

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County.

DOCKET NO. 130171-WS
ORDER NO. PSC-14-0300-PAA-WS
ISSUED: June 11, 2014

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER DETERMINING NET BOOK VALUES AND
APPROVING A NEGATIVE ACQUISITION ADJUSTMENT
AND
ORDER DELETING THE JUMPER CREEK TERRITORY FROM
CERTIFICATE NOS. 507-W AND 441-S, AND APPROVING TRANSFER
OF FACILITIES AND CERTIFICATE NOS. 507-W AND 441-S
TO THE WOODS UTILITY COMPANY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein determining net book values and approving a negative acquisition adjustment 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

On June 24, 2013, The Woods Utility Company (The Woods or Utility) filed an application for the transfer of Certificate Nos. 507-W and 441-S on behalf of Aqua Utilities Florida, Inc. (Aqua) in Sumter County. The service area is located in the Southwest Florida Water Management District and is not in a water use caution area. According to Aqua's 2012 Annual Report, the Utility serves 66 water and 59 wastewater customers in a subdivision known as The Woods.

The present application for transfer approval is one of six active applications that have been simultaneously filed with this Commission. These applications request transfer approval of

water and wastewater systems previously owned by Aqua in five different counties. The Woods, along with the utilities who filed the other five transfer applications, have been recently created, and share common management and ownership.

According to its 2012 Annual Report, Aqua had total revenues of \$15,773,003 (\$9,646,699 for water and \$6,126,304 for wastewater). It provided service to 62 water systems and 30 wastewater systems within 17 counties. Water and wastewater rates for most of Aqua's systems were last approved in 2012 in a file and suspend rate case.¹ Recently, Aqua made a decision to cease operations in the state. As a result, 53 water systems and 26 wastewater systems owned by Aqua have been transferred to non-jurisdictional entities. The remaining nine water systems and four wastewater systems owned by Aqua have not yet been transferred and are the subject of the six applications discussed above.

Certificate Nos. 507-W and 441-S were originally granted in 1988 under the name of Homosassa Utilities, Inc.² There was an amendment to the water certificate territory in 1991.³ A transfer was made to USA Utilities Unit 2, Inc., in 1992.⁴ In 1993, there was a name change to Sumter Water Company, Inc.⁵ In 1996, there was a transfer of Majority Organizational Control.⁶ In 1997, there was a transfer to Crystal River Utilities, Inc.⁷ In 1999, there was a transfer of Majority Organizational Control.⁸ In 2003, there was an acquisition of stock by Philadelphia Suburban and resulting transfer of controlling interest.⁹ In 2004, there was a

¹ Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

² Order No. 19848, issued August 22, 1988, in Docket No. 880013-WS, In re: Application of Homosassa Utilities, Inc. for water and sewer certificates under grandfather rights, Sumter County, Florida.

³ Order No. 25012, issued September 04, 1991, in Docket No. 910586-WU, In re: Application for Amendment of Certificate No. 507-W in Sumter County by Homosassa Utilities, Inc.

⁴ Order No. PSC-92-1113-FOF-WS, issued October 5, 1992, in Docket No. 920176-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S from Homosassa Utilities, Inc. in Sumter County, Florida.

⁵ Order No. PSC-93-1418-FOF-WS, issued September 29, 1993, in Docket No. 930614-WS, In re: Request for name change on Certificate Nos. 507-W and 441-S in Sumter County from USA Utilities Unit 2, Inc. to Sumter Water Company, Inc.

⁶ Order No. PSC-96-0666-FOF-WS, issued May 14, 1996, in Docket No 951330-WS, In re: Application for approval of transfer of majority organizational control of Certificates Nos. 507-W and 441-S held by Sumter Water Company, Inc. in Sumter County from T.O. Sullivan to John H. Hotaling.

⁷ Order No. PSC-97-0312-FOF-WS, issued March 24, 1997, in Docket No. 960643-WS, In re: Application for transfer of Certificates Nos. 507-W and 441-S in Sumter County from Sumter Water Company, Inc. to Crystal River Utilities, Inc.

⁸ Order No. PSC-99-0483-FOF-WS, issued March 8, 1999, in Docket No. 981508-WS, In re: Application for approval of transfer of majority organizational control of Crystal River Utilities, Inc., holder of Certificate Nos. 123-W, 396-W, 507-W, 441-S, 53-W, 594-W, and 510-S in Polk, Sumter, Lake, Citrus, and Palm Beach Counties, to AquaSource Utility, Inc.

⁹ Order No. PSC-03-0163-FOF-WS, issued February 3, 2003, in Docket No. 021023-WS, In re: Joint application for approval of acquisition by Philadelphia Suburban Corporation of stock of AquaSource Utility, Inc., and resulting transfer of controlling interest of Arrendondo Utility Company, Inc., Crystal River Utilities, Inc., Jasmine Lakes Utilities Corporation, Lake Suzy Utilities, Inc., and Ocala Oaks Utilities, Inc.

fictitious name change to Aqua. Utilities Florida, Inc.¹⁰ In 2006, there was an acknowledgment of corporate reorganization and name change from Aqua Utilities Florida, Inc. to AquaSource Utility, Inc. The most recent Commission-approved certificate activity to Certificate Nos. 507-W and 441-S was an amendment to the water and wastewater certificates.¹¹ This amendment dealt with a residential area in Sumter County known as Jumper Creek. As set forth herein, the Jumper Creek water and wastewater territories are deleted from the certificates at issue here, and in Docket No. 130176-WS, those same territories are being issued new certificate numbers.

This order addresses the transfer of the water system and wastewater system, the deletion of the Jumper Creek territory, the determination of the net book values of the water and wastewater system at the time of transfer, and approval of a negative acquisition adjustment. We have jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

Approving Application for Transfer

On June 24, 2013, The Woods filed an application for approval of the transfer of Aqua's The Woods water and wastewater systems and Certificate Nos. 507-W and 441-S on behalf of Aqua. As stated in the case background, the Jumper Creek water and wastewater territories and The Woods water and wastewater territories are both presently included within Certificate Nos. 507-W and 441-S. The Jumper Creek water and wastewater territories are deleted in this present docket, and in Docket No. 130176-WS, we are issuing new certificate numbers for those same territories to Jumper Creek. The Woods territories being transferred and the Jumper Creek territories being deleted out of Certificate Nos. 507-W and 441-S are described in Attachment A. The application is in compliance with the governing Statute, Section 367.071, F.S., and administrative rules concerning applications for transfer of certificates. The closing occurred on March 28, 2013, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed with this Commission and the time for doing so has expired. The application contains a description of the Utility's water and wastewater service territories, which is appended to this order as Attachment A. The application contains a copy of a Quit Claim Deed that was executed on

¹⁰ Order No. PSC-04-0715-FOF-WS, issued July 21, 2004, in Docket No. 040359-WS. In re: Application for authority to operate under fictitious name, Aqua Utilities Florida, Inc., by AquaSource Utility, Inc., holder of Certificates 268-S, 503-S, 585-W, 371-S, 441-W, and 424-W; Arredondo Utility Company, Inc., holder of Certificate Nos. 549-W and 479-S; Crystal River Utilities, Inc., holder of Certificate Nos. 441-S, 507-W, 510-S, 594-W, 396-W, 123-W, and 053-W; Jasmine Lakes Utilities Corporation, holder of Certificate Nos. 110-W and 083-S; Lake Suzy Utilities, Inc., holder of Certificate Nos. 514-S and 599-W; and Ocala Oaks Utilities, Inc., holder of Certificate No. 346-W.

¹¹ Order No. PSC-11-0377B-PAA-WS, issued November 22, 2011, in Docket No. 100114-WS, In re: Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group, LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 507-W and 441-S, in Sumter County.

March 29, 2013, as evidence that The Woods owns the land upon which the water and wastewater treatment facilities are located pursuant to Rule 25-30.037(2)(q), F.A.C.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(h) and (i), F.A.C., the application contains a copy of the Purchase Agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Aqua that must be disposed of with regard to the transfer. According to the Purchase Agreement, the total purchase price of \$10 was paid for the portion of the assets attributable to the water and wastewater service.

Facility Description and Compliance

The Woods' water treatment system consists of a single well with an aerator, filters used for iron control, and liquid chlorination used for disinfection. The wastewater treatment plant is rated at 15,000 gallons per day, permitted on a three month rolling average daily flow. A two-cell rapid infiltration basin (percolation pond) is utilized for effluent disposal. Commission staff contacted the Florida Department of Environmental Protection (DEP) concerning the Utility's compliance status relative to any Notices of Violation or any DEP consent orders. DEP stated that the system is not subject to any outstanding violations or consent orders.

Technical and Financial Ability

Pursuant to Rule 25-30.037(1)(j), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. According to the application, The Woods' directors have considerable Florida-specific expertise in private utility ownership within the state. The directors of The Woods have been in the water and wastewater utility management, operations, and maintenance industry for many years, providing service to more than 550 Florida facilities throughout their careers. Further, the application indicates that the President and Vice President of The Woods have 28 and 36 years, respectively, of operation or ownership of utilities, including a number of utilities previously regulated by the Commission. Our staff also reviewed the personal financial statements for the President and Vice President of The Woods¹² and did not identify any concerns. The application indicates that operating, billing, collection, and customer services will be provided by contract through an affiliated entity, U.S. Water Services Corporation (U.S. Water), which currently provides such services to utilities serving approximately 80,000 customers in Florida. The President of U.S. Water is part owner of other systems regulated by the Commission, including Harbor waterworks, Inc.,¹³ Lakeside Waterworks, Inc.,¹⁴ LP Waterworks, Inc.,¹⁵ and several of the systems previously owned by Aqua.¹⁶

¹² Document No. 02835-12 in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

¹³ Order No. PSC-12-0587-PAA-WU, issued October 29, 2012, in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

¹⁴ Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, In re: Application for

Commission staff requested a three-year projected budget to further evaluate the ability of The Woods to maintain operations of the Utility going forward. The projected budget included data on net operating income, cost of capital, and rate base. The projections are reasonable and include capital improvements, as well as anticipated increases in costs. Based on the above, we find that The Woods has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved in 2012 in a file and suspend rate case.¹⁷ In 2013, in accordance with Section 367.0816, F.S., the rates were subsequently reduced to reflect the expiration of rate case expense approved in 2010.¹⁸ The Utility's existing rates and charges are shown on Schedule Nos. 1 and 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. Therefore, the Utility's existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Regulatory Assessment Fees (RAFs) and Annual Reports

We have verified that the Utility is current on RAFs for the calendar year ended December 31, 2013. The Utility received an extension to file its Annual Report for 2013. The Woods shall be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAFs, and shall be responsible for filing all future annual reports and RAFs.

approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.

¹⁵ Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.

¹⁶ Docket No. 130172-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County; Docket No. 130173-WU, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach County; Docket No. 130174-WU, In re: Application for approval of transfer of Aqua Utilities Florida, Inc.'s water systems and Certificate No. 002-W in Brevard County; Docket No. 130175-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County; and Docket No. 130176-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to Jumper Creek Utility Company in Sumter County.

¹⁷ Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

¹⁸ Order No. PSC-10-0297-PAA-WS, issued May 10, 2010, in Docket No. 080121-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

Conclusion

Based on the above, we find that the transfer of The Woods water and wastewater systems and Certificate Nos. 507-W and 441-S is in the public interest and the deletion of the Jumper Creek territory from Certificate Nos. 507-W and 411-S shall be approved effective the date of our vote, June 5, 2014. The Woods territories being transferred and the Jumper Creek territories being deleted from Certificate Nos. 507-W and 441-S are described in Attachment A. The resultant order shall serve as The Wood's certificates and shall be retained by the Utility. The Utility's existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Woods shall be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAFs, and shall be responsible for filing all future annual reports and RAFs.

Determining Net Book Values

The purpose of establishing net book value (NBV) for transfer applications is to determine whether an acquisition adjustment should be approved. NBV does not include normal ratemaking adjustments for used and useful plant or working capital. Our approved NBVs, as described below, are shown on Schedule Nos. 3 and 4.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$492,504 and \$185,484, respectively, as of March 28, 2013. Audit staff determined that all Commission adjustments have been properly made. Therefore, we approve water and wastewater UPIS balances as of March 28, 2013, of \$492,504 and \$185,484, respectively, as shown on Schedule Nos. 3 and 4.

Land and Land Rights

The value of land and land rights was last established by Order No. PSC-97-0312-FOF-WS.¹⁹ At that time, we approved a land value of \$3,500 for water and \$7,500 for wastewater. We have identified no adjustments. Therefore, land and land rights are \$3,500 for water and \$7,500 for wastewater as shown on Schedule Nos. 3 and 4.

Accumulated Depreciation

The Utility's general ledger reflects accumulated depreciation balances of \$171,721 and \$101,315, for water and wastewater respectively, as of March 28, 2013. Audit staff determined depreciation accruals to UPIS were not posted in March 2013. As a result, accumulated depreciation is increased by \$1,345 for water and by \$305 for wastewater. Therefore, the

¹⁹ Order No. PSC-97-0312-FOF-WS, issued March 24, 1997, in Docket No. 960643-WS, In re: Application for Transfer of Certificates Nos. 507-W and 441-S in Sumter County from Sumter Water Company, Inc. to Crystal River Utilities, Inc.

Utility's water and wastewater accumulated depreciation balances as of March 28, 2013, are \$173,066 and \$101,620, respectively, as shown on Schedule Nos. 3 and 4.

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

As of March 28, 2013, the Utility's general ledger reflects water and wastewater CIAC balances of \$90,583 and \$65,285, respectively; and accumulated amortization of CIAC balances of \$91,620 and \$62,963, respectively. Audit staff determined that amortization of CIAC accruals were not posted in March 2013. As a result, accumulated amortization of CIAC shall be increased by \$14. Therefore, the Utility's CIAC balances as of March 28, 2013, for water and wastewater are \$90,583 and \$65,285, respectively; and accumulated amortization of CIAC balances for water and wastewater are \$91,634 and \$62,963, respectively, as shown on Schedule Nos. 3 and 4.

Net Book Value

The Utility's general ledger reflected NBVs of \$325,320 and \$89,347, respectively, for water and wastewater as of March 28, 2013. Based on the adjustments described above and as shown on Schedule Nos. 3 and 4, the NBVs for the Utility's water and wastewater systems as of March 28, 2013, are \$323,989 and \$89,042, respectively, for a total NBV of \$413,031. Schedule Nos. 3 and 4 also contain the National Association of Regulatory Utility Commissioners Uniform System of Accounts and balances for UPIS and accumulated depreciation as of March 28, 2013.

Conclusion

Based on the above, the NBVs of The Woods' water and wastewater systems for transfer purposes are \$323,989 and \$89,042, respectively, as of March 28, 2013. Within 30 days of the date of the final order, The Woods shall provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of March 28, 2013. The adjustments shall be reflected in the Utility's 2013 Annual Report when filed.

Approving a Negative Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Pursuant to Rule 25-30.3071, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. Rule 25-30.371, F.A.C., further states that a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Positive acquisition adjustments, if approved, increase rate base. With respect to negative acquisition adjustments, Rule 25-30.371, F.A.C., states that no negative acquisition adjustment shall be included in rate base if the purchase price is greater than 80 percent of the NBV. If the purchase price is equal to or less than 80 percent of the NBV, a negative acquisition adjustment shall be included in rate base equal to 80 percent of the NBV, less the purchase price. Negative acquisition adjustments reduce rate base. Pursuant to Rule 25-

30.0371(4)(b)2, F.A.C., if the purchase price is equal to or less than 50 percent of the net book value, then 50 percent of the negative acquisition adjustment is amortized over a seven-year period and 50 percent amortized over the remaining life of the assets, beginning with the date of the issuance of the order approving the transfer of assets. The Utility estimates that the remaining life of the applicable water assets is 20 years and 23 years for the wastewater assets.

The calculation of The Woods' acquisition adjustment is shown below. We allocated the purchase price of \$10 based on the relative ratio of water and wastewater net book value.

| Calculation of Negative Acquisition Adjustment | | |
|--|---------------------|--------------------------|
| | <u>Water System</u> | <u>Wastewater System</u> |
| Net book value as of March 28, 2013 | \$323,989 | \$89,042 |
| 80 percent of net book value | \$259,191 | \$71,234 |
| Purchase price | \$8 | \$2 |
| Negative acquisition adjustment | \$259,183 | \$71,232 |

Conclusion:

Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$259,183 for the water system and \$71,232 for the wastewater system shall be recognized for ratemaking purposes as of March 28, 2013. Beginning with the date of the issuance of this Order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$129,592 for the water system and \$35,616 for the wastewater system, shall be amortized over a seven-year period and the remaining 50 percent shall be amortized over the remaining life of the assets as discussed above.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of Aqua Utilities Florida, Inc.'s, water and wastewater systems and Certificate Nos. 507-W and 441-S to The Woods Utility Company, including the deletion of the Jumper Creek territory, is in the public interest and is hereby approved effective the date of our vote, June 5, 2014. This Order shall serve as The Woods' certificates and shall be retained by the Utility. It is further

ORDERED that the Utility's existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. It is further

ORDERED that the tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code. It is further

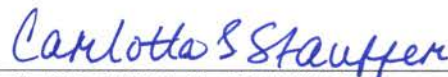
ORDERED that the Woods shall be responsible for filing the Utility's 2013 annual report and paying 2014 regulatory assessment fees, and shall be responsible for filing all future annual reports and regulatory assessment fees. It is further

ORDERED that a negative acquisition adjustment of \$259,183 for the water system and \$71,232 for the wastewater system is recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition, which is \$129,592 for the water system and \$35,616 for the wastewater system, shall be amortized over a seven-year period, and the remaining 50 percent shall be amortized over the remaining life of the assets. It is further

ORDERED that the provisions of this Order, 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 if no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order shall be issued and the docket shall be closed administratively after The Woods has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of March 28, 2013.

By ORDER of the Florida Public Service Commission this 11th day of June, 2014.



CARLOTTA S. STAUFFER
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.

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 determining net book value and approving a negative acquisition adjustment 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 July 2, 2014. 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.

THE WOODS - WATER

SUMTER COUNTY

Township 22 South, Range 21 East

Section 12

The Southwest 1/4 of Southeast 1/4 of Northeast 1/4; and
The 660 South feet of the Southwest 1/4 of Northeast 1/4, less the West 480 feet thereof; and
The North 736 feet of Northwest 1/4 of Southeast 1/4, less the West 489 feet thereof.

Township 22 South, Range 22 East

Section 7

The Southwest 1/4 of the Southeast 1/4 of the Northwest 1/4 lying West of US Highway No. 301; and
The Southeast 1/4 of the Southwest 1/4 of the Northwest 1/4; and
The Southwest 1/4 of the Southwest 1/4 of the Northwest 1/4; and
The Northwest 1/4 of the Northwest 1/4 of the Southwest 1/4; and
The Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4; and
The Northwest 1/4 of the Northeast 1/4 of the Southwest 1/4 lying West of US Highway No. 301; thereof, all being in Section 7, Township 22 South, Range 22 East.

Township 22 South, Range 21 East

Section 12

The Southeast 1/4 of the Southeast 1/4 of the Northeast 1/4; and
The Northeast 1/4 of the Northeast 1/4 of the Southeast 1/4; thereof, all being in Section 12, Township 22 South, Range 21 East, Sumter County, Florida.

THE WOODS - WASTEWATER

SUMTER COUNTY

Township 22 South, Range 21 East

Section 12

The Southwest 1/4 of Southeast 1/4 of Northeast 1/4; and

The 660 South feet of the Southwest 1/4 of Northeast 1/4, less the West 480 feet thereof; and

The North 736 feet of Northwest 1/4 of Southeast 1/4, less the West 489 feet thereof.

**Description of Jumper Creek Water and Wastewater Territories
Deleted from Certificate No's 507-W and 441-S
Sumter County**

**Township 21 South, Range 22 East
Section 24**

Jumper Creek Subdivision

All of Tracts or Parcels 4, 5, And 6 of Plat Book 9, Page 5, Sumter County, Florida Records, being a portion of the following described property:

Begin at the Northeast corner of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 24; thence S.89°54'27"W. along the north line of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of said Section 24 a distance of 660.60 feet to a point being on the East line of the Northwest 1/4 of the Southwest 1/4 of the Northeast 1/4 of said Section 24; thence N.0°02'51"W. along said East line a distance of 362.66 feet; thence S.89°55'28"W. a distance of 320.00 feet; thence N.0°02'51"W. a distance of 250.00 feet to a point being on the south right-of-way line of County Road 48, having a 100.00 foot wide public right-of-way; thence S.89°55'28"W. along said south right-of-way line a distance of 365.39 feet to a point being 25.00 feet westerly of, when measured perpendicularly to, the West line of the East 1/2 of said Section 24; thence S.0°01'42"E. parallel to said West line a distance of 2,297.15 feet; thence N.89°57'30"E. parallel to the South line of the Northeast 1/4 of the Southwest 1/4 of said Section 24 a distance of 927.35 feet to a point being on the West line of the south 600.00 feet of the east 420.00 feet of the Northwest 1/4 of said Section 24; thence N.0°04'05"W. along said West line a distance of 293.06 feet to a point being on the North line of the south 600.00 feet of the east 420.00 feet of the Northwest 1/4 of the Southeast 1/4 of said Section 24; thence N.89°57'42"E. along said North line a distance of 420.00 feet to a point being on the East line of the Northwest 1/4 of the Southeast 1/4 of said Section 24; thence N.0°04'05"W. along said East line a distance of 728.13 feet to the southeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 24; thence N.0°04'01"W. along the East line of the Southwest 1/4 of the Northeast 1/4 of said Section 24 a distance of 664.33 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
The Woods Utility Company
Pursuant to
Certificate Number 507-W

to provide water service in Sumter County in accordance with the provisions of Chapter 367, Florida Statutes, 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> |
|---------------------|--------------------|----------------------|------------------------------|
| 19848 | 08/22/88 | 880013-WS | Grandfather Certificate |
| 25012 | 09/04/91 | 910586-WU | Amendment |
| PSC-92-1113-FOF-WS | 10/05/92 | 920176-WS | Transfer of Certificate |
| PSC-93-1418-FOF-WS | 09/29/93 | 930614-WS | Name Change |
| PSC-96-0666-FOF-WS | 05/14/96 | 951330-WS | Transfer of Majority Control |
| PSC-97-0312-FOF-WS | 03/24/97 | 960643-WS | Transfer of Certificate |
| PSC-99-0483-FOF-WS | 03/08/99 | 981508-WS | Transfer of Majority Control |
| PSC-03-0163-FOF-WS | 02/03/03 | 021023-WS | Stock Acquisition/Transfer |
| PSC-04-0715-FOF-WS | 07/21/04 | 040359-WS | Name Change |
| PSC-06-0973-FOF-WS | 11/22/06 | 060643-WS | Reorganization/Name Change |
| PSC-11-0377-PAA-WS | 09/12/11 | 100114-WS | Transfer/Amendment |
| PSC-14-0300-PAA-WS | 06/11/2014 | 130171-WS | Transfer/Deletion |

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
The Woods Utility Company
Pursuant to
Certificate Number 441-S

to provide wastewater service in Sumter County in accordance with the provisions of Chapter 367, Florida Statutes, 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> |
|---------------------|--------------------|----------------------|------------------------------|
| 19848 | 08/22/88 | 880013-WS | Grandfather Certificate |
| 20518 | 12/23/88 | 880485-SU | Transfer of Certificate |
| PSC-92-1113-FOF-WS | 10/05/92 | 920176-WS | Transfer of Certificate |
| PSC-93-1418-FOF-WS | 09/29/93 | 930614-WS | Name Change |
| PSC-96-0666-FOF-WS | 05/14/96 | 951330-WS | Transfer of Majority Control |
| PSC-97-0312-FOF-WS | 03/24/97 | 960643-WS | Transfer of Certificate |
| PSC-99-0483-FOF-WS | 03/08/99 | 981508-WS | Transfer of Majority Control |
| PSC-03-0163-FOF-WS | 02/03/03 | 021023-WS | Stock Acquisition/Transfer |
| PSC-04-0715-FOF-WS | 07/21/04 | 040359-WS | Name Change |
| PSC-06-0973-FOF-WS | 11/22/06 | 060643-WS | Reorganization/Name Change |
| PSC-11-0377-FOF-WS | 09/12/11 | 100114-WS | Transfer/Amendment |
| PSC-14-0300-PAA-WS | 06/11/2014 | 130171-WS | Transfer/Deletion |

**The Woods Utility Company
 Water**

Residential, General, Multi-Family, and Irrigation Service

Base Facility Charge by Meter Size

| | |
|-------------|------------|
| 5/8" x 3/4" | \$18.92 |
| 3/4" | \$28.38 |
| 1" | \$47.31 |
| 1 1/2" | \$94.61 |
| 2" | \$151.38 |
| 3" | \$302.77 |
| 4" | \$473.07 |
| 6" | \$946.15 |
| 8" | \$1,513.83 |
| 10" | \$2,176.13 |

Charge per 1,000 gallons – Residential and Irrigation Service

| | |
|------------------------|---------|
| 0 – 6,000 gallons | \$6.46 |
| 6,001 – 12,000 gallons | \$9.71 |
| Over 12,000 gallons | \$12.93 |

Charge per 1,000 gallons – General and Multi-Family Service

\$7.25

Private Fire Protection Service

| | |
|-----|----------|
| 2" | \$12.62 |
| 3" | \$25.23 |
| 4" | \$39.43 |
| 6" | \$78.85 |
| 8" | \$126.16 |
| 10" | \$181.34 |

Initial Customer Deposits

| | |
|---------------------|--------------------------------|
| Residential Service | \$89.06 |
| General Service | 2 times average estimated bill |

Miscellaneous Service Charges

| <u>Schedule of Miscellaneous Service Charges</u> | <u>During Hours</u> | <u>After Hours</u> |
|--|---------------------|--------------------|
| Initial Connection Charge | \$22.00 | \$33.00 |
| Normal Reconnection Charge | \$22.00 | \$33.00 |
| Violation Reconnection Charge | \$35.00 | \$55.00 |
| Premises Visit Charge (in lieu of disconnection) | \$22.00 | \$33.00 |
| Late Payment Charge | \$5.00 | \$5.00 |

Returned Check Charge

| | |
|---------------------|---------|
| \$50.00 or less | \$25.00 |
| \$50.01 to \$300.00 | \$30.00 |
| \$300.01 and above | \$40.00 |

Service Availability Charges

Administration and Engineering Fee

Development size

| | |
|--------------------|----------|
| 2-50 customers | \$366.00 |
| 51-250 customers | \$457.00 |
| Over 250 customers | \$501.00 |

Main Extension Charge

| | |
|---------|----------|
| Per ERC | \$446.00 |
|---------|----------|

Meter Installation Charge

| | |
|-----------------------|-------------|
| 5/8" x 3/4" | \$210.00 |
| All other meter sizes | Actual Cost |

Meter With Built-In Backflow Preventer

| | |
|-----------------|-------------|
| All Meter Sizes | Actual Cost |
|-----------------|-------------|

Plant Capacity Charge

| | |
|---------|----------|
| Per ERC | \$700.00 |
|---------|----------|

Service Installation Charge

| | |
|-----------------------|-------------|
| 3/4" | \$1,000.00 |
| All other meter sizes | Actual Cost |

Stand Alone Backflow Prevention Device

| | |
|-----------|-------------|
| All Types | Actual Cost |
|-----------|-------------|

Allowance for Funds Prudently Invested (AFPI)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|
| January | 0.43 | 5.59 | 11.11 | 17.01 | 23.32 |
| February | 0.86 | 6.05 | 11.60 | 17.54 | 23.88 |
| March | 1.28 | 6.51 | 12.09 | 18.06 | 24.44 |
| April | 1.71 | 6.96 | 12.58 | 18.58 | 25.00 |
| May | 2.14 | 7.42 | 13.07 | 19.10 | 25.56 |
| June | 2.57 | 7.88 | 13.56 | 19.63 | 26.12 |
| July | 2.99 | 8.34 | 14.05 | 20.15 | 26.68 |
| August | 3.42 | 8.79 | 14.54 | 20.67 | 27.24 |
| September | 3.85 | 9.25 | 15.02 | 21.19 | 27.81 |
| October | 4.28 | 9.71 | 15.51 | 21.72 | 28.37 |
| November | 4.71 | 10.17 | 16.00 | 22.24 | 28.93 |
| December | 5.13 | 10.62 | 16.49 | 22.76 | 29.49 |

*Remaining ERCs 139 (350 GPD/ERC) as of 2008

**The Woods Utility Company
 Wastewater**

Residential Service

| | |
|--|---------|
| All Meter Sizes | \$34.47 |
| Charge per 1,000 gallons* *6,000 gallon cap | \$8.88 |

General Service and Multi-Family

Base Facility Charge by Meter Size:

| | |
|-------------|------------|
| 5/8" x 3/4" | \$34.47 |
| 3/4" | \$51.71 |
| 1" | \$86.17 |
| 1 1/2" | \$172.35 |
| 2" | \$275.75 |
| 3" | \$551.52 |
| 4" | \$861.74 |
| 6" | \$1,723.47 |
| 8" | \$2,757.56 |
| 10" | \$3,964.00 |

| | |
|--------------------------|---------|
| Charge per 1,000 gallons | \$10.66 |
|--------------------------|---------|

Initial Customer Deposits

| | |
|---------------------|--------------------------------|
| Residential Service | \$135.75 |
| General Service | 2 times average estimated bill |

Miscellaneous Service Charges

| <u>Schedule of Miscellaneous Service Charges</u> | <u>During Hours</u> | <u>After Hours</u> |
|--|---------------------|--------------------|
| Initial Connection Fee | \$22.00 | \$33.00 |
| Normal Reconnection Fee | \$22.00 | \$33.00 |
| Violation Reconnection Fee | Actual Cost | Actual Cost |
| Premises Visit Fee (in lieu of disconnection) | \$22.00 | \$33.00 |
| Late payment | \$5.00 | \$5.00 |

Service Availability Charges

Administration and Engineering Charge

| | |
|-------------------------|----------|
| <u>Development size</u> | |
| 2-50 customers | \$366.00 |
| 51-250 customers | \$457.00 |
| Over 250 customers | \$501.00 |

Main Extension Charge

| | |
|---------|-----------|
| Per ERC | \$ 480.00 |
|---------|-----------|

Plant Capacity Charge

| | |
|---------|------------|
| Per ERC | \$1,300.00 |
|---------|------------|

Service Installation Charge

| | |
|-----------------------|-------------|
| 4" | \$2,000.00 |
| All other meter sizes | Actual Cost |

Allowance for Funds Prudently Invested (AFPI)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|
| January | 1.07 | 13.97 | 27.67 | 42.25 | 57.77 |
| February | 2.14 | 15.11 | 28.88 | 43.54 | 59.14 |
| March | 3.21 | 16.24 | 30.09 | 44.82 | 60.51 |
| April | 4.28 | 17.38 | 31.30 | 46.11 | 61.88 |
| May | 5.35 | 18.52 | 32.51 | 47.40 | 63.25 |
| June | 6.42 | 19.65 | 33.71 | 48.68 | 64.62 |
| July | 7.49 | 20.79 | 34.92 | 49.97 | 65.99 |
| August | 8.56 | 21.92 | 36.13 | 51.25 | 67.36 |
| September | 9.63 | 23.06 | 37.34 | 52.54 | 68.73 |
| October | 10.70 | 24.19 | 38.55 | 53.83 | 70.10 |
| November | 11.77 | 25.33 | 39.76 | 55.11 | 71.47 |
| December | 12.84 | 26.47 | 40.96 | 56.40 | 72.84 |

*Remaining ERCs 140 (280 GPD/ERC) as of 2008

The Woods Utility Company
Water System
Schedule of Net Book Value as of March 28, 2013

| Description | Utility | | | Comm. |
|--------------------------|------------------|-------------------|---|------------------|
| | Proposed | Adjustment | | Approved |
| Utility Plant In Service | \$492,504 | - | | \$492,504 |
| Land & Land Rights | 3,500 | - | | 3,500 |
| Accumulated Depreciation | (171,721) | (1,345) | A | (173,066) |
| CIAC | (90,583) | - | | (90,583) |
| Amortization of CIAC | <u>91,620</u> | <u>14</u> | B | <u>91,634</u> |
| Net Book Value | <u>\$325,320</u> | <u>(\$1,331)</u> | | <u>\$323,989</u> |

**Explanation of Commission Approved
Adjustments to Net Book Value as of March 28, 2013
Water System**

| Explanation | Amount |
|---|------------------|
| A. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation. | <u>(\$1,345)</u> |
| B. Amortization of CIAC To reflect appropriate amount of amortization of CIAC. | <u>\$14</u> |
| Total Adjustments to Net Book Value as of March 28, 2013. | <u>(\$1,331)</u> |

The Woods Utility Company
Water System
Schedule of Commission Approved Account Balances as of March 28, 2013

| Account | | | Accumulated |
|----------------|---------------------------------------|-------------------------|-------------------------|
| No. | Description | UPIS | Depreciation |
| 302.1 | Franchise | \$535 | \$203 |
| 304.2 | Structure and Improvements | 1,081 | (1,317) |
| 304.3 | Structure and Improvements | 23,837 | 4,205 |
| 309.2 | Supply Mains | 4,307 | 398 |
| 311.2 | Pumping Equipment | - | (1,856) |
| 311.4 | Pumping Equipment | 4,851 | 1,516 |
| 320.3 | Water Treatment Equipment | 256,433 | 37,095 |
| 330.4 | Distribution Reservoirs & Standpoints | 34,717 | 4,321 |
| 331.4 | Transmission and Distribution Mains | 16,406 | (1,615) |
| 333.4 | Meter & Meter Installations | 2,359 | 223 |
| 334.4 | Meter & Meter Installations | 19,841 | 2,743 |
| 339.1 | Misc. Equipment | 112,728 | 119,386 |
| 340.5 | Office Furniture | 121 | 121 |
| 343.5 | Tools, Shop, and Garage Equipment | <u>15,289</u> | <u>7,644</u> |
| | Total | <u>\$492,504</u> | <u>\$173,066</u> |

The Woods Utility Company
Wastewater System
Schedule of Net Book Value as of March 28, 2013

| Description | Utility | | | Comm. |
|--------------------------|-----------------|-------------------|---|-----------------|
| | Proposed | Adjustment | | Approved |
| Utility Plant In Service | \$185,484 | - | | \$185,484 |
| Land & Land Rights | 7,500 | - | | 7,500 |
| Accumulated Depreciation | (101,315) | (305) | A | (101,620) |
| CIAC | (65,285) | - | | (65,285) |
| Amortization of CIAC | <u>62,963</u> | - | | <u>62,963</u> |
| Net Book Value | <u>\$89,347</u> | <u>(\$305)</u> | | <u>\$89,042</u> |

**Explanation of Commission Approved
Adjustments to Net Book Value as of March 28, 2013
Wastewater System**

| Explanation | Amount |
|---|----------------|
| A. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation. | <u>\$(305)</u> |
| Total Adjustments to Net Book Value as of March 28, 2013. | <u>(\$305)</u> |

The Woods Utility Company
Wastewater System
Schedule of Commission Approved Account Balances as of March 28, 2013

| Account | | | Accumulated |
|----------------|-------------------------------|-------------------------|-------------------------|
| No. | Description | UPIS | Depreciation |
| 352.1 | Franchises | \$427 | \$179 |
| 354.2 | Structures and Improvements | 23,369 | 1,765 |
| 354.4 | Structures and Improvements | 18,243 | 3,240 |
| 360.2 | Collection-Force | 9,697 | 1,333 |
| 361.2 | Collection-Gravidity | 29,905 | 118 |
| 365.2 | Flow Measuring Installations | 1,061 | 175 |
| 371.3 | Pumping Equipment | 8,368 | 1,382 |
| 380.4 | Treatment and Disposal Equip. | 7,566 | 3,196 |
| 380.5 | Treatment and Disposal Equip. | 224 | 101 |
| 381.4 | Plant Sewers | 837 | 401 |
| 389.4 | Misc. Equip. | 81,665 | 86,289 |
| 390.7 | Office Furniture | 100 | 101 |
| 398.7 | Other Tangible Plant | <u>4,024</u> | <u>3,340</u> |
| | Total | <u>\$185,484</u> | <u>\$101,620</u> |