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December 2, 2005

HAND DELIVERY

RECEIVED-FPSC
05 DEC -2 AM 10:48
COMMISSION
CLERK

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No.: 050281-SU; Application of Plantation Bay Utility Company for Increase in Water and Wastewater Rates in Volusia County, Florida
Our File No.: 36062.06

Dear Ms. Bayo:

Plantation Bay Utility Company (the *Utility*) provides the following responses to the Staff's Audit dated November 2, 2005:

CMP
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SEC 1
OTH

Exception No. 1: The Utility agrees.

Exception No. 2: The Utility agrees.

Exception No. 3: The Utility agrees.

Exception No. 4: The Utility agrees.

Exception No.5: The Utility disagrees with the methodology on Schedules L and M for Exception No. 5. Based upon a recreation of the auditor's detail, it appears that in some cases the guideline lives were not used. See attached.

DOCUMENT NUMBER-DATE
11388 DEC-2 05
FPSC-COMMISSION CLERK

Also, the Rule does not state that a specific convention be used when depreciating additions. The Utility's policy is to take a full year depreciation on assets placed in service.

The auditor references calculating "average" depreciation expense. There is no rule which specifies that depreciation expense is calculated on an average basis for rate making. Based on the Utility's depreciation policy, the amounts recorded in the MFR's are correct.

The MFR's and annual reports misclassified $17,224 of wastewater software as plant sewers. The Utility's depreciation schedules clearly state that this amount is for software. "Public Utility Depreciation Practices," published by NARUC, August 1996, on Page 42 under the heading "Computer Software" specifies "... they [software costs] may be capitalized as miscellaneous intangible plant...." The Utility has capitalized these costs in Accounts 347 (water) and 397 (sewer), miscellaneous equipment. Since no guideline rate exists for software costs, the Utility is using the rate for miscellaneous equipment of 15 years for water and sewer. The 2005 annual report will correctly classify this plant to Account 397. The expense and related accumulated depreciation was correctly classified in the MFR's and annual report. The water accounts were correct.

Exception No. 6: While the Utility agrees that adjustments to its general ledger may be necessary to be in strict compliance with the Rules, the Utility believes that the auditor is not clear in how these adjustments impact the MFR's.

The MFR's clearly show that beginning CIAC for rate-making agrees with the referenced Order. Additionally, the Utility's Annual Reports, which contain the source data for the MFR's, show annual additions different than the amounts shown in the auditor's schedule. Also, there is no correlation to the auditor's recommended adjustments and the exhibits attached to the auditor's report.

For 2002, review on the Utility's 2002 general ledger on file shows the following additions, which were reported in the Utility's Annual Report:

Meter Fees	$	11,000.00
Water Capacity		69,996.80
Sewer Capacity		58,379.20

The Utility cannot determine where the auditor's "Per Utility Additions" are being derived.

For 2004, review of the Utility's general ledger on file shows the following additions:

Meter Fees	$	102,959.68
Water Capacity		118,273.68
Sewer Capacity		15,154.24

Additions per the annual report and MFR's:

Meter Fees	$	29,900.00
Water Capacity		190,167.00
Sewer Capacity		15,054.00

As shown, the Utility believes that its reporting is correct and cannot determine if the auditor's adjustment impacts reported amounts.

Without knowing what, if any, impact these adjustments have to its filing, the Utility is unable to form a response.

Exception No. 7: The Utility agrees that adjustment to CIAC amortization is necessary. The Utility believes the auditor mis-applied Rule 25-30.140(9)(b)&(c). On Schedule N for Exception No. 7, the auditor appears to be amortizing water system capacity charges using the rate for Account 331, Transmission and Distribution Mains. On Schedule O for Exception No. 7, the auditor appears to be amortizing sewer system capacity charges using the rate for Account 371, Pumping Equipment. The Rule referenced above states "any composite rate used shall be recalculated each year based on the applicable plant balances and depreciation rates."

Attached as Exhibit "A" is the Utility's calculation of the composite rate is contained on the attached schedules for 2002 - 2004. The calculation excludes land, intangible, general, and contributed property (which is amortized separately).

Exception No. 8: The auditor uses Rule 25-30.437 F.A.C. to support the position that accumulated deferred income taxes be included in capital structure. While this Rule does not specifically state this, the Rule references Commission Form PSC/ECR20 (Class B MFR's), which does show A.D.I.T. to be a component of capital structure.

However, Rule 25-30.433(3) states "Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation."

Exception No. 9: The Utility agrees.

Exception No. 10: The Utility agrees.

Exception No. 11: With the increase in hurricane activity, the Utility disagrees that the $8,855 of expenses identified as hurricane repairs are unlikely to occur again in the near future. The Utility believes that these charges should be treated as caused by natural disasters and amortized over a much shorter time period than five years. The Utility proposes an amortization period of two years.

It is generally recognized in the scientific community that since 1995 the Atlantic Ocean has been in a multi-decadal cycle of increased hurricane activity. The last cycle of increased activity lasted from the late 1920's to 1970. This current cycle, which started in 1995, is expected to last for the next 10-20 years. Please refer to Exhibit "B" attached hereto.

Disclosure No. 1: The Utility will provide the information requested by Commission Staff on November 8, 2005.

Disclosure No. 2: The Utility agrees.

Disclosure No. 3: The issue raised here will be addressed in the Utility's response to Staff's Fourth Set of Data Requests No. 4.

Disclosure No. 4: The Utility agrees that this issue should be referred to the Commission Staff engineer.

Disclosure No. 5: Please refer to MFR Pages B-7 and B-8. Note that increases in the benchmark of 65% and 59% for water and wastewater, respectively, have been experienced by the Utility. Since the Utility has no direct employees, the Utility believes that these increases are nominal and provides better efficiencies than having direct employees.

Disclosure No. 6: The Utility agrees with the facts as stated in the disclosure.

Disclosure No. 7: The Utility has addressed the issue raised in this disclosure in its response to Staff's First Set of Data Requests, No.1.

Should you have any questions regarding these responses, please do not hesitate to contact me.

Very truly yours,

VALERIE L. LORD
For the Firm

VLL/tlc
Enclosures

cc: Rosanne Gervasi, Esquire, Office of General Counsel (w/enc.)(by hand delivery)
Mr. Troy Rendell, Division of Economic Regulation (w/enc.) (by hand delivery)
Mr. Bart Fletcher, Division of Economic Regulation (w/enc.) (by hand delivery)
Mr. Douglas R. Ross, Jr. (w/enclosures)
Ms. Jean Trinder (w/enclosures)
Mr. Frank Seidman (w/o enclosures)
Robert C. Nixon, CPA (w/enclosures)

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Plantation Bay Utility Company
Plant and Accumulated Depreciation
At 12/31/2004

er Utility ccount Vater Plant	Utility Plant In Service Balance 12/31/03	Additions	Retirements	Adjustments	Balance 12/31/2004	Depr Life	/	Rate	Accumulated Depreciation Balance 12/31/03	Depr on Prior Yr Bal	Depr on Additions	Depr on Rets	Depr on Adjs	Retirements	Balance 12/31/2004	Depreciation Expense 12/31/2004
301.1 Organization Costs	16,808.00	-			16,808.00	40	/	2.50	7,351.00	420.00	-	-		-	7,771.00	420.00
302.1 Franchises	-	-			-	40	/	2.50	-	-	-	-		-	-	-
303.4 Land & Land Rights	58,949.00	-			58,949.00		/	N/A	-		-			-	-	-
304.4 Structures & Improveme	167,858.00	5,514.00			173,372.00	32	/	3.13	85,872.00	5,254.00	173.00	-			91,299.00	5,427.00
307.2 Wells & Springs	227,129.00	-			227,129.00	30	/	3.33	74,187.00	7,563.00	-	-		-	81,750.00	7,563.00
310.2 Power Generation Equi	87,625.00	-			87,625.00	20	/	5.00	(6,931.00)	4,381.00	-	-		-	(2,550.00)	4,381.00
311.2 Pumping Equipment	201,774.00	-			201,774.00	20	/	5.00	178,884.00	10,089.00	-	-		-	188,973.00	10,089.00
320.3 Water Treatment Equip	640,209.00	4,214.00			644,423.00	22	/	4.55	566,979.00	29,130.00	192.00	-		-	596,301.00	29,322.00
330.4 Dist Res & Standpipes	230,505.00	66,899.00			297,404.00	37	/	2.70	120,709.00	6,224.00	1,806.00	-		-	128,739.00	8,030.00
331.4 T & D Mains	1,329,707.00	148,150.00			1,477,857.00	43	/	2.33	305,494.00	30,982.00	3,452.00	-		-	339,928.00	34,434.00
333.4 Services	164,881.00	9,572.00			174,453.00	40	/	2.50	42,631.00	4,122.00	239.00	-		-	46,992.00	4,361.00
334.4 Meters/Meter Installatio	94,440.00	25,458.00			119,898.00	20	/	5.00	41,580.00	4,722.00	1,273.00	-			47,575.00	5,995.00
335.4 Hydrants	200,620.00	27,951.00			228,571.00	45	/	2.22	36,863.00	4,454.00	621.00	-		-	41,938.00	5,075.00
339.4 Other Plant & Misc Equi	-	-				20	/	5.00	-	-	-	-		-	-	-
340.5 Office Furn & Equip	184.00	-			184.00	15	/	6.67	184.00	-	-	-		-	184.00	-
341.5 Software	-	-				6	/	16.67	-	-	-	-			-	-
343.5 Tools, Shop & Garage E	-	-					/	N/A	-		-	-	-	-	-	-
344.5 Laboratory Eq.	847.00	-			847.00	15	/	6.67	702.00	56.00	-	-		-	758.00	56.00
346.5 Communication Equip.	688.00	-			688.00	10	/	10.00	688.00	-	-	-		-	688.00	-
347.5 Miscellaneous Equip	16,893.00	13,051.00	-	-	29,944.00	10	/	10.00	3,364.00	1,689.00	653.00				5,706.00	2,342.00
	3,439,117.00	300,809.00	-	-	3,739,926.00				1,458,557.00	109,086.00	8,409.00	-	-	-	1,576,052.00	117,495.00

er Audit ccount Vater Plant	Utility Plant In Service Balance 12/31/03	Additions	Balance 12/31/2004	Averaging Adjustments	Avg Balance 12/31/2004	Depr Life	/	Rate	Accumulated Depreciation Balance 12/31/03	Depr of Average Bal	Balance 12/31/2004	Depreciation Expense 12/31/2004
301.1 Organization Costs	16,808.00	-	16,808.00	-	16,808.00	40	/	2.50	7,351.00	420.00	7,771.00	420.00
302.1 Franchises	-	-	-	-	-	40	/	2.50	-	-	-	-
303.4 Land & Land Rights	58,949.00	-	58,949.00	-	58,949.00		/	N/A	-		-	-
304.4 Structures & Improveme	167,858.00	5,514.00	173,372.00	(2,757.00)	170,615.00	33.33	/	3.00	85,872.00	5,119.00	90,991.00	5,119.00
307.2 Wells & Springs	227,129.00	-	227,129.00	-	227,129.00	30.03	/	3.33	74,187.00	7,563.00	81,750.00	7,563.00
310.2 Power Generation Equi	87,625.00	-	87,625.00	-	87,625.00	20	/	5.00	(6,931.00)	4,381.00	(2,550.00)	4,381.00
311.2 Pumping Equipment	201,774.00	-	201,774.00	-	201,774.00	20	/	5.00	178,884.00	10,089.00	188,973.00	10,089.00
320.3 Water Treatment Equip	640,209.00	4,214.00	644,423.00	(2,107.00)	642,316.00	21.978	/	4.55	566,979.00	29,225.00	596,204.00	29,225.00
330.4 Dist Res & Standpipes	230,505.00	66,899.00	297,404.00	(33,449.00)	263,955.00	37.038	/	2.70	120,709.00	7,127.00	127,836.00	7,127.00
331.4 T & D Mains	1,329,707.00	148,150.00	1,477,857.00	(74,075.00)	1,403,782.00	42.919	/	2.33	305,494.00	32,708.00	338,202.00	32,708.00
333.4 Services	164,881.00	9,572.00	174,453.00	(4,786.00)	169,667.00	40	/	2.50	42,631.00	4,242.00	46,873.00	4,242.00
334.4 Meters/Meter Installatio	94,440.00	25,458.00	119,898.00	(12,729.00)	107,169.00	20	/	5.00	41,580.00	5,358.00	46,938.00	5,358.00
335.4 Hydrants	200,620.00	27,951.00	228,571.00	(13,975.00)	214,596.00	45.05	/	2.22	36,863.00	4,764.00	41,627.00	4,764.00
339.4 Other Plant & Misc Equi	-	-	-	-	-	20	/	5.00	-	-	-	-
340.5 Office Furn & Equip	184.00	-	184.00	-	184.00	15	/	6.67	184.00	-	184.00	-
341.5 Software	-	-	-	-	-	6	/	16.67	-	-	-	-
343.5 Tools, Shop & Garage E	-	-	-	-	-		/	N/A	-		-	-
344.5 Laboratory Eq.	847.00	-	847.00	-	847.00	15	/	6.67	702.00	56.00	758.00	56.00
346.5 Communication Equip.	688.00	-	688.00	-	688.00	10	/	10.00	688.00	-	688.00	-
347.5 Miscellaneous Equip	16,893.00	13,051.00	29,944.00	(6,525.00)	23,419.00	15	/	6.67	3,364.00	1,561.00	4,925.00	1,561.00
	3,439,117.00	300,809.00	3,739,926.00	(150,403.00)	3,589,523.00				1,458,557.00	112,613.00	1,571,170.00	112,613.00

EXHIBIT
tabbies
A

Plantation Bay Utility Company
Plant and Accumulated Depreciation
At 12/31/2004

Per Utility

Account Sewer Plant	Utility Plant In Service: Balance 12/31/03	Additions	Retirements	Adjustments	Balance 12/31/2004	Depr Life	/	Rate	Accumulated Depreciation: Balance 12/31/03	Depr on Prior Yr Bal	Depr on Additions	Depr on Rets	Depr on Adjs	Retirements	Balance 12/31/2004	Depreciation Expense 12/31/2004
353.2 Organization Costs	16,808.00	-			16,808.00	40	/	2.50	7,351.00	420.00	-			-	7,771.00	420.00
302.1 Franchises	-	-			-	40	/	2.50	-	-	-			-	-	-
353.4 Land & Land Rights	50,631.00	-			50,631.00		/	N/A	-		-			-	-	-
354.4 Structures & Improveme	148,265.00	2,989.00			151,254.00	32	/	3.13	82,080.00	4,641.00	94.00			-	86,815.00	4,735.00
355.4 Power Generation Equi	-	-			-	20	/	5.00	-	-	-			-	-	-
360.2 Collection Sewers-Forc	296,835.00	66,869.00			363,704.00	30	/	3.33	143,743.00	9,885.00	2,227.00			-	155,855.00	12,112.00
361.2 Collection Sewers-Grav	1,366,810.00	295,268.00			1,662,078.00	45	/	2.22	245,729.00	30,343.00	6,555.00			-	282,627.00	36,898.00
361.3 Manholes	820,637.00	369,131.00			1,189,768.00	30		3.33	142,979.00	27,327.00	12,292.00				182,598.00	39,619.00
362.2 Special Collecting Struc	-	-				30	/	3.33	-	-	-			-	-	-
363.2 Services to Customers	186,922.00	7,122.00			194,044.00	38	/	2.63	48,315.00	4,916.00	187.00			-	53,418.00	5,103.00
364.2 Flow Measuring Devise	5,210.00	-			5,210.00	5		20.00	4,535.00	675.00	-				5,210.00	675.00
371.3 Pumping Equipment	243,460.00	87,197.00			330,657.00	18	/	5.56	59,132.00	13,536.00	4,848.00			-	77,516.00	18,384.00
380.4 Treatment & Disposal E	607,605.00	-			607,605.00	18	/	5.56	547,934.00	33,783.00	-			-	581,717.00	33,783.00
381.4 Plant Sewers		-				35	/	2.86		-	-			-	-	-
382.4 Outfall Sewer Lines	28,340.00	32,470.00			60,810.00	30		3.33	16,526.00	944.00	1,081.00				18,551.00	2,025.00
389.4 Other Plt./Misc. Eq.	-	-			-	32	/	3.13	-	-	-	-		-	-	-
389.2 Other Plant/Misc Equip	-	-			-	15	/	6.67	-	-	-	-		-	-	-
390.5 Office Furniture/ Equip.	184.00	-			184.00	15		6.67	184.00	-	-	-			184.00	-
390.5 Software		-				6	/	16.67		-	-	-		-	-	-
393.5 Tools, Shop & Garage E	-	-				16	/	6.25	-	-	-	-		-	-	-
397.5 Miscellaneous Equip	7,211.00	10,013.00	-	-	17,224.00	15	/	6.67	1,626.00	481.00	668.00	-	-	-	2,775.00	1,149.00
	3,778,918.00	871,059.00	-	-	4,649,977.00				1,300,134.00	126,951.00	27,952.00	-	-	-	1,455,037.00	154,903.00

Per Audit

Account Sewer Plant	Utility Plant In Service: Balance 12/31/03	Additions	Retirements	Averaging Adjustments	Avg Balance 12/31/2004	Depr Life	/	Rate	Accumulated Depreciation: Balance 12/31/03	Depr of Average Bal	Balance 12/31/2004	Depreciation Expense 12/31/2004
353.2 Organization Costs	16,808.00	-	16,808.00	-	16,808.00	40	/	2.50	7,351.00	420.00	7,771.00	420.00
302.1 Franchises	-	-	-	-	-	40	/	2.50	-	-	-	-
353.4 Land & Land Rights	50,631.00	-	50,631.00	-	50,631.00		/	N/A	-		-	-
354.4 Structures & Improveme	148,265.00	2,989.00	151,254.00	(1,494.00)	149,760.00	32	/	3.13	82,080.00	4,680.00	86,760.00	4,680.00
355.4 Power Generation Equi	-	-	-	-	-	20	/	5.00	-	-	-	-
360.2 Collection Sewers-Forc	296,835.00	66,869.00	363,704.00	(33,434.00)	330,270.00	30	/	3.33	143,743.00	11,009.00	154,752.00	11,009.00
361.2 Collection Sewers-Grav	1,366,810.00	295,268.00	1,662,078.00	(147,634.00)	1,514,444.00	69.635	/	1.44	245,729.00	21,748.00	267,477.00	21,748.00
361.3 Manholes	820,637.00	369,131.00	1,189,768.00	(184,565.00)	1,005,203.00	30		3.33	142,979.00	33,507.00	176,486.00	33,507.00
362.2 Special Collecting Struc	-	-	-	-	-	30	/	3.33	-	-	-	-
363.2 Services to Customers	186,922.00	7,122.00	194,044.00	(3,561.00)	190,483.00	38	/	2.63	48,315.00	5,013.00	53,328.00	5,013.00
364.2 Flow Measuring Devise	5,210.00	-	5,210.00	-	5,210.00	7.72		12.95	4,535.00	675.00	5,210.00	675.00
371.3 Pumping Equipment	243,460.00	87,197.00	330,657.00	(43,598.00)	287,059.00	18	/	5.56	59,132.00	15,948.00	75,080.00	15,948.00
380.4 Treatment & Disposal E	607,605.00	-	607,605.00	-	607,605.00	18	/	5.56	547,934.00	33,756.00	581,690.00	33,756.00
381.4 Plant Sewers		-	-	-	-	32	/	3.13		-	-	-
382.4 Outfall Sewer Lines	28,340.00	32,470.00	60,810.00	(16,235.00)	44,575.00	30		3.33	16,526.00	1,486.00	18,012.00	1,486.00
389.4 Other Plt./Misc. Eq.	-	-	-	-	-	32	/	3.13	-	-	-	-
389.2 Other Plant/Misc Equip	-	-	-	-	-	15	/	6.67	-	-	-	-
390.5 Office Furniture/ Equip.	184.00	-	184.00	-	184.00	15		6.67	184.00	-	184.00	-
390.5 Software		-		-	-	6	/	16.67		-	-	-
393.5 Tools, Shop & Garage E	-	-	-	-	-	16	/	6.25	-	-	-	-
397.5 Miscellaneous Equip	7,211.00	10,013.00	17,224.00	(5,006.00)	12,218.00	32.2	/	3.11	1,626.00	379.00	2,005.00	379.00
	3,778,918.00	871,059.00	4,649,977.00	(435,527.00)	4,214,450.00				1,300,134.00	128,621.00	1,428,755.00	128,621.00

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Plantation Bay Utility Company
CIAC and Accumulated Amortization
At 12/31/2004

Account		Contributions in Aid of Construction							Cqntributiqns in Aid qf Cqnstructiqn							Amortization
Water CIAC		Balance 12/31/03	Additions	Retirements	Adjustments	Balance 12/31/2004	Depr Life	/ Rate	Balance 12/31/03	Depr on Prior Yr Bal	Depr on Additions	Depr on Rets	Depr on Adjs	Retirements	Balance 12/31/2004	Expense 12/31/2004
271.11	Water Capacity Fees	$ 670,886.00	$ 190,167.00			$ 861,053.00	29.85	3.35	$ 139,301.00	$ 22,475.00	$ 6,371.00				$ 168,147.00	$ 28,846.00
271.13	Meter Fees	106,149.00	29,900.00			136,049.00	20	5.00	104,865.00	5,307.00	1,495.00				111,667.00	6,802.00
271.12	Contributed Property															
	Trans/Dist Mains	650,223.00	-			650,223.00	43	2.33	175,059.00	15,150.00	-				190,209.00	15,150.00
	Services	101,062.00	-			101,062.00	40	2.50	31,955.00	2,527.00	-				34,482.00	2,527.00
	Hydrants	140,418.00	-	-	-	140,418.00	45	2.22	33,270.00	3,117.00	-	-	-	-	36,387.00	3,117.00
	Total Water CIAC	1,668,738.00	220,067.00	-	-	1,888,805.00			484,450.00	48,576.00	7,866.00	-	-	-	540,892.00	56,442.00
Sewer CIAC																
271.21	Sewer Capacity Fees	$ 550,193.00	$ 15,054.00		$ -	$ 565,247.00	27.55	3.63	$ 459,785.00	$ 19,972.00	$ 546.00				$ 480,303.00	$ 20,518.00
271.22	Contributed Property															
	Force Main	124,989.00	-			124,989.00	30	3.33	47,664.00	4,162.00	-				51,826.00	4,162.00
	Gravity Main	948,849.00	-			948,849.00	45	2.22	217,864.00	21,064.00	-				238,928.00	21,064.00
	Manholes	330,495.00	-			330,495.00	30	3.33	119,197.00	11,005.00	-				130,202.00	11,005.00
	Services	142,042.00	-			142,042.00	38	2.63	44,553.00	3,736.00	-				48,289.00	3,736.00
	Pumping	170,776.00	-	-	-	170,776.00	18	5.56	49,219.00	9,495.00	-	-	-	-	58,714.00	9,495.00
271.21	Total Sewer CIAC	2,267,344.00	15,054.00	-	-	2,282,398.00			938,282.00	69,434.00	546.00	-	-	-	1,008,262.00	69,980.00
		$ 3,936,082	$ 235,121	$ -	$ -	$ 4,171,203			$ 1,422,732	$ 118,010	$ 8,412	$ -	$ -	$ -	$ 1,549,154	$ 126,422

Composite Rate Calculation:

(A) Water

Capacity Charges	CIAC Plant	Depreciation Expense
Structures & Improvements	$ 173,372.00	$ 5,254.00
Wells & Springs	227,129.00	7,563.00
Power Generation Equip	87,625.00	4,381.00
Pumping Equipment	201,774.00	10,089.00
Water Treatment Equipment	644,423.00	29,321.00
Dist Res & Standpipes	297,404.00	8,030.00
Invested Property		
T & D Mains	$ 827,634.00	$ 19,284.00
Services	73,391.00	1,834.00
Hydrants	88,153.00	1,958.00
Totals	2,620,905.00	87,714.00
Composite Rate		3.35%

(B) Sewer

Capacity Charges	CIAC Plant	Depreciation Expense
Structures & Improvements	$ 151,254.00	$ 4,735.00
Treatment & Disposal Equip	607,605.00	33,783.00
Plant Sewers	17,224.00	539.00
Outfall Sewer Lines	28,340.00	944.00
Invested Property		
Collection Sewers-Force	$ 238,715.00	7,950.00
Collection Sewers-Gravity	713,229.00	15,834.00
Manholes	859,273.00	28,614.00
Services to Customers	52,002.00	1,367.00
Pumping Equipment	159,881.00	8,889.00
	$ 2,827,523.00	$ 102,655.00
Composite Rate		3.63%

Exception 7

Plantation Bay Utility Company
CIAC and Accumulated Amortization
At 12/31/2003

Account		Contributions in Aid of Construction							Cqntributiqns in Aid qf Cqnstructiqn							Amortization
Water CIAC		Balance 12/31/02	Additions	Retirements	Adjustments	Balance 12/31/2003	Depr Life	/ Rate	Balance 12/31/02	Depr on Prior Yr Bal	Depr on Additions	Depr on Rets	Depr on Adjs	Retirements	Balance 12/31/2003	Expense 12/31/2003
271.11	Water Capacity Fees	$ 588,859.00	$ 82,027.00			$ 670,886.00	28.74	3.48	$ 117,382.00	$ 20,492.00	1,427.00				$ 139,301.00	$ 21,919.00
271.13	Meter Fees	87,650.00	18,499.00			106,149.00	20	5.00	100,020.00	4,383.00	462.00				104,865.00	4,845.00
271.12	Contributed Property															
	Trans/Dist Mains	650,223.00	-			650,223.00	43	2.33	159,909.00	15,150.00	-				175,059.00	15,150.00
	Services	101,062.00	-			101,062.00	40	2.50	29,428.00	2,527.00	-				31,955.00	2,527.00
	Hydrants	140,418.00	-	-	-	140,418.00	45	2.22	30,153.00	3,117.00	-	-	-	-	33,270.00	3,117.00
	Total Water CIAC	1,568,212.00	100,526.00	-	-	1,668,738.00			436,892.00	45,669.00	1,889.00	-	-	-	484,450.00	47,558.00
Sewer CIAC																
271.21	Sewer Capacity Fees	$ 487,330.00	$ 62,863.00		$ -	$ 550,193.00	26.11	3.83	$ 439,916.00	$ 18,665.00	1,204.00				$ 459,785.00	$ 19,869.00
271.22	Contributed Property															
	Force Main	124,989.00	-			124,989.00	30	3.33	43,502.00	4,162.00	-				47,664.00	4,162.00
	Gravity Main	948,849.00	-			948,849.00	45	2.22	196,800.00	21,064.00	-				217,864.00	21,064.00
	Manholes	330,495.00	-			330,495.00	30	3.33	108,192.00	11,005.00	-				119,197.00	11,005.00
	Services	142,042.00	-			142,042.00	38	2.63	40,817.00	3,736.00	-				44,553.00	3,736.00
	Pumping	170,776.00	-	-	-	170,776.00	18	5.56	39,724.00	9,495.00	-	-	-	-	49,219.00	9,495.00
271.21	Total Sewer CIAC	2,204,481.00	62,863.00	-	-	2,267,344.00			868,951.00	68,127.00	1,204.00	-	-	-	938,282.00	69,331.00
		$ 3,772,693	$ 163,389	$ -	$ -	$ 3,936,082			$ 1,305,843	$ 113,796	$ 3,093	$ -	$ -	$ -	$ 1,422,732	$ 116,889

Composite Rate Calculation:

(A) Water	CIAC Plant	Depreciation Expense
Capacity Charges		
Structures & Improvements	$ 167,858.00	$ 5,254.00
Wells & Springs	227,129.00	7,563.00
Power Generation Equip	87,625.00	5,152.00
Pumping Equipment	201,774.00	10,089.00
Water Treatment Equipment	640,209.00	29,130.00
Dist Res & Standpipes	230,505.00	6,224.00
Invested Property		
T & D Mains	$ 679,484.00	$ 15,833.00
Services	63,819.00	1,595.00
Hydrants	60,202.00	1,337.00
Totals	2,358,605.00	82,177.00
Composite Rate		3.48%

(B) Sewer	CIAC Plant	Depreciation Expense
Capacity Charges		
Structures & Improvements	$ 148,265.00	$ 4,641.00
Treatment & Disposal Equip	607,605.00	33,782.00
Plant Sewers	4,640.00	145.00
Outfall Sewer Lines	28,340.00	944.00
Invested Property		
Collection Sewers-Force	$ 171,846.00	5,722.00
Collection Sewers-Gravity	417,961.00	9,279.00
Manholes	490,142.00	16,323.00
Services to Customers	44,880.00	1,180.00
Pumping Equipment	72,684.00	4,041.00
	$ 1,986,363.00	$ 76,057.00
Composite Rate		3.83%

Exception 7

Plantation Bay Utility Company
CIAC and Accumulated Amortization
At 12/31/2002

Account		Contributions in Aid of Construction							Contributions in Aid of Construction							Amortization
Water CIAC		Balance 12/31/01	Additions	Retirements	Adjustments	Balance 12/31/2002	Depr Life	/ Rate	Balance 12/31/01	Depr on Prior Yr Bal	Depr on Additions	Depr on Rets	Depr on Adjs	Retirements	Balance 12/31/2002	Expense 12/31/2002
271.11	Water Capacity Fees	$ 518,912.00	$ 69,947.00			$ 588,859.00	26.18	3.82	$ 94,888.00	$ 19,822.00	$ 2,672.00				$ 117,382.00	$ 22,494.00
271.13	Meter Fees	76,650.00	11,000.00			87,650.00	20	5.00	95,637.00	3,833.00	550.00				100,020.00	4,383.00
271.12	Contributed Property															-
	Trans/Dist Mains	650,223.00	-			650,223.00	43	2.33	144,759.00	15,150.00	-				159,909.00	15,150.00
	Services	101,062.00	-			101,062.00	40	2.50	26,901.00	2,527.00	-				29,428.00	2,527.00
	Hydrants	140,418.00	-	-	-	140,418.00	45	2.22	27,036.00	3,117.00	-	-	-	-	30,153.00	3,117.00
	Total Water CIAC	1,487,265.00	80,947.00	-	-	1,568,212.00			389,221.00	44,449.00	3,222.00	-	-	-	436,892.00	47,671.00
Sewer CIAC																
271.21	Sewer Capacity Fees	$ 428,951.00	$ 58,379.00		$ -	$ 487,330.00	44.44	2.25	$ 428,951.00	$ 9,651.00	$ 1,314.00				$ 439,916.00	$ 10,965.00
271.22	Contributed Property															
	Force Main	124,989.00	-			124,989.00	30	3.33	39,340.00	4,162.00	-				43,502.00	4,162.00
	Gravity Main	948,849.00	-			948,849.00	45	2.22	175,736.00	21,064.00	-				196,800.00	21,064.00
	Manholes	330,495.00	-			330,495.00	30	3.33	97,187.00	11,005.00	-				108,192.00	11,005.00
	Services	142,042.00	-			142,042.00	38	2.63	37,081.00	3,736.00	-				40,817.00	3,736.00
	Pumping	170,776.00	-	-	-	170,776.00	18	5.56	30,229.00	9,495.00	-	-	-	-	39,724.00	9,495.00
271.21	Total Sewer CIAC	2,146,102.00	58,379.00	-	-	2,204,481.00			808,524.00	59,113.00	1,314.00	-	-	-	868,951.00	60,427.00
		$ 3,633,367	$ 139,326	$ -	$ -	$ 3,772,693			$ 1,197,745	$ 103,562	$ 4,536	$ -	$ -	$ -	$ 1,305,843	$ 108,098

Composite Rate Calculation:

(A) Water

Capacity Charges	CIAC Plant	Depreciation Expense
Structures & Improvements	$ 165,671.00	$ 5,185.00
Wells & Springs	223,823.00	7,453.00
Power Generation Equip	55,000.00	1,819.00
Pumping Equipment	194,004.00	9,701.00
Water Treatment Equipment	573,800.00	33,739.00
Dist Res & Standpipes	230,505.00	6,224.00
Invested Property		
T & D Mains	$ 511,602.00	$ 11,921.00
Services	48,058.00	1,201.00
Hydrants	44,537.00	989.00
Totals	2,047,000.00	78,232.00
Composite Rate		3.82%

(B) Sewer

Capacity Charges	CIAC Plant	Depreciation Expense
Structures & Improvements	$ 128,173.00	$ 4,743.00
Treatment & Disposal Equip	577,543.00	3,625.00
Plant Sewers	-	-
Outfall Sewer Lines	28,340.00	944.00
Invested Property		
Collection Sewers-Force	$ 170,217.00	5,669.00
Collection Sewers-Gravity	277,401.00	6,158.00
Manholes	286,581.00	9,544.00
Services to Customers	34,560.00	909.00
Pumping Equipment	68,597.00	3,814.00
	$ 1,571,412.00	$ 35,406.00
Composite Rate		2.25%

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Many More Hurricanes to Come

By Ker Than
LiveScience Staff Writer
posted: 31 August 2005
10:10 am ET

The past 10 years have seen more ferocious and more frequent hurricanes in the Atlantic Ocean and scientists are confident that there will be more to come. While some studies have suggested that global warming may be a contributing factor, many meteorologists instead believe that it is just part of a natural cycle.

The Atlantic hurricane season generally runs from the beginning of June to the end of November and produces approximately 10 named storms, approximately six of which turn into hurricanes.

Yet early in August, the government greatly boosted their forecasts for hurricanes this season, predicting that we could be in store for 7 to 9 hurricanes before late November when the Atlantic hurricane season ends. This is in addition to the seven hurricanes that have already occurred since the start of the season in June.

Some studies have suggested that global warming may be causing increases in hurricane intensity and frequency, but many scientists are skeptical.

"All signs that I've seen show that it's related to natural variability," said Eric Blake, a meteorologist at the National Hurricane Center (NHC). "There could be some impact of global warming, but its role is probably a secondary or tertiary role."

Chris Landsea, a meteorologist at the Atlantic Oceanographic and Meteorological Laboratory (AOML), agrees and doesn't believe there is currently enough science to back up the claim.

While many computer models predict that global warming will increase

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over the next century, the models disagree about what its effect on hurricane frequency will be.

"It's been a mixed bag," Landsea told *LiveScience*. "Some models suggest there will be more hurricanes, some less, and others suggest that it will depend on the area."

Contrasting an earlier study, Landsea predicts that even if global warming were to increase over the next 100 years, its effects on hurricane intensity will be minor, resulting in perhaps a 5% increase in rainfall and winds.

Instead of being due to global warming, Landsea believes that the current increase in hurricane activity is part of a natural cycle that scientists call the Atlantic multi-decadal mode. Every 20 to 40 years, Atlantic Ocean and atmospheric conditions conspire to produce just the right conditions to cause increased storm and hurricane activity.

The Atlantic Ocean is currently going through an active period of hurricane activity that began in 1995 and that has continued to the present. Scientists consider the period prior to that—the years from 1971 to 1994—to be a quiet period of low hurricane activity.

"Coring work in the Central Atlantic show that such cycles have been occurring for centuries if not more than a thousand years," Landsea said.

So while it is true that hurricanes are getting stronger and appearing at greater frequencies over the past few decades, it's only to be expected, Landsea said.

Stan Goldenberg, a meteorologist also from AOML, gave a simple analogy: "It's like if you're sitting in New York, and in July it hits 95 degrees, and you say '*My* goodness, back only 6 months ago we were 5 below zero, this is clearly a trend, this must be global warming!'"

Goldenberg pointed out that the current active hurricane period is very similar in both frequency and intensity to the previous active period, which lasted from the late 1920's to 1970.

Another factor that may be contributing to the illusion that hurricanes are becoming fiercer and appearing more frequently is that hurricane detection and monitoring instruments improved dramatically during the last century.

"The counts from the late 1920's to the late 1960's are probably less than what actually occurred, because we didn't have satellites looking down from space and monitoring everything all the time," Landsea said.

But even if the increase in hurricane activity is natural people need to still stay alert, Goldenberg said. "For this year, it ain't over, and people need to be prepared."

- 2005 Hurricane Season Guide
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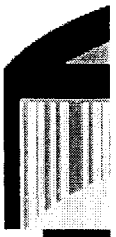

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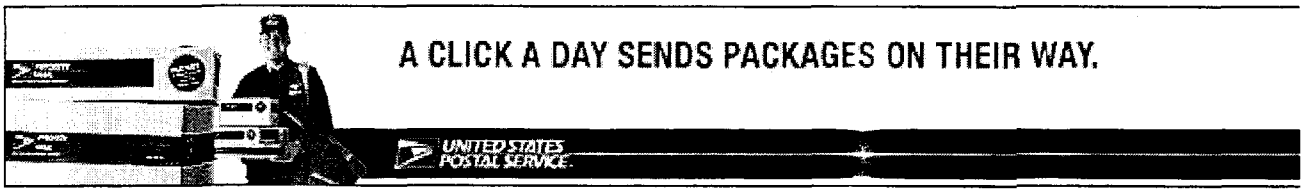

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Major Hurricanes Predicted to Increase in Years Ahead

Hillary Mayell
for National Geographic News
July 20, 2001

Violent winds, killer waves, torrential rains, and flash flooding are the calling cards of a hurricane.

And if scientists are correct,the North Atlantic, Caribbean, and Gulf of Mexico regions can expect increased hurricane activity in the next 10 to 40 years.

The number of major hurricanes has more than doubled in the last six years. The increase is part of a long-term climate shift that is likely to persist for several decades, said Chris Landsea, a meteorological researcher with the U.S. National Atmospheric and Oceanic Administration (NOAA) Hurricane Research Division and co-author of a study on the findings in the July 20 issue of the journal *Science.*

"We've seen a big increase in the number of hurricanes since 1995, and in the next 30 years we're going to see a lot more," he said. "It's part of a natural cycle, and it's going to be a real eye-opening for the people living on the coasts who have never seen a hurricane before."

The findings may be a cause for concern, the researchers warn, saying those responsible for emergency preparedness and civilian safety should reevaluate current response strategies to insure they are adequate.

Tracking Patterns

Until now, the conditions responsible for the formation of tropical storms have been poorly understood.

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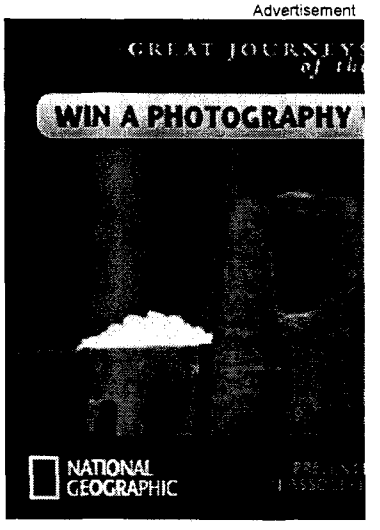

Deadly Major Storm

Hurricane Mitch, which occurred in Oct 1998, was the strongest hurricane in th a decade. More than 10,000 people di the result of heavy rains, flooding, and

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A lack of sufficient data and the complex interactions between wind, water, temperature, and other factors that contribute to the development of a storm have made storm prediction a risky endeavor.

By using a combination of satellite imagery, computer modeling, and high-tech monitoring of numerous factors—from sea-surface temperatures to atmospheric conditions—the team of scientists has identified a multi-decade pattern of likely hurricane activity. These long-term patterns can be classified as quiet, near normal, or active.

During the 20th century, a period of high hurricane activity occurred from the 1920s through the 1960s, followed by reduced activity from 1971 to 1994.

The researchers predict that we are now on the cusp of a 10- to 40-year shift toward increased frequency of hurricanes.

"During any of these periods, the actual number of storms can jump around a lot from year to year," said Landsea. "1997 is a good example. Strong El Niño effects suppressed hurricane activity for that year even though we were in the middle of an 'active' period."

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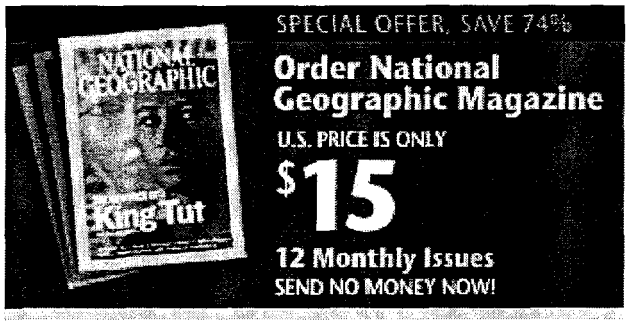

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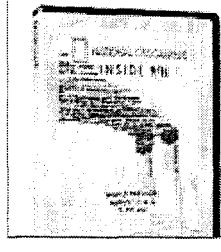

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and Spanish words which mean evi

Hurricanes, typhoons, and tropical c basically the same weather phenon different areas of the world. In the N northeast Pacific, they are called hu northwest Pacific, typhoons; and in and Indian Ocean, cyclones.

On average, 45 tropical storms reac each year, around 15 of them in the Pacific.

Only about 20 percent of tropical st reach wind speeds high enough to l However, this 20 percent accounts the damage.

In their early phases, tropical storm follows:

Tropical Depression–An organized thunderstorms with a defined surfac maximum sustained winds of 38 mp

Tropical Storm–An organized syste thunderstorms with a defined surfac maximum sustained winds of 39 to

Hurricane–An intense tropical weatl thunderstorms with a well-defined s maximum sustained winds of 74 mp

The *Saffir-Simpson Hurricane Scale* based on a hurricane's current inter

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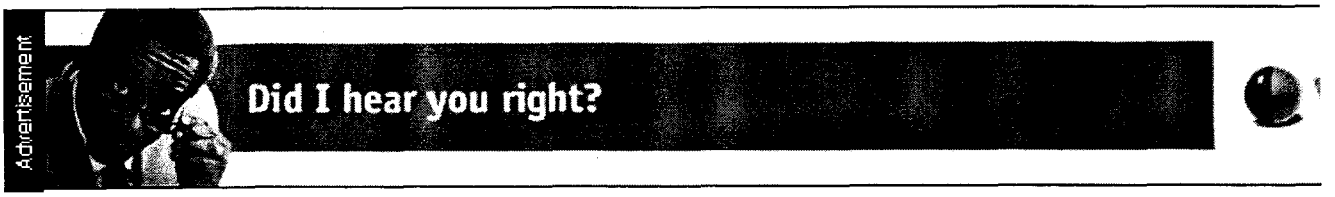
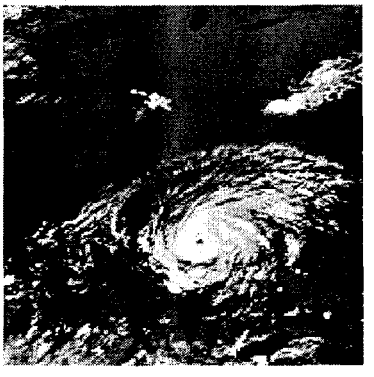


Weather

Posted 9/21/2005 7:47 AM Updated 9/21/2005 9:55 AM

Expert predicts decades of increased hurricane activity

WASHINGTON (AP) — Expect more hurricanes large and small in the next 10 to 20 years, the director of the federal National Hurricane Center said Tuesday.



Hurricane Rita toward Texas Wednesday at 3:45 a.m. A federal hurricane expert said storm severity fluctuates every few decades.

NOAA

Max Mayfield told a congressional panel that he believes the Atlantic Ocean is in a cycle of increased hurricane activity that parallels an increase that started in the 1940s and ended in the 1960s.

The ensuing lull lasted until 1995, then "it's like somebody threw a switch," Mayfield said. The number and power of hurricanes increased dramatically.

Under questioning by members of the Senate Commerce subcommittee on disaster prevention and prediction, he shrugged off the notion that global warming played a role, saying instead it was a natural cycle in the Atlantic Ocean that fluctuates every 25 to 40 years.

Mayfield predicted several more named tropical storms this year. The latest, Hurricane Rita, is the 17th named storm of the Atlantic hurricane

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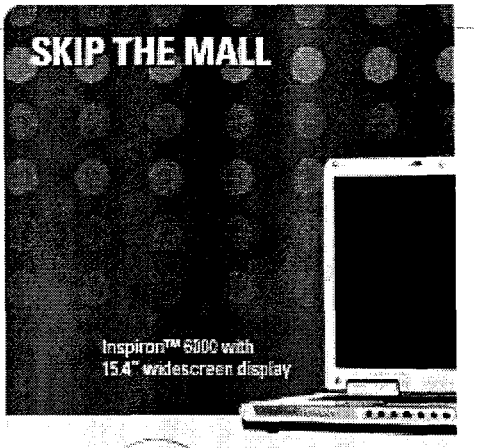

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season, which runs from June through November. Since record-keeping started in 1851, the record is 21 tropical storms, in 1933.

Mayfield also listed a number of cities and regions in addition to New Orleans he believes are "especially vulnerable" to damage from a major hurricane: Houston and Galveston, Texas; Tampa; southern Florida and the Florida Keys; New York City and Long Island; and New England.

"Katrina will not be the last major hurricane to hit a vulnerable area," he said.

The center's predictions on Katrina's movements were more accurate than usual, but the storm grew more intense more quickly than expected as it moved through the Gulf of Mexico, he said. Three days before it made landfall on Aug. 29, computer models predicted it would hit near New Orleans.

Asked to assess the nation's ability to track hurricanes, one expert before the panel said forecasters have grown better at predicting the path of a storm over a few days but lag in their ability to gauge its intensity, rainfall distribution and surge in water levels.

Better sensors, computers and computer models of hurricane behavior can lead to improved forecasts, said Keith Blackwell of the Coast Weather Research Center at the University of South Alabama.

Senators praised the National Hurricane Center's accurate prediction of Katrina's track, calling it one of the few things the government has done correctly in regards to the storm.

"The people that did get out from the storm owe their lives to you and your people," said Sen. Ted Stevens, R-Alaska.

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