



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: AUGUST 7, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (JOHNSON, REDEMANN, JONES) OFFICE OF THE GENERAL COUNSEL (CROSBY, HELTON)

RE: DOCKET NO. 030236-WS - APPLICATION FOR TRANSFER OF FACILITIES AND CERTIFICATE NOS. 466-W AND 400-S FROM PENNBROOKE UTILITIES, INC. TO UTILITIES, INC. OF PENNBROOKE, IN LAKE COUNTY.
COUNTY: LAKE

AGENDA: AUGUST 19, 2003 - REGULAR AGENDA - PROPOSED AGENCY ACTION ISSUES 2, 3 AND 5 - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030236.RCM

03 AUG -6 PM 4:40
RECEIVED-TFSC
COMMISSION CLERK
JG RPP
Walt
TJ

CASE BACKGROUND

Pennbrooke Utilities, Inc. (PUI or utility or Seller) is a Class B water and wastewater utility located in Lake County. PUI is a subsidiary of Leisure Communities Ltd. which is the company that developed the service area. The utility is in a water use caution area in the St. Johns River Water Management District. PUI was granted Water Certificate No. 466-W and Wastewater Certificate No. 400-S by Order No. PSC-93-0194-FOF-WS, issued February 9, 1993, in Docket No. 920588-WS. According to the utility's 2002 annual report, it has been providing service since 1996. The annual report for 2002 shows that gross revenues were \$225,569 and \$208,263 and the net operating incomes of \$28,296 and \$5,601, for the water and wastewater systems respectively. The utility provides service to approximately 929 residential customers, a golf course, and a restaurant. The utility's service area is a retirement

DOCUMENT NUMBER DATE

07198 AUG -6 8

FPSC-COMMISSION CLERK

community built around a golf course in the West Lake County area. The majority of the residents are seasonal and reside in the community only a portion of the year.

On March 7, 2003, Utilities, Inc. of Pennbrooke (UIP or Buyer) filed an application for transfer of the utility's facilities and Certificate Nos. 466-W and 400-S to UIP from PUI. According to the application, on February 25, 2003, Utilities, Inc. and PUI entered into an agreement for the purchase and sale of the utility and the land upon which the facilities are located. The purchase price for the utility is \$1,800,000. The purchase price will be increased by the amount of any cash and current customer accounts receivable and decreased by all liabilities assumed by the buyer. The closing is scheduled to take place after the Commission approves the transfer.

This recommendation addresses the transfer of PUI to UIP. In addition, the utility is providing wastewater effluent service to the Pennbrooke Fairways Golf course and other areas, but does not have a current charge or tariff. Therefore, the need for a tariff for reuse service is addressed in Issue 5. The Commission has jurisdiction to consider this matter pursuant to the provisions of Rule 25-30.037, Florida Administrative Code, and Sections 367.071 Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the transfer of the facilities and Certificate Nos. 466-W and 400-S from PUI to UIP be approved?

RECOMMENDATION: Yes, the transfer of the facilities and Certificate Nos. 466-W and 400-S from PUI to UIP is in the public interest and should be approved. PUI will be responsible for remitting the 2003 regulatory assessment fees (RAFs) associated with revenues collected up to and including the date of the closing. UIP will be responsible for filing an annual report from the date after the closing and forward, and the payment of all regulatory assessment fees associated with revenues collected after the closing. Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, a warranty deed or evidence that the utility owns or has continued use of the land upon which its facilities are located should be submitted within 60 days of the date of the order issued as a result of the action take at this agenda conference. A description of the territory being transferred is appended to this recommendation as Attachment A. (JOHNSON, REDEMANN, JONES)

STAFF ANALYSIS: As discussed in the case background, on March 7, 2003, UIP filed an application for transfer of Certificate Nos. 466-W and 400-S from PUI to UIP. The application, as filed, was deficient; UIP submitted the corrected information on May 8, 2003. The application is in substantial compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and rules concerning an application for transfer. The application contains a check in the amount of \$3,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicants have requested that they be allowed to provide proof that the utility owns the land upon which its facilities are located, as required by Rule 25-30.037(2)(q), Florida Administrative Code, after the closing. The closing is scheduled to take place after the Commission approves the transfer. The utility should be required to provide a warranty deed or proof that the utility owns or has continued use of the land upon which its facilities are located within 60 days of the transfer order.

Section 367.071, Florida Statutes, requires that no utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without prior approval of the Commission unless such sale, assignment, or transfer is made contingent upon Commission

approval. The contract includes language that the transfer is contingent upon the approval of the Commission and the closing will take place subsequent to the Commission approving the transfer.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the utility to be transferred. One objection to the transfer was timely filed. According to the letter, the customer and a few other residents of Section K have been experiencing low water pressure. The utility and Florida Department of Environmental Protection (FDEP) have been contacted, and the utility is trying to resolve the problem. FDEP findings indicated that there is no low water pressure problem. After discussions with the customer about the water pressure problems, staff sent a letter to the customer requesting that he advise the Commission by May 22, 2003, whether he wanted a formal hearing. The customer filed a letter within the specified time period indicating that he did not want a public hearing. The customer's letter is being treated as a complaint. No other objections to the notice of application have been received and the time for filing such has expired.

The application contains documentation to comply with Rules 25-30.037(2)(g), (h), (i), and (k), Florida Administrative Code, regarding terms of the sale and financing of the purchase. The application contains a copy of the purchase agreement which includes the purchase price, terms of payment, and a list of the assets purchased. The purchase price for the utility and land is \$1,800,000. The purchase was financed with equity from the buyer's parent, Utilities, Inc.

The application also contains a statement, pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, regarding how the transfer is in the public interest. According to the application the transfer is in the public interest because the development is close to build-out and the developer, Leisure Communities, Ltd., is no longer interested in continuing in the utility business. In addition, UIP is a wholly-owned subsidiary of Utilities, Inc. UIP will own and operate the utility system. Utilities, Inc. and its subsidiaries are not developers, nor are they developer related. According to UIP, the transfer is also in the public interest because of Utilities, Inc.'s vast experience in the utility industry, and its technical and financial ability.

With regard to the buyer's technical ability, Utilities Inc. has approximately thirty-five years of experience in the water and wastewater utility industry. Utilities, Inc., has twenty-five years of experience operating water and wastewater utilities under the regulation of this Commission. It also operates two subsidiaries in non-jurisdictional Hillsborough County. According to its application, at the present time, Utilities, Inc., provides safe and reliable water and wastewater service to approximately 230,000 customers in sixteen states.

With regard to the buyer's financial ability, a statement was provided that it has the financial ability to ensure consistent compliance with FDEP regulations. Utilities, Inc. has the capability to provide investment capital at reasonable rates to UIP. UIP will receive the benefit of centralized management, accounting, billing, and data processing functions, resulting in the economies of scale that would be unattainable on a stand-alone basis. Additionally, the application contains a statement that the buyer will fulfill the commitments, obligations, and representations of the sellers with regard to utility matters.

The application states that the buyer has performed a reasonable investigation of the utility system as required by Rule 25-30.037(2)(p), Florida Administrative Code. The buyer included a statement that the system appears to be in satisfactory condition and in compliance with all applicable standards set by the FDEP. Staff has contacted the FDEP and verified that there are no outstanding notices of violation.

The utility's water treatment plant is composed of two 12-inch wells that are rated at 650 gallons per minute (gpm) and 800 gpm. Water is transmitted from the wells to an aeration/ground storage unit which is capable of storing 10,000 gallons. From the aeration/storage unit, the water is passed, by gravity, through a sand filtration bed and stored in three 50,000 gallon ground storage tanks. Three high service pumps, each rated at 600 gpm, are used to pump treated water to a 7,500 gallon hydropneumatic tank and then to the distribution system.

The wastewater treatment plant is permitted by the FDEP as a 0.180 million gpd (180,000 gpd) Annual Average Daily Flow (AADF) extended aeration treatment facility with effluent filtration and chlorination. There are two 120,000 gpd aeration units with two 18,000 gpd clarification units. The old 30,000 gpd wastewater

treatment plant is now a 30,000 gpd digester. Effluent disposal is provided by four percolation ponds which are rated at 100,000 gpd, and reclaimed water is sent to the golf course irrigation system at Pennbrooke Fairways and landscape areas and other common areas within the Pennbrooke Fairways Community and roadway medians, where practical. The average daily flows are 100,000 gpd.

Rule 25-30.037(2)(r), Florida Administrative Code, requires the application to contain a statement regarding the disposition of any outstanding RAFs, fines, or refunds owed. According to our records, PUI is current with its RAFs and has filed an annual report for 2002 and all prior years. PUI is responsible for remitting the RAFs associated with revenues collected up to and including the date of the closing. PUI has agreed to pay its share of the RAFs within one week of the closing date. UIP will be responsible for filing the 2003 annual report and their portion of the RAFs associated with revenues collected after the closing.

Based on the above, staff recommends that the transfer of the facilities and Certificate Nos. 466-W and 400-S from PUI to UIP is in the public interest and it should be approved. PUI will be responsible for remitting the 2003 RAFs associated with revenues collected up to and including the date of the closing. UIP will be responsible for filing an annual report from the date after the closing and forward, and the payment of all regulatory assessment fees associated with revenues collected after the closing. Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, a warranty deed or evidence that the utility owns or has continued use of the land upon which its facilities are located should be submitted within 60 days of the date of the order issued as a result of the action take at this agenda conference. A description of the territory being transferred is appended to the recommendation as Attachment A.

ISSUE 2: What is the rate base of PUI at the time of transfer?

RECOMMENDATION: The rate bases, which for transfer purposes reflect the net book value, are \$413,713 for the water system and \$846,850 for the wastewater system as of April 30, 2003. (JOHNSON)

STAFF ANALYSIS: Rate bases for this utility were previously established by Order No. PSC-01-1246-PAA-WS, issued June 4, 2001, in Docket No. 001382-WS, in a staff assisted rate case, as \$414,766 for water and \$777,466 for wastewater as of September 30, 2001. PUI entered into a contract on February 25, 2003, to sell its water and wastewater facilities to Utilities, Inc. Stated within the contract is PUI's obligation to continue the maintenance and operation of the facilities as well as make all necessary capital additions, until the date of closing. On the date of closing PUI will give ownership of the utility to Utilities, Inc. Utilities, Inc. has assigned all interest in the utility to its subsidiary UIP.

Staff conducted an audit of the books and records of the utility to determine rate base as of April 30, 2003. In most transfer cases, rate base is audited as of the date of transfer. However, because the closing will not occur until thirty days after the transfer is approved, staff recommends and the buyer agrees that rate base should be set as of April 30, 2003. The audit did not contain any recommended adjustments to the utility's books and records.

RATE BASE

The calculation of rate base for water and wastewater are shown on Schedules Nos. 1 and 2, respectively, which are attached. Based on these schedules, staff recommends that rate base for PUI be established as \$413,713 for the water system and \$846,850 for the wastewater system as of April 30, 2003. This rate base calculation is used solely to establish the net book value of the property being transferred and does not include the normal rate making adjustments of working capital calculations and used and useful adjustments.

ISSUE 3: Should an acquisition adjustment be included in the calculation of rate base?

RECOMMENDATION: No. Pursuant to Rule 25-30.0371(2) Florida Administrative Code, in the absence of extraordinary circumstances an acquisition adjustment should not be included in rate base. (JOHNSON, CROSBY)

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

| | |
|----------------------------------|-------------|
| Purchase Price: | \$1,800,000 |
| Less Staff Calculated Rate Base: | \$1,260,563 |
| Positive Acquisition Adjustment: | \$539,437 |
| | ===== |

Pursuant to Rule 25-30.0371(2) Florida Administrative Code, in the absence of extraordinary circumstances, an acquisition adjustment should not be included in rate base. Since the buyer stated in its application for transfer that it was not seeking an acquisition adjustment, and there are no extraordinary circumstances regarding this purchase that would justify an acquisition adjustment to rate base, staff recommends that an acquisition adjustment not be included in the calculation of rate base.

ISSUE 4: Should the rates and charges approved for this utility be continued?

RECOMMENDATION: Yes, UIP should continue charging the rates and charges approved for this utility system until authorized to change by the Commission in a subsequent proceeding. The tariff reflecting the change in ownership should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets. (JOHNSON)

STAFF ANALYSIS: The utility's current rates for service and service availability charges were approved by the Commission in a staff assisted rate case proceeding effective August 1, 2001, pursuant to Order No. PSC-01-1246-PAA-WS, issued June 4, 2001, in Docket No. 001382-WS. The utility's approved rates and charges are as follows:

Monthly Water Service Rates

Residential and General Service

Base Facility Charge:

Meter Size:

| | |
|-------------|-----------|
| 5/8" x 3/4" | \$ 5.56 |
| 1" | \$ 13.90 |
| 1 1/2" | \$ 27.80 |
| 2" | \$ 44.48 |
| 3" | \$ 88.96 |
| 4" | \$ 139.00 |

Gallonge Charge per 1,000 gallons

| | |
|---------------------|---------|
| 0 - 10,000 gallons | \$ 1.61 |
| Over 10,000 gallons | \$ 2.01 |

Monthly Wastewater Service Rates

Residential and General Service

Base Facility Charge:

Meter Size:

| | |
|-------------|-----------|
| 5/8" x 3/4" | \$ 7.85 |
| 1" | \$ 19.62 |
| 1 1/2" | \$ 39.23 |
| 2" | \$ 62.77 |
| 3" | \$ 125.54 |
| 4" | \$ 196.15 |

Gallonage Charge per 1,000 gallons

| | |
|---|---------|
| Residential Service (Maximum 10,000 gallons) | \$ 1.96 |
| General Service | \$ 2.35 |

Miscellaneous Service Charges

| | Water | Wastewater |
|--|----------|-------------|
| Initial Connection Fee | \$ 15.00 | \$ 15.00 |
| Normal Reconnection Fee | \$ 15.00 | \$ 15.00 |
| Violation Reconnection Fee | \$ 15.00 | Actual Cost |
| Premises Visit Fee (in Lieu of disconnection) | \$ 10.00 | \$ 10.00 |

Service Availability Fees and Charges

| | Water | Wastewater |
|----------------------------------|-------------|-------------|
| Meter Installation Fee | | |
| 5/8" x 3/4" | \$ 75.00 | |
| All other Meter sizes | Actual Cost | |
| Back-Flow Preventor Installation | Actual Cost | |
| Customer Connection (Tap-In) | Actual Cost | Actual Cost |
| Inspection Fee | Actual Cost | Actual Cost |
| Plan Review Charge | | Actual Cost |

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

In case[s] of change of ownership or control of a utility which places the operation under a different or new utility . . . the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission)

UIP has not requested a change in the rates and charges of the utility as approved in Order No. PSC-01-1246-PAA-WS. However, it should be noted that Order No. PSC-01-1246-PAA-WS requires the utility to file a rate restructuring case with this Commission no earlier than one year but no later than two years after the start up date of the conservation program that was also required. The utility has not obtained approval for its proposed water conservation program from the Commission and/or St. John River Water Management District. According to the buyer, he will continue to work to receive approval and is committed to expending the funds which it committed to spend pursuant to the referenced Order.

Based on the above, staff recommends that the utility continue operations under the existing tariff and apply the approved rates and charges until authorized to change by the

DOCKET NO. 030236-WS

DATE: August 7, 2003

Commission in a subsequent proceeding. The utility has filed a revised tariff reflecting the transfer to UIP. If the Commission approves staff's recommendation, the tariff filing should be effective for services rendered or connections made on or after the stamped approval date.

ISSUE 5: Should the Commission approve the wastewater tariff reflecting the reclaimed water class of service for the Pennbrooke Fairways Golf Course?

RECOMMENDATION: Yes. The utility has filed a wastewater tariff reflecting the reclaimed water class of service at a zero rate for the Pennbrooke Fairways Golf Course, landscape areas and other common areas within the Pennbrooke Fairways Community and roadway medians, where practical. The tariff should be effective for services rendered on or after the stamped approval date of the tariff. The utility should return to the Commission for a determination regarding rates for reclaimed water service prior to providing that service to any other customers.
(REDEMANN)

STAFF ANALYSIS: Due to growing concerns over water conservation, reclaimed water is increasingly being viewed as an alternative source of water for irrigation of golf courses and, in some cases, residential communities. Along with the increased use of reclaimed water comes a recognition that there are costs associated with the provision of reclaimed water. Consequently, it has become Commission practice to recognize reclaimed water service (sometimes referred to as effluent service) as a class of service which should be included in the utility's tariff, even if the utility is not currently assessing a charge for the service.

Although there are costs associated with the provision of reclaimed water service, there are cases in which the "avoided costs" outweigh the actual cost of the service, and thus not charging for the effluent is justified. For example, disposing of effluent on non-utility property may delay or even eliminate the need for the utility to purchase additional land for spray fields or percolation ponds, thereby resulting in lower rates for the utility's existing wastewater customers.

In this case, PUI operates a 180,000 gpd AADF wastewater treatment plant. The utility's reclaimed water goes into four percolation ponds owned by the utility and a storm water pond owned by Pennbrooke Homeowners' Association. The percolation ponds are defined as rapid-rate infiltration basins (RIBS), and have a disposal capacity of .100 MGD. PUI is permitted to use the reclaimed water to irrigate the Pennbrooke Fairways Golf Course, landscape areas and other common areas within the

Pennbrooke Fairways Community and roadway medians, where practical. Due to the limited amount of reclaim water, not all areas listed are currently receiving the reclaimed water. During periods when the reclaimed water is not needed for irrigation or does not meet reclaimed water standards, the water is discharged into the RIBS for disposal.

The utility believes, and staff agrees, that a zero charge for reuse should be approved in order to encourage customers to take the reclaimed water. The utility would have to purchase additional land, if another method of disposal was needed. Should the utility wish to charge for reuse service at a later time, an application will need to be filed with the Commission to establish a charge for reuse service, pursuant to Section 367.091, Florida Statutes.

For the foregoing reasons, the utility's wastewater tariff reflecting the reclaimed water class of service at a zero rate for the Pennbrooke Fairways Golf Course, landscape areas and other common areas within the Pennbrooke Fairways Community and roadway medians should be approved. The tariff should be effective for services rendered on or after the stamped approval date of the tariff. The utility should return to the Commission for a determination regarding rates for reclaimed water service prior to providing that service to any other customers.

ISSUE 6: Should this docket be closed?

RECOMMENDATION: No, upon expiration of the protest period, this docket should remain open pending receipt of evidence that the utility owns or has continued use of the land upon which its facilities are located. Once the recorded deed has been filed and staff verifies that it satisfies the requirements of Rule 25-30.037(3)(i), Florida administrative Code, this docket should be closed administratively. (CROSBY)

STAFF ANALYSIS: If there are no timely protests filed by a substantially affected person to the proposed agency action issues (Issues Nos. 2, 3 and 5), this docket should remain open for an additional 60 days to allow staff to verify that Utilities, Inc. Of Pennbrooke has submitted a recorded deed. Once the recorded deed has been submitted, this docket should be closed administratively.

Utilities, Inc. of Pennbrooke

Lake County

Water and Wastewater Service Area

The South 1/2 of the North 1/2 of the Southwest 1/4 of Section 19, Township 19 South, Range 24 East, Lake County, Florida.

The South 1/2 of the Northwest 1/4 of the Southeast 1/4 of Section 19, Township 19 South, Range 24 East, Lake County, Florida, less the East 330 feet thereof.

The South 1/4 of Section 19, Township 19 South, Range 24 East, Lake County, Florida, less the North 430 feet of the East 1650 feet thereof.

The Southwest 1/4 of the Southwest 1/4 of Section 19, Township 19 South, Range 24 East, Lake County, Florida, subject to county road rights-of-way.

The North 1/2 of Section 19, Township 19 South, Range 24 East, Lake County, Florida, less the South 1/2 of the Southwest 1/4 of the Southwest 1/4 and less the West 660 feet of the South 453.26 feet of the Southeast 1/4 of the Northwest 1/4 of said Section 19 thereof. Also less: the East 330 feet of the Northeast 1/4 of the Northeast 1/4. Also less: the West 570 feet of the East 900 feet of the South 1/2 of the said Northeast 1/4 of the Northeast 1/4 of said Section 19 and less the Southeast 1/4 of the said Northeast 1/4 of Section 19.

That part of the West 7/8 of the South 1/2 of said Section 19, lying Northwesterly of the Northwesterly right-of-way line of the S.C.L. Railroad, less: From the point of intersection of the West line of Section 19, Township 19 South, Range 24 East, Lake County, Florida, with the Northerly line of the right-of-way of the Seaboard Airline Railroad, run Southeasterly along the Northerly line of said right-of-way, 2201 feet to the Point of Beginning of this tract herein described. From said Point of Beginning, run thence North 529.13 feet, thence North 80°15' East 157.08 feet, thence North 00°20'01" East 179.66 feet to the point on the North line of the South 1/2 of said Section 19, thence Westerly along said North line of said South 1/2 of Section 19 to the West line of said South 1/2 of said Section 19, thence Southerly along said West line to the Point of Beginning. Also less: that part of the North 1/2 of the Southeast 1/4 of Section 19, Township 19 South, Range 24 East, Lake County, Florida, bounded and described as follows: begin 169 feet North of the Southeast corner of the West 1/2 of the Northeast 1/4 of the Southeast 1/4, run North 80°38'52" West 200 feet, thence South 14°33'03" West 203 feet the North right-of-way line of the Seaboard Airline Railroad, thence Southeasterly along said North right-of-way line to the Point of Beginning and Point of Terminus.

DOCKET NO. 030236-WS

DATE: August 7, 2003

From the point of intersection of the West line of Section 19, Township 19 South, Range 24 East, in Lake County, Florida, with the Northerly line of the right-of-way of the Seaboard Airline Railroad, run thence Southeasterly along the Northerly line of said right-of-way 2201 feet to the Point of Beginning of the tract herein described. From said Point of Beginning run thence South to the Northerly line of the right-of-way of State Road No. 44, thence Southeasterly along the Northerly line of the right-of-way of State Road No. 44, to the East line of the Southwest 1/4 of said Section 19, thence North along the East line of the Southwest 1/4 of said Section 19 to the Northerly line of the right-of-way of said railroad, thence Northwesterly along the Northerly line of the right-of-way of said railroad to the Point of Beginning. Less the right-of-way of the Seaboard Airline Railroad (containing 0.40 acres).

DOCKET NO. 030236-WS
DATE: August 7, 2003

SCHEDULE 1

PENNBROOKE UTILITIES, INC.
SCHEDULE OF WATER RATE BASE
AS OF APRIL 30, 2003

| <u>DESCRIPTION</u> | <u>BALANCE PER UTILITY</u> | <u>STAFF ADJUSTMENTS</u> | <u>BALANCE PER STAFF</u> |
|--|--------------------------------|------------------------------|------------------------------|
| Utility Plant in Service | \$1,629,187 | 0 | \$1,629,187 |
| Land | 21,115 | 0 | 21,115 |
| Contributions in Aid of Construction (CIAC) | (842,934) | 0 | (842,934) |
| Accumulated Depreciation | (599,268) | 0 | (599,268) |
| Amortization of CIAC | <u>205,612</u> | <u>0</u> | <u>205,612</u> |
| WATER RATE BASE | <u>\$ 413,713</u> | <u>\$0</u> | <u>\$ 413,713</u> |

DOCKET NO. 030236-WS
DATE: August 7, 2003

SCHEDULE 2

PENNBROOKE UTILITIES, INC.
SCHEDULE OF WASTEWATER RATE BASE
AS OF APRIL 30, 2003

| <u>DESCRIPTION</u> | <u>BALANCE PER UTILITY</u> | <u>STAFF'S ADJUSTMENTS</u> | <u>BALANCE PER STAFF</u> |
|--|--------------------------------|--------------------------------|------------------------------|
| Utility Plant in Service | \$2,239,024 | 0 | \$2,239,024 |
| Land | 57,035 | 0 | 57,035 |
| Contributions in Advance of Construction (CIAC) | (1,195,631) | 0 | (1,195,631) |
| Accumulated Depreciation | (561,267) | 0 | (561,267) |
| Amortization of CIAC | <u>307,689</u> | <u>0</u> | <u>307,689</u> |
| WASTEWATER RATE BASE | <u>\$ 846,850</u> | <u>\$ 0</u> | <u>\$ 846,850</u> |