

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of facilities, and Certificate Nos. 524-W and 459-S, from Silver Fox Utility Company, LLC, to Hometown Canada Utility, Inc., in Pasco County.

DOCKET NO. 120162-WS
ORDER NO. PSC-13-0323-PAA-WS
ISSUED: July 15, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING NET BOOK VALUE OF WATER AND WASTEWATER
FACILITIES AND DECLINING TO INCLUDE A POSITIVE ACQUISITION ADJUSTMENT
IN RATE BASE

AND

ORDER APPROVING TRANSFER OF WATER AND WASTEWATER
FACILITIES AND CERTIFICATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein establishing Net Book Value and declining to approve a positive acquisition adjustment in rate base is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code, (F.A.C.).

BACKGROUND

Silver Fox Utility Company, LLC d/b/a Timberwood Utilities (Silver Fox or Utility) is a Class C utility serving approximately 160 water and wastewater customers in the Arbor Oaks Mobile Home Park in Pasco County. The service territory is located in the Southwest Florida Water Management District and is in a critical water use caution area. The Utility's 2012 annual report shows total gross revenues of \$25,822 for water and \$31,149 for wastewater, with net operating income of \$1,721 for water, and a net operating loss of \$1,569 for wastewater. The

utility was granted Certificate Nos. 524-W and 459-S in 1989 and 1990, respectively.¹ Since it's certification, the Utility has experienced three transfers and two name changes.²

On May 29, 2012, an application was submitted for the transfer of facilities and Certificate Nos. 524-W and 459-S from Silver Fox to Hometown Canada Utility, Inc. (Hometown Canada). As explained below, we approve the application for transfer. We have jurisdiction to consider this matter pursuant to Section 367.071, Florida Statutes (F.S.), and Rule 25-30.037, F.A.C.

THE TRANSFER APPLICATION

The transfer application that Silver Fox filed on May 29, 2012, is in compliance with the governing statutes, Section 367.071, F.S., and other pertinent statutes and administrative rules concerning applications for transfer of certificates. Pursuant to Section 367.071(1), F.S., the closing occurred on March 31, 2012, contingent upon our approval.

Noticing

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. No objections to the notice of application have been received and the time for filing such has expired.

Facility Description and Compliance

Silver Fox purchases bulk water from Pasco County and resells it to its customers. The wastewater treatment consists of aeration, clarification, chlorination, and aerobic digestion of solids with a 25,000 gallons per day annual average daily flow system. The effluent is disposed of in percolation ponds. The collection system consists of polyvinylchloride (PVC) mains with two lift stations. The wastewater system is currently in substantial compliance with applicable standards set by the Florida Department of Environmental Protection (DEP).

¹ See Order No. 22302, issued December 12, 1989, in Docket No. 891010-WU, In re: Application of Century Group, Inc. for original certificate in Pasco County, and Order No. 22392, issued January 9, 1990, in Docket No. 881003-SU, In re: Application of Century Group, Inc. for Sewer certificate in Pasco County.

² See Order No. 24638, issued June 7, 1991, in Docket No. 910097-WS, In re: Application for transfer of Certificates Nos. 524-W and 459-S from Century Group, Inc. to B.D.C., Inc. in Pasco County; Order No. 25211, issued October 14, 1991, in Docket No. 910968-WS, In re: Request for acknowledgement of name change on Certificates Nos. 524-W and 459-S in Pasco County from B.D.C., Inc. to B.D.C., Inc. d/b/a Timberwood Utilities; Order No. PSC-01-1167-PAA-WS, issued May 22, 2001, in Docket No. 001513-WS, In re: Application for transfer of Certificate Nos. 524-W and 459-S in Pasco from Arbor Oaks I, LLC & Arbor Oaks II, LLC, both Delaware Limited Liability Companies d/b/a Timberwood Utilities, to Mink Associates I, LLC, a Florida Limited Liability Company d/b/a Timberwood Utilities; Order No. PSC 02-1413-FOF-WS, issued October 15, 2002, in Docket No. 020552-WS, In re: Application for name change on Certificate Nos. 524-W and 459-W in Pasco County from Mink Associates I, LLC. d/b/a Timberwood Utilities to Mink Associates II, LLC. d/b/a Timberwood Utilities; and Order No. PSC-05-0682-FOF-WS, issued June 20, 2005, in Docket No. 050062-WS, In re: Joint application for transfer of Mink Associates II, LLC d/b/a Timberwood Utilities, holder of Certificate Nos. 524-W and 459-S, to Silver Fox Utility Company, LLC d/b/a Timberwood Utilities, in Pasco County.

Territory and Land Ownership

The application contains a description of the transferred territory, a detailed system map, and an adequate territory map. A description of the territory being transferred is appended to this Order as Attachment A. As evidence that the Utility has continued use of the land, Silver Fox provided an executed copy of the assignment of lease from Silver Fox to Hometown Canada. The lease is a 99-year lease agreement between the Utility's past owners Mink I and Mink II, dated August 26, 2002. The lease was subsequently assigned from Mink II to Silver Fox when the Utility was transferred in 2005. Ownership of the land still resides with Mink I. The lease covers the entire mobile home park including the land upon which the wastewater treatment facilities are located.

Purchase Agreement and Financing

The application contains a copy of the purchase agreement which includes the purchase price, terms of payment, and a list of the assets purchased. Hometown Canada purchased the Arbor Oaks Mobile Home Park, including the utility facilities, for \$5,600,000, which was paid by Dr. Gratio Tsang, the sole shareholder, through assumption of an existing mortgage of \$3,150,000 and cash payment of \$2,450,000. At the time of the purchase, the parties allocated approximately \$360,000 of the total purchase price toward the purchase of the utility assets involved in the purchase. The application indicates that Hometown Canada recognizes that it is bound by this Commission's establishment of the rate base for transfer purposes. There are no customer deposits, guaranteed revenue contracts, developer agreements, or debt of Silver Fox that must be disposed of in relation to the transfer. As noted, the transfer took place on March 31, 2012, subject to our approval.

Financial and Technical Ability

The application states that the transfer is in the public interest because the residents of the park rely on the services provided by the Utility to provide potable water and wastewater service to their homes. Also, these services contribute to the health, safety, and welfare of the residents and community. Further, the application states that Hometown Canada stands ready to fulfill all of the contractual and regulatory commitments, obligations and representations of Silver Fox with regard to utility matters.

The application indicates that Hometown Canada has the necessary financial and technical ability to provide adequate, safe, and reliable water and wastewater service to the Utility's customers. Hometown Canada is an active corporation authorized to conduct business in Florida since February 17, 2012. As noted above, the sole owner of the corporation is Dr. Gratio Tsang. In support of its financial ability, Hometown Canada provided the personal financial statement of Dr. Tsang. Our review of the personal financial statement indicates that Dr. Tsang has the financial ability to provide quality water and wastewater service.

Regarding technical ability, the application indicates that Hometown Canada hired Florida Environmental Solutions, Inc., a utility contractor with several licensed plant operators, to operate the utility facilities. Also, Hometown Canada retained Silver Fox's customer services

manager and administrator who had experience in billing and managing the Silver Fox systems. Hometown Canada also continues to obtain rate and regulatory services from a licensed professional engineer who is familiar with Silver Fox's operations.

Hometown Canada receives accounting services from personnel located at its offices in California. Consequently, on April 11, 2013, pursuant to Rule 25-30.110(1)(b), F.A.C., Hometown Canada filed a request that we authorize the Utility to maintain its accounting records at the Utility's parent offices in San Bruno, California. Hometown Canada stated that maintaining the accounting records at the parent's office will permit more efficient and cost-effective service and reduce duplication of expenses. Customer billing records will be maintained at the Utility location in Florida. By Order No. PSC-13-0312-FOF-WS, issued July 11, 2013, the Utility's request was approved.

The Utility is current on its regulatory assessment fees (RAFs) and has filed an annual report for 2012 and prior years. Specifically, Silver Fox paid all RAFs due through the closing date of March 31, 2012, and Hometown Canada paid the remainder of the RAFs due since the closing date. Hometown Canada also filed the Utility's 2012 annual report. Hometown Canada will be responsible for filing annual reports and paying RAFs going forward.

Hometown Canada has been operating the Utility's water and wastewater systems since April 2012, and is currently in compliance with both Commission and DEP regulations. Further, in 2011, prior to the purchase of the systems by Hometown Canada, the Utility showed net operating losses of \$5,797 and \$13,556 for water and wastewater, respectively. Under Hometown Canada's management, in 2012, the Utility reported net operating income of \$1,721 for water and reduced the net operating loss for wastewater to \$1,569, showing an improvement in the financial condition of the Utility. Based on all the above, we find that Hometown Canada has the necessary financial and technical ability to provide adequate, safe, and reliable service. Therefore, the transfer of Silver Fox's facilities and Certificate Nos. 524-W and 459-S to Hometown Canada is in the public interest.

Rates and Charges

The Utility's rates and charges were last approved in a 2005 staff-assisted rate case (SARC) for water and a 2008 staff-assisted alternative rate setting for wastewater.³ The Utility has also consistently filed index rate adjustments from 2006 through 2012. The Utility's existing rates and charges are shown on Schedule No. 2. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. We find that the Utility's existing rates and charges shall remain in effect until we authorize a change in a subsequent proceeding.

³ See Order No. PSC-05-1218-PAA-WS, issued December 15, 2005, in Docket No. 050274-WS, In re: Application for staff-assisted rate case in Pasco County by Silver Fox Utility Company LLC d/b/a Timberwood Utilities, and Order Nos. PSC-09-0016-PAA-SU and PSC-09-0016A-PAA-SU, issued January 5 and 21, 2009, in Docket No. 080497-SU, In re: Application for staff-assistance for alternative rate setting for increase in wastewater rates, in Pasco County, by Silver Fox Utility LLC d/b/a Timberwood Utilities.

Conclusion

Based on the above analysis, we find that the transfer is in the public interest and shall be approved, effective June 25, 2013. The territory being transferred is described in Attachment A. This Order shall serve as Hometown Canada's water and wastewater certificates and shall be retained by Hometown Canada. Pursuant to Rule 25-9.044(1), F.A.C., the rates and charges approved for the Utility shall be continued until we authorize a change in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective for services rendered or connections made on or after the stamped approval date on the tariff pages, pursuant to Rule 25-30.475, F.A.C.

NET BOOK VALUE AND ACQUISITION ADJUSTMENT

Rate base for Silver Fox's water and wastewater systems was last established as of December 31, 2004, in the amounts of \$12,704 for the water system and \$45,215 for the wastewater system, pursuant to Order No. PSC-05-1218-PAA-WS (PAA Order).⁴ An audit of the Utility's books and records was conducted to establish the net book value for transfer purposes as of February 29, 2012. The Utility's books and records are in substantial compliance with the National Association of Regulatory Utility Commissioners' (NARUC) Uniform System of Accounts (USOA). Net book value is used to determine whether an acquisition adjustment should be approved and does not include normal rate making adjustments for used and useful plant or working capital. Our approved water and wastewater net book value balances, as described below, are also shown on Schedule Nos. 1 and 2, respectively.

Utility Plant in Service (UPIS)

The Utility recorded a water UPIS balance of \$68,319 and a wastewater UPIS balance of \$195,972, as of February 29, 2012. The PAA Order established the beginning balances for UPIS as of December 31, 2004. We reconciled the beginning balances, including our adjustments, with the Utility's books and records, and traced the plant additions and retirements from January 1, 2005, to February 29, 2012, to supporting documentation. No exceptions were noted. Therefore, we find that the Utility's water and wastewater UPIS balances as of February 29, 2012, shall be \$68,319 and \$195,972, respectively, as shown on Schedule Nos. 1 and 2.

Land

As discussed above, the Utility purchases bulk water from Pasco County for resale, and therefore does not own or lease any land associated with the provision of water service. The Utility recorded a wastewater land balance of \$10,152, as of February 29, 2012, which was the value of the land when the Utility received its wastewater certificate in 1990. Subsequent transfers of the wastewater system resulted in this land being leased by the new owners from the prior owners. Consequently, pursuant to the PAA Order, the land was removed from rate base and the Utility was given an allowance for land rental. Our audit staff noted that the Utility did

⁴ Issued December 15, 2005, in Docket No. 050274-WS, In re: Application for staff-assisted rate case in Pasco County by Silver Fox Utility Company LLC d/b/a Timberwood Utilities.

not remove the land value from its general ledger. Land shall be reduced by \$10,152 to remove the cost of land from the Utility's general ledger. Accordingly, the Utility's wastewater land balance as of February 29, 2012, shall be \$0, as shown on Schedule No. 2.

We note that on June 6, 2013, the Florida Office of Public Counsel filed a letter in this docket expressing concern over an annual escalation clause included in the Utility's 99-year lease. Rule 25-30.037(2)(q), F.A.C., requires in part that the application for transfer include "evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease." The Utility provided the assignment of lease as evidence that Hometown Canada will have continued use of the land upon which the wastewater treatment facilities are located. Our review of the assignment of lease and the 99-year lease in this docket is limited to making a determination of whether Hometown Canada has satisfied the requirement of Rule 25-30.037(2)(q), F.A.C., and does not include any consideration of specific costs for ratemaking purposes. Hometown Canada has not requested any rate changes in this docket and we will continue the Utility's existing rates. Accordingly, the value or any increase in the land rental amount approved in the PAA Order would need to be addressed in a future rate proceeding.

Accumulated Depreciation

The PAA Order established accumulated depreciation balances for water and wastewater as of December 31, 2004. The Utility recorded accumulated depreciation balances of \$52,546 and \$154,282 for the water and wastewater systems, respectively, as of February 29, 2012. The Utility did not use Commission-approved depreciation rates as per Rule 25-30.140, F.A.C. Our audit staff calculated accumulated depreciation balances of \$42,619 and \$159,809 for water and wastewater, respectively, as of February 29, 2012. Accumulated depreciation shall be decreased by \$9,927 for water and increased by \$5,527 for wastewater. Therefore, we find that the Utility's accumulated depreciation balances as of February 29, 2012, shall be \$42,619 for water and \$159,809 for wastewater, as shown on Schedule Nos. 1 and 2.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

The Utility recorded water and wastewater CIAC balances of \$34,857 and \$70,799, respectively. The PAA Order established balances for CIAC of \$53,583 and \$95,165 for water and wastewater, respectively, as of December 31, 2004. Our audit staff verified that there were no additions to CIAC since the last time rate base was established, and also determined that the Utility did not adjust the balances in its general ledger for CIAC per our order. Accordingly, CIAC shall be increased by \$18,726 and \$24,366 for water and wastewater, respectively, to reflect the balances approved in the PAA Order. We find that the Utility's CIAC balances as of February 29, 2012, are \$53,583 and \$95,165 for water and wastewater, respectively, as shown on Schedule Nos. 1 and 2.

Also, the Utility did not record accumulated amortization of CIAC in its ledger. The PAA Order established balances for accumulated amortization of CIAC of \$25,908 and \$53,205 for water and wastewater, respectively, as of December 31, 2004. Our audit staff calculated accumulated amortization of CIAC balances of \$37,319 and \$74,560 for water and wastewater,

respectively, as of February 29, 2012. Accumulated amortization of CIAC shall be increased by \$37,319 and \$74,560 for water and wastewater, respectively. We find that the Utility's accumulated amortization of CIAC balances as of February 29, 2012, are \$37,319 and \$74,560 for water and wastewater, respectively, as shown on Schedule Nos. 1 and 2.

Net Book Value

The Utility's records reflect net book values of (\$19,084) and (\$18,957) for water and wastewater, respectively, as of February 29, 2012. Based on the adjustments described above and shown on Schedule Nos. 1 and 2, we find that the net book value for the Utility's water and wastewater systems as of February 29, 2012, are \$9,436 and \$15,558, respectively, for a total net book value of \$24,994. Schedule Nos. 1 and 2 also contain the NARUC account balances for UPIS and accumulated depreciation as of February 29, 2012.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the net book value of the assets at the time of the acquisition. According to the application, the parties allocated approximately \$360,000 of the total mobile home park purchase price toward the purchase of the utility assets involved in the purchase. Based on a total net book value of \$24,994 as of February 29, 2012, the purchase price would result in a positive acquisition adjustment of \$335,006. Pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Hometown Canada did not request an acquisition adjustment in its application. Further, the application indicates that Hometown Canada recognizes that it is bound by our establishment of rate base for transfer purposes. Therefore, we find that a positive acquisition adjustment shall not be included in rate base.

Conclusion

The net book values of Silver Fox's water and wastewater systems for transfer purposes are \$9,436 and \$15,558, respectively, as of February 29, 2012. A positive acquisition adjustment shall not be included in rate base. Within 30 days of the date of the final order, Hometown Canada shall provide general ledgers that show its books have been updated to reflect the Commission-approved balances as of February 29, 2012, along with a statement that these adjustments will also be reflected in the Utility's 2013 annual report.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Application for transfer of facilities, and Certificate Nos. 524-W and 459-S, from Silver Fox Utility Company, LLC, to Hometown Canada Utility, Inc., in Pasco County is approved as set out in the body of this Order, effective June 25, 2013. It is further

ORDERED that this Order shall serve as Hometown Canada's water and wastewater certificates and shall be retained by Hometown Canada. It is further

ORDERED that the net book values of Silver Fox's water and wastewater systems for transfer purposes are \$9,436 and \$15,558, respectively, as of February 29, 2012. It is further

ORDERED that a positive acquisition adjustment shall not be included in rate base. It is further

ORDERED that within 30 days of the date of the final order, Hometown Canada shall provide general ledgers that show its books have been updated to reflect the Commission-approved balances as of February 29, 2012, along with a statement that these adjustments will also be reflected in the Utility's 2013 annual report. It is further

ORDERED that the rates and charges approved for the Utility shall be continued until we authorize a change in a subsequent proceeding. It is further

ORDERED that the tariff pages reflecting the transfer shall be effective for services rendered or connections made on or after the stamped approval date on the tariff pages, pursuant to Rule 25-30.475, F.A.C. It is further

ORDERED that the provisions of this Order establishing net book value of the utility facilities and declining to include a positive acquisition adjustment in rate base, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 15th day of July, 2013.



ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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

As identified in the body of this order, our action establishing the net book value of the water and wastewater facilities and declining to include an acquisition adjustment in rate base is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 5, 2013. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Hometown Canada Utility, Inc.
Description of Water and Wastewater Territory
Pasco County

The following described lands located in a portion of Section 9, Township 26 South, Range 21 East, Pasco County, Florida:

In Section 9

The SW 1/4 of the NE 1/4 of the NW 1/4 and the S 1/2 of the SE 1/4 of the NE 1/4 of the NW 1/4 and the N 1/2 of the N 1/2 of the SE 1/4 of the NW 1/4.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Hometown Canada Utility, Inc.
pursuant to
Certificate Number 524-W

to provide water service in Pasco County in accordance with the provisions of Chapter 367, F.S., and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
22302	12/12/89	891010-WU	Original Certificate
24638	06/07/91	910097-WS	Transfer of Certificate
25211	10/14/91	910968-WS	Name Change
PSC-01-1167-PAA-WS	05/22/01	001513-WS	Transfer of Certificate
PSC-02-1413-FOF-WS	10/15/02	020552-WS	Name Change
PSC-05-0682-FOF-WS	06/20/05	050062-WS	Transfer of Certificate
PSC-13-0323-PAA-WS	07/15/13	120162-WS	Transfer of Certificate

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Hometown Canada Utility, Inc.
pursuant to
Certificate Number 459-S

to provide wastewater service in Pasco County in accordance with the provisions of Chapter 367, F.S., and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
22392	01/09/90	881003-SU	Original Certificate
24638	06/07/91	910097-WS	Transfer of Certificate
25211	10/14/91	910968-WS	Name Change
PSC-01-1167-PAA-WS	05/22/01	001513-WS	Transfer of Certificate
PSC-02-1413-FOF-WS	10/15/02	020552-WS	Name Change
PSC-05-0682-FOF-WS	06/20/05	050062-WS	Transfer of Certificate
PSC-13-0323-PAA-WS	07/15/13	120162-WS	Transfer of Certificate

Hometown Canada Utility, Inc.

Water

Residential and General Service

Base Facility Charge by Meter Size:

5/8" x 3/4"	\$ 9.11
3/4"	\$ 13.68
1"	\$ 22.78
1 1/2"	\$ 45.55
2"	\$ 72.88
3"	\$ 136.66
4"	\$ 227.86
6"	\$ 455.54
Gallonge Charge per 1,000 gallons	\$ 6.89

Wastewater

Residential Service

Base Facility Charge All Meter Sizes: \$ 14.42

Gallonge Charge per 1,000 gallons (6,000 gallon cap) \$ 6.44

General Service

Base Facility Charge by Meter Size:

5/8" x 3/4"	\$ 14.42
3/4"	\$ 21.60
1"	\$ 36.02
1 1/2"	\$ 72.05
2"	\$ 115.28
3"	\$ 216.17
4"	\$ 360.25
6"	\$ 720.51
Gallonge Charge per 1,000 gallons	\$ 7.68

Miscellaneous Service Charges

	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$17.46	\$17.05
Normal Connection	\$17.46	\$17.05
Violation Reconnection	\$17.46	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$11.65	\$11.35
Late Payment	\$ 5.81	\$ 5.68

Service Availability Charges

	<u>Water</u>	<u>Wastewater</u>
Meter Installation Fee	\$100.00	N/A
Plant Capacity Charge	N/A	\$500.00

Hometown Canada Utility, Inc.
Water Net Book Value as of February 29, 2012

Description	Balance per Utility	Adjustments		Commission Approved
Utility Plant in Service	\$68,319	0		\$68,319
Accumulated Depreciation	(52,546)	\$ 9,927	A	(42,619)
Contributions in Aid of Construction (CIAC)	(34,857)	(18,726)	B	(53,583)
Accumulated Amortization of CIAC	<u>0</u>	<u>37,319</u>	C	<u>37,319</u>
Water Net Book Value	<u>(\$19,084)</u>	<u>\$ 28,520</u>		<u>\$ 9,436</u>

Explanation of Adjustments to Water Net Book Value

Explanation	Amount
A. Accumulated Depreciation	
1. To reflect the appropriate accumulated depreciation balance.	\$ 9,927
B. CIAC	
1. To reflect adjustments from Order No. PSC-05-1218-PAA-WS.	(18,726)
C. Accumulated Amortization of CIAC	
1. To reflect the appropriate accumulated amortization of CIAC balance.	<u>37,319</u>
Total Adjustments to Net Book Value as of February 29, 2012	<u>\$ 28,520</u>

Approved Water Account Balances as of February 29, 2012

Acct. No.	Description	UPIS	Accumulated Depreciation
301	Organization	\$ 5,007	(\$ 3,833)
304	Structures and Improvements	263	(236)
331	Transmission and Distribution Mains	53,583	(33,371)
334	Meters and Meter Installations	5,925	(1,638)
335	Hydrants	0	0
340	Office Furniture and Equipment	<u>3,541</u>	<u>(3,541)</u>
	Total	<u>\$68,319</u>	<u>(\$42,619)</u>

Hometown Canada Utility, Inc.

Wastewater Net Book Value as February 29, 2012

Description	Balance per Utility	Adjustments		Commission Approved
Utility Plant in Service	\$195,972	\$ 0		\$195,972
Land	10,152	(10,152)	A	0
Accumulated Depreciation	(154,282)	(5,527)	B	(159,809)
Contributions in Aid of Construction (CIAC)	(70,799)	(24,366)	C	(95,165)
Accumulated Amortization of CIAC	<u>0</u>	<u>74,560</u>	D	<u>74,560</u>
Wastewater Net Book Value	<u>(\$ 18,957)</u>	<u>\$ 34,515</u>		<u>\$ 15,558</u>

Explanation of Adjustments to Wastewater Net Book Value

Explanation	Amount
A. Land	
1. To reflect adjustments from Order No. PSC-05-1218-PAA-WS.	(\$10,152)
B. Accumulated Depreciation	
1. To reflect the appropriate accumulated depreciation balance.	(5,527)
C. CIAC	
1. To reflect adjustments from Order No. PSC-05-1218-PAA-WS.	(24,366)
D. Accumulated Amortization of CIAC	
1. To reflect the appropriate accumulated amortization of CIAC balance.	<u>74,560</u>
Total Adjustments to Net Book Value as of February 29, 2012	<u>\$ 34,515</u>

Approved Wastewater Account Balances as of February 29, 2012

Acct. No.	Description	UPIS	Accumulated Depreciation
354	Structures and Improvements	\$ 81,228	(\$74,686)
361	Collection Sewers – Gravity	89,967	(62,146)
363	Services	5,466	(4,209)
380	Treatment and Disposal Equipment	12,866	(12,865)
381	Plant Sewers	2,904	(2,362)
390	Office Furniture and Equipment	<u>3,541</u>	<u>(3,541)</u>
	Total	<u>\$195,972</u>	<u>(\$159,809)</u>