ORIGINAL

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April 6, 2001

Ms. Blanco S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: **Docket No. 001820-SU**
Application for Transfer of Sewer Utility Facilities from Cross Creek of Fort Myers Community Association, Inc. to Utilities, Inc. of Eagle Ridge

Dear Ms. Bayo:

Enclosed for filing in the above referenced docket is an Original Cost Study for the Wastewater Collection System Assets Not Included In PSC Audit, dated March 29, 2001.

This Original Cost Study is being sent to you at the direction of Mr. Richard Redemann of the PSC Staff. A copy will also be sent to Mr. Redemann.

Respectfully submitted,

Carl J. Wenz
Vice President, Regulatory Matters

Encl.

Cc; Mr. Redemann
Mr. Friedman

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UTILITIES INC. OF EAGLE RIDGE

ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

Prepared for

UTILITIES, INC.

March 29, 2001

Management & Regulatory Consultants, Inc.

UTILITIES INC. OF EAGLE RIDGE

ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

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B - PSC AUDIT REPORT - CROSS CREEK OF FORT MYERS COMMUNITY ASSOCIATION - ESTABLISH RATE BASE AT TRANSFER - YEAR ENDED DECEMBER 31, 2000 - DOCKET NO. 001820-SU - AUDIT CONTROL NO. 01-004-3-1

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UTILITIES, INC. OF EAGLE RIDGE
ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

SECTION I. INTRODUCTION

I-1. BACKGROUND

On October 12, 2000, Utilities, Inc. (UI) entered into an asset purchase agreement with Cross Creek of Fort Myers Community Association, Inc. (the Association) to purchase the Association's wastewater system. On December 22, 2000, an application was made to the Florida Public Service Commission (PSC) to transfer the assets of the Cross Creek wastewater system to Utilities, Inc. of Eagle Ridge (UIER), a wholly owned subsidiary of Utilities, Inc. In the course of its consideration of the transfer application, the PSC conducted an audit of the assets to be transferred. A copy of the PSC audit is included as Appendix B. The auditor was able to find documents substantiating the original cost of all assets except for the cost of mains and lift stations. According to the final audit report, "The scope is limited in that no costs could be found relating to the cost of the mains or lift stations. Utilities, Inc. is currently obtaining an original cost study on these items."

I-2. PURPOSE and SUMMARY

The purpose of this report is to establish the original cost and depreciated original cost of certain assets of the Cross Creek wastewater collection system located in Lee County, Florida, for which documentation was unavailable in the PSC audit.

The estimated original cost of the specified water collection system assets is **$360,581.** The estimated depreciated original cost of those assets, as of December 31, 2000, is **$196,976.** These costs are in addition to, and not duplicative of, the costs established in the PSC Audit.

I-3. PRECEDENT FOR USE OF ORIGINAL COST STUDY TO ESTABLISH RATE BASE

In accordance with Chapter 367, Florida Statutes, a water and/or wastewater utility regulated by the PSC is entitled to earn a fair return on its investment in property used and useful in the public service. This investment is typically referred to as the Rate Base.

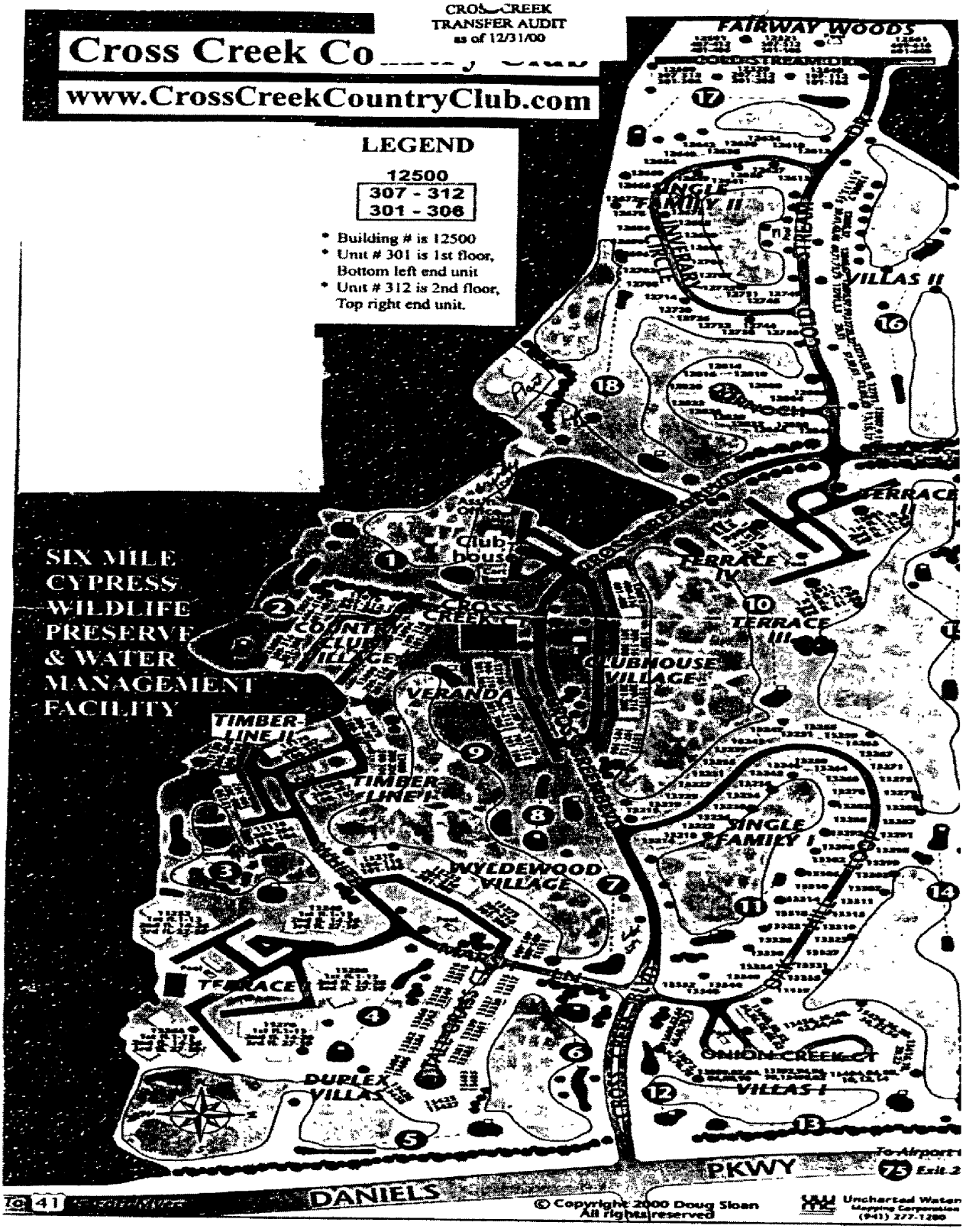
The cornerstone of a utility's Rate Base is the cost of the utility plant constructed and serving the public. In accordance with the Uniform System of Accounts (USOA) developed by the National Association of Regulatory Utility Commissioners (NARUC) and adopted by the PSC, utility plant is to be recorded at its original cost, i.e., the cost of such property to the person first devoting it to public service. The USOA also specifies that records be maintained in such a manner as to support fully the facts pertaining to such entries. There are times when the records supporting the original cost of utility plant are not available, even though a cumulative cost of utility plant is indicated in the utility's financial reports. This may have occurred for several reasons. Utility plant may have been constructed prior to the utility being regulated and the owners did not maintain records sufficient to meet regulatory standards. There may have been a change in ownership and the records of the previous owner or owners are either not available or are inadequate. When such situations occur, the Florida courts and the PSC have historically recognized that the original cost of the assets may be estimated by reconstructing the cost, by reference to cost indices, federal income tax returns, or any other reasonable proxy (see Appendix F). It is possible to reconstruct the original cost of the utility plant if (1) the plant items can be readily identified and inventoried and (2) the construction date of the plant items can be determined. The reconstruction of original cost is called an Original Cost Study and involves determining the cost of construction of similar plant items in similar locales in the same time frame. The PSC has utilized and accepted this technique in determining rate base in previous situations (see Appendix F).

I-4. GENERAL DESCRIPTION OF UTILITY SERVICE AREA

The area served by the utility is Cross Creek Country Club, a built out residential subdivision consisting of 905 condominium units, a golf course, clubhouse, pool area and tennis courts. The condominium units consist of a mixture of single family homes, duplexes, 4-plexes, 6-plexes, 7-plexes,8-plexes and multi-story buildings (See Map on next page). Cross Creek Country Club is located in Lee County, adjacent to and north of Daniels Parkway, approximately one mile west of I-75 exit 21. All of the of Cross Creek community is located within Sections 17 and 20 of Range 45 South, Township 25 East. Aerial photograph nos. 141C and D, showing the Cross Creek community, are contained in the Map Pouch of this report.

I-5. DESCRIPTION OF THE WASTEWATER COLLECTION SYSTEM ASSETS

The wastewater collection system consists of two 8" PVC gravity areas. The southern area feeds into Lift Stations No.1, located on


CROSS CREEK
TRANSFER AUDIT
as of 12/31/00
Cross Creek Co
www.CrossCreekCountryClub.com
LEGEND
12500
307 - 312
301 - 306
• Building # is 12500
• Unit # 301 is 1st floor, Bottom left end unit
• Unit # 312 is 2nd floor, Top right end unit.
FAIRWAY WOODS
SINGLE FAMILY II
VILLAS II
TERRACE IV
TERRACE III
CLUBHOUSE VILLAGE
SINGLE FAMILY I
WYLDEWOOD VILLAGE
TIMBER-LINE II
TIMBER-LINE I
VERANDA
TERRACE I
DUPLEX VILLAS
ONION CREEK CT
VILLAS I
SIX MILE CYPRESS WILDLIFE PRESERVE & WATER MANAGEMENT FACILITY
DANIELS
PKWY
To Airport
Exit 2
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Crees Creek Boulevard, just north of White Marsh Lane. Effluent from Lift Station No. 1 is transported to the wastewater treatment plant via a 6" PVC force main. Lift Station No.1 is a duplex submersible station with 10 HP pumps set in a 6' diameter concrete wetwell of approximately 20 ft. depth. The northern area feeds into Lift Stations No.2, located mid way on Cold Stream Drive. Effluent from Lift Station No. 2 is transported via a 4" PVC force main and interconnects with the 6" force main near the wastewater treatment plant. Lift Station No.2 is also a duplex submersible station with 7.60 HP pumps set in a 6' diameter concrete wetwell of approximately 16 ft. depth. The villas and single family homes are connected to the gravity mains by service laterals. There are also two grinder lift stations located at the clubhouse pool and the maintenance area. They are connected by feeder mains to the 6" force main. The cost of those grinders and feeder mains are <u>not</u> included in this study. Invoices for their installation were available and the cost of those facilities are already included in the PSC audit.

SECTION II. THE ORIGINAL COST STUDY

II-1. STUDY PROCEDURE

The procedure for determining the original cost of the collection system consists of identifying the existence of the assets, estimating the physical quantities, and estimating the cost of those assets at the time they were constructed or placed in service. The information utilized to perform the study comes from several sources. These sources are a)an inventory of assets, b)plans and drawings, c)interviews and inspection and d) the PSC audit workpapers.

The inventory of assets was verified by field inspection and by reference to a system drawing. Table 1 is a summary of collection system assets included in this study. The summary also includes a comparison to the quantities shown in the Asset Purchase Agreement inventory. There are minor differences in the quantities of gravity and force mains. In addition, the inventory in the agreement did not include any service connections. Separate service connections are required for the single family homes and the single story "plex" buildings. Service connections were conservatively assumed to be doubles, and the number of connections was estimated to be equal to one half the total number of single family homes and "plex" units.

A. Inventory of Assets

An inventory of the system assets was included as an exhibit to the Asset Purchase Agreement and was also included in the PSC Audit workpapers. This inventory lists all major assets, quantities and in-service dates, and was used as a guide for the field inspection. A copy of the inventory is included in Appendix C. The collection system plant components included in this study are highlighted in yellow.

B. Plans and Drawings

The following drawings were reviewed and used as a source for locating and quantifying the wastewater collection system components:

1. Utilities Master Plan, by Gee & Jenson, dated 10/5/84. (See

Map Pouch)

2. Lee County Tax Assessment aerial photographs, Sheet Nos. 141C and 141D, as of February, 1999. (See Map Pouch)

3. Cross Creek Country Club real estate sales map, copyright 2000 Doug Sloan: (See Map on page 3 of this report)

The drawings were used as a source to locate and inspect existing facilities and to estimate line footages and various dimensions and to verify equipment descriptions. The Utility Master Plan is to scale and was used to determine lengths of pipe. However, the plan did not include depths of the gravity mains and manholes, which is an important factor in determining cost. No other information was available in this regard. An estimate of the depth of mains and manholes was made based on three assumptions. First, the minimum depth of mains is 3 feet. Second, the slope of the mains is 0.4 feet per 100 feet, the minimum recommended for 8" gravity sewers in the Recommended Standards for Wastewater Facilities, 1997 Edition. Third, beginning depths are adjusted to allow mains to connect to common manholes at the same depth. This results in a conservative estimate of costs. Charts of the depth of mains and manholes and depth of cuts is included in Appendix D.

C. Interviews and Inspections

Information regarding utility plant, quantities, locations and condition were obtained from and/or verified by an inspection of the service area and facilities and by conversations with utility personnel. An onsite inspection of the property was made with the help of utility personnel.

II-2. ESTIMATED ORIGINAL COST

The estimated original cost of the wastewater collection system assets, not included in the PSC audit is **$360,581.** The depreciated original cost, as of December 31, 2000,is **$196,976.**

II-3. FORMAT OF THE STUDY TABLES

The Study Tables immediately follow the text of the Report. Table 1 is an Inventory of Assets Not Included in PSC Audit. Table 2 is a Summary of the Depreciated Original Cost, as of 12/31/2000, of the Assets Not Included in PSC Audit. Tables 3 through 5 develop the original cost. These tables describe each major item of collection system plant and develop the cost of each item from the cost basis to the trended cost and finally to the depreciated

original cost. The major plant items are grouped by NARUC primary account. There is a significant amount of information contained in the tables and that information is spread across tweny-five (25) columns. Table 3 [columns (1) through (10)] develops the Base Year Cost. Base Year Cost is defined in Section II-5. Table 4 [columns (11) through (19)] develops the Trended Original Cost. (Trending indices used in this study are contained in Appendix E.) Table 5 [columns (20) through (25)] develops the Accumulated Depreciation through 12/31/00 and the Depreciated Cost as of that date.

Following the tables are Appendixes containing copies of the contract and invoice source data that are referenced in the tables. Also contained in the Appendixes are copies of the trending indices referenced in the tables, and other material, such as PSC orders that are referenced in the text.

II-4. EXPLANATION OF TABLE COLUMN HEADINGS and TERMS

Column (1) **NARUC Account** - the NARUC Plant Account Number

Column (2) **Item** - Each line item is numbered consecutively for easy reference. All wastewater system line items include an "S" prefix.

Column (3) **Description** - the NARUC Class "C" Plant Account name and the major plant item for which the original cost is being estimated.

Column (4) **In-Service Year** - the year that construction of a plant item is indicated to have taken place.

Column (5) **Quantity** - the quantity of the items described in column (3) to which the unit cost in column (9) is applied.

Column (6) **Unit** - the unit of measure to which the quantity and unit cost are applied. The following abbreviations for units have been used:

EA	-	Each
LS	-	Lump Sum
LF	-	Linear Feet

Column (7) **Basis Year** - the year in which a cost basis has been established through a reasonable costing source.

Column (8) **Basis Source** - the source of the reference costing information used to estimate the original cost of the items described in Column (3). Sources are indicated by a letter symbol. The letter also designates the Appendix in which the source material can be found. The following is a description of the sources corresponding to each letter symbol:

A - Signed vendor payment requisition for construction of water and sewer mains and appurtenances at Utilities Inc. of Florida, Pasco Division, 1984 construction; used as a basis for pricing similar items in a similar time period at Cross Creek for which original documents are not available.

Column (9) **Unit Cost** - the unit cost of the item described in column (3), as determined from the source in column (8).

Column (10) **Base Cost** - the cost of the item described in column (3). It is equal to column (5) x column (9), or the quantity times the basis unit cost. The base cost is the estimated cost of the item, if it were constructed in the basis year.

Column (11) **Base Cost** - the same as column (10). It is repeated on Tables 4 to maintain continuity between tables.

Column (12) **Basis Index** - the value of the cost trend index number for the basis year. When the basis year is the same as the in-service year, indexing is not required. For those situations, the symbol N/A, (not applicable), is used.

Column (13) **Index Source** - the source of the index used to trend the cost of items from the basis year to the in-service year. The following is a list of the indexes used and the symbol identifying them:

HCI - the Means Historical Cost Index, published by R.S. Means Co. Inc. as a part of Building Construction Cost Data - 1999. It is an index of the weighted average of the material and labor costs of building construction projects.

Column (14) **In-service Index** - the value of the cost trend index number for the in-service year. When the in-service year is the same as the basis year, indexing is not required. For those situations, the symbol N/A, (not applicable), is used.

Column (15) **Factor** - the cost trending factor. The cost trending factor equals the In-service index number divided by the basis index number. It represents the nominal cost of the item described in Column (3) in the in-service year relative to the nominal cost in the basis year.

Column (16) **Trended Cost** - the estimated cost of the item in column (3) in the in-service year, excluding capitalized overheads. It is equal to column (11) x column (15), or the base cost times the cost trending factor.

Column (17) **Capitalized Overhead Multiplier** - In addition to the direct cost of construction, the installed cost of plant includes certain overhead costs which are incurred during the planning and construction process. These overhead costs include engineering design, permitting and inspection, legal services and administration. These costs are capitalized as a part of the total installed cost. These costs are estimated as a percent of the trended construction cost and are added to the trended cost, as follows:

Engineering design, permitting and inspection	-	10%
Legal and administration	-	5%
		15%

A test for reasonableness for this percentage was made using actual amounts gathered in the PSC Audit for the Addition to Reuse Plant in 1995 and 1996. The cost of that project was determined by the auditor to be:

Materials & Construction	$299,771.91
Engineering, legal, permits, etc.	50,777.29
Total	$305,549.20
Overheads as Percent of Constr.	16.94%

Column (18) **Capitalized Overhead Amount** - the overhead amount

is equal to column (16) x column (17), or the trended cost times the capitalized overhead multiplier.

Column (19) **Trended Original Cost** - the estimated original cost of the item described in column (3). It is equal to column (16) + column (18), or the trended cost plus the capitalized overhead amount. This is the amount to be included in rate base as the original cost of plant in service.

Column (20) **Trended Original Cost** - the same as column (19). It is repeated on Tables 5 to maintain continuity between tables.

Column (21) **Depr. Life, Yrs** - the average service life of the plant component as recommended for the Small Utility Class in PSC Rule 25-30.140.

Column (22) **Service Years Thru 12/31/00** - the number of years, from installation through 12/31/00, that a plant component has been in service. The year of installation is included as six months. The calculation of service years is compatible with the calculation used in the PSC audit for other plant components. The PSC audit determined rate base for other components as of 12/31/00.

Column (23) **Depr. Expense** - the depreciation expense for one year. It equals column (20) divided by column (21).

Column (24) **Depr. Thru 12/31/00.** - the accumulated depreciation through 12/31/00. It equals column (22) times Column (23).

Column (25) **Depreciated Cost @ 12/31/00. Life, Yrs** - the trended original cost less depreciation, or the net depreciated plant component of rate base.

UTILITIES INC. OF EAGLE RIDGE

ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLES

UTILITIES INC. OF EAGLE RIDGE
ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLE 1
INVENTORY OF ASSETS NOT INCLUDED IN PSC AUDIT

Tract	LIFT STATION NO. 1 AREA	Year	8" Gravity	4" F.M.	6" F.M.	Service Assemblies	Manholes
	Lift Station No.1						
	Cross Creek Boulevard	1985	2,150				11
	White Marsh Lane	1985	1,460				5
Clubhouse	Part 1	1985	200				2
Tract 1	Villas I	1985	850			27	5
Tract 2	Duplex Villas	1985	500				2
Tract 3	Terrace Condos I	1985	1,150				5
Tract 4	Single Family Homes I (Oak Hill Loop)	1985	2,290			31	14
Tract 5/6	Wylewood Village	1985	250				2
Tract 7	Timberline Village	1985	400				5
Tract 8/11	Clubhouse Village (san. serv. w/cleanout)	1985		150			0
Tract 9	Verandas (san. serv. w/cleanout)	1985		150			0
Tract 10	Country Club Village	1985	760				4
	Force Main - L S. No.1 to Plant	1985			2,600		
	Totals, L.S. No 1 Area		10,010	300	2,600	58	55
	INVENTORY PER ASSOCIATION		*10,400*	*0*	*2,800*	*0*	*55*

	LIFT STATION NO. 2 AREA						
	Lift Station No.2						
	Cold Stream Drive	1993	1,600				8
Tract 12	Terrace Condos II, III, IV, V	1993	850				5
Tract 13	Single Family Homes II (Dornoch Court)	1993	300			6	2
Tract 14	Villas II	1993	0			22	0
Tract 15	Single Family Homes II (Inverary Circle)	1993	1,350			20	8
Tract 16	Fairway Oaks	1993	850				4
	Force Main - L.S. No.2 to 6" F.M.	1993		1,400			
	Totals, L.S. No.2 Area		4,950	1,400	0	48	27
	INVENTORY PER ASSOCIATION		*4,500*	*1,400*	*0*	*0*	*25*

Totals	14,960	1,700	2,600	106	82

UTILITIES INC. OF EAGLE RIDGE
ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLE 2
SUMMARY
DEPRECIATED ORIGINAL COST
AS OF 12/31/2000

Account	Description	Trended Original Cost	Accum. Depr.	Depreciated Cost
360	Collection Sewers - Force	24,433	11,660	12,773
361	Collection Sewers - Gravity	244,347	90,276	154,071
363	Services to Customers	16,954	5,552	11,401
371	Pumping Equipment	74,847	56,117	18,730
	TOTAL COLLECTION SYSTEM	360,581	163,606	196,976

UTILITIES INC. OF EAGLE RIDGE
ORIGINAL COST STUDY
OF
CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLE 3 - BASE YEAR COST

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
NARUC Account	Item No.	Description	In-service Year	Quantity	Unit	Costing Basis Basis Year	Basis Source	Unit Cost	Base Cost
360		Collection Sewers - Force							
	S1	4" F M	1985	300	LF	1984	A	4.00	1,200
	S2	4" F M	1993	1,400	LF	1984	A	4 00	5,600
	S3	6" F M.	1985	2,600	LF	1984	A	5.00	13,000
	Subtotal Coll. Sewers - Force								19,800
361		Collection Sewers - Gravity							
	S4	8" PVC 0-6' depth	1985	3,390	LF	1984	A	5.50	18,645
	S5	8" PVC 0-6' depth	1993	2,220	LF	1984	A	5.50	12,210
	S6	8" PVC 6-8' depth	1985	3,160	LF	1984	A	7.50	23,700
	S7	8" PVC 6-8' depth	1993	2,030	LF	1984	A	7 50	15,225
	S8	8" PVC 8-10' depth	1985	2,570	LF	1984	A	9 50	24,415
	S9	8" PVC 8-10' depth	1993	700	LF	1984	A	9.50	6,650
	S10	8" PVC 10-12' depth	1985	890	LF	1984	A	11 50	10,235
	S11	Manhole 0-6' depth	1985	26	EA	1984	A	800 00	20,800
	S12	Manhole 0-6' depth	1993	15	EA	1984	A	800.00	12,000
	S13	Manhole 6-8' depth	1985	16	EA	1984	A	900 00	14,400
	S14	Manhole 6-8' depth	1993	10	EA	1984	A	900.00	9,000
	S15	Manhole 8-10' depth	1985	10	EA	1984	A	950.00	9,500
	S16	Manhole 8-10' depth	1993	2	EA	1984	A	950.00	1,900
	S17	Manhole 10-12' depth	1985	3	EA	1984	A	1,000 00	3,000
	S18	Well pointing	1985	10,010	LF	1984	A	1.00	10,010
	S19	Well pointing	1993	4,950	LF	1984	A	1.00	4,950
	Subtotal Coll Sewers - Gravity								196,640
363		Services to Customers							
	S20	Service connection assembly	1985	58	EA	1984	A	125.00	7,250
	S21	Service connection assembly	1993	48	EA	1984	A	125.00	6,000
	Subtotal Services to Customers								13,250
371		Pumping Equipment							
	S22	Lift Station No 1, complete	1985	1	LS	1984	A	32,000.00	32,000
	S23	Lift Station No.2, complete	1986	1	LS	1984	A	32,000.00	32,000
	Subtotal Pumping Equipment								64,000
		TOTAL COLLECTION SYSTEM							293,690

NOTE Basis Source A -
Signed vendor payment requisition for construction of water and wastewater mains and apputenances at Utilities Inc of Florida, Pasco Division, 1984 construction; used as basis for pricing similar items in similar time period at Cross Creek, for which original invoice documents are not available

UTILITIES INC. OF EAGLE RIDGE
ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLE 4 - TRENDED ORIGINALCOST

(1)	(2)	(3)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
					Cost Trending Factor						
NARUC Account	Item No.	Description	Base Cost	Basis Index	Index Source	In-service Index	Factor	Trended Cost	Capitalized Multiplier	Overhead Amount	Trended Original Cost
360		Collection Sewers - Force									
	S1	4" F.M	1,200	445.7	HCI	448 9	1.007	1,209	15.00%	181	1,390
	S2	4" F M	5,600	445.7	HCI	552.7	1.240	6,944	15 00%	1,042	7,986
	S3	6" F.M.	13,000	445.7	HCI	448.9	1.007	13,093	15.00%	1,964	15,057
	Subtotal Coll. Sewers - Force		19,800					21,246		3,187	24,433
361		Collection Sewers - Gravity									
	S4	8" PVC 0-6' depth	18,645	445 7	HCI	448.9	1.007	18,779	15.00%	2,817	21,596
	S5	8" PVC 0-6' depth	12,210	445.7	HCI	552 7	1 240	15,141	15.00%	2,271	17,412
	S6	8" PVC 6-8' depth	23,700	445.7	HCI	448 9	1 007	23,870	15.00%	3,581	27,451
	S7	8" PVC 6-8' depth	15,225	445.7	HCI	552.7	1 240	18,880	15 00%	2,832	21,712
	S8	8" PVC 8-10' depth	24,415	445.7	HCI	448.9	1.007	24,590	15 00%	3,689	28,279
	S9	8" PVC 8-10' depth	6,650	445.7	HCI	552.7	1.240	8,246	15.00%	1,237	9,483
	S10	8" PVC 10-12' depth	10,235	445 7	HCI	448.9	1.007	10,308	15 00%	1,546	11,855
	S11	Manhole 0-6' depth	20,800	445.7	HCI	448.9	1.007	20,949	15 00%	3,142	24,092
	S12	Manhole 0-6' depth	12,000	445.7	HCI	552.7	1.240	14,881	15.00%	2,232	17,113
	S13	Manhole 6-8' depth	14,400	445.7	HCI	448 9	1.007	14,503	15 00%	2,176	16,679
	S14	Manhole 6-8' depth	9,000	445 7	HCI	552.7	1.240	11,161	15.00%	1,674	12,835
	S15	Manhole 8-10' depth	9,500	445.7	HCI	448 9	1 007	9,568	15.00%	1,435	11,003
	S16	Manhole 8-10' depth	1,900	445.7	HCI	552.7	1.240	2,356	15 00%	353	2,710
	S17	Manhole 10-12' depth	3,000	445.7	HCI	448.9	1.007	3,022	15.00%	453	3,475
	S18	Well pointing	10,010	445.7	HCI	448.9	1.007	10,082	15 00%	1,512	11,594
	S19	Well pointing	4,950	445.7	HCI	552.7	1 240	6,138	15 00%	921	7,059
	Subtotal Coll. Sewers - Gravity		196,640					212,476		31,871	244,347
363		Services to Customers									
	S20	Service connection assembly	7,250	445.7	HCI	448.9	1.007	7,302	15.00%	1,095	8,397
	S21	Service connection assembly	6,000	445 7	HCI	552 7	1.240	7,440	15.00%	1,116	8,556
	Subtotal Services to Customers		13,250					14,742		2,211	16,954
371		Pumping Equipment									
	S22	Lift Station No.1, complete	32,000	445.7	HCI	448 9	1.007	32,230	15.00%	4,834	37,064
	S23	Lift Station No.2, complete	32,000	445 7	HCI	457.6	1.027	32,854	15.00%	4,928	37,783
	Subtotal Pumping Equipment		64,000					65,084		9,763	74,847
		TOTAL COLLECTION SYSTEM	293,690					313,549		47,032	360,581

NOTE Cost Trending Index Source HCI -
HCI is the Historical Cost Index developed by R.S. Means Company, Inc. The EPA Sewer Construction Cost Index, typically used for estimating sewer construction cost, is no longer available, and has not been since 1991. The HCI index parallels the results of the EPA index well and is used here as a reasonable and valid substitute for that index. (see Table 5)

UTILITIES INC OF EAGLE RIDGE
ORIGINAL COST STUDY

CROSS CREEK
WASTEWATER COLLECTION SYSTEM
ASSETS NOT INCLUDED IN PSC AUDIT

TABLE 5 - DEPRECIATED ORIGINAL COST @ 12/31/00

(1)	(2)	(3)	(20)	(21)	(22)	(23)	(24)	(25)
NARUC Account	Item No	Description	Trended Original Cost	Depr Life, Yrs	Service Years Thru 12/31/00	Depr Expense	Depr Thru 12/31/00	Depreciated Cost @12/31/00
360		Collection Sewers - Force						
	S1	4" F M	1,390	27	15 50	51 48	798	592
	S2	4" F M	7,986	27	7 50	295 78	2,218	5,768
	S3	6" F M	15,057	27	15 50	557 68	8,644	6,413
	Subtotal Coll Sewers - Force		24,433			904 94	11,660	12,773
361		Collection Sewers - Gravity						
	S4	8" PVC 0-6' depth	21,596	40	15 50	539 89	8,368	13,227
	S5	8" PVC 0-6' depth	17,412	40	7 50	435 31	3,265	14,148
	S6	8" PVC 6-8' depth	27,451	40	15 50	686 27	10,637	16,814
	S7	8" PVC 6-8' depth	21,712	40	7 50	542 80	4,071	17,641
	S8	8" PVC 8-10' depth	28,279	40	15 50	706 97	10,958	17,321
	S9	8" PVC 8-10' depth	9,483	40	7 50	237 09	1,778	7,705
	S10	8" PVC 10-12' depth	11,855	40	15 50	296 37	4,594	7,261
	S11	Manhole 0-6' depth	24,092	27	15.50	892 29	13,830	10,261
	S12	Manhole 0-6' depth	17,113	27	7 50	633 81	4,754	12,359
	S13	Manhole 6-8' depth	16,679	27	15 50	617 74	9,575	7,104
	S14	Manhole 6-8' depth	12,835	27	7 50	475 36	3,565	9,270
	S15	Manhole 8-10' depth	11,003	27	15 50	407 53	6,317	4,687
	S16	Manhole 8-10' depth	2,710	27	7 50	100 35	753	1,957
	S17	Manhole 10-12' depth	3,475	27	15 50	128 70	1,995	1,480
	S18	Well pointing	11,594	40	15.50	289 85	4,493	7,101
	S19	Well pointing	7,059	40	7.50	176 48	1,324	5,736
	Subtotal Coll Sewers - Gravity		244,347			7,166 81	90,276	154,071
363		Services to Customers						
	S20	Service connection assembly	8,397	35	15 50	239 92	3,719	4,679
	S21	Service connection assembly	8,556	35	7.50	244 47	1,834	6,723
	Subtotal Services to Customers		16,954			484 40	5,552	11,401
371		Pumping Equipment						
	S22	Lift Station No 1, complete	37,064	20 *	15 50	1,853.21	28,725	8,339
	S23	Lift Station No.2, complete	37,783	20 *	14 50	1,889 13	27,392	10,390
	Subtotal Pumping Equipment		74,847			3,742 34	56,117	18,730
		TOTAL COLLECTION SYSTEM	360,581			12,298	163,606	196,976

NOTE Depreciation lives are per FPSC Rule 25-30 140 for the Small Utility Class This is consistent with the lives used for other plant in the FPSC Audit

* - The lift stations listed under Account 371 are complete and include both receiving well construction and pumping equipment The 20 year live used is an average of the 25 year life recommended for receiving wells and the 15 year life recommended for pumping equipment

A

APPENDIX A

Signed vendor payment requisition for construction of water and sewer mains and appurtenances at Utilities Inc. of Florida, Pasco Division, 1984 construction; used as a basis for pricing similar items in a similar time period at Cross Creek for which original documents are not available.

CHAPMAN CONTRACTING COMPANY

Sheet 4 of 13 Sheets — ESTIMATE TO SUB-CONTRACTOR — Estimate No. 14 FINAL

Project SOMERTREE PHASE II — Name RADICE CORPORATION

Contract No. 830504 — Address 1950 Feather Sound Dr., Clearwater, FL 335[illegible]0

Period June 20, 1984 To November 20, 1984, Incl.

ORIGINAL COST

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%
	STORM DRAINAGE CONT'D:									
	18" AC-CMP Flared End Sec.	1	Ea.	120.00	120.00	-	1	-0-	120.00	100
	42" AC-CMP Flared End Sec.	1	Ea.	150.00	150.00	-	1	-0-	150.00	100
	15" AC-CMP Flared End Sec.	4	Ea.	275.00	1,100.00	-	4	-0-	1,100.00	100
	18" AC-CMP Flared End Sec.	2	Ea.	325.00	650.00	-	2	-0-	650.00	100
	24" AC-CMP Flared End Sec.	6	Ea.	450.00	2,700.00	-	6	-0-	2,700.00	100
	30" AC-CMP Flared End Sec.	3	Ea.	700.00	2,100.00	-	3	-0-	2,100.00	100
	36" AC-CMP Flared End Sec.	3	Ea.	900.00	2,700.00	-	3	-0-	2,700.00	100
	Remove Plug & Connect to Exist.	1	Ea.	50.00	50.00	-	1	-0-	50.00	100
	SUB-TOTAL STORM DRAINAGE:				171,428.00			-0-	171,428.00	
✓	WATER: (B)							A/C		
W42	2" PVC (SDR 21)	513	LF	3.50	1,796.50	-	513	-0- 331	1,796.50	100
W43	6" PVC "	7,136	LF	5.00	35,680.00	-	7,136	-0- "	35,680.00	100
W44	8" PVC "	1,371	LF	7.50	10,282.50	-	1,371	-0- "	10,282.50	100
W45	10" PVC "	1,541	LF	8.50	13,098.50	-	1,541	-0- "	13,098.50	100
W46	12" PVC "	4,260	LF	12.00	51,120.00	-	4,260	-0- "	51,120.00	100
W47	2" Gate Valve	1	Ea.	175.00	175.00	-	1	-0- "	175.00	100
W48	6" Gate Valve	18	Ea.	375.00	6,750.00	-	18	-0- "	6,750.00	100

[use for W 24]

[use for W 26]

Compiled By _____

Checked By _____

Approved By _____

APPROVED George Giampi DEC 21 1984

Estimate Earned	
Less % Retained	
Balance	
Less Previous Payments	
Amount Due This Estimate	

p1

CHAPMAN CONTRACTING COMPANY

Sheet 5 of 13 Sheets — ESTIMATE TO SUB-CONTRACTOR — Estimate No. 4 & FINAL

Project SUMMERTREE PHASE II — Name RADICE CORPORATION

Contract No. 830604 — Address 1960 Feather Sound Dr., Clearwater, FL 33520

ORIGINAL COST — Period June 20, 1984 To November 20, 1984, Incl.

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%
✓	WATER CONT'D:							A/C		
W 49	8" Gate Valve	2	Ea.	500.00	1,000.00	-	2	-0- 331	1,000.00	100
W 50	10" Gate Valve	3	Ea.	800.00	2,400.00	-	3	-0- "	2,400.00	100
W 51	12" Gate Valve	11	Ea.	1,000.00	11,000.00	-	11	-0- "	11,000.00	100
W 77	1" Water Connection Assembly	168	Ea.	175.00	29,400.00	-	168	-0- 333	29,400.00	100
W 83	Fire Hydrant Assembly	23	Ea.	1,200.00	27,600.00	-	23	-0- 335	27,600.00	100 [VSW FOR W-84 &]
W 52	2" Blow Off (Permanent)	4	Ea.	175.00	700.00	-	4	-0- 331	700.00	100
W 53	10" Blow Off (Temporary)	1	Ea.	200.00	200.00	-	1	-0- "	200.00	100
W 54	12" Blow Off (Temporary)	2	Ea.	225.00	450.00	-	2	-0- "	450.00	100
W 55	Fittings D.I.	4.2	TN	2,000.00	8,400.00	-	4.2	-0- "	8,400.00	100
W 56	2" Brass Nipple	1	Ea.	10.00	10.00	-	1	-0- "	10.00	100
W 57	2" Brass Gate Valve Threaded	1	Ea.	225.00	225.00	-	1	-0- "	225.00	100
W 58	Ford 2" Pack Joint Straight	1	Ea.	40.00	40.00	-	1	-0- "	40.00	100
W 59	12" Tapped Tee	1	Ea.	250.00	250.00	-	1	-0- "	250.00	100
	SUB-TOTAL WATER:				200,576.50			-0-	200,576.50	
									(20)	
✓	SANITARY SEWER: (8)									
S 31	8" DIP (0-6')	40	LF	10.50	420.00	-	40	-0- 361	420.00	100
S 32	8" PVC (0-6' Cut)	3,891	LF	5.50	21,400.50	-	3,891	-0- "	21,400.50	100

Compiled By _____

Checked By _____

Approved By _____

APPROVED: George Ciampi DEC 21 1984

Estimate Earned	
Less % Retained	
Balance	
Less Previous Payments	
Amount Due This Estimate	

P2

Sheet 6 of 13 Sheets

CHAPMAN CONTRACTING COMPANY

ESTIMATE TO SUB-CONTRACTOR

Estimate No. #14 & FINAL

Project SUMMERTREE PHASE II

Name RADICE CORPORATION

Contract No. 830504

Address 1950 Feather Sound Dr., Clearwater, FL 33520

Period June 20, 1984 To November 20, 1984, Incl.

ORIGINAL COST

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%	
	SANITARY SEWER CONT'D:								A/C		
S 33	8" PVC (6-8' Cut)	2,162	LF	7.50	16,215.00	-	2,162	-0-	361	16,215.00	100
S 34	8" PVC (8-10' Cut)	1,501	LF	9.50	14,259.50	-	1,501	-0-	"	14,259.50	100
S 35	8" PVC (10-12' Cut)	1,541	LF	11.50	17,721.50	-	1,541	-0-	"	17,721.50	100
S 36	8" PVC (12-14' Cut)	418	LF	13.50	5,643.00	-	418	-0-	"	5,643.00	100
S 37	8" PVC (14-16' Cut)	799	LF	15.50	12,384.50	-	799	-0-	"	12,384.50	100
S 38	8" PVC (16-18' Cut)	115	LF	17.50	2,012.50	-	115	-0-	"	2,012.50	100
S 39	Manhole (0-6' Cut)	18	Ea.	800.00	14,400.00	-	18	-0-	"	14,400.00	100 (Use for S17
S 40	Manhole (6-8' Cut)	8	Ea.	900.00	7,200.00	-	8	-0-	"	7,200.00	100 (Use for 17a
S 41	Manhole 8-10' Cut)	4	Ea.	950.00	3,800.00	-	4	-0-	"	3,800.00	100
S 42	Manhole 10-12' Cut)	4	Ea.	1,000.00	4,000.00	-	4	-0-	"	4,000.00	100
S 43	Manhole (12'14' Cut)	1	Ea.	1,200.00	1,200.00	-	1	-0-	"	1,200.00	100
S 44	Manhole (14-16' Cut)	1	Ea.	1,400.00	1,400.00	-	1	-0-	"	1,400.00	100
S 45	Drop Manhole (6-8' Cut)	1	Ea.	1,200.00	1,200.00	-	1	-0-	"	1,200.00	100
S 46	Drop Manhole (8-10' Cut)	1	Ea.	1,250.00	1,250.00	-	1	-0-	"	1,250.00	100
S 47	Drop Manhole (10-12' Cut)	2	Ea.	1,400.00	2,800.00	-	2	-0-	"	2,800.00	100
S 48	Drop Manhole (14-16' Cut)	2	Ea.	1,600.00	3,200.00	-	2	-0-	"	3,200.00	100
S 62	Sewer Service Connect. Assem.	193	Ea.	125.00	24,125.00	-	193	-0-	363	24,125.00	100 (Use for S5-S
S 49	Wellpointing	10,467	LF	1.00	10,467.00	-	10,467	-0-	361	10,467.00	100 (Use for S18

Compiled By

Checked By

Approved By

APPROVED George Champ DEC 21 1984

Estimate Earned	
Less % Retained	
Balance	
Less Previous Payments	
Amount Due This Estimate	

P3

Sheet 7 of 13 Sheets

CHAPMAN CONTRACTING COMPANY

ESTIMATE TO SUB-CONTRACTOR

Estimate No. 14 & FINAL

Project SUMMERTREE PHASE II

Name RADICK CORPORATION

Contract No. 830504

Address 1960 Feather Sound Dr., Clearwater FL 33520

ORIGINAL COST

Period June 20, 1984 To November 20, 1984 Incl.

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%	
1	SANITARY SEWER CONT'D:										
S 7	4" Force Main (SDR-21)	74	LF	4.00	296.00	-	74	-0-	296.00	100	[use for S6]
S 8	6" PVC Force Main (SDR 21)	827	LF	5.00	4,135.00	-	827	-0-	4,135.00	100	
S 9	8" PVC Force Main (SDR 21)	264	LF	6.75	1,782.00	-	264	-0-	1,782.00	100	
S 6	Pump Station	1	LS	32,000.00	32,000.00	-	1	-0-	32,000.00	100	[use for S63]
S 50	Fittings D.I.	0.7	TN	2,000.00	1,400.00	-	0.7	-0-	1,400.00	100	
S 51	Brick & Mortar Plug	2	Ea.	50.00	100.00	-	2	-0-	100.00	100	
S 52	8" Restrainer (Series 1300)	2	Ea.	75.00	150.00	-	2	-0-	150.00	100	
S 53	8" Valve & Box	1	Ea.	500.00	500.00	-	1	-0-	500.00	100	
S 10	Connect 8" FM to Exist.WWP	1	LS	4,000.00	4,000.00	-	1	-0-	4,000.00	100	
S 54	Concrete Encasement	44	LF	7.00	308.00	-	44	-0-	308.00	100	
	SUB-TOTAL SANITARY SEWER:				209,769.50			-0-	209,769.50		
1									(20)		
	MISCELLANEOUS:										
	4" PVC Conduit (DR 14)	728	LF	5.50	4,004.00	-	728	-0-	4,004.00	100	
	4" PVC Conduit (DR 14)	848	LF	5.50	4,664.00	-	848	-0-	4,664.00	100	
	SUB-TOTAL MISCELLANEOUS:				8,668.00			-0-	8,668.00		
	CONTINGENCY ITEM - PHASE II:				2,000.00	-	1	-0-	2,000.00		
	SUB-TOTAL CONTRACT OF SUMMERTREE PHASE II:				1,235,285.44						

Compiled By

Checked By

Approved By

Estimate Earned

Less % Retained

Balance

Less Previous Payments

Amount Due This Estimate

APPROVED Alfonso Frangi DEC 21 1984

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Sheet 9 of 13 Sheets

[redacted] CONTRACTING COMPANY

ESTIMATE TO SUB-CONTRACTOR

Estimate No. 14 & FINAL

Project SUMMERTREE PHASE II

Name RADICE CORPORATION

Contract No. 830504

Address 1950 Feather Sound Dr., Clearwater, FL 33520

Period June 20, 1984 To November 20, 1984, Incl.

ORIGINAL COST

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%
	POINTE WEST - STORM DRAINAGE CONT'D:									
	30" RCP	87	LF	27.00	2,349.00		87	-0-	2,349.00	100
	12" PVC (SDR 35)	26	LF	9.00	234.00		26	-0-	234.00	100
	Type A-240 Inlet	2	Ea.	1,000.00	2,000.00		2	-0-	2,000.00	100
	30" AC-CMP Flared End Sect.	1	Ea.	700.00	700.00		1	-0-	700.00	100
	24" Brick & Mortar Plug		Ea.	100.00	100.00		1	-0-	100.00	100
	SUB-TOTAL, STORM DRAINAGE:				5,719.00			-0-	5,719.00	
	POINTE WEST - WATER: (C)									
W 66	2" PVC (SDR 21)	117	LF	3.50	409.50		117	-0-	409.50	100
W 61	10" PVC (SDR 21)	165	LF	8.50	1,402.50		165	-0-	1,402.50	100
W 62	12" PVC (SDR 21)	1,578	LF	12.00	18,936.00		1,578	-0-	18,936.00	100
W 63	2" Gate Valve	2	Ea.	175.00	350.00		2	-0-	350.00	100
W 64	10" Gate Valve	2	Ea.	800.00	1,600.00		2	-0-	1,600.00	100
W 65	12" Gate Valve	2	Ea.	1,000.00	2,000.00		2	-0-	2,000.00	100
W 86	Fire Hydrant Assembly	4	Ea.	1,200.00	4,800.00		4	-0-	4,800.00	100
W 66	Fittings D.I.	0.91	TN	2,000.00	1,820.00		0.91	-0-	1,820.00	100
W 67	2" Series 1300 Restrainer	3	Ea.	25.00	75.00		3	-0-	75.00	100
	SUB-TOTAL WATER:				31,393.00			-0-	31,393.00	

Compiled By

Checked By

Approved By

APPROVED George & Giampi DEC 21 1984

Estimate Earned	
Less % Retained	
Balance	
Less Previous Payments	
Amount Due This Estimate	

20-8

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Sheet 10 of 13 Sheets

CHAPMAN CONTRACTING COMPANY

ESTIMATE TO SUB-CONTRACTOR

Estimate No. #14 & FINAL

Project SUMMERTREE PHASE II

Name RADICE CORPORATION

Contract No. 830504

Address 1950 Feather Sound Dr., Clearwater, FL 33520

ORIGINAL COST

Period June 20, 1984 To November 20, 1984, Incl.

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%
	POINTE WEST - SANITARY SEWER: (C)									
S 55	8" PVC (0-6° Cut)	90	LF	5.50	495.00	-	90	-0-	495.00	100
S 11	2" PVC Force Main	42	LF	3.50	147.00	-	42	-0-	147.00	100
S 12	8" PVC Force Main	1,275	LF	6.75	8,606.25	-	1,275	-0-	8,606.25	100
S 56	Fittings D.I.	0.12	TN	2,000.00	240.00	-	.012	-0-	240.00	100
S 57	Manual Air Release Valve/Box	1	Ea.	200.00	200.00	-	1	-0-	200.00	100
	SUB-TOTAL SANITARY SEWER:				9,688.25			-0-	9,688.25	
	SUB-TOTAL CONTRACT POINTE WEST PHASE A:				186,444.00				(20)	
	POINTE WEST PHASE B - EARTHWORK:									
	Clearing & Grubbing	1.60	AC	800.00	1,280.00	-	1.60	-0-	1,280.00	100
	Unclassified Excavation	1	LS	30,480.00	30,480.00	-	1	-0-	30,480.00	100
	Grassing & Mulching	2,628	SY	.18	473.04	2,628	2,628	473.04	473.04	100
	Sod (To be pegged)	420	SY	1.50	630.00	-	420	-0-	630.00	100
	Dewatering & Diverting Channel	1	LS	4,000.00	4,000.00	-	1	-0-	4,000.00	100
	Structural Fill & Compaction	800	CY	5.00	4,000.00	-	800	-0-	4,000.00	100
	Removal of Exist, Metal Arch Conc. Footers, Cement Bag H/Wall	1	LS	1,500.00	1,500.00	-	1	-0-	1,500.00	100
	SUB-TOTAL POINTE WEST PHASE B - EARTHWORK:				42,363.04			473.04	42,363.04	

Compiled By

Checked By

Approved By

APPROVED George Giampi DEC 21 1984

Estimate Earned

Less % Retained

Balance

Less Previous Payments

Amount Due This Estimate

P6

Sheet 12 of 13 Sheets

CHAPMAN CONTRACTING COMPANY

ESTIMATE TO SUB-CONTRACTOR

Estimate No. 14 & FINAL

Project SUMMERTREE PHASE II

Name RADICE CORPORATION

Contract No. 830504

Address 1950 Feather Sound Dr., Clearwater, Fl 33520

Period June 20, 1984 To November 20, 1984, Incl.

ORIGINAL Cost

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	AMOUNT	QUANTITIES This Period	QUANTITIES To Date	AMOUNT This Period	AMOUNT To Date	%
	POINTE WEST PHASE B - STORM DRAINAGE CONT'D:									
	Part. Removal of Buckhorn Creek Crossing.	1	LS	10,500.00	10,500.00	-	1	-0-	10,500.00	100
	SUB-TOTAL POINTE WEST PHASE B - STORM DRAINAGE:				44,100.00			-0-	44,100.00	
	POINTE WEST PHASE B - WATER: (D)									
W68	6" PVC (SDR 21)	93	LF	5.00	465.00	-	93	-0- 331	465.00	100
W69	12" PVC (SDR 21)	490	LF	12.00	5,880.00	-	490	-0- "	5,880.00	100
W70	6" Gate Valve	1	Ea.	375.00	375.00	-	1	-0- "	375.00	100
W71	12" Gate Valve	1	Ea.	1,000.00	1,000.00	-	1	-0- "	1,000.00	100
W72	Fire Hydrant Assembly	1	Ea.	1,200.00	1,200.00	-	1	-0- 331	1,200.00	100
W73	Fittings D.I.	0.2	TN	2,000.00	400.00	-	0.2	-0- 331	400.00	100
	SUB-TOTAL POINTE WEST PHASE B - WATER:				9,320.00			-0-	9,320.00 (20)	100
	POINTE WEST PHASE B - STRUCTURAL:									
	Class "A" Concrete (3000 PSI)	250	CY	290.00	72,500.00	-	250	-0-	72,500.00	100
	Reinforcing Steel	33,000	LB	.40	13,200.00	-	33,000	-0-	13,200.00	100
	Aluminum Railing	131	LF	40.00	5,240.00	-	131	-0-	5,240.00	100
	SUB-TOTAL POINTE WEST PHASE B - STRUCTURAL:				90,940.00			-0-	90,940.00	
	SUB-TOTAL CONTRACT POINTE WEST PHASE B:				238,078.79					

Computed By

Checked By

Approved By

APPROVED DEC 21 1984

Estimate Earned

Less % Retained

Balance

Less Previous Payments

Amount Due This Estimate

07

B

APPENDIX B

PSC AUDIT REPORT - CROSS CREEK OF FORT MYERS COMMUNITY ASSOCIATION
ESTABLISH RATE BASE AT TRANSFER - YEAR ENDED DECEMBER 31, 2000
DOCKET NO. 001820-SU - AUDIT CONTROL NO. 01-004-3-1

FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES

Miami District Office

CROSS CREEK OF FORT MYERS
COMMUNITY ASSOCIATION

ESTABLISH RATE BASE
AT TRANSFER

YEAR ENDED DECEMBER 31, 2000

DOCKET NUMBER 001820-SU

AUDIT CONTROL NO. 01-004-3-1

Kathy L. Welch, Audit Manager

Ruth Young, Professional Accountant Specialist

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DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT

March 5, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to the attached rate base schedule for the period ended December 31, 2000 for Cross Creek of Fort Myers Community Association, Inc. This schedule was prepared by staff as part of the transfer of rate base in Docket 001820-SU. There is no confidential information associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned- The documents or accounts were read quickly looking for obvious errors.

Compiled- The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed- The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined- The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied and account balances were tested to the extent further described.

Confirmed- Evidential matter supporting an account balance, transaction or other information was obtained directly from an independent third party.

Verified- The item was tested for accuracy, and substantiating documentation was examined.

Examined all invoices, after the homeowners association took over, that related to plant additions and classified them by account. Obtained documentation from the engineer on the original project for costs of the original plant and classified them by account. Reviewed outside estimates for plant costs and toured the facility. Reviewed documents filed at the clerk of the courts office to determine if any documents existed relating to cost.

The scope is limited in that no costs could be found relating to the cost of the mains or lift stations. Utilities, Inc. is currently obtaining an original cost study on these items.

Depreciated plant using rule 25-30.140

Reviewed depreciation schedules and tax returns and sales documents to determine if any contributions exist.

Read board of directors meeting minutes and the sales agreement.

AUDIT DISCLOSURE NO. 1

SUBJECT: PLANT IN SERVICE

STATEMENT OF FACT: The original plant was built by US Homes in 1985. They added an expansion in 1987. Ownership was turned over to the Cross Creek of Fort Myers Homeowners Association around 1988.

Since that time, the homeowners association has collected amounts from the residents to equal all payments made for operation, repairs and additions (in full). The Association also added two major expansions, one in 1992 for a new surge tank and one in 1995 for tanks and a spray irrigation system. Although the Association did not capitalize any of these amounts, because of the rules for homeowners associations, amounts were determined from reviewing invoices and reserve fund activity. Total amounts paid by the association for capital additions were $642,849.24, $3,384.63 of which was for cost of removal.

A printout of capital additions was finally received from US Homes. The majority of the costs were traced to final contract payments provided by Source Engineering. There were some minor items such as soil testing and fencing which could not be substantiated by invoices. The printout did not contain the amount paid for lines. Utilities Inc. has decided to do an original cost study of the amounts contained in the inventory for the lines and lift stations. The costs from the contract payments was $708,239.67.

The total plant substantiated is $1,347,704.28.

Depreciation was computed as is shown on the schedule following this disclosure.

CROSS CREEK OF FORT MYERS COMMUNITY ASSOCIATION
ACCUMULATED DEPRECIATION
TEST PERIOD ENDED DECEMBER 31, 2000

YEAR	ACCOUNT	TOTAL	YEARS	RATE	ACCUMULATED DEPRECIATION AS OF 12/31/00
1985	380	318,441.37	15.5	0.0667	318,441.37
1985	381	24,679.30	15.5	0.0131	5,011.13
1987	380	345,395.00	13.5	0.0667	311,010.93
1987	381	19,724.00	13.5	0.0131	3,488.19
1992	380	131,532.91	8.5	0.0667	74,572.58
1993	371	15,064.00	7.5	0.0667	7,535.77
1993	380	4,300.66	7.5	0.0667	2,151.41
1993	382	3,800.00	7.5	0.0333	949.05
1994	380	6,523.45	6.5	0.0667	2,828.24
1996	COST OF REMOVAL				(3,384.63)
1996	354	9,070.70	4.5	0.037	1,510.27
1996	354	37,556.00	4.5	0.037	6,253.07
1996	371	23,683.00	4.5	0.0667	7,108.45
1995	380	264,704.87	4.5	0.0667	79,451.17
1996	382	12,150.00	4.5	0.0333	1,820.68
1995	354	2,933.86	5.5	0.037	597.04
1995	371	9,958.09	5.5	0.0667	3,653.13
1995	380	4,638.00	5.5	0.0667	1,701.45
1996	365	4,778.00	4.5	0.0286	614.93
1996	371	2,408.08	4.5	0.0667	722.79
1996	380	1,486.27	4.5	0.0667	446.10
1996	382	425.00	4.5	0.0333	63.69
1997	370	8,386.00	3.5	0.04	1,174.04
1997	371	7,036.30	3.5	0.0667	1,642.62
1998	371	975.00	2.5	0.0667	162 58
1998	380	19,909.42	2.5	0.0667	3,319.90
1999	370	8,758.00	1.5	0.04	525.48
1999	380	22,006.00	1.5	0.0667	2,201.70
2000	365	28,880.00	0.5	0.0286	412.98
2000	380	8,501.00	0.5	0.0667	283 51
		1,347,704.28			836,269.61

Rates per rule 25-30.140.

AUDIT DISCLOSURE NO. 2

SUBJECT: CONTRIBUTIONS IN AID OF CONSTRUCTION

STATEMENT OF FACT: Since US Homes turned over ownership to the Cross Crrek of Fort Myers Community Association at no charge, it can be assumed that the cost of the plant and lines were recovered by US Homes as part of the purchase price of the homes. Therefore, the homeowners paid for these items as part of the purchase price of the homes. In addition, the homeowners have also paid in full for all the additions made to the plant. Normally, this would mean that the plant is contributed and CIAC should be calculated. However, in this instance, the homeowners are selling the utility to Utilities, Inc., through the Association for $750,000. The money received from the sale from Utilities, Inc. will be used to fund all the reserves of the Association, and thus the homowners will not have to pay additional money to fund renovations to any other part of the community property. Since the homeowners own 100% of the plant and they are, in effect, the sellers, it does not appear to be appropriate to record CIAC. Since the Association was not regulated, it would not have been required to meet minimum contribution levels.

EXHIBITS

STAFF PREPARED RATE BASE

CROSS CREEK OF FORT MYERS COMMUNITY ASSOCIATION
RATE BASE
AS OF 12/31/00

	BALANCE AS OF 12/31/00
PLANT IN SERVICE	1,347,704.28
ACCUMULATED DEPRECIATION	(836,269.61)
CIAC	0.00
ACCUMULATED AMORTIZATION CIAC	0.00
	511,434.67

15

Does not include lines and lift stations. Utilities, Inc. is performing an original cost study of these items.

C

APPENDIX C

INVENTORY OF ASSETS AS INCLUDED IN THE ASSET PURCHASE AGREEMENT

STRUCTURES, EQUIPMENT & COLLECTION INVENTORY
for
CROSS CREEK WASTEWATER SYSTEM

EQUIPMENT ITEM #	TYPE	SERVICE	MFR.	DATE INSTALLED
LS-1.1	Control panel	LS #1 - Controls	Sta-Con Mfg., Inc.	Startup 02/18/85
LS-1.2	Submersible pump	LS #1 - Pump #1	Flygt	"
LS-1.3	Submersible pump	LS #1 - Pump #2	Flygt	"
LS-2.1	Control panel	LS #2 - Controls	Quality Controls, Inc.	Startup 10/20/86
LS-2.2	Submersible pump	LS #2 - Pump #1	Flygt	"
LS-2.3	Submersible pump	LS #2 - Pump #2	Flygt	"
LS-3.1	Control panel	LS #3 - Controls	Environment One	08/96
LS-3.2	Submersible pump	LS #3 - Grinder	Environment One	08/96
LS-4.1	Control panel	LS #4 - Controls	Ebara	05/97
LS-4.2	Submersible pump	LS #4 - Grinder	Ebara	05/97
SP-1.1	Control panel	Surge pump #1 - Control	Unitron Controls	02/04/93
SP-1.2	End suction - Solids handling centrifugal pump - horizontal	Surge pump #1	Deming Pumps	"
SP-1.2	Control panel	Surge pump #2 - Control	STES, Inc.	12/95
SP-2.2	End suction - solids handling centrifugal pump - horizontal	Surge pump #2	PACO Pumps	12/95
SP-8-L	Control panel	surge tank blower controls	Unitron Controls	01/19/93
SP-8-1.2	Positive displacement rotary blower	Surge tank aeration blower #1	ITT/Roots Dresser	02/93
SP-8-1.3	Rotary displacement rotary blower	Surge tank aeration blower #2	ITT/Roots Dresser	02/93
D8-A	Control panel	Digester blower control	Barrett Controls	12/95
D8-2	Rotary positive displacement blower	Digester aeration blower	ITT/Roots Dresser	12/95
FM-1	Magnetic flow meter	Influent flow metering	Hersey Measurement Co.	08/95
FM-2	Chart recorder	Charting continuous influent flow	Partlow Corporation	08/95
CL-1	Motorized gear reduction drive unit	Clarifier drive mechanism	Ohio Gear	12/86
AB-1	Control panel	Controls for clarifier drive, aeration blowers	Protrol	12/84
AB-2	Centrifugal air blower	Air supply for process aeration tanks	Lamson Corporation	12/84
F1-1	Rotary positive displacement air blower	Filter air scour	ITT/Roots Dresser	12/95
F1-2	Steel sand filter w/dosing tank & mud well 0.150 MGD	Effluent filtration, back wash holding, chlorination, effluent pumping,	Davco Defiance	12/84

STRUCTURES, EQUIPMENT & COLLECTION INVENTORY
for
CROSS CREEK WASTEWATER SYSTEM

EQUIPMENT ITEM #	TYPE	SERVICE	MFR.	DATE INSTALLED
F1-3	Control panel	0.15 MGD filter and pump controls	Davco Defiance	12/84
F1-4.1	Submersible pump	filter cell No. 1 back wash pump	Peabody-Barnes Pumps	12/84
F1-4.2	Submersible pump	Filter cell No. 2 back wash pump	Peabody-Barnes	12/84
F1-4.3	Submersible pump	Filtered effluent transfer pumping to on-site storage	Peabody-Barnes	12/84
F1-4.4	Submersible pump	Filtered effluent transfer pumping to on-site storage	Peabody-Barnes	12/84
F1-4.5	Submersible pump	Back wash waste pumping to surge tank	Peabody-Barnes	12/84
F1-4.6	Submersible pump	Back wash waste pumping to surge tank	Peabody-Barnes	12/84
F1-2	Steel sand filter w/dosing tank and mud well 0.10 MGD	Effluent filtration back washing holding chlorination and back wash waste holding	Davco Defiance	12/86
F2-2	Control panel	0.10 MGD filter and pumping controls	Davco Defiance	12/86
F2-3.1	Submersible pump	Filter cell No. 1 back wash pump	Peabody-Barnes	12/86
F2-32	Submersible pump	filter cell No. 2 back wash pump	Peabody-Barnes	12/86
F2-4.1	Submersible pump	Filtered effluent transfer pumping station	Peabody-Barnes	12/86
F2-4.2	Submersible pump	Filter effluent transfer pumping standby	Peabody-Barnes	12/86
F2-5.1	Submersible pump	Back wash waste pumping to surge tank	Peabody-Barnes	12/86
F2-5.2	Submersible pump	Back wash waste pumping to surge tank	Peabody-Barnes	12/86
FM-2.1	Flow meter	Metering of finished plant effluent	Signet	08/95
FM-2.2	Chart recorder	Continuous recording of finished effluent	Partlow Instruments	08/95
EA-1.1	Turbidity analyzer	Continuous monitoring of filtered effluent	HF Scientific	08/95
EA-1.2	Chlorine residual analyzer	Continuous monitoring of treated chlorinated effluent	EIT	08/95
EA-1.3	Chart recorder	Continuos charting of turbidity and chlorine residual levels	Partlow Instruments	08/95
ET-1.1	Control panel	Effluent recirculation and transfer pump controls (substandard)	Protrol, Inc.	12/84

STRUCTURES, EQUIPMENT & COLLECTION INVENTORY
for
CROSS CREEK WASTEWATER SYSTEM

EQUIPMENT ITEM #	TYPE	SERVICE	MFR.	DATE INSTALLED
ET-1.2	Close coupled end suction centrifugal pump	Effluent recirculation and transfer pumping (substandard)	Crane Deming	12/84
ET-1.3	Close coupled end suction centrifugal pump	Effluent recirculation and transfer pumping (substandard)	Crane Deming	12/84
ET-2.1	Control panel	Effluent recirculation and transfer pump control (standard)	Acutek	
ET-2.2	Close coupled end suction centrifugal pump	Effluent recirculation and transfer pumping (standard)	Crane Deming	
ET-2.3	Close coupled end suction centrifugal pump	Effluent recirculation and transfer pumping (standard)	Crane Deming	
CB-1.1	Horizontal close coupled centrifugal pump	Chlorine booster pump		05/94
CB-1.2	Horizontal close coupled centrifugal pump	Chlorine booster pump		08/94

STRUCTURES, EQUIPMENT & COLLECTION INVENTORY
for
CROSS CREEK WASTEWATER SYSTEM

STR. #	STRUCTURE			SERVICE	INSTALL DATE
	Use	Size	Mat'l.		
LS 1.4	Wet well	6' dia.	Conc.	LS #1	Feb. 1985
LS 1.5	Valve vault	6' sq.	Conc.	LS #1	Feb. 1985
LS 2.4	Wet well	6' dia.	Conc.	LS #2	Oct. 1986
LS 2.5	Valve vault	6' sq.	Conc.	LS #2	Oct. 1986
LS 3.3	Wet well	2' dia.	Fiberglass	LS #3	Aug. 1986
LS 4.3	Wet well	2' dia.	Fiberglass	LS #4	May 1997
S11.1	Mixing well	4' dia.	Conc.	Holding pond	1996
S11.2	Piping	60' 12" dia.	PVC	Holding pond	1996
S11.3	Intake	4' sq.	Conc.	Holding pond	1996
S11.4	Piping	15" dia.	Conc.	Holding pond	1996
S11.5	Motorized butterfly valve	12" dia.	Steel	Holding pond	1996
LS 1.6	Sewer coll.	10,400' 8" dia.	PVC	LS #1	1985
LS 1.7	Force main	2,800' 6" dia.	PVC	LS #1	1985
LS 1.8	M.H.	55-6' dia.	Conc.	LS #1	1985
LS 2.6	Sewer coll.	4,500' 8" dia.	PVC	LS #2	1993
LS 2.7	Force main	1,400' 4" dia.	PVC	LS #2	1993
LS 2.8	M.H.	25-6' dia.	Conc.	LS #2	1993
LS 4.4	Force main	400' 4" dia.	PVC	LS #4	1997
WTP 1.1	Office	10' sq.	Wood	Wastewater	
WTP 1.2	Aeration, digestion & settling	Varies	Conc.	Wastewater	
WTP 1.3	Filter & chlorine contact tank	12' x 14'	Steel	Wastewater	
WTP 1.4	Filter & chlorine contact tank	12' x 30'	Steel	Wastewater	
WTP 1.5	Storage tank	70' dia.	Steel	Wastewater	
WTP 1.6	Storage tank	70' dia.	Steel	Wastewater	
WTP 1.7	Storage tank	50' dia.	Steel	Wastewater	
WTP 1.8	Eng generator set	3' x 6'	Steel	Wastewater	
WTP 1.9	Splitter box	4' x 8'	Conc.	Wastewater	
WTP 1.10	Chlorine bldg.	2' x 3'	Fiberglass	Wastewater	
WTP 1.11	Influent bar screen	Varies	Steel	Wastewater	
WTP 1.12	Underground piping & valves	Varies	PVC	Wastewater	
WTP 1.13	Fencing	900'-8' high	Steel	Wastewater	

NOTES:
1) LS #1 wet well was coated in 1997.
2) LS #2 wet well was coated in 2000.
3) Service lateral piping entering into the sewer collection piping described in Items LS 1.6 and LS 2.6 is excluded from this inventory.

D

APPENDIX D

CHARTS OF DEPTH OF MAINS AND DEPTH OF CUTS

CROSS CREEK
GRAVITY COLLECTION SYSTEM

I Southern System - feeding to L S No 1

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
47A	0	3 96	0-6
47B	100	4 36	0-6
48A	200	4 76	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
44	0	3 00	0-6
45	100	3 40	0-6
46	350	4 40	0-6
47	500	5 00	0-6
50	760	6 04	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
42	0	3 00	0-6
41	50	3 20	0-6
38	250	4 00	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
40	0	3 80	0-6
38	50	4 00	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
39	0	3 60	0-6
38	100	4 00	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
38	0	4 00	0-6
37	250	5 00	0-6
35	450	5 80	0-6
29	800	7 20	6-8
27	1000	8 00	6-8
24	1200	8 80	8-10
23	1460	9 84	8-10

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
36	0	5 20	0-6
35	150	5 80	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
28	0	7 60	6-8
27	100	8 00	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
33	0	4 60	0-6
34	300	5 80	0-6
29	650	7 20	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
30	0	3 80	0-6
31	200	4 60	0-6
32	340	5 16	0-6
34	500	5 80	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
25	0	6 00	0-6
26	250	7 00	6-8
27	500	8 00	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
23	0	9 84	8-10
2	250	10 84	10-12
1 *	450	11 64	10-12

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
48A	0	4 76	0-6
48	50	4 96	0-6
49	240	5 72	0-6
50	320	6 04	6-8
51	600	7 16	6-8
52	940	8 52	8-10
53	1160	9 40	8-10
3	1400	10 36	10-12
1*	1700	11 56	10-12

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
11	0	4 96	0-6
10	200	5 76	0-6
9	400	6 56	6-8
8	500	6 96	6-8
7	600	7 36	6-8
6	750	7.96	6-8
5	1050	9 16	8-10
4	1200	9 76	8-10
3	1350	10 36	10-12

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
12	0	6 08	0-6
13	200	6.88	6-8
14	450	7 88	6-8
15	550	8 28	8-10
21	660	8 72	8-10
22	800	9 28	8-10
23	940	9 84	8-10

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
16	0	6 52	6-8
18	150	7 12	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
17	0	6 52	6-8
18	150	7 12	6-8
19	340	7 88	6-8
21	550	8 72	8-10

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
20	0	8 12	8-10
21	150	8 72	8-10

Cleanouts	Length - ft
Tract 8/11	150
Tract 9	150

Notes
* - M H 1 = L S No 1
Assumed slope = 0 40%
Minimum Depth = 3 ft
Bold = duplicate M H number

CROSS CREEK
GRAVITY COLLECTION SYSTEM

I Northern System - feeding to L S No 2

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
61	0	3 00	0-6
60	250	4 00	0-6
59	500	5 00	0-6
57	800	6 20	6-8
56	1000	7 00	6-8
55	1300	8 20	8-10
54 *	1450	8 80	8-10

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
65	0	4 60	0-6
64	140	5 16	0-6
63	280	5 72	0-6
62	450	6 40	6-8
56	600	7 00	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
66	0	4 80	0-6
67	340	6 16	6-8
68	450	6 60	6-8
69	560	7.04	6-8
70	750	7 80	6-8

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
78	0	3 00	0-6
77	50	3 20	0-6
76	400	4 60	0-6
75	500	5 00	0-6
72	750	6 00	0-6
71	950	6 80	6-8
70	1200	7 80	6-8
54 *	1450	8 80	8-10

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
74	0	4 80	0-6
73	120	5 28	0-6
72	300	6 00	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
79	0	3 20	0-6
80	150	3 80	0-6
76	350	4 60	0-6

M H #	Distance - feet	Depth of main - ft	Depth of cut , ft
58	0	4 8	0-6
59	50	5 00	0-6

Notes
* - M H 54 = L S No 2
Assumed slope = 0 40%
Minimum Depth = 3 ft
Bold = duplicate M H number

E

APPENDIX E

CONSTRUCTION INDICES FOR SEWER CONSTRUCTION

CONSTRUCTION INDICES FOR SEWER CONSTRUCTION

For many years, the primary index of sewer construction costs was prepared and maintained by the United States Environmental Protection Agency. The EPA stopped maintaining the index in 1991 and, to my knowledge, no agency or private company has attempted to continue it. General construction indexes are maintained by two nation companies - ENR (formerly Engineering News Record magazine) and R.S. Means Company, Inc. A comparison of those indexes was made to that of the EPA Sewer Construction Cost Index (CCI) for the 35 year period, 1957-1991. A graphic comparison shows that the R.S. Means Historical Cost Index (HCI) compares favorably with that of vides a reasonable substitute for purposes of trending the change in costs of sewer construction.

CONSTRUCTION INDICES FOR SEWER CONSTRUCTION

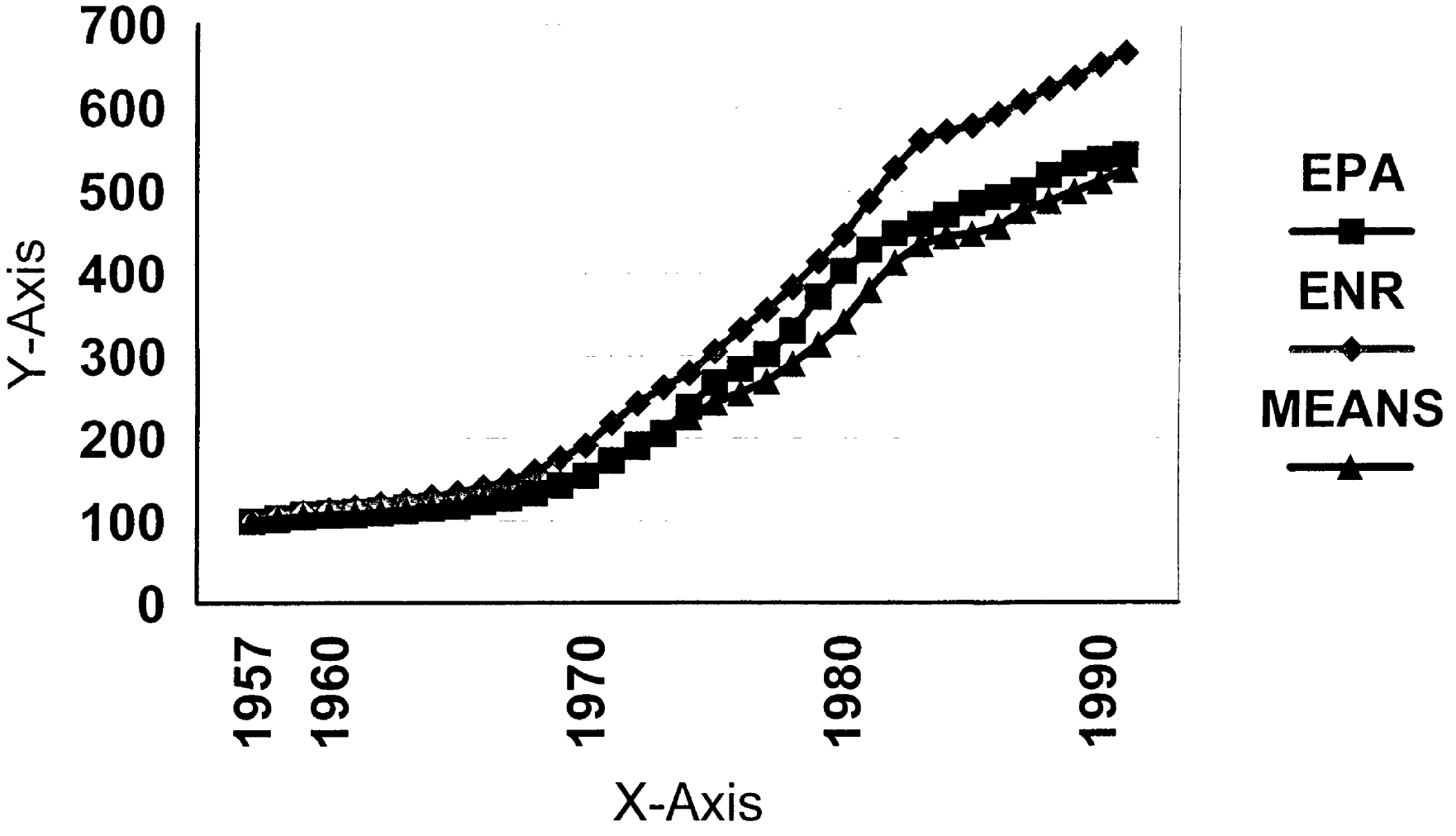
Year	EPA	ENR-CCI	Means-HCI
1957	96.8	724	18.4
1958	100.4	759	18.8
1959	104 8	797	19.3
1960	106.2	824	19.7
1961	108.2	847	19.8
1962	109.7	872	20.2
1963	113.1	901	20.7
1964	114 7	936	21.2
1965	116.6	971	21.7
1966	120.5	1019	22.7
1967	124.5	1074	23.5
1968	129.6	1155	24.9
1969	138.7	1269	26.9
1970	149.8	1381	28.7
1971	167.2	1581	32.1
1972	185.6	1753	34.8
1973	199.6	1895	37.7
1974	230.5	2020	41.4
1975	259.0	2212	44.8
1976	275.1	2401	46.9
1977	292.5	2576	49.5
1978	320.3	2776	53.5
1979	360.3	3003	57.8
1980	390.8	3237	62.9
1981	415.8	3535	70.0
1982	434.9	3825	76.1
1983	446.0	4066	80.2
1984	457.0	4146	82.0
1985	470.7	4195	82.6
1986	477.4	4295	84.2
1987	485.4	4406	87 7
1988	503 5	4519	89.9
1989	516.9	4615	92.1
1990	522.1	4732	94.3
1991	527.3	4835	96.8
1992		4985	99.4
1993		5210	101.7
1994		5408	104.4
1995		5471	107.6
1996		5617	110.2
1997		5863	112.8
1998		5921	115.1
1999		6076	
2000		6225	

Restated with 1957=100

Year	EPA	ENR-CCI	Means-HCI
1957	100.0	100.0	100.0
1958	103.7	104 8	102.2
1959	108.3	110.1	104.9
1960	109.7	113.8	107.1
1961	111.8	117 0	107.6
1962	113.3	120.4	109.8
1963	116.8	124.4	112.5
1964	118.5	129.3	115.2
1965	120.5	134.1	117.9
1966	124.5	140.7	123 4
1967	128.6	148.3	127.7
1968	133.9	159.5	135.3
1969	143.3	175.3	146.2
1970	154.8	190.7	156.0
1971	172.7	218.4	174.5
1972	191.7	242.1	189.1
1973	206.2	261.7	204.9
1974	238.1	279.0	225.0
1975	267.6	305.5	243.5
1976	284.2	331.6	254.9
1977	302.2	355.8	269.0
1978	330.9	383.4	290.8
1979	372.2	414.8	314.1
1980	403.7	447.1	341.8
1981	429.5	488.3	380.4
1982	449.3	528.3	413.6
1983	460.7	561.6	435.9
1984	472.1	572.7	445.7
1985	486.3	579.4	448.9
1986	493.2	593.2	457.6
1987	501 4	608.6	476.6
1988	520.1	624.2	488.6
1989	534.0	637.4	500 5
1990	539.4	653.6	512.5
1991	544.7	667.8	526.1
1992		688.5	540.2
1993		719.6	552.7
1994		747.0	567.4
1995		755.7	584 8
1996		775 8	598.9
1997		809.8	613 0
1998		817.8	625.5
1999		839.2	
2000		859.8	

EPA - Sewer Construction Cost Index
ENR - CCI - Engineering News Record Construction Cost Index
Means - HCI - Means Historical Cost Index

CONSTRUCTION INDICES
1957 = 100



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APPENDIX F

FLORIDA COURT DECISIONS and PSC ORDERS re USE OF ORIGINAL COST STUDIES TO ESTABLISH RATE BASE

This appendix contains copies of the following court decisions relating to the use of original cost studies to establish rate base:

Southern States Utilities, Inc. v. Duval County Board of County Commissioners, 82 PUR 3d 452 (Fla. 4th Cir. Ct. 1969)

Florida Crown Utility Services, Inc. v. Utility Regulatory Board of the City of Jacksonville, 274 So.2d 597 (Fla. 1st DCA 1973)

In addition the Commission is referred to the following orders it has issued relating to the use of original cost studies to establish rate base:

In Re: Application of Cooper City Water and Sewer Systems for an increase in rates and charges for water and sewer service to its customers in Broward County, Florida, Docket No. R-70282-WS, Order No. 5402, 5/3/72.

In Re: Application for transfer of facilities associated with Certificate No. 109-W from Baker Sales, inc. in Clay County, Florida, to Southern States Utilities, Inc., Docket No. 861370-WU, Order No. 17359, 4/3/87.

In Re: Application for a staff-assisted rate case in Bay County by Sandy Creek Utilities, Inc., Docket No. 900505-WS, Order No. 25373, 11/21/91.

In Re: Application for a transfer of Certificate Nos. 426-W and 362-S from Hideaway Service, Inc. to FMC Hideaway, Inc. in Levy County., Docket No. 910672-WS, Order No. 25584, 1/8/92.

In Re: Petition for limited proceeding to increase rates to recover cost of purchased assets disallowed in Docket No. 910020-WS by UTILITIES, INC. OF FLORIDA, Docket No. 920834-WS, Order No. PSC-93-0430-FOF-WS, 3/22/93.

the progress made by the respondent in correcting the defects in its operations which have come to light.

It is recommended that the commission authorize the scheduling of additional hearings to be held at principal cities served by the respondent throughout the state.

The interim order adopted in this proceeding should direct the company to carry out its proposed additions to plant as expeditiously as possible.

FLORIDA CIRCUIT COURT, FOURTH CIRCUIT, DUVAL COUNTY

Southern States Utilities, Inc.

v

Duval County Board of County Commissioners

Case No. 68-3683, Division F
December 10, 1969

CERTIORARI *to review board of county commissioners' order fixing and regulating rates of water and sewer utility; order quashed.*

Valuation, § 32 — Historical cost — Rate base determination.

[FLA. Cir. Ct.] Historical cost, less depreciation, provides a legally acceptable valuation of utility property where accounting records have been inadequate to determine the cost of the utility's assets, and such rate base can be established by an engineer's inventory of the physical property and a pricing of the items at actual estimated cost at the time of construction or installation. [1] p. 454

Valuation, § 27 — Measures of value — Sufficiency of evidence

[FLA. Cir. Ct.] A county board's conclusion that it did not have sufficient evidence before it on which to determine the rate base of a water and sewer utility is erroneous in the face of substantial evidence presented by the utility relating to fair value, original cost, acquisition cost, historical cost, and the county's study of actual cost. [2] p. 454.

Return, § 22 — Reasonableness — Absence of conflicting evidence.

[FLA. Cir. Ct.] A county board cannot arbitrarily disregard nonconflicting evidence on rate of return and reach an entirely different conclusion than that which the undisputed record discloses [3] p. 457

Return, § 52 — Confiscation.

[FLA. Cir. Ct.] A rate reduction ordered by a county board which reduced the return of a water and sewer utility to only 2.8 per cent is arbitrary and constitutes an unlawful confiscation of the utility's property in the face of nonconflicting testimony that the rate of return should be higher [4] p. 458.

Apportionment, § 15 — Allocation of expense — Multicounty operation

[FLA. Cir. Ct.] The fact that the overall books and records of water and sewer utility include the utility's operations in other counties is not justification for a finding by the county board that the records are inadequate to apportion or allocate administrative and general expenses where the evidence discloses that standard allocation procedures have been followed by the utility and, absent an alternative formula by the board, the board cannot substitute its judgment for that of management in this area. [5] p. 458

Rates, § 185 — Evidence — Burden of proof.

[FLA. Cir. Ct.] A county board has the burden of proving the unreasonableness of existing and presumptively valid rates of a water and sewer utility where the investigation into the utility's rates has been instituted by the board [6] p. 459

Rates, § 250 — Retroactive reduction

[FLA. Cir. Ct.] A regulatory board erred in making a retroactive rate reduction for a water and sewer company [7] p. 459

LARKIN, CJ.: Southern States Utilities, Inc., petitioner herein, instituted the proceedings before this court by petition for writ of certiorari, seeking to review an order of the Board of County Commissioners of Duval County entered March 13, 1968. During the pendency of the proceedings before this court, the city of Jacksonville was substituted as the party respondent in view of the passage of Chap. 67-1320, Laws of Florida, which creates the new city of Jacksonville as the successor in interest to the former board of county commissioners. Final hearing in this cause was held on October 28, 1969. (The petitioner will sometimes be referred to herein as "the utility" and the respondent as "the board.")

Southern States Utilities, Inc., is a water and sewer utility company engaged in the rendering of water and sewer services to consumers in Duval county, Florida. On August 29, 1966, a rate proceeding was commenced before the Duval County Board of County Commissioners, in which the board sought to review the water rates of the utility pursuant to alleged authority under Chapter 184.08, Laws of Florida, 1939. This act gave to the board the general power to grant franchises to water companies, but did not specifically grant the power to fix and regulate rates. During the pendency of the rate case, on October 1, 1967, the legislature enacted Chap. 67-664, Laws of Florida, which purported to grant to the board the authority to fix and regulate water and sewer rates of private utility companies. Both parties in this cause have concurred that the later act, Chap. 67-664, is unconstitutional as constituting an invalid special act; the court accepts this view and so holds. Crandon v. Hazlett (1946) 157 Fla. 574, 26 So. 2d 638; Lindsay v. City of Miami (Fla. Sup. 1951) 52 So. 2d 111; Florida ex rel. Utilities Operating Co. v. Mason (Fla. Sup. 1964) 58 PUR3d 101, 172 So. 2d 225. Therefore, if the board had any authority to act at all in the proceedings below, that authority must emanate from the 1939 act, Chap. 184.08. Petitioner contends that this act, while not unconstitutional, fails to grant authority to the board to fix and regulate rates of private utility companies, in that the general authority to grant franchises given to the board thereunder does not carry with it the authority to regulate rates—the latter being a power which must be clearly and specifically dele-

gated. See Florida ex rel Triay v Burr, 79 Fla 290, PUR1920D 631, 84 So 61; 73 CJS §§ 1011, 1012; Delta Truck Bros, Inc v King (Fla Sup 1962) 142 So 2d 273; Colen v Sunhaven Homes, Inc. (Fla Sup 1957) 98 So 2d 501; Freeport Water Co. v City of Freeport (1901) 180 US 587, 45 L Ed 679, 21 S Ct 493. The court is inclined to agree with this position, however, in view of the court's ruling herein holding the board's order invalid on other grounds, the question of the board's statutory authority to act is not essential to this opinion, and the court, therefore, finds it unnecessary to rule upon the issue.

Petitioner's main contention in this case is that the board's order, and the findings of fact contained therein, are unsupported by any competent substantial evidence in the record, are contrary to the record, and therefore constitute a departure from essential requirements of law The court agrees.

There is no question that "an order based upon a finding which is contrary to the indisputable character of the evidence is void; and a finding or decision without support in the evidence is beyond the power and jurisdiction of administrative agencies." 2 Am Jur 2d 265; see Florida ex rel. Railroad Comrs v Florida East Coast R. Co. (1916) 72 Fla 379, PUR 1917B 1023, 73 So 171; Metropolitan Dade County Water & Sewer Board v Community Utilities Corp (Fla Sup 1967) 200 So 2d 831. With this in mind, we must review the conclusions in the board's final order against the backdrop of the voluminous evidence in this case. In essence, the board concluded (a) it did not have sufficient evidence before it on which to make a decision regarding the rate base of the company, (b) that the books and records of the company were insufficient to determine proper operating expenses for the Duval county operations; and (c) the board had insufficient information before it to justify the rates charged by the company. Let us examine these contentions in the light of the evidence:

[1, 2] *The Rate Base.* The rate review proceeding below continued over a period of approximately nineteen and one-half months, during which time extensive testimony and evidence was introduced by the utility on the elements required to be considered in determining the reasonableness of given rates. One of these elements relates to the rate base of the company It is customary and usual for regulatory bodies having jurisdiction over the regulation of utility companies to establish by rules and regulations a fixed procedure for determining rate base of a utility (that is, the valuation of the company's property used and useful in the public service). In this case, the county commission had not established any rules or regulations governing procedure to be followed in rate cases, nor had they established any method by which the rate base of the utility was to be determined. Because of this vacuum in establishing any particular method of determining rate base, it is apparent from the record that the utility took the approach of introducing evidence sufficient to give the board several different alternative methods for determining the rate base. Through the

testimony of a registered professional engineer, two alternative methods were established that the board could utilize in arriving at the rate base of the company: (a) The "fair value" or replacement cost approach, which established a rate base of $945,571.70, and (b) the "original cost" or historical cost approach, which established a rate base of $835,715.56. The engineer, Mr. Walter J Parks, Jr., stated in his testimony that in his approach to valuation of the assets, he elected the most conservative method of arriving at rate base by using the lesser figure or the "historical cost" approach. A third alternative for arriving at the rate base was also given to the board through the testimony of the utility relating to the company's actual acquisition cost of the assets when it acquired the facilities from the former owners. This testimony indicated that the total purchase price for the plant's facilities and real property was $856,210. The testimony was further to the effect that this was a "depressed price," since the former owner was in serious financial difficulty, and the acquisition of the assets was obtained at a figure below cost. The actual cost figure was later adjusted to $852,000, giving credit to the testimony of the board's staff after a field audit of the books of the company. And even a fourth alternative was given to the board for arriving at rate base. The board's own accounting staff, after an exhaustive analysis of the records of the company, and several field visits to the offices of the company, made a finding in the record that the rate base of the utility, based on original acquisition cost figures, was $817,392. Thus, the board had before it four alternative methods of arriving at rate base, each arrived at by the presentation of voluminous testimony, including that of expert witnesses, as well as testimony of the county's own expert witness. This testimony afforded the following rate base alternatives:

(1) Fair Value	$945,571.70
(2) Original Cost	835,715.56
(3) Acquisition Cost	852,000.00
(4) County's study of actual cost	817,392.00

It was shown by the testimony that the original accounting books and records of the predecessor company (the original company owning the facilities prior to acquisition by petitioner herein) were inadequate to determine the original cost of the properties. It was because of this that the board erroneously concluded it had no legally sufficient evidence on which to make a finding of rate base. It is well established under utility rate regulatory law that where accounting records have been inadequate to determine the cost of the utility's assets, the rate base for the company can be established by an engineer's appraisal and estimate of historical cost which is accomplished by an engineer's inventory of the physical property and a pricing of the items at actual estimated cost at the time of construction or installation. The historical cost thus found, less depreciation, provides a legally acceptable valuation of utility property. City of Sullivan v Missouri Electric Power Co. (Mo 1935) 6 PUR NS 225, 232; Re Jerome Water Co (Idaho 1955) 9 PUR3d 62, 65; Garfield and Lovejoy, Public Utility Economics, Prentice Hall, 1964, pp.

57, 60, 86. In the Jerome Water Co. case, *supra*, the Idaho Public Utilities Commission held:

"In the absence of recorded costs, the method of computation of probable original cost by indices is a common method used by engineers and is generally accepted The probable original cost of the plant now in service, as calculated by Mr. Willard, is substantiated in principle and is in reasonably close agreement in amount to the estimate of the Cornell firm. Since the owners of the property have by their own admission failed to keep adequate records of additions and retirements, the commission must rely upon estimates of engineers to establish what the cost of these items should be"

In City of Sullivan v Missouri Electric Power Co. (Mo 1935) 6 PUR NS 225, 232, the Missouri Public Service Commission held:

"The evidence before us indicates that the company's records are insufficient to enable us to determine the amount of money originally invested in construction of the properties. We must, therefore, estimate the prudent original cost. It is precisely this information that our engineers have endeavored to give us We think that the amounts shown in their estimates may be accepted as reflecting the prudent investment cost of the properties, and we shall so consider them in our determination of fair value."

In Garfield and Lovejoy's text, Public Utility Economics (Prentice Hall, 1964), the law regarding the establishment of rate base is summarized:

"Actual cost methods include: (a) Historical cost; (b) prudent investment; and (c) original cost. Generally speaking, historical cost includes both the construction and acquisition costs of the properties serving the public, including additions and betterments, less depreciation. *Where accounting records have been inadequate, historical cost has been found by estimating the cost of the present plant on the basis of costs of materials and labor at the time each property unit was constructed or acquired, less depreciation.*

. . . . . .

" . . . In the past, the utility companies' books and records were sometimes inadequate to permit a determination of historical cost In such cases, the historical cost of the existing plant was estimated by making an inventory of the physical property and pricing each of the items at actual cost at the time of construction or installation The historical cost, thus found, plus an allowance for the overhead charges incurred during construction and less depreciation would provide a valuation of the tangible property.

. . . . . .

". . . Original cost is determined by studies of available books and records If the original cost of plant cannot be determined, it may be estimated."

The utility in this case followed the standard method of establishing rate base when the accounting records of an acquired company were not sufficient to give that information. The testimony and evidence of Walter J Parks, engineer, which is part of the record, shows that a detailed and voluminous engineer's study was made of the valuation of the utility's property, which arrived at a complete inventory and analysis of the cost of the properties and facilities of the utility at the time each property unit was constructed or acquired, less depreciation. As noted above, this method of arriving at rate base is uniformly accepted. In addition to the engineer's study, the board had available to it the evidence of its own accounting witness who testified as to a rate base figure. Thus, the conclusion by the board in its order that it did not have sufficient evidence before it on which to determine a rate base for the utility is contrary to the testimony and evidence in the record, and is therefore void.

[3] *Rate of Return.* After the establishment of a rate base, the generally accepted procedure in rate cases is to determine what rate of return the company is earning on its present or requested rates and then determine whether said rate of return is reasonable under the circumstances. The determination as to what is or should be a reasonable rate of return for a given utility is an essential part of any utility rate case, since it is only by establishing what would be a reasonable return that a decision can be made as to whether the utility's present or requested rates are within this zone of reasonableness. See Metropolitan Dade County Water & Sewer Board v Community Utilities Corp. (Fla Sup 1967) 200 So 2d 831. Testimony is usually given on this issue by expert witnesses from both the utility and the staff of the administrative agency, and it is not unusual, of course, to hear conflicting expert views The administrative agency is entitled to believe one expert witness over another, but where there is *no* conflicting evidence on a basic issue, such as rate of return, and the agency has before it undisputed testimony of witnesses, it cannot arbitrarily disregard that testimony and reach an entirely different conclusion than that which the undisputed record discloses Metropolitan Dade County Water & Sewer Board v Community Utilities Corp (Fla App 1967) 200 So 2d 831; Northern P. R. Co v Washington Dept. of Pub. Works, 268 US 39, PUR1925D 93, 69 L Ed 837, 45 S Ct 412, Washington Gas Light Co. v District of Columbia Pub. Utilities Commission (DC DC 1944) 54 PUR NS 193, 55 F Supp 627; Re Plainfield-Union Water Co (1959) 57 NJ Super 158, 30 PUR3d 513, 154 A2d 201; Re Wilmington Suburban Water Corp. (1964) — Del —, 56 PUR3d 66, 203 A2d 817; Nevada Pub Service Commission v Ely Light & P. Co. (1964) 80 Nev 312, 55 PUR3d 123, 393 P2d 305.

The only evidence in this case as to what is a minimum reasonable rate of return for the petitioner company is the evidence of the petitioner presented through the voluminous testimony of an expert witness, as well as other witnesses for the utility. The board or the board's staff presented absolutely no evidence on this question The substance of petitioner's testimony was that the utility required a minimum of 6 95 per cent rate of return on its rate base, in order to meet expenses, pay interest on debt, provide the required money for addi-

tional expansion and improvements, and return a fair amount to investors on capital. The generally accepted criteria for determining a reasonable rate of return, including an analysis of cost of capital, were discussed and utilized by the utility's witnesses in arriving at the conclusion that a 6.95 per cent return was a minimum reasonable requirement for this company, and that a zone of reasonableness would be anywhere from 6.95 per cent to 7.39 per cent.

[4] The board cannot legally ignore the only testimony in the record on rate of return. But it did just that. Taking the evidence in a light least favorable to the utility and utilizing the board's own evidence in the record, the effect of the rate reduction, mandated by the board in the final order, would produce for the utility a rate of return of only 2.8 per cent. Nowhere in the record can one find supporting evidence for fixing the rates at this level. The conclusion is inescapable that such a finding is arbitrary and constitutes an unlawful confiscation of the utility's property. See Re Plainfield-Union Water Co (1959) 57 NJ Super 158, 30 PUR 3d 513, 154 A2d 201; Washington Gas Light Co. v District of Columbia Pub. Utilities Commission (DC DC 1944) 54 PUR NS 193, 55 F Supp 627; Northern P. R Co. v Washington Dept. of Pub Works 268 US 39, PUR1925D 93, 69 L Ed 837, 45 S Ct 412; Metropolitan Dade County Water & Sewer Board v Community Utilities Corp. (Fla App 1967) 200 So 2d 831.

[5] The fact that the overall books and records of the company may have included the utility's operations in other counties is not justification for the finding by the board that the records were inadequate to apportion or allocate administrative and general expenses of the Duval county operation In utility rate regulatory practice, there are established methods of allocating administrative and general expenses between multicounty or multistate operations of utilities, and the record discloses that these standard allocation procedures were followed by the accounting witness for the utility. In any event, the books and records of the utility company are presumptively valid, Southwestern Bell Teleph Co. v City of San Antonio (CA5th 1935) 7 PUR NS 433, 75 F2d 880, 882, and the board presented no contrary evidence to prove them otherwise If the board objected to the method of allocations adopted by the utility, it should have come up with an alternative formula and suggested an adjustment of the books to conform to it. Absent this, the board cannot substitute its judgment for that of management. Metropolitan Dade County Water & Sewer Board v Community Utilities Corp. (Fla App 1967) 200 So 2d 831, 833. As noted by the Supreme Court of the United States in Missouri ex rel. Southwestern Bell Teleph Co. v Missouri Pub. Service Commission, 262 US 276, 289 PUR1923C 193, 200, 67 L Ed 981, 43 S Ct 544:

"The commission is not the financial manager of the corporation and it is not empowered to substitute its judgment for that of the directors of the corporation; nor can it ignore items charged by the utility as operating expenses unless there is an abuse of discretion in that regard by the corporate officers."

There was some question in the record as to who had the burden of proof, or the burden of coming forward with the evidence. The utility contended that since the proceedings below were initiated by the board seeking to review the established rates of the company, the burden of proving the unreasonableness of the existing rates falls upon the board. The utility appeared on the date set for the rate hearing and announced that it was prepared to introduce evidence to rebut any initial showing made by the board as to the unreasonableness of the utility's established rates No evidence, however, was initially introduced by the board; rather, the board adopted a procedure wherein it required the utility to come forward with the evidence in the first instance.

There is no question that the one complaining of alleged unreasonableness of existing rates carries the initial burden of proof to establish such unreasonableness Rates of a public utility are presumed valid until proved otherwise. Metropolitan Dade County Water & Sewer Board v Community Utilities Corp. (Fla App 1967) 200 So 2d 831; Re Coal Rates, 23 NM 704, PUR1918D 182, 171 Pac 506. The board contends, however, that it did not initiate the proceedings. Notwithstanding some confusion on this point, the record does reveal that the parties understood the case was proceeding forward by reason of the board's insistence and desire to review the existing rates of the company, which the utility had placed into effect as of August 1, 1966, a date prior to the commencement of the proceedings.

[6] There was no requirement under the special act of 1939 or under the utility's franchises that the company apply to the board for authority to change its rates. There was no rule or regulation adopted by the board requiring the utility to apply for a change in rates; nor was there any procedure established by the board, when reviewing rates, which would require the utility to initially carry the burden of proof. Based on this, it would appear that the utility's contention is correct, and the board had the burden of proving the unreasonableness of the existing and presumptively valid rates of the company. The adoption of the procedure requiring the utility to initially carry the burden of proof was a departure from essential requirements of law. This procedural point, while not the major issue in the case, only serves to fortify the court's ruling as to the irregularity of the order entered below.

The law holding rates of a utility presumptively valid until proved otherwise has another telling effect on the order below. Even if the board's conclusions were correct—that they could not reach a decision based on the records of the company—the board could not then arbitrarily reduce the existing rates of the utility to a level totally unsupportable by the record. If it was true that they could not make a decision, then the board should have left intact the present and presumptively valid rates of the company, placed into effect as of August 1, 1966.

[7] The petitioner also contends that the board erred in making a

retroactive rate reduction. The court agrees. Michigan Bell Teleph Co v Michigan Pub Service Commission (1946) 315 Mich 533, 66 PUR NS 287, 24 NW2d 200, 205, 206, Re Pacific Teleph. & Teleg. Co. (Cal 1949) 80 PUR NS 355, 369; see City of Miami v Florida Pub. Service Commission (Fla Sup 1968) 73 PUR 3d 369, 208 So 2d 249, 259. Again, said error only serves to compound the irregularity of an order already declared erroneous for other reasons.

For the reasons expressed above, the court is of the opinion that the findings and judgment of the board in the order below are contrary to all of the competent substantial evidence in the record and fail to accord with essential requirements of the law. While a reviewing court should give as much credence as possible to the findings of a lower tribunal or agency, to say that their findings may be made conclusive where constitutional rights of property are involved, although the evidence clearly establishes that the findings are wrong and constitutional rights have been invaded, is to place those rights at the mercy of administrative officials and to seriously impair the security inherent in our judicial safeguards.

Writ of Certiorari be and it is hereby granted and the writ is issued as prayed. The order of the Board of County Commissioners of Duval County entered on March 13, 1968, is quashed.

ILLINOIS COMMERCE COMMISSION

Re Pekin Water Works Company

55082
March 4, 1970

APPLICATION by water company for increased rates and for changes in rules, regulations, and conditions of service; granted as modified.

Revenues, § 5 — Tax credits — Merchandising and jobbing — Rentals

[ILL.] Such items as amortization of a water company's investment tax credit, merchandising and jobbing revenues, rental revenues, and turn on charges should be reported as miscellaneous water revenues [1] p 466

Expenses, § 92 — Treatment of particular kinds of expenses — Amortization of rate case expenses

[ILL.] Rate case expenses of a water company were amortized over a 5-year period for rate-making purposes. [2] p. 466

Payment, § 55 — Penalty for late payment — Interest rate.

[ILL.] A water company was allowed to add a late payment charge of 5 per cent to bills not paid within fifteen days of the date thereof [3] p 467.

Discrimination, § 186 — Rates — Water company — Private fire protection.

[ILL.] A water company was ordered to charge uniform rates for fire protection service to those customers residing within and without the city limits. [4] p 467

Return § 115 — Water company

[ILL.] A fair and reasonable rate of return for a water company was found to be 6 2 per cent. [5] p 469

By the COMMISSION: On July 21, 1969, Pekin Water Works Company, hereinafter sometimes referred to as the company, filed with the Illinois Commerce Commission its revised schedule of rates and of rules, regulations, and conditions of service for water service designated as Ill CC No. 4, Original Sheet Nos. 1 through 41, inclusive, by which it proposed a general increase in rates for water service applicable to its service area in the city of Pekin, Illinois, and vicinity, in Tazewell county, such rates, rules, regulations, and conditions of service to become effective on August 20, 1969.

Upon examination of said proposed schedule, the commission suspended the proposed general increase in rates and changes in rules, regulations, and conditions of service until December 19, 1969, and subsequently resuspended it until June 19, 1970.

Notice of the proposed general increase in the company's rates was published in The Pekin Daily Times, a newspaper having a general circulation in Pekin, Illinois, and vicinity, and notice of such proposed increase in rates was posted in the business office of the company in Pekin in accordance with the requirements of law and the provisions of General Order 157 of the commission.

Pursuant to notice as required by law and the rules and regulations of the commission, the matter came on for hearing before a duly authorized examiner at the offices of the commission in Springfield, Illinois, on October 6, 1969. The company appeared by counsel and presented evidence, both oral and documentary, in support of the proposed increase in rates and changes in its rules, regulations, and conditions of service. The city of Pekin appeared by its corporation counsel. Appearances were also entered on behalf of the accounting and engineering staffs of the commission. There were no other appearances. A further hearing was held on November 10, 1969. At the conclusion of the hearing on November 10, 1969, the matter was marked "heard and taken."

The present rates for general water service consist of a service charge and a usage charge. Both charges are stated gross and net and are billed at the gross charge, with the net charge applied as a discount for prompt payment within ten days after rendition of bills The present service and usage charges are tabulated on page 462.

Under the proposed schedules, service and usage charges are no longer stated gross and net; a delayed payment charge of 10 per cent is added to all bills not paid within fifteen days from the date of rendition.

and signed by one L. C. Rogge. The letter advised the members of a complete optical service, including eye examinations, at a reduced cost to them and their dependents upon presentation of the card attached thereto at any of petitioner's five business addresses printed on the reverse side of the letter. A hearing was held before the Board on February 19, 1972 at which time the Board found petitioner guilty of three out of four counts and suspended his license to practice the trade or occupation of dispensing optician for a period of six months.

The basic violation of Florida Statutes Chapter 484 and Opticians Rules Chapter 21P-1 appears to be that the petitioner in its communication to the union members advised that complete optical services, including eye examinations, would be furnished. Opticians by statute are restricted from eye examinations as this is a function of an optometrist. See F.S. § 484.02 F.S.A. and Opticians Rules 21P-1.02. Therefore, the communication on its face violated the statute and related rule and petitioner offered little or no testimony at the time of the hearing before the Board on this point.

We feel the Board has abused its discretion in that the six month suspension is not warranted under the circumstances and would result in an undue economic hardship to the petitioner and, therefore, the order of the Board should be modified.

Accordingly, the writ of certiorari is granted and the order is modified to read as follows: the licensee, Donald Juhl as owner and/or officer of Community Optical Service f/k/a Family Optical Service is hereby suspended from the practice of dispensing optician for a period of thirty (30) days from the date of the service of copy of this order.

In all other particulars, the order of the Florida State Board of Dispensing Opticians shall remain in full force and effect.

It is so ordered.

FLORIDA CROWN UTILITY SERVICES, INC., a Florida corporation, Appellant,

v.

UTILITY REGULATORY BOARD OF the CITY OF JACKSONVILLE, Appellee.

No. P-450.

District Court of Appeal of Florida, First District.

March 15, 1973.

Certiorari proceeding by utility to review an order entered by municipal utility regulatory board in rate case. The Circuit Court for Duval County, Roger J. Waybright, J., entered order adverse to utility, and utility appealed. The District Court of Appeal, Spector, C. J., held that where former owner of property of utility had failed to make available any original cost records, such board, whose own rule required it to base rates on the actual legitimate costs of the property less depreciation, lacked authority to substitute for that figure the acquisition costs to utility, but rather should have reconstructed original costs by an engineer's estimate.

Reversed.

1. Public Service Commissions ⇐35

The District Court of Appeal had jurisdiction to entertain appeal from order of circuit court denying certiorari review of a utility board's administrative order on rates.

2. Public Service Commissions ⇐7.9

Opinions of regulatory board staffs as to executive compensation and management fees unsupported by evidence cannot be sustained as basis for disallowance of such expenses in a utility rate case.

3. Public Service Commissions ⇐7.9

Refusal of municipal utility regulatory board, in utility rate case, to allow expenses incurred by utility in connection with

rate hearing on ground that hearing had served no practical purpose for ratepayers since no rate increase was granted, without more, constituted a departure from essential requirements of law.

4. Public Service Commissions ⇐7.5

Where former owner of property of utility had failed to make available any original cost records, municipal utility regulatory board, whose own rule required it to base rates on the actual legitimate costs of the property less depreciation, lacked authority to substitute, for that figure the acquisition costs to utility, but rather should have reconstructed original costs by an engineer's estimate.

Robert J. Kelly, Tallahassee, and John B. Chandler, Jr., of Rogers, Towers, Bailey, Jones & Gay, Jacksonville, for appellant.

T. Edward Austin, Jr., and William D. Moore, Jacksonville, for appellee.

SPECTOR, Chief Judge.

[1] Appellant seeks reversal of an adverse order entered by the circuit court in a certiorari proceeding by which it sought review of an order entered by the appellee in a utility rate case. We have jurisdiction to entertain this appeal from an order of the circuit court denying certiorari review of a utility board's administrative order on rates. Southern Gulf Utility, Inc. v. Metropolitan Dade County Water and Sewer Board, 180 So.2d 481 (Fla.App.); Westwood Lake v. Metropolitan Dade County Water and Sewer Board, 203 So.2d 363 (Fla.App.1967).

The appellant sewer and water company filed an application for a rate hearing before the appellee municipal regulatory board. Shortly thereafter a hearing was had at which evidence was received from appellant's witnesses, appellee's staff and the public. An order was entered by the regulatory board denying appellant's application for an increase in rates. On the contrary, the order entered by the board in the same proceeding reduced the rates permitted to be charged to appellant's customers.

[2] For reversal, appellant raises a number of alleged errors. Appellant contends, inter alia, that the board erroneously disallowed management fees as an expense for rate-making purposes in the amount of $12,500 as claimed and reduced that item to $5,400 without substantial competent evidence in the record to sustain the reduction. We agree that it was error. In Westwood Lake, Inc. v. Metropolitan Dade County Water and Sewer Board, 203 So.2d 363 (Fla.App.1967), the court condemned such disallowances where there was no competent evidence to show that the amount paid was excessive for the services rendered. Appellant aptly points out that the board had one of the recipients of the management fees in question under subpoena but failed to call him as a witness regarding the services performed by him. Opinions of regulatory board staffs as to executive compensation and management fees unsupported by evidence cannot be sustained as the basis for disallowance of such expenses. Westwood Lake, Inc. v. Metropolitan Dade County Water and Sewer Board, supra.

[3] Appellant also contends that it was a departure from the essential requirements of law to disallow the expenses incurred by it in connection with the rate hearing. This claim appears to be supported by the Westwood Lake case, supra, and authorities cited therein at page 366. The board in the case at bar refused to allow this item of expense on the ground that the hearing has served no practical purpose for rate payers since no rate increase was granted. While we recognize the well settled rule that a regulatory board is vested with broad discretion concerning the allowance of rate hearing expense, it is equally well settled that whether a rate increase is granted is not the sole criteria on which that discretion rests. Accordingly, we hold

that the disallowance of these expenses and the grounds relied upon by the board, without more, constituted a departure from the essential requirements of law.

The most vital issue raised by appellant concerns the rate base upon which the allowed rate is fixed. Chapter 69-1166, Laws of Florida, 1969, authorizes the City of Jacksonville to regulate private water and sewage systems and to fix rates therefor. The statutory criteria for fixing the rate base is found in Section 2 of Chapter 69-1166, which reads as follows:

"Rate Base. Rates of utility companies shall be fixed to insure that all rates or other charges by utilities within the purview of this act shall be fair, just, and compensatory. In setting rates, there shall be included contributions and aid to construction in the rate base where such factor is necessary to insure a fair, just, reasonable, and compensatory rate of return for the utility."

By its Ordinance 70-406-430, the City of Jacksonville implemented Section 2 of the enabling statute quoted above in nearly identical language. Section 4 of the Ordinance states:

"Section 4—Duties and Powers of Utility Regulatory Board.

(c) To fix rates, connection charges and other charges of utility companies, and in so doing to insure that all rates or other charges shall be fair, just, reasonable and compensatory. In setting rates, the Board shall include contributions in aid to construction in the rate base where such factor is necessary to insure a fair, just, reasonable and compensatory rate of return to the owner of such water or sewer system."

And finally the appellee board's own rule implementing both the statute and ordinance above cited reads as follows:

"Section 7. *Rate Base.* In determining the rate base upon which reasonable rates are to be fixed the Board shall investigate and determine the actual legitimate costs of the property of each utility, actually used and useful or having present value for future use in the service, and shall be the money honestly and prudently invested by the utility company in such property used and useful in serving the public, less accrued depreciation. Said rate base shall include contributions in aid to construction, replacement costs, engineer's evaluation reports and other data where such factor is necessary to insure a fair, just, reasonable, and compensatory rate of return to the utility company."

The appellant's complaint about the rate base is twofold. First, it is contended that the board failed to follow the command of its own rate base rule in Section 7 by using an erroneous method to establish the actual legitimate costs of the property of the appellant utility, thereby arriving at a property base wholly insufficient to serve as a proper base upon which to fix reasonable rates. The uncontroverted evidence before the board established that appellant had acquired the utility from a former owner. The latter had failed to make available to its successor in ownership, appellant here, any original cost records. Accordingly, appellant's application for a rate increase was not based upon the first criteria set forth in Section 7 of the board rules, that is, upon the "actual legitimate costs of the property . . . less accrued depreciation". Rather, the application of appellant was based on the criteria embodied in the second sentence of Section 7, to wit: "Said rate base shall include contributions in aid to construction, replacement costs, engineers evaluation reports and other data where such factor is necessary to insure a fair, just, reasonable, and compensatory rate of return to the utility company."

[4] Although its own rule requires the board to base rates on the "actual legitimate costs of the property . . . less depreciation", the board substituted for that figure the acquisition cost to the present owner, appellant herein. In other words, by its own admission, the board substituted "acquisition cost" for the crite-

ria established by its own rule, "actual legitimate costs of the property . . . actually used and useful, etc." We find no authority for such substitution of criteria.

Apparently, the appellee board used acquisition cost rather than the criteria provided in the rule because the original cost figures were unavailable. However, the law seems clear that where original costs are unavailable, they should be reconstructed by an engineer's estimate. In Southern States Utility, Inc. v. Duval County Board of County Commissioners, 82 PUR 3d 452 (1969), the proper course to be followed where the original cost figures are not available was stated in the following manner:

> "It was shown by the testimony that the original accounting books and records of the predecessor company (the original company owning the utilities prior to acquisition by petitioner herein) were adequate to determine the original cost of the properties . . . It is well established under utility rate regulatory law that where accounting records have been inadequate to determine the cost of the utility's assets, the rate base for the company can be established by an engineer's appraisal and estimate of historical cost which is accomplished by engineer's inventory of the physical property and a pricing of the items at actual estimated cost at the time of construction or installation. The historical cost thus found, less depreciation, provided a legally acceptable valuation for utility property."

Quoting from Garfield and Lovejoy's "Public Utility Economics", the Southern States Utility case, supra, further stated:

> "In the past, the utility company's books and records were sometimes inadequate to permit a determination of historical cost. In such cases, the historical cost of the existing plant was estimated by making an inventory of the physical property and pricing each of the items at the actual cost at the time of construction or installation. The historical cost, thus found, plus an allowance for the overhead charges incurred during construction and less depreciation would provide evaluation of the tangible property.
>
> "Original cost is determined by studies of available books and records; if the original cost of plant cannot be determined, it may be estimated."

Appellee board's departure from its own rate base determining criteria constituted a departure from the essential requirements of law. Moreover, it is undisputed that the board did not take into account the criteria specified in the second sentence of Section 7 of its own rules in establishing its rate base for the appellant. That portion of Section 7 provides that the rate base shall include contributions in aid to construction, replacement costs, engineer's evaluation reports and other data where such factor is necessary to insure a fair, just, reasonable, and compensatory rate of return to the utility company. Since the board failed to properly determine "actual legitimate costs" for rate base purposes, it follows that the rate of return established by it cannot be said to insure a fair, just, reasonable and compensatory rate of return to appellant. Consideration of all of the criteria enumerated in the board's rate base is mandated by Section 7 where necessary to insure a fair return.

Appellee board argues that it need not ascertain "actual legitimate cost" to establish the rate base. It cites the 1951 case of Jacksonville Gas Corporation v. Florida Railroad and Public Utilities Commission, 50 So.2d 887 (Fla.), for its authority to establish the rate base on the "actual cost" or purchase price of the utility to appellant. Yet, to do so flies in the face of its own rule requiring the rate base to be predicated on "actual legitimate cost". The board also contends that Westwood Lake, Inc. v. Metropolitan Dade County Water and Sewer Board, supra, is authority for excluding contributions in aid of construction from the rate base. While

that was the holding in Westwood Lake, the Dade County rate ordinance there being considered [Chapter 32, Code of Metropolitan Dade County] expressly provides that such contributed property shall be excluded from the rate base and prohibits any return on any property acquired as contributions in aid of construction, Dade County v. General Waterworks Corp., 267 So.2d 633 (Fla.1972). However, the statute, ordinance and rule in question in this proceeding expressly requires contributions in aid to construction to be considered in order to arrive at a fair, just, reasonable and compensatory rate of return.

There are other points on appeal raised by appellant which need not now be decided in view of our decision to reverse and remand this cause to the lower court with directions to remand the cause to the board with instructions that said board conduct further proceedings in accordance with this opinion.

Reversed.

CARROLL, DONALD K., and RAWLS, JJ., concur.

Marvin MATHIS et al., Appellants,

v.

Adolphus L. LAMBERT et al., Appellees.

No. 72-864.

District Court of Appeal of Florida, Third District.

March 20, 1973.

Action for injuries sustained by 12-year-old retarded boy when struck by defendants' automobile. The Circuit Court for Dade County, Shelby Highsmith, J., entered final judgment in favor of defendants based on a directed verdict previously granted but withheld, and plaintiffs appealed. The District Court of Appeal, Hendry, J., held that evidence that 12-year-old retarded boy was struck by automobile as he had almost finished crossing street, and that defendant motorist testified that he knew children were in area returning from school but that he did not see boy until impact, presented question for jury as to motorist's negligence.

Reversed with directions.

1. Trial ⇐168

Motions for directed verdicts should be cautiously granted.

2. Trial ⇐139(1), 142

A motion for directed verdict should be granted only when court, after viewing evidence and testimony in light most favorable to nonmoving party, concludes that jury could not reasonably differ as to existence of a material fact or material inference, and that movant is entitled to judgment as matter of law.

3. Appeal and Error ⇐927(7)

On appeal from judgment on directed verdict, appellate court considers facts in light most favorable to nonmoving party.

4. Automobiles ⇐245(8)

Evidence that 12-year-old retarded boy was struck by automobile as he had almost finished crossing street, and that defendant motorist testified that he knew that children were in area returning from school but that he did not see the boy until impact, presented question for jury as to motorist's negligence.

5. Appeal and Error ⇐1176(5)

Where it was determined on appeal that trial judge had erred in entering final judgment for defendants based on motion for directed verdict previously granted but withheld, judgment was reversed with

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Maps

Docket No. : 001820-SU

Docket Title: Application for transfer of Sewer Utility Facilities from Cross Creek of Fort Myers Community Association to Utilities, Inc. of Eagle Ridge

DN 04360-01: (1) CROSS CREEK UTILITIES MASTER PLAN;
(2) CROSS CREEK AERIAL PHOTO SOUTHERN HALF AND
(3) CROSS CREEK AERIAL PHOTO NOTHERN HALF

[CLK NOTE: MAP PORTION OF EXHIBIT CAN BE FOUND IN MAPS MICROFILM.]