

State of Florida



ORIGINAL

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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CLERK

DATE: January 17, 2007

TO: Tracey L. Biggins, Professional Accountant, Division of Economic Regulation

FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance *OV*

RE: **Docket No:** 060246-WS **Company Name:** Gold Coast Utility Corp.
Audit Purpose: File and Suspend Rate Case; **Company Code#:** WS899
Audit Control No: 06-299-1-1; **Record #;** 5632

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV:bj
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Commission Clerk & Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
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- RCA _____
- SCR _____
- SGA _____
- SEC _____
- OTH _____

Mr. Reginald Burge, Director & President
Gold Coast Utility Corp.
2340 N. E. Dixie Highway
Jensen Beach, FL 34957-5952

Mr. Keith Burge, Secretary/Treasurer
Gold Coast Utility Corp.
2340 N. E. Dixie Highway
Jensen Beach, FL 34957-5952

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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING

Tallahassee District Office

GOLD COAST UTILITY CORP

FILE & SUSPEND RATE CASE APPLICATION

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

DOCKET NO. 060246-WS

AUDIT CONTROL NO. 06-299-1-1

A handwritten signature in cursive script, appearing to read "Intesar Terkawi".

Intesar Terkawi, Audit Manager

A handwritten signature in cursive script, appearing to read "Charleston J. Winston".

Charleston J. Winston, Audit Staff

A handwritten signature in cursive script, appearing to read "Lynn M. Deamer".

Lynn M. Deamer, Audit Supervisor

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

December 30, 2006

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Gold Coast Utility Corp. in support of its filing for rate relief in Docket No. 060246-WS.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES and PROCEDURES

RATE BASE

Objective: - To determine that the utility's filing represents its recorded results from continuing operations.

Procedures: - We reconciled the following individual component rate base balances to the utility's General Ledger as of December 31, 2005, and verified that adjustments required in Order No. PSC-99-1742-PAA-WS, issued September 7th, 1999, were recorded.

Utility-Plant-in-Service (UPIS)

Objective: - To determine that property exists and is owned by the utility. To determine that additions to UPIS are authentic, recorded at original cost, and properly classified in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that the proper retirements of UPIS were made when a replacement item was put in service.

Procedures: - We sampled UPIS additions for the period January 1, 1999 through December 31, 2005 for compliance with the stated objectives above. We toured the utility plant sites to observe whether asset additions were completed. Audit Finding No. 1 discusses our adjustments to specific UPIS accounts because the utility could not provide supporting documentation for amounts recorded to its general ledger.

Land and Land Rights

Objective: - To determine that utility land is recorded at original cost and is owned or secured under a long term lease.

Procedures: - We verified that there has been no change to utility land since its last rate proceeding.

Contributions-in-Aid-of Construction (CIAC)

Objective: - To determine that additions to CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC additions are reflective of the utility's Commission approved service availability tariff.

Procedures: - We reviewed CIAC additions for the period January 1, 1999 through December 31, 2005 for compliance with the stated objectives above. We reviewed developer agreements for unrecorded CIAC. We traced utility CIAC additions to the general ledgers and to the utility's authorized tariff rates. We toured the utility's authorized service territory to look for new developments that may have included contributed property.

Accumulated Depreciation

Objective: - To determine that accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that depreciation expense accruals are calculated using the Commission authorized rates.

Procedures: - We traced the accumulated depreciation schedules to the corresponding UPIS schedules. We verified that the utility used Commission authorized rates to depreciate its UPIS accounts by calculating the

verified that the utility used Commission authorized rates to depreciate its UPIS accounts by calculating the depreciation expenses for the years 2003, 2004 and 2005 for each water and wastewater systems. Audit Finding No. 1 discusses our adjustments to specific UPIS accounts because the utility could not provide supporting documentation for amounts recorded to its general ledger and the corresponding effect on accumulated depreciation balances.

Accumulated Amortization of CIAC

Objective: - To determine that accruals to accumulated amortization of CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC amortization expense accruals are properly recorded and calculated based on the rates and method used in the utility's last rate proceedings.

Procedures: - We traced the accumulated amortization of CIAC schedules to the corresponding CIAC schedules. We verified that the utility used Commission authorized rates to amortize its CIAC accounts by recalculating the CIAC amortization expenses for the years 2003, 2004 and 2005 for each water and wastewater systems. Audit Finding No. 2 discusses our adjustments to the CIAC accumulated amortization balance due to the utility not using the correct amortization rate.

NET OPERATING INCOME

Objective: - To determine that the utility's filing represents its results from continuing operations.

Procedures: - We reconciled the following individual component net operating income balances to the utility's general ledger for the 12-month period ended December 31, 2005.

Revenues

Objective: - To determine that revenues are properly recorded in compliance with Commission rules and are based on the utility's Commission approved tariff rates.

Procedures: - We traces revenue to the general ledger and utility billing registers and selected a sample of customer bills from each customer rate class on a random basis and recalculated the bills using the Commission approved tariff rates.

Operation and Maintenance Expenses (O&M)

Objective: - To determine that operation and maintenance expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: - We sampled O&M expense items from the general ledger based on auditor judgment. We reviewed the sample for the proper utility system, water or wastewater classification, NARUC account, amount, period and recurring nature. We examined invoices and supporting documentation to determine if the above objectives are met. Audit Finding No. 3 discusses our adjustment to remove and amortize wastewater permit renewal expenses that are considered nonrecurring. Audit Finding No.3 discusses also the adjustment to the working capital balance.

TAXES-OTHER-THAN-INCOME (TOTI)

Objective: - To determine that taxes other than income is properly recorded in compliance with Commission rules and was reasonable and prudent for ongoing utility's operations.

Procedures: - We obtained the regulatory assessment fee filings and reconciled them to the general ledger. We obtained the property tax bills for review and to determine if the amount booked showed the discount amount. Audit Finding No. 4 discusses our adjustments to the utility's regulatory assessment fee and property tax balances to record actual cost for each system where applicable.

CAPITAL STRUCTURE

Objective: - To determine the components of the utility's capital structure and the respective cost rates used to arrive at the overall weighted cost of capital are properly recorded in compliance with Commission rules and that it accurately represents the ongoing utility's operations.

Procedures: - We reconciled the components of the capital structure to the general ledger. We traced long term debt balances to the original documents and verified the term and the interest rate for each note payable.

AUDIT FINDING NO. 1

SUBJECT: ADJUSTMENT TO UTILITY PLANT IN SERVICE

SUMMARY: The utility's average water and wastewater rate base balances are overstated by \$4,229 and \$3,189, respectively, as of December 31, 2005.

STATEMENT OF FACT: The utility reported the following additions to UPIS for the periods indicated:

Water			
Period	<u>NARUC</u> <u>Acct No.</u>	<u>Description</u>	<u>Amount</u>
1999	340	Office Furniture and Equipment	2,283
2001	334	Meter and Meter Installation	1,400
2001	344	Laboratory Equipment	458
2001	343	Tools, Shop, and Garage Equipment	391
2005	341	Transportation Equipment	2,605
Wastewater			
1999	390	Office Furniture and Equipment	3,424
2005	391	Transportation Equipment	2,605

The above invoices were requested as part of our audit sample of UPIS additions for the period 1999 through 2005. The utility was not able to provide any supporting documentation.

The NARUC Uniform System of accounts requires utilities to retain all documentation to support the original cost recorded in its accounts.

Separate records shall be maintained by utility plant accounts of the book cost of each plant Owned including additions by the utility to plant leased from others and of the cost of Operating and maintaining each plant owned or operated.

Since the documentation for the above invoices could not be provided the amounts recorded should be removed along with the cumulative effect on the corresponding accumulated depreciation and depreciation expense balances. See our calculation that follows:

NARUC Acct No.	UPIS Adjustment	Avg. UPIS Adjustment	Rule Rate	Dep. Expense	Number Years	Acc/Dep Adjustment	Avg. Acc/Dep Adjustment
340	(2,283)	(2,283)	6.67%	(152)	6.5	(989)	(989)
334	(1,400)	(1,400)	5.00%	(70)	4.5	(315)	(315)
344	(458)	(458)	6.67%	(31)	4.5	(137)	(137)
343	(391)	(391)	6.25%	(24)	4.5	(110)	(110)
341	<u>(2,605)</u>	<u>(1,303)</u>	16.67%	<u>(217)</u>	0.5	(109)	<u>(54)</u>
Total Avg Water Adjust	(7,137)	(5,835)		(494)			(1,606)
390	(3,424)	(3,424)	6.67%	(228)	6.5	(1,484)	(1,484)
391	<u>(2,605)</u>	<u>(1,303)</u>	16.67%	<u>(217)</u>	0.5	(109)	<u>(54)</u>
Total Avg Sewer Adjust	(6,029)	(4,727)		(445)			(1,538)

EFFECT ON GENERAL LEDGER: The following journal entries should be made to correct the utility's general ledger balances:

NARUC Acct No.	Account Description	Debit	Credit
108	Water Acc/Dep - Office Furniture & Equipment		989
108	Water Acc/Dep - Meter and Meter Installation		315
108	Water Acc/Dep - Laboratory Equipment		137
108	Water Acc/Dep Tools, Shop, and Garage Equipment		110
108	Water Acc/Dep Transportation Equipment		109
108	W/Water Acc/Dep Office Furniture and Equipment	1,484	
108	W/Water Acc/Dep Transportation Equipment	109	
215	Retained Earnings	10,852	
340	Water Office Furniture & Equipment		2,283
334	Water Meter and Meter Installation		1,400
344	Laboratory Equipment		458
343	Tools, Shop, and Garage Equipment		391
341	Transportation Equipment		2,605
390	Office Furniture and Equipment		3,424
391	Transportation Equipment		2,605
403	Water dep. Exp.-Office Furniture & Equipment		152
403	Water dep. Exp. Meter and Meter Installation		70
403	Water dep. Exp. Laboratory Equipment		31
403	Water dep. Exp. Tools, Shop, and Garage Equipment		24
403	Water dep. Exp. Transportation Equipment		217
403	Water dep. Exp.- Office Furniture & Equipment		228

EFFECT ON FILING: The utility's average water and wastewater rate base balances should be reduced by \$4,229 (\$5,835 - \$1,606) and \$3,189 (\$4,727 - \$1,538) respectively, as of December 31, 2005. Additionally, the utility's water and wastewater depreciation expense should be reduced by \$494 (\$152 + \$70 + \$31 + \$24 + \$217) and \$445 (\$228 + \$217) respectively, for the 12-month period ended December 31, 2005.

AUDIT FINDING NO. 2

SUBJECT: ADJUSTMENT TO ACCUMULATED AMORTIZATION OF CIAC

SUMMARY: The utility's water rate base is overstated by \$4,780 for the 12-month period ended December 31, 2005.

STATEMENT OF FACT: The utility uses the composite rate in amortizing CIAC. The utility states that if the calculated composite rate equates to greater than a 33 year useful life, then they use 25 years or 4.00% as the composite rate. In the year 2003, the utility used a composite rate of 4.00% in calculating the amortization expense of \$9,189 while the calculated composite rate is 1.92%. The audit staff calculated the water CIAC amortization expense, in the year 2003, using the actual calculated composite rate of 1.92% to be \$4,409.

EFFECT ON THE GENERAL LEDGER: The following journal entry should be made to correct the utility's general ledger balances.

NARUC				
Acct. No.	Account Description	Debit	Credit	
108	Accumulated Amortization of CIAC		4,780	
215	Retained Earning	4,780		

EFFECT ON FILING: The utility's water accumulated amortization of CIAC should be reduced by \$4,780 (\$9,189 - \$4,409) for the 12-month period ended December 31, 2005.

AUDIT FINDING No. 3

SUBJECT: ADJUSTMENT TO OPERATION AND MAINTENANCE EXPENSE

SUMMARY: The utility's wastewater operation and maintenance expense is overstated by \$3,965 for the 12-month period ended December 31, 2005.

STATEMENT OF FACT: The utility's filing showed a balance of \$6,255 in Acct. No. 720, Materials and Supplies, and a balance of \$7,372 in the Acct. No. 731, Contractual Services, Eng. for the 12-month period ended December 31, 2005.

Included in the balance of \$6,255 is an invoice of Sky Powers of \$128 that the utility does not have support for and should be removed. Included in the balance of \$7,372, are sewer permits for engineering studies and permit renewal fees related to the renewal of the utility's wastewater treatment permit for five years in the amount of \$4,796. Costs of the sewer permit are considered nonrecurring and should be amortized over a five year period per Rule 25-30.433(8), F.A.C.

The amount that should be allowed for test year 2005 is \$959 (\$4,796/5 years). The unamortized balance of \$3,837 (\$4,796 - \$959) should be recorded in Acct. No. 186 – Deferred Asset.

EFFECT ON GENERAL LEDGER: The following entries should be made to properly record the utility's Materials and Supplies account and Contractual Services, Eng. Account.

NARUC

Acct. No.	Acct Description	Debit	Credit
215	Retained Earnings	128	
720	Materials and Supplies		128
186	Deferred Asset - Sewer Permit Fees	3,837	
731	Contractual Services - Eng.		3,837

EFFECT ON FILING: The utility's wastewater operation expense balance should be reduced by \$3,965 (\$3,837 + \$128) for the 12-month period ended December 31, 2005. Additionally, the wastewater working capital balance should be reduced by \$496 as of December 31, 2005, which is 1/8th of the O&M expense reduction mentioned above.

AUDIT FINDING NO. 4

SUBJECT: ADJUSTMENT TO TAXES OTHER THAN INCOME

SUMMARY: The utility’s water and wastewater Taxes Other Than Income are overstated and understated by \$1,558 and \$458 respectively, for the 12-month period ended December 31, 2005.

STATEMENT OF FACT: The utility’s filing showed the following balances for water and wastewater TOTI for the 12-month period ended December 31, 2005.

System	RAFs	Payroll Taxes	Property Taxes	Other Taxes
Water	6,265	3,418	4,858	301
Wastewater	<u>9,714</u>	<u>5,711</u>	<u>8,307</u>	<u>466</u>
	15,979	9,129	13,165	767

The utility’s RAFs for water and wastewater are correctly stated in the General Ledger and on Schedule B-2 of the Minimum Filing Requirements filed in Docket 060246-WS, but the actual RAFs returns for water and wastewater are understated by \$198 and \$302 respectively, for the year ended December 31, 2005. The utility prepared the amended returns and submitted the amended returns to the audit staff that reduce the amount of RAFs by \$198 and \$302 for water and wastewater respectively, for the period ended December 31, 2005. The utility failed to file the amended water and wastewater RAFs returns with the Commission.

The utility’s water and wastewater property and tangible taxes are overstated by \$1,257 and understated by \$924 respectively, for the 12-month period ended December 31, 2005. The utility allocated the property and tangible taxes based on 37% and 63% allocation between water and wastewater. Property taxes should have been recorded to the water or wastewater system based on the actual tax invoice for each property. The utility did not provide support for the amount of \$333 of wastewater property taxes.

The utility’s water and Wastewater Other Taxes are overstated by \$301 and \$466 respectively, for the 12-month period ended December 31, 2005, due to the lack of supporting documentations.

EFFECT ON GENERAL LEDGER: There is no effect on the part of property and tangible taxes that represents the reallocation within the same system. The following entry should be made to properly record the utility Taxes Other Than Income.

NARUC		Debit	Credit
Acct. No.	Account Description		
215	Retained Earning	1100	
408	Wastewater/Real Estate & Personal Property		333
408	Water/Taxes Other		301
408	Wastewater/Taxes Other		466

EFFECT ON THE FILING: The utility's water and wastewater Taxes Other Than Income balances should be decreased and increased by \$1,558 ($\$1,257 + \301), and \$458 ($\$924 - \466) respectively, for the 12-month period ended December 31, 2005.

Schedule of Water Rate Base

Florida Public Service Commission

Company: Gold Coast Utility Corp
 Docket No.: 060246-WS
 Schedule Year Ended: December 31, 2005
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: A-1
 Page 1 of 1
 Preparer: CJN&W

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use. If method other than formula approach (1/3 O&M) is used to determine working capital, provide additional schedule showing detail calculation.

Line No.	(1) Description	(2) Balance Per Books	(3) A-3 Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	\$ 477,805	\$ 353,033 (A)	\$ 830,838	A-5
2	Utility Land & Land Rights	14,473		14,473	A-5
3	Less: Non-Used & Useful Plant	-		-	A-7
4	Construction Work in Progress			-	
5	Less: Accumulated Depreciation	(444,378)	76,036 (B)	(368,342)	A-9
6	Less: CIAC	(237,190)		(237,190)	A-12
7	Accumulated Amortization of CIAC	208,596	1,190 (C)	209,786	A-14
8	Acquisition Adjustments			-	
9	Accum. Amort. of Acq. Adjustments				
10	Advances For Construction				
11	Deferred Taxes - Net			-	
12	Working Capital Allowance	18,606	12,226 (D)	30,831	A-17
13	Total Rate Base	\$ 37,911	\$ 442,485	\$ 480,396	

Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Gold Coast Utility Corp
 Docket No.: 060246-WS
 Schedule Year Ended: December 31, 2005
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: A-2
 Page 1 of 1
 Preparer: CJN&W

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use. If method other than formula approach (1/8 O&M) is used to determine working capital, provide additional schedule showing detail calculation.

Line No.	(1) Description	(2) Balance Per Books	(3) A-3 Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	\$ 704,804	\$ 430,591 (A)	\$ 1,135,395	A-6
2	Utility Land & Land Rights	34,247	25,000 (B)	59,247	A-6
3	Less: Non-Used & Useful Plant	-		-	
4	Construction Work In Progress				
5	Less: Accumulated Depreciation	(634,755)	133,358 (C)	(501,397)	A-10
6	Less: CIAC	(189,368)		(189,368)	A-12
7	Accumulated Amortization of CIAC	183,661	2,905 (D)	186,566	A-14
8	Acquisition Adjustments			-	
9	Accum. Amort. of Acq. Adjustments				
10	Advances For Construction				
11	Deferred Taxes - Net			-	
12	Working Capital Allowance	33,304	15,561 (E)	48,865	A-17
13	Total Rate Base	\$ 131,893	\$ 607,415	\$ 739,308	

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Gold Coast Utility Corp
 Docket No.: 060246-WS
 Schedule Year Ended: December 31, 2005
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: B-1
 Page 1 of 1
 Preparer: CJN&W

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 140,385		\$ 140,385	\$ 225,877 (D)	\$ 386,282	B-4, E-13
2	Operation & Maintenance	148,840	97,808 (A)	246,648		246,648	B-5, B-3
3	Depreciation, net of CIAC Amort.	(4,968)	23,762 (B)	18,794		18,794	B-13, B-3
4	Amortization					-	B-3
5	Taxes Other Than Income	14,842	11,164 (C)	26,026	10,217 (E)	36,243	B-15, B-3
6	Provision for Income Taxes (1)		-	-	21,534 (F)	21,534	C-1, B-3
7	OPERATING EXPENSES	158,714	132,754	291,468	31,751	323,219	
8	NET OPERATING INCOME	\$ (18,329)	\$ (132,754)	\$ (151,083)	\$ 194,126	\$ 43,043	
9	RATE BASE	\$ 37,911		\$ 480,398		\$ 480,398	
10	RATE OF RETURN	-- %		-- %		8.96 %	

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Gold Coast Utility Corp
 Docket No.: 080246-WS
 Schedule Year Ended: December 31, 2005
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: B-2
 Page 1 of 1
 Preparer: CJN&W

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 214,728		\$ 214,728	\$ 369,501 (D)	\$ 584,229	B-4, E-13
2	Operation & Maintenance	266,428	124,486 (A)	390,914		390,914	B-6, B-3
3	Depreciation, net of CIAC Amort.	17,752	20,721 (B)	38,473		38,473	B-14, B-3
4	Amortization					-	B-3
5	Taxes Other Than Income	24,198	14,686 (C)	38,884	16,576 (E)	55,460	B-15, B-3
6	Provision for Income Taxes		-	-	33,140 (F)	33,140	C-1, B-3
7	OPERATING EXPENSES	<u>308,378</u>	<u>159,893</u>	<u>468,271</u>	<u>49,716</u>	<u>517,987</u>	
8	NET OPERATING INCOME	<u>\$ (93,650)</u>	<u>\$ (159,893)</u>	<u>\$ (253,543)</u>	<u>\$ 319,785</u>	<u>\$ 68,242</u>	
9	RATE BASE	<u>\$ 131,893</u>		<u>\$ 739,308</u>		<u>\$ 739,308</u>	
10	RATE OF RETURN	<u>-</u> %		<u>-</u> %		<u>8.95</u> %	

Schedule of Requested Cost of Capital (Final Rates)
Beginning and End of Year Average

Florida Public Service Commission

Company: Gold Coast Utility Corp
Docket No.: 060246-WS
Schedule Year Ended: December 31, 2005
Interim [] Final [X]
Historic [X] Projected []

Schedule: D-1
Page 1 of 1
Preparer: CJK&W

Subsidiary [X] or Consolidated []

Explanation: Provide a schedule which calculates the requested Cost of Capital on a beginning and end of year average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

Line No.		(1) Total Capital	(2) Ratio	(3) Cost Rate	(4) Weighted Cost
1	Long-Term Debt	\$ 258,211	21.17 %	7.24 %	1.53 %
2	Short-Term Debt				
3	Preferred Stock				
4	Customer Deposits	-		6.00	-
5	Common Equity	961,493	78.83	9.43	7.43
6	Tax Credits - Zero Cost				
7	Accumulated Deferred Income Tax		-		
8	Other (Explain)				
9	Total	\$ 1,219,704	100.00 %		8.96 %