

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for approval of transfer of certain water facilities and Certificate No. 619-W from McLeod Gardens Water Company to McLeod Gardens Utilities, LLC, in Polk County.

DOCKET NO. 20160193-WU  
ORDER NO. PSC-2017-0367-PAA-WU  
ISSUED: September 29, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman  
ART GRAHAM  
RONALD A. BRISÉ  
DONALD J. POLMANN

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING NON-SUFFICIENT FUNDS CHARGE, METER TAMPERING  
CHARGE, NET BOOK VALUE AND NEGATIVE ACQUISITION ADJUSTMENT  
AND  
ORDER APPROVING TRANSFER OF CERTIFICATE NO. 619-W FROM MCLEOD  
GARDENS WATER COMPANY TO MCLEOD GARDENS UTILITIES, LLC

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except approving the certificate transfer, 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 August 25, 2016, McLeod Gardens Utilities, LLC (McLeod Gardens, Applicant, or Buyer) filed an application for a transfer of majority ownership control (TMOC) for Certificate No. 619-W from McLeod Gardens Water Company (MGWC, Utility, or Seller) in Polk County. After reviewing the application and following discussions with the Applicant, Commission staff determined that the Applicant should have filed for a transfer rather than a TMOC. Therefore, on October 31, 2016, the Applicant filed a corrected application. The service area is located in the Southwest Florida Water Management District which has enacted year-round water conservation measures. According to the Utility's 2016 Annual Report, it is a Class C utility serving approximately 90 water customers with a net operating loss of \$13,200. Wastewater treatment is provided by septic tanks.

MGWC has been under this Commission's jurisdiction since May 14, 1996, when Polk County transferred jurisdiction to the Commission. On November 27, 2001, MGWC was granted Certificate No. 619-W to operate a water utility.<sup>1</sup> There have been no certification actions since that time. The rates and charges for utility service were most recently approved by this Commission in 2002.<sup>2</sup>

This order addresses the transfer of the water system, the net book value of the water system at the time of transfer, the need for an acquisition adjustment, and additional requested charges. On November 17, 2016, McLeod Gardens waived the 60-day statutory timeframe for our decision on the proposed credit card convenience charges as set forth in Section 367.091(6), Florida Statutes (F.S.). The Utility subsequently withdrew its request for a convenience charge. On August 17, 2017, McLeod Gardens requested a meter-tampering charge and a non-sufficient fund charge (NSF). We have jurisdiction pursuant to Sections 367.071 and 367.091, F.S.

### **Certificate Transfer**

On August 25, 2016, McLeod Gardens Utilities, LLC filed an application for the transfer of Certificate No. 619-W from McLeod Gardens Water Company in Polk County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on September 1, 2016, contingent upon our approval, pursuant to Section 367.071(1), F.S.

### **Noticing, Territory, and Land Ownership**

McLeod Gardens provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the water service territory which is appended to this order as Attachment A. The application contains a copy of a warranty deed that was executed on September 1, 2016, as evidence that the Applicant owns the land upon which the water treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C.

### **Purchase Agreement and Financing**

Pursuant to Rule 25-30.037(2)(i) and (j), F.A.C., the application contains a statement regarding financing and 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 the Utility that must be disposed of with regard to the transfer. According to the purchase agreement, the total purchase price for the assets is \$20,300 paid at closing. According to the purchase agreement, the sale closed on September 1, 2016, subject to our approval, pursuant to Section 367.071(1), F.S.

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<sup>1</sup>Order No. PSC-01-2317-PAA-WU, issued November 27, 2001, in Docket No. 001381-WU, In re: Application for certificate to operate water utility in Polk County by Tevalo, Inc. d/b/a McLeod Gardens Water Company.

<sup>2</sup>Order No. PSC-02-1733-PAA-WU, issued December 9, 2002, in Docket No. 011677-WU, In re: Application for staff-assisted rate case in Polk County by Tevalo, Inc. d/b/a McLeod Gardens Water Company.

## **Facility Description and Compliance**

The water treatment system consists of two wells, a steel hydropneumatic storage tank with a storage capacity of 10,000 gallons, and a liquid hypochlorination system used for disinfection. The last Polk County Health Department (PCHD) sanitary survey was conducted on March 20, 2017, on behalf of the Florida Department of Environmental Protection (DEP). There were three deficiencies noted, which have been corrected. Therefore, the system appears to be in compliance with the DEP rules.

## **Technical and Financial Ability**

Pursuant to Rules 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Applicant to provide service to the proposed service area. As referenced in McLeod Gardens' February 1, 2017 response to Commission staff's December 28, 2016 deficiency letter, the owner of McLeod Gardens was appointed to the Citrus County Water and Wastewater Authority, the local regulatory body for Citrus County, where he served for seven years. The owner also served as the "Class C" representative for the Governors Study Committee for Investor Owned Water and Wastewater Utility Systems in 2013. He attends yearly training classes through the Florida Rural Water Association and completed the National Association of Regulatory Utility Commissioners (NARUC) Utility Rate School in 2001. He owns, is the receiver of, or is the manager of, a total of seven Class C water and wastewater facilities that are regulated by the Commission. The owner stated that he will be using current Florida Utility Services personnel for billing and customer service.

Commission staff reviewed the financial statements of the Buyer. The application indicates the Buyer is able to provide any necessary capital investment to the Utility. We find the Buyer 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 a staff-assisted rate case in 2002.<sup>3</sup> In addition, the Utility had two price indexes that became effective on July 11, 2012, and August 1, 2013, respectively. The Utility's miscellaneous service charges were approved in Docket No. 001381-WU.<sup>4</sup> The Utility's existing and approved rates and charges are shown on Schedule No. 1. 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.

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<sup>3</sup>Order No. PSC-02-1733-PAA-WU, issued December 9, 2002, in Docket No. 011677-WU, In re: Application for staff-assisted rate case in Polk County by Tevalo, Inc. d/b/a McLeod Gardens Water Company.

<sup>4</sup>Order No. PSC-01-2317-PAA-WU, issued November 27, 2001, in Docket No. 001381-WU, In re: Application for certificate to operate water utility in Polk County by Tevalo, Inc. d/b/a McLeod Gardens Water Company.

### **Regulatory Assessment Fees and Annual Reports**

Commission staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2016. The Buyer is responsible for filing the 2017 Annual Report and all future annual reports and RAFs.

### **Conclusion**

Based on the foregoing, the transfer of the water system and Certificate No. 619-W is in the public interest and shall be approved effective the date of this Commission's vote. This order shall serve as the Buyer's certificate and shall be retained by the Buyer. The existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. The Buyer shall be responsible for filing the 2017 Annual Report, and all future annual reports and RAFs.

### **Net Book Value**

Rate base was last established for the Utility as of December 31, 2003.<sup>5</sup> The purpose of establishing net book value (NBV) for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of September 1, 2016. The NBV, as described below, is shown on Schedule No. 1.

### **Utility Plant in Service (UPIS)**

The Utility's general ledger reflected a UPIS balance of \$135,446, as of September 1, 2016. Commission staff reviewed UPIS additions since the last rate case proceeding, and as a result, has increased UPIS by \$103,194. Therefore, we find the Utility's UPIS balance as of September 1, 2016, shall be \$238,640.

### **Land**

The Utility's general ledger reflected a land balance of \$0 as of September 1, 2016. In Order No. PSC-02-1733-PAA-WU, issued December 9, 2002, this Commission established the value of the land to be \$7,000. As a result, land shall be increased by \$7,000. The land balance is \$7,000, as of September 1, 2016.

### **Accumulated Depreciation**

The Utility's general ledger reflected accumulated depreciation balance of \$113,256, as of September 1, 2016. Commission staff calculated the appropriate accumulated depreciation balance to be \$138,698. Therefore, we find accumulated depreciation shall be increased by \$25,442 to reflect an accumulated depreciation balance of \$138,698, as of September 1, 2016.

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<sup>5</sup>Order No. PSC-02-1733-PAA-WU, issued December 9, 2002, in Docket No. 011677-WU, In re: Application for a staff-assisted rate case in Polk County by Tevalo, Inc. d/b/a McLeod Gardens Water Company.

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

As of September 1, 2016, the Utility's general ledger reflected a CIAC balance of \$23,965, and an accumulated amortization of CIAC balance of \$11,648. We increased CIAC by \$99,031 and accumulated amortization of CIAC by \$47,972, to reflect appropriate Commission-ordered adjustments. Therefore, we find a CIAC balance of \$122,996 and accumulated amortization of CIAC balance of \$59,620, as of September 1, 2016.

### **Net Book Value**

The Utility's general ledger reflected a NBV of \$9,873. Based on the adjustments described above, we have determined a NBV of \$43,566, as of September 1, 2016. The approved NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule No. 2, as of September 1, 2016.

### **Conclusion**

Based on the above, the NBV of McLeod Gardens Utilities, LLC for transfer purposes is \$43,566, as of September 1, 2016. Within 90 days of the date of the final order, the Buyer shall be required to notify this Commission, in writing, that it has adjusted its books in accordance with our decision. The adjustments shall be reflected in McLeod Gardens Utilities, LLC's 2017 Annual Report when filed.

### **Acquisition Adjustment**

An acquisition adjustment results when the purchase price differs from the original cost of the assets (net book value) adjusted to the time of the acquisition. Pursuant to Rule 25-30.0371(3), F.A.C., if the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. 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 7-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. We have calculated the remaining life of the applicable assets to be 13 years.

The calculation of McLeod Garden's acquisition adjustment is shown below in Table 1.

**Table 1**  
**Calculation of Negative Acquisition Adjustment**

Net book value as of September 1, 2016	\$43,566
80 percent of net book value	\$34,853
Purchase price	\$20,300
Negative acquisition adjustment	\$14,553

Therefore, we find that, pursuant to Rule 25-30.0371(3), F.A.C., a negative acquisition adjustment of \$14,553 shall be recognized for ratemaking purposes, as of September 1, 2016. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$7,277, shall be amortized over a 7-year period and the remaining 50 percent shall be amortized over the 13-year remaining life of the assets in accordance with Rule 25-30.0371(4)(b)2., F.A.C.

### **Non-Sufficient Funds Charge**

Section 367.091, F.S., requires rates, charges, and customer service policies to be approved by this Commission. We find that McLeod Gardens shall be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- (1) \$25, if the face value does not exceed \$50,
- (2) \$30, if the face value exceeds \$50 but does not exceed \$300,
- (3) \$40, if the face value exceeds \$300,
- (4) or five percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent with prior Commission decisions.<sup>6</sup> Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of the ratepayers. As such, McLeod Gardens shall be authorized to collect NSF charges. The Applicant shall file revised tariff sheets and a proposed customer notice to reflect the approved NSF charges. The approved charges shall be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. The Applicant shall provide proof of noticing within 10 days of rendering its approved notice.

### **Meter-Tampering Charge**

Currently, the Applicant does not have a meter tampering charge. In addition, it has not experienced any issues with meter tampering. However, consistent with sister utilities,<sup>7</sup> McLeod Gardens would like to implement a meter tampering charge. McLeod Gardens requested a \$50 meter tampering charge to cover the cost of a service representative making a special premises visit to determine if there has been tampering of the meter. Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the utility. Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or

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<sup>6</sup>Order No. PSC-17-0092-PAA-WU, issued March 13, 2017, in Docket No. 160144-WU, In re: Application for transfer of Certificate No. 288-W in Pasco County from Orangeland Water Supply to Orange Land Utilities, LLC.

<sup>7</sup>Order No. PSC-14-0016-TRF-WU, in Docket No. 130251-WU, dated January 6, 2014, In re: Application for approval of miscellaneous service charges in Pasco County, by Crestridge Utility Corporation.; Order No. PSC-17-0092-PAA-WU, in Docket No. 160144-WU, dated March 13, 2017, In re: Application for transfer of Certificate No. 288-W in Pasco County from Orangeland Water Supply to Orange Land Utilities, LLC.

fraudulent use before restoring service. The rule also allows the utility to require the customer to reimburse the utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

Pursuant to Rule 25-30.345, F.A.C., a utility may implement a reasonable charge to defray the cost of restoring service that was discontinued for proper cause as specified in Rule 25-30.320, F.A.C. We have previously approved a meter tampering charge of \$50 for sister utilities of McLeod Gardens.<sup>8</sup> The Applicant's request to implement a meter tampering charge of \$50 was accompanied with the appropriate cost justification pursuant to Section 367.091, F.S. We find this charge shall be approved because it is reasonable and consistent with prior Commission decisions. However, the charge is appropriate only where an investigation reveals evidence of meter tampering.

Based on the above, McLeod Gardens' request to implement a \$50 meter tampering charge is approved. The Applicant shall file revised tariff sheets and a proposed customer notice to reflect the approved meter tampering charges. The approved charge shall be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. The Applicant shall provide proof of noticing within 10 days of rendering its approved notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of the water system and Certificate No. 619-W is in the public interest and is hereby approved, effective the date of our vote. This order shall serve as the Buyer's certificate and shall be retained by the Buyer. It is further

ORDERED that the existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. The Buyer shall be responsible for filing the 2017 Annual Report, and all future annual reports and Regulatory Assessment Fees (RAFs). It is further

ORDERED that the net book value of the water system for transfer purposes is \$43,566, as of September 1, 2016. Within 90 days of the date of the final order, McLeod Gardens Utilities, LLC shall notify this Commission in writing, that it has adjusted its books in accordance with this Commission's decision. The adjustments shall be reflected in McLeod Gardens Utilities, LLC's 2017 Annual Report when filed. It is further

ORDERED pursuant to Rule 25-30.0371(3), F.A.C., a negative acquisition adjustment of \$14,553 shall be recognized for ratemaking purposes. Beginning with the date of the issuance of this order approving the transfer, 50 percent of the negative acquisition, which is \$7,277 shall be amortized over a 7-year period and the remaining 50 percent shall be amortized over the

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<sup>8</sup>Id.

remaining 13-year life of the assets in accordance with Rule 25-30.0371(4)(b)2., F.A.C. It is further

ORDERED McLeod Gardens is authorized to collect Non-Sufficient Funds charges. McLeod Gardens shall file revised tariff sheets and a proposed customer notice to reflect the approved NSF charges. The approved charges shall be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. McLeod Gardens shall provide proof of noticing within 10 days of rendering its approved notice. It is further

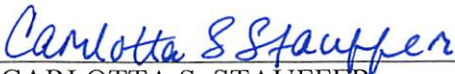
ORDERED McLeod Gardens' request to implement a \$50 meter tampering charge is approved. McLeod Gardens shall file revised tariff sheets and a proposed customer notice to reflect the approved meter tampering charges. The approved charge shall be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. McLeod Gardens shall provide proof of noticing within 10 days of rendering its approved notice. 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 this docket shall remain open pending Commission staff's verification that the revised tariff sheets and customer notice have been filed by McLeod Gardens Utilities, LLC, and approved by staff. If no timely protest is filed to the proposed agency action, a consummating order shall be issued and, once Commission staff verifies that the notice of the charge has been given to customers, the docket shall be administratively closed



By ORDER of the Florida Public Service Commission this 29th day of September, 2017.



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.

WDT

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 herein, except for the certificate of transfer, 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 October 20, 2017. 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.

McLeod Gardens Utilities, LLC  
Water Territory Description  
Polk County

McLeod Gardens:

In Section 13, Township 29 South, Range 25 East:

The South 891 feet of the NE 1/4 of the SE 1/4 of said Section 13, LESS the South 40 feet thereof for Bomber Road.

In Section 18, Township 29 South, Range 26 East:

The NW 1/4 of the SW 1/4 of said Section 18, LESS the South 40 feet thereof for Bomber Road.

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes  
McLeod Gardens Utilities, LLC.  
Pursuant to  
Certificate Number 619-W**

To provide water service in Polk 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>
PSC-01-2317-PAA-WU	11/27/2001	001381-WU	Original Certificate
PSC-2017-0367-FOF-WU	09/29/2017	20160193-WU	Transfer of Certificate

**McLeod Gardens Utilities, LLC  
Monthly Water Rates**

**Residential and General Service**

Base Facility Charge by Meter Size

5/8" x 3/4"	\$10.86
3/4"	\$16.29
1"	\$27.14
1 1/2"	\$54.28
2"	\$86.85
3"	\$173.71
4"	\$271.41
6"	\$542.83
Charge Per 1,000 gallons	\$2.72

**Initial Customer Deposits**

**Residential Service and General Service**

5/8" x 3/4"	\$70.00
Over 5/8" x 3/4"	2 times average estimated bill

**Miscellaneous Service Charges**

	<u>Business Hours</u>
Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge	\$15.00
Premises Visit Charge (in lieu of disconnection)	\$10.00
Late Payment Charge	\$3.00

**Service Availability Charges**

**Meter Installation Charge**

5/8" x 3/4"	\$115
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**Plant Capacity Charge**

Residential – per ERC	\$275
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**McLeod Gardens Utilities, LLC Water System Schedule  
Water System  
Schedule of Net Book Value as of September 1, 2016**

<b>Description</b>	<b>Balance Per Utility</b>	<b>Adjustments</b>	<b>Commission Approved</b>
Utility Plant in Service	\$135,446	\$103,194 A	\$238,640
Land & Land Rights	0	7,000 B	7,000
Accumulated Depreciation	(113,256)	(25,442) C	(138,698)
CIAC	(23,965)	(99,031) D	(122,996)
Amortization of CIAC	<u>11,648</u>	<u>47,972</u> E	<u>59,620</u>
Total	<u>\$9,873</u>	<u>\$33,693</u>	<u>\$43,566</u>

**Explanation of Commission Approved  
Adjustments to Net Book Value as of September 1, 2016  
Water System**

<b>Explanation</b>	<b>Amount</b>
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>\$103,194</u>
B. Land and Land Rights To reflect appropriate amount of land.	<u>\$7,000</u>
C. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$25,442)</u>
D. Contributions-in-Aid-of-Construction (CIAC) To reflect appropriate amount of CIAC.	<u>(\$99,031)</u>
E. Accumulated Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>\$47,972</u>
Total Adjustments to Net Book Value as of December 31, 2014.	<u>\$33,693</u>

**McLeod Gardens Utilities, LLC**

**Water System**

**Schedule of Commission Approved Account Balances as of September 1, 2016**

<b>Account</b>			<b>Accumulated</b>
<b>No.</b>	<b>Description</b>	<b>UPIS</b>	<b>Depreciation</b>
304	Structures & Improvements	\$2,250	(\$1,580)
307	Wells & Springs	13,348	(9,410)
309	Supply Mains	8,101	(3,856)
310	Pumping Generating Equipment	15,183	(9,966)
311	Pumping Equipment	30,056	(18,928)
320	Water Treatment Equipment	895	(895)
320	Chlorination Equipment	18,365	(17,257)
330	Distribution Reservoirs	31,582	(18,681)
331	Transmission & Distribution Mains	64,725	(28,756)
333	Services	23,798	(11,109)
334	Meters & Meter Installations	19,507	(13,558)
335	Hydrants	10,258	(4,388)
339	Other Plant and Misc. Equipment	<u>572</u>	<u>(311)</u>
	Total	<u>\$238,640</u>	<u>(\$138,698)</u>