00	1,332.00
77	11/02/11	11/02/11	8167	AUD		402	Time	Billable	1.0000	6.90	1,276.50	0.00	0.00	1,276.50
77	11/03/11	11/03/11	8167	AUD		402	Time	Billable	1.0000	7.40	1,369.00	0.00	0.00	1,369.00
77	11/04/11	11/04/11	8167	AUD		402	Time	Billable	1.0000	6.30	1,165.50	0.00	0.00	1,165.50
77	11/06/11	11/06/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	0.00	925.00
77	11/07/11	11/07/11	8167	AUD		402	Time	Billable	1.0000	5.70	1,054.50	0.00	0.00	1,054.50
77	11/16/11	11/16/11	8167	AUD		402	Time	Billable	1.0000	1.50	277.50	0.00	0.00	277.50
77	11/22/11	11/22/11	8167	AUD		402	Time	Billable	1.0000	0.60	111.00	0.00	0.00	111.00
77	11/28/11	11/28/11	8167	AUD		402	Time	Billable	1.0000	5.00	925.00	0.00	0.00	925.00
77	12/01/11	12/01/11	8167	AUD		402	Time	Billable	1.0000	1.20	222.00	0.00	222.00	0.00
77	12/08/11	12/08/11	8167	AUD		402	Time	Billable	1.0000	0.30	55.50	0.00	55.50	0.00

Time and Expense Listing

July 1, 2011 - December 31, 2011

Staff	Sheet Date	Entry Date	Client	Engagement	Project	Activity	Type	Class	Rate/Unit Price	Hrs/Units	Amount	Cost	Billed	Remaining
77	12/12/11	12/12/11	8167	AUD		402	Time	Billable	1.0000	1.10	203.50	0.00	203.50	0.00
77	12/16/11	12/16/11	8167	AUD		402	Time	Billable	1.0000	1.80	333.00	0.00	333.00	0.00
Report Totals										263.70	48,784.50	0.00	37,564.00	11,220.50

Les Thomas Consulting Engineers
Summary of Actual Charges through March 19, 2012

Water Management Services, Inc.
Docket No. 110200-WU

Date	Hours	Description	Fee
10/24/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
10/25/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
10/26/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
10/27/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
10/28/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
10/31/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
11/01/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
11/02/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
11/03/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
11/04/11	8	Preparation of engineering support documentation for the PSC application	\$1,000.00
3/19/12	8	Preparation of engineering report for PSC site visit	<u>\$1,000.00</u>
TOTAL	88 @ \$125 PER HOUR		\$11,000.00

Additional Expenses:

Filing Fees	\$5,250.00
Federal Express and Photo-copying	\$1,547.89

EXHIBIT "E"
COPIES OF INVOICES FOR CONSULTANTS.

SEE EXHIBIT "D"

EXHIBIT "F"

DETAILS AND DESCRIPTION OF DUTIES PERFORMED BY CONSULTANTS.

SEE EXHIBIT "D"

EXHIBIT "G"

ESTIMATE OF CONSULTANT FEES TO COMPLETE THE CASE INCLUDING
DESCRIPTION OF WORK TO BE PERFORMED THROUGH THE PAA PROCESS.

Vince LoCurto

N/A

Martin S. Friedman

See Attached.

Les Thomas

See Attached.

Jeanne Allen

See Attached.

Water Management Services, Inc.

Docket No. 110200-WU

Sundstrom, Friedman & Fumero, LLP – Actual and Estimated Rate Case Expense

Actual Billed: \$17,359.68 – attorneys' fees and costs through April, 2012. (Invoices Attached)

Actual Unbilled: \$341.50 – attorneys' fees and costs for May 1 through 15, 2012 (Report Attached)

Estimated:

<u>Hours</u>	<u>Description</u>
35.0 hrs	Respond to formal and informal data requests from Staff and address substantial OPC discovery and objections and Motions related thereto
1.0 hrs	Review and respond to Audit due 7/31/12
1.5 hrs	Review Staff recommendation; Conference with client and consultants regarding recommendation; Conference with Staff regarding recommendation.
15.0 hrs	Prepare for and attend Agenda conference, discuss Agenda with client and Staff.
1.0 hrs	Review PAA Order; conference with client and consultants regarding PAA Order.
5.0 hrs	Prepare revised tariff sheets, obtain Staff approval of tariffs; Draft and revise customer notice, obtain Staff approval; Coordinate mailing of customer notices and implementation of tariffs; Prepare, review and filing of post-Order requirements
58.5 hrs @ \$340/hr	\$19,890.00 total attorneys' estimated fees through PAA

Estimate of costs to complete:

\$ 500.00	Attend Agenda Conference, travel/meals/hotel
\$ 25.00	Estimated photocopier costs
<u>\$ 30.00</u>	Estimated courier costs
\$ 555.00	TOTAL Estimated Costs

TOTAL ATTORNEYS' FEES AND COSTS: \$ 38,146.18

Les Thomas Consulting Engineers
Estimate to Complete Rate Case Through PAA Order
Docket No. 110200-WU

Hours	Description	
4	Assist with discovery responses	\$ 500.00
5	Meeting with utility and utility's Attorney to prepare for plant inspection	\$ 625.00
12	Preparation for and attendance at plant inspection	\$1,000.00
4	Review of staff recommendation and meeting with utility and utility's attorney regarding staff recommendation	\$ 500.00
3	Assist with documentation and advice Regarding tariff revisions and compliance	<u>\$ 375.00</u>
TOTAL ESTIMATED FEES 28 HOURS @\$125 PER HOUR		\$3,500.00

Law, Redd, Crona & Munroe, P.A.

Water Management Services, Inc.

Rate Case Expense Summary - Billed through April 30, 2012 and Estimated Costs to Complete

Summary Actual Hours and Dollars Billed:	J. Allen	M. Conrad	D. Fernandez	B. Gandy	J. Liu	A. Hooker	\$ Billed	Cumulative Billings
Billing #1 - July-August 31, 2011	89.4	46	6.5	5.4	6.5		\$24,500.00	-
Billing #2 - September 30, 2011	40.9			3			\$8,248.00	\$32,748.00
Billing #3 - October 31, 2011	83.4						\$15,429.00	\$48,177.00
Billing #4 - November 30, 2011	45.6			0.2			\$8,481.00	\$56,658.00
Billing #5 - December 31, 2011	4.4						\$814.00	\$57,472.00
Billing #6 - January 31, 2012	27.7			1.9			\$5,552.00	\$63,024.00
Billing #7 - March 31, 2012	27.2					1.9	\$5,203.00	\$68,227.00
Billing #8 - April 30, 2012	18.5						\$3,422.50	\$71,649.50
Total Hours	337.1	46	6.5	10.5	6.5	1.9	408.5	
Billing Rate	\$185.00	\$115.00	\$115.00	\$225.00	\$110.00	\$90.00	-	
Total \$ Billed	\$62,363.50	\$5,290.00	\$747.50	\$2,362.50	\$715.00	\$171.00	\$71,649.50	\$71,649.50

Accounting services - other than rate case:

Hours included in total billings above (as corrected)	56.8	5		3.9	6.5	1.9		
Billing Rate	\$185.00	\$115.00		\$225.00	\$110.00	\$90.00		
Accounting services - other than rate case	\$10,508.00	\$575.00		\$877.50	\$715.00	\$171.00	\$12,846.50	

Rate case expenses billed as of 4/30/2012:

Preparation of MFRs, revisions to MFRs, assistance with PSC staff audit requests, review of interim recommendation and assistance with other data and document requests (total billed less other accounting services, per above): as corrected	\$51,855.50	\$4,715.00	\$747.50	\$1,485.00	\$0.00	\$0.00	\$58,803.00	
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Estimate - Additional Hours through PAA:

Provide assistance to client in connection with responses to PSC staff's and other data requests, including updates to rate case expense	6							6
Review Staff Recommendations, testing recommended revenue requirements and rates and discussion with client	12							12
Review PAA order, testing final approved revenue requirements and resulting final rates, discussion with client	6							6
Total Estimate	24							24
incurred but not yet billed (from above)								0

Total Hours Unbilled and Estimated through PAA	24							24
Billing Rate	\$185.00							
Total Estimate to Complete	\$4,440.00							\$4,440.00

LRCM - Total Projected Hours	304.3	41	6.5	6.6	0	0	432.5	
Billing Rate	\$185.00	\$115.00	\$115.00	\$225.00	\$110.00	\$90.00		
LRCM - Total Projected Rate Case Expense	\$56,295.50	\$4,715.00	\$747.50	\$1,485.00	\$0.00	\$0.00	\$63,243.00	

EXHIBIT "H"

ITEMIZED LIST OF OTHER ESTIMATED COSTS.

\$1,500 is an estimate of other costs to complete this case through the PAA process, which includes photo-copying, postage and office supplies.