

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: September 28, 2011
TO: Office of Commission Clerk
FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 100048-WU
Company Name: Sunshine Utilities of Central Florida, Inc.
Company Code: WU239
Audit Purpose: Rate Case
Audit Control No: 11-161-2-1

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There were no confidential work papers associated with this audit.

CJP/klh

Attachments: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

07002 SEP 28 =

FPSG-COMMISSION CLERK

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Sunshine Utilities of Central Florida, Inc.
Rate Case Audit

12-Month Period Ending December 31, 2010

Docket No. 100048-WU
Audit Control No. 11-161-2-1
September 7, 2011

Handwritten signature of Simon O. Ojada in cursive script.

Simon O. Ojada
Audit Manager

Handwritten signature of Tomer Kopelovich in cursive script.

Tomer Kopelovich
Audit Staff

Handwritten signature of Linda Hill-Slaughter in cursive script.

Linda Hill-Slaughter
Reviewer

DOCUMENT NUMBER-DATE

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* FPSC-COMMISSION CLERK

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated June 8, 2011. We have applied these procedures to the attached schedules.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Utility Information

Sunshine Utilities of Central Florida, Inc. (the Utility) is a Class B utility that provides water services to customers in Marion County and Citrus County, Florida. The Utility is owned by James H. Hodges and his wife Clarise Hodges (the Hodges). The Utility filed for a rate increase involving only Marion County. The Utility serves approximately 3633 water customers in Marion County which consists of four separate water systems, Marion County, Ponderosa Pines, Quail Run, and Sandy Acres. However, the Utility does not keep separate books and records for the four systems. Most of the expenses in the minimum filing requirements (MFRs) for the four systems were allocated based on previous year's equivalent residential connections (ERCs). There are sufficient records to identify rate base by service area. All objectives and procedures in this report pertain to Marion County, Ponderosa Pines, Quail Run, and Sandy Acres.

Regulatory Proceedings

The Utility filed completed MFRs for each of the four service territories based on the 12-months ended December 31, 2010, for this proceeding in Docket No. 100048-WU. The last order setting rates and charges for the Utility was issued February 13, 1992, by Florida Public Service Commission (FPSC), in Docket No. 900386-WU. The test year ended May 31, 1990, was utilized for that proceeding.

Rate Base

Utility Plant in Service

Objectives: Our objectives were to: 1) Determine that property exists and is owned by the Utility and that Utility Plant in Service (UPIS) additions are authentic, recorded at original cost, and properly classified in compliance with Commission rules and the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA), 2) Verify that the proper retirements of UPIS were made when a replacement item was put in service, and 3) Verify that the adjustments to UPIS ordered by the FPSC in the Utility's last rate case proceeding were recorded in its general ledger.

Procedures: We obtained the UPIS balances as of May 31, 1990, that were established in Docket No. 900386-WU. We reviewed and sampled additions to plant for the period June 1, 1990, through December 31, 2010, to verify the UPIS balances for this proceeding. We ensured that retirements were made when a capital item was removed or replaced. We toured the utility plant sites to observe whether plant additions were completed and in service, and to ascertain if a retirement was needed. Our recommended adjustments to Utility Plant In Service are discussed in Findings 1 and 2.

Land & Land Rights

Objectives: Our objectives were to: 1) Determine that utility land is recorded at original cost and is owned or secured under a long-term lease, and 2) Obtain warranty deeds or other evidence of ownership of land purchased after May 31, 1990.

Procedures: We obtained land balances as of May 31, 1990, that were established in Docket No. 900386-WU. We reconciled the Utility's land balances for this proceeding to the balances established in Docket No. 900386-WU. The Utility purchased Eleven Oaks pumping station property on October 7, 2003, for \$9,013. Our recommended adjustments to Land and Land Rights are discussed in Findings 1 and 3.

Contributions-in-Aid-of-Construction

Objectives: Our objectives were to: 1) Determine that additions to Contributions in Aid of Construction (CIAC) are properly recorded in compliance with Commission rules and the NARUC USOA, 2) Verify that donated property is properly accounted for and recorded as CIAC, and 3) Verify that the adjustments to CIAC ordered by the FPSC in the Utility's last rate case proceeding were recorded in its general ledger.

Procedures: We obtained the CIAC balances as of June 1, 1990, that were established in Docket No. 900386-WU. We reviewed and sampled additions to plant CIAC for the period June 1, 1990, through December 31, 2010, to verify the Utility's CIAC balances for this rate case proceeding. Our recommended adjustments to CIAC are discussed in Finding 4.

Accumulated Depreciation

Objectives: Our objectives were to: 1) Verify that the adjustments to Accumulated Depreciation ordered by the FPSC in the Utility's last rate case proceeding were recorded in its general ledger, 2) Determine that accruals to Accumulated Depreciation are properly recorded in compliance with Commission rules and the NARUC USOA, 3) Verify that depreciation expense accruals are calculated using the Commission's authorized rates, and 4) Verify that retirements are properly recorded.

Procedures: We obtained the plant Accumulated Depreciation balances as of June 1, 1990, that were established in Docket No. 900386-WU. We reviewed and sampled additions to Accumulated Depreciation for the period June 1, 1990, through December 31, 2010, to verify the Utility's Accumulated Depreciation balances for this proceeding. We ensured that retirements to Accumulated Depreciation were made when a capital item was removed or replaced. Our recommended adjustments to Accumulated Depreciation are discussed in Finding 5.

Accumulated Amortization of CIAC

Objectives: Our objectives were to: 1) Determine that accruals to Accumulated Amortization of CIAC are properly recorded in compliance with Commission rules, and 2) Verify that the adjustments to Accumulated Amortization of CIAC ordered by the FPSC in the Utility's last rate case proceeding were recorded in its general ledger.

Procedures: We obtained the plant Accumulated Amortization of CIAC balances as of June 1, 1990, that were established in Docket No. 900386-WU. We reviewed and sampled additions to Accumulated Amortization of CIAC for the period June 1, 1990, through December 31, 2010, to verify the Utility's Accumulated Amortization of CIAC balances for this proceeding. Our recommended adjustments to Accumulated Amortization of CIAC are discussed in Finding 5.

Working Capital

Objective: Our objective was to calculate the Utility's working capital balance per Commission rule.

Procedures: We calculated the Utility's working capital adjustment as of December 31, 2010, using one-eighth of Operation and Maintenance (O&M) expense as required by Commission Rule 30.433(2), Florida Administrative Code (F.A.C.).

Net Operating Income

Operating Revenue

Objectives: Our objectives were to 1) Determine that utility revenues are properly recorded in compliance with Commission rules, and 2) Verify that rates are based on the Utility's Commission approved tariff rates.

Procedures: We verified the Utility's revenues for the 12-month period ending December 31, 2010, by tracing them from the Utility's general ledger to the billing register system and the Utility's approved tariff.

Operation and Maintenance Expense

Objectives: Our objectives were to 1) Determine that O&M expenses are properly recorded in compliance with NARUC USOA and Commission rules, and 2) Verify that O&M expenses are representative of ongoing utility operations.

Procedures: We verified plant O&M expenses for the 12-month period ending December 31, 2010, by tracing all invoices to the original source documentation. We reviewed invoices for proper amount, period, classification, NARUC account, and recurring nature. We determined the proper allocation of expenses among the Utility's four service systems. Our recommended adjustments to O&M expenses are discussed in Findings 1 and 7.

Depreciation and CIAC Amortization Expense

Objectives: Our objectives were to 1) Determine that Depreciation and CIAC Amortization expenses are properly recorded in compliance with Commission rules, and 2) Verify that the depreciation of UPIS assets and the amortization of CIAC from ongoing utility operations are accurately represented.

Procedures: We verified the calculation of Depreciation expense and CIAC Amortization expense for the 12-month period ending December 31, 2010, by recalculating a sample of expenses using the rates established by Commission Rule 30.140, F.A.C. Our recommended adjustments to Depreciation and CIAC Amortization expenses are discussed in Finding 6.

Taxes Other Than Income

Objectives: Our objectives were to 1) Determine that Taxes Other Than Income (TOTI) expenses are properly recorded in compliance with Commission rules, and 2) Verify the reasonableness of ongoing utility operations.

Procedures: We verified water plant TOTI expenses for the 12-month period ending December 31, 2010, by tracing the taxes to original source documentation. We reviewed the 2010 regulatory assessment fee returns and no exceptions were noted.

Capital Structure

Objectives: Our objectives were to 1) Determine that the components of the Utility's capital structure are properly recorded in compliance with Commission requirements, and 2) Respective cost rates used to arrive at the overall weighted cost of capital are properly presented in compliance with Commission requirements.

Procedures: We examined capital structure components to assure that they represent utility debt, capital stock, retained earnings, and customer deposits. We reviewed short-term debt balances to original documents and verified the terms and interest rate of each note payable.

Audit Findings

Finding 1: Adjustment to Rate Base – Sandy Acres

Audit Analysis: The Sandy Acres' rate base was last established by Order No. PSC-02-1832-PAA-WU issued December 20, 2002, in Docket No. 011632-WU. The Order established rate base as follows:

Description	Per Company 11/1/2002	Difference 11/1/2002	Per PSC Order 11/1/2002
Utility Plant In Service (UPIS)	\$ 60,773	\$ 37,144	\$ 97,917
Land & Land Rights	-	290	290
Contribution in Aid of Construction (CIAC)	(52,280)	-	(52,280)
Accumulated Depreciation	(4,877)	(82,779)	(87,656)
Accumulated Amortization of CIAC	43,295	-	43,295
Water Rate Base	<u>\$ 46,911</u>	<u>\$ (45,345)</u>	<u>\$ 1,566</u>

Sandy Acres did not make the above adjustments per the FPSC order. We recalculated Accumulated Depreciation and arrived at a balance of \$105,364 as of December 31, 2010. Our proposed adjustments are shown below:

Description	Per Company 12/31/2010	Audit Adjust 12/31/2010	Bal Per Audit 12/31/2010
Utility Plant In Service (UPIS)	\$ 78,802	\$ 37,144	\$ 115,946
Land & Land Rights	-	290	290
Less: Non-Used and Useful Plant	(790)	-	(790)
Contribution in Aid of Construction (CIAC)	(54,830)	-	(54,830)
Accumulated Depreciation	(15,679)	(89,685)	(105,364)
Accumulated Amortization of CIAC	53,450	-	53,450
Working Capital	5,326	-	5,326
Water Rate Base	<u>\$ 66,279</u>	<u>\$ (52,251)</u>	<u>\$ 14,028</u>

Description	Average Per Utility 12/31/2010	Average Per Audit 12/31/2010	Audit Adjust 12/31/2010
Utility Plant In Service	\$74,894	\$112,038	\$37,144
Land and Land Rights	\$0	\$290	\$290
Less: Non-Used & Useful	(\$790)	(\$790)	\$0
Construction Work In Progress	\$0	\$0	\$0
Contributions-In-Aid-of-Construction	(\$54,530)	(\$54,530)	\$0
Accumulated Amortization of CIAC	\$53,450	\$53,450	\$0
Accumulated Depreciation	(\$14,934)	(\$104,012)	(\$89,078)
Working Capital (a)	\$5,326	\$5,294	(\$32)
Net Rate Base.	\$63,416	\$11,740	(\$51,676)

Effect on the General Ledger:

303 Land and Land Rights	\$ 290	
331 Transmission and Distribution – Main	\$37,144	
215 Retained Earnings	\$52,251	
108 Accumulated Depreciation		\$89,685

Effect on the Filing: Increased average UPIS by \$37,144, Land and Land Rights by \$290, average Accumulated Depreciation by \$89,078, and Working Capital by \$32.

Finding 2: Adjustment to Rate Base – Ponderosa Pines

Audit Analysis: The Ponderosa Pines’ MFRs reflect the following rate base balances as of December 31, 2010.

Description	Per Company Audit Adjust Bal Per Audit		
	12/31/2010	12/31/2010	12/31/2010
Utility Plant In Service (UPIS)	\$ 70,501	\$ (20,851)	\$ 49,650
Land & Land Rights	10,000	-	10,000
Contribution in Aid of Construction (CIAC)	(54,651)	40,851	(13,800)
Accumulated Depreciation	(12,226)	7,629	(4,597)
Accumulated Amortization of CIAC	11,447	(9,511)	1,936
Working Capital	4,635	-	4,635
Net Rate Base	\$ 29,706	\$ 18,118	\$ 47,824

The FPSC set the rate base for Ponderosa Pines’ water facilities to be zero as of November 1, 2002. According to Order No. PSC-03-1333-PAA-WU issued November 24, 2003, in Docket No. 030340-WU, Community Water Co-Op, Inc.’s water system was exempt from Commission regulation prior to the transfer to Sunshine Utilities. The rate base had never been established, and Community was not required to maintain its books and records in accordance with the NARUC’s USOA. Sunshine Utilities agreed to accept the water system from Community and to correct the Department of Environmental Protection (DEP) water violation for Ponderosa Pines on November 1, 2002. According to the Commission, it appeared customers contributed all of the water facilities. Therefore, the Commission found that the rate base for Ponderosa Pines facilities as of November 1, 2002, was zero. However, the Utility used an estimated beginning balance in its MFRs for UPIS of \$20,851 and CIAC of \$40,851.

We recomputed Accumulated Depreciation and Accumulated Amortization of CIAC using plant and CIAC additions since November 1, 2002 to arrive at \$4,597 and \$1,936, respectively.

Effect on the General Ledger:

108 Accumulated Depreciation	\$ 7,629	
271 Contribution-in-Aid-of-Construction	\$40,851	
307 Wells and Springs		\$22,000
311 Pumping Equipment		\$ 2,302
334 Meters and Meter Installations		\$ 6,549
215 Retained Earnings		\$ 8,118
272 Amortization of CIAC		\$ 9,511

Effect on the Filing: Reduced average UPIS by \$20,851, average CIAC by \$40,851, average Accumulated Depreciation by \$7,063, and average Accumulated Amortization of CIAC by \$3,946.

Finding 3: Land and Land Rights – Marion County

Audit Analysis: Sunshine Utilities MFRs reflects land balance of \$70,737 for Marion County. However, FPSC Order No. 25722, issued February 13, 1992, established land balance to be \$61,474. In 2003, the Utility purchased Eleven Oaks' property for \$9,013, bringing the total land balance to \$70,487, for a difference of \$250.

Effect on the General Ledger:

215 Retained Earnings	\$250	
303 Land and Land Rights		\$250

Effect on the Filing: Reduced Marion County's land balance by \$250.

Finding 4: Contributions-in-Aid-of-Construction – Quail Run

Audit Analysis: Accumulated Depreciation was last determined by the Commission in Order No. PSC-02-1292-PAA-WU, issued September 23, 2002, in Docket No. 020256-WU. It established the Accumulated Depreciation balance of \$24,597 as of March 15, 2002. Quail Run did not book the adjustments included in the Commission Order in its books and records.

The Utility’s MFRs reflected an Accumulated Depreciation balance of \$20,710 as of December 31, 2010. We recalculated Accumulated Depreciation starting with the FPSC order balance and added plant additions to arrive at \$41,225 for a difference of \$20,215.

Also, based on Finding 4, Quail Run’s MFRs reflect Accumulated Amortization of CIAC of \$6,739, the amount should be reclassified to Marion County.

Effect on the General Ledger:

271 Contributions-in-Aid-of-Construction – Quail Run	\$24,738	
271 Contributions-in-Aid-of-Construction – Marion County		\$24,738

Effect on the Filing: Reduced Quail Run’s average CIAC by \$24,738 and increased Marion County’s average CIAC by the same amount.

Finding 5: Accumulated Depreciation and Amortization – Quail Run

Audit Analysis: Accumulated Depreciation was last determined by the Commission in Order No. PSC-02-1292-PAA-WU, issued September 23, 2002, in Docket No. 020256-WU. It established the Accumulated Depreciation balance of \$24,597 as of March 15, 2002. Quail Run did not book the adjustments included in the Commission Order in its books and records.

The Utility's MFRs reflected an Accumulated Depreciation balance of \$20,710 as of December 31, 2010. We recalculated Accumulated Depreciation starting with the PSC order balance and added plant additions to arrive at \$41,225 for a difference of \$20,215.

Also, based on Finding 4, Quail Run's MFRs reflect Accumulated Amortization of CIAC of \$6,739, the amount should be reclassified to Marion County.

Effect on the General Ledger:

215 Retained Earnings	\$20,515	
108 Accumulated Depreciation		\$20,515
To reflect the auditors recalculated Accumulated Depreciation as of December 31, 2010.		
272 Accumulated Amortization of CIAC – Marion County	\$6,739	
272 Accumulated Amortization of CIAC – Quail Run		\$6,739
To reclassify Accumulated Amortization of CIAC.		

Effect on the Filing: Increased Quail Run's average Accumulated Depreciation by \$20,479 and reduced average Accumulated Amortization of CIAC by \$6,343. Also, increased Marion County's average Accumulated Amortization of CIAC by \$6,343.

Finding 6: Depreciation and Amortization of CIAC Expenses

Audit Analysis: Depreciation and Amortization Expenses were recalculated based on Audit Findings 1, 2, 3, and 4 as follow:

	Bal Per MFR 12/31/2010	Bal Per Audit 12/31/2010	Audit Adjustment 12/31/2010
<u>Depreciation Expense</u>			
Ponderosa Pines	\$ 2,506	\$ 1,247	\$ (1,259)
Sandy Acres	\$ 2,663	\$ 3,731	\$ 1,068
<u>Amortization Expense</u>			
Ponderosa Pines	\$ 1,618	\$ 429	\$ (1,189)
Quail Run	\$ 793	\$ -	\$ (793)
Marion County	\$ 57,767	\$ 58,560	\$ (793)

Effect on the General Ledger: None.

Effect on the Filing: Reduced Ponderosa Pines' Depreciation Expense by \$1,259 and increased Sandy Acres' Depreciation Expense by \$1,068. Also, increased Marion County's Amortization of CIAC expense by \$793, reduced Ponderosa and Quail Run's Amortization of CIAC Expense by \$1,189 and \$793, respectively.

Finding 7: Operation and Maintenance Expense

Audit Analysis: The Utility's records reflect the following balances for Account 603, Salaries and Wages - Officer of \$136,694, and Account 675, Miscellaneous Expenses of \$60,683.

The Hodges received \$136,694 in salaries for the 12-month period ending December 31, 2010. Our audit revealed that the officers do not materially participate in the everyday management of the Utility.

The Miscellaneous Expense account contains 2009 Regulatory Assessment Fee (RAF) penalty and interest of \$3,523 for late payment, \$642 for 2010 RAF penalty for late payment, and Purchased Power late payment fees of \$902. We reduced Account 675, Miscellaneous Expenses by \$5,067 (\$3,523 + \$642 + \$902).

	<u>% of ERC</u>	<u>Total</u>
Marion County	86%	\$ 4,354
Ponderosa Pines	6%	284
Quail Run	3%	177
Sandy Acres	5%	252
	<u>100%</u>	<u>\$ 5,067</u>

Also, the Utility's Purchased Power expense for Ponderosa Pines reflects a balance of \$3,210. However, the actual Purchased Power per audit is \$2,624 for a difference of \$586. We reduced Ponderosa Pines' Purchased Power expense by \$586

Effect on the General Ledger: None, our adjustment is for rate making purposes only.

Effect on the Filing: We reduced Marion County's O&M Expense by \$4,354, Ponderosa Pines' by \$870 (\$284 + \$586), Quail Run's by \$177, and Sandy Acres' by \$252. We defer the treatment of officers' salaries and wages to the analyst.

Exhibits

Exhibit 1: Water Rate Base – Marion County

**Sunshine Utilities of Central Florida, Inc.
Average Rate Base As of December 31, 2010
Docket No. 100048-WU**

Description	Per Utility	Audit Adjustment	Per Audit
Utility Plant In Service	\$2,636,317	\$0	\$2,636,317
Land and Land Rights	\$70,737	(\$250)	\$70,487
Less: Non-Used & Useful	(\$71,286)	\$0	(\$71,286)
Construction Work In Progress	\$67	\$0	\$67
Contributions-In-Aid-of-Construction	(\$1,769,707)	(\$24,738)	(\$1,794,445)
Accumulated Amortization of CIAC	\$1,032,300	\$6,343	\$1,038,643
Accumulated Depreciation	(\$1,767,590)	\$0	(\$1,767,590)
Working Capital (a)	\$92,883	(\$545)	\$92,338
Net Rate Base (b)	\$223,721	(\$19,190)	\$204,531

Notes to above schedule:

- a) Working Capital is calculated as 1/8th of the test year Operation and Maintenance expense balance displayed in Exhibit 5 of this report.
- b) All amounts are rounded to the nearest whole dollar.

Exhibit 2: Water Rate Base – Quail Run

Sunshine Utilities of Central Florida, Inc.
Average Rate Base As of December 31, 2010
Docket No. 100048-WU

Description	Per Utility	Audit Adjustment	Per Audit
Utility Plant In Service	\$49,906	\$0	\$49,906
Land and Land Rights	\$0	\$0	\$0
Less: Non-Used & Useful	(\$11,479)	\$0	(\$11,479)
Construction Work In Progress	\$0	\$0	\$0
Contributions-In-Aid-of-Construction	(\$24,738)	\$24,738	\$0
Accumulated Amortization of CIAC	\$6,343	(\$6,343)	\$0
Accumulated Depreciation	(\$19,795)	(\$20,479)	(\$40,274)
Working Capital (a)	\$2,787	(\$22)	\$2,765
Net Rate Base (b)	\$3,024	(\$2,106)	\$918

Notes to above schedule:

- a) Working Capital is calculated as 1/8th of the test year Operation and Maintenance expense balance displayed in Exhibit 6 of this report.
- b) All amounts are rounded to the nearest whole dollar.

Exhibit 3: Water Rate Base – Sandy Acres

Sunshine Utilities of Central Florida, Inc.
Average Rate Base As of December 31, 2010
Docket No. 100048-WU

Description	Per Utility	Audit Adjustment	Per Audit
Utility Plant In Service	\$74,894	\$37,144	\$112,038
Land and Land Rights	\$0	\$290	\$290
Less: Non-Used & Useful	(\$790)	\$0	(\$790)
Construction Work In Progress	\$0	\$0	\$0
Contributions-In-Aid-of-Construction	(\$54,530)	\$0	(\$54,530)
Accumulated Amortization of CIAC	\$53,432	\$0	\$53,432
Accumulated Depreciation	(\$14,934)	(\$89,078)	(\$104,012)
Working Capital (a)	\$5,326	(\$32)	\$5,294
Net Rate Base (b)	\$63,398	(\$51,676)	\$11,722

Notes to above schedule:

- a) Working Capital is calculated as 1/8th of the test year Operation and Maintenance expense balance displayed in Exhibit 7 of this report.
- b) All amounts are rounded to the nearest whole dollar.

Exhibit 4: Water Rate Base – Ponderosa Pines

**Sunshine Utilities of Central Florida, Inc.
Average Rate Base As of December 31, 2010
Docket No. 100048-WU**

Description	Per Utility	Audit Adjustment	Per Audit
Utility Plant In Service	\$68,825	(\$20,851)	\$47,974
Land and Land Rights	\$10,000	\$0	\$10,000
Less: Non-Used & Useful	\$0	\$0	\$0
Construction Work In Progress	\$0	\$0	\$0
Contributions-In-Aid-of-Construction	(\$54,251)	\$40,851	(\$13,400)
Accumulated Amortization of CIAC	\$10,638	(\$3,946)	\$6,692
Accumulated Depreciation	(\$12,273)	\$7,063	(\$5,210)
Working Capital (a)	\$4,635	(\$109)	\$4,526
Net Rate Base (b)	\$27,574	\$23,008	\$50,582

Notes to above schedule:

- a) Working Capital is calculated as 1/8th of the test year Operation and Maintenance expense balance displayed in Exhibit 8 of this report.
- b) All amounts are rounded to the nearest whole dollar.

Exhibit 5: Water Net Operating Income – Marion County

Sunshine Utilities of Central Florida, Inc.
12-Month Period Ended December 31, 2010
Docket No. 100048-WU

Description	Per Utility	Audit Adjustment	Per Audit
Revenues	\$851,899	\$0	\$851,899
Operation & Maintenance Expense	\$743,061	(\$4,354)	\$738,707
Depreciation Expense	\$117,207	\$0	\$117,207
CIAC Amortization Expense	(\$57,767)	(\$793)	(\$58,560)
Taxes Other Than Income	\$80,086	\$0	\$80,086
Provision for Income Tax	\$0	\$0	\$0
Operating Expense	\$882,587	(\$5,147)	\$877,440
Net Operating Income (a)	(\$30,688)	\$5,147	(\$25,541)

Note to above schedule:

a) All amounts are rounded to the nearest whole dollar.

Exhibit 6: Water Net Operating Income – Quail Run

Sunshine Utilities of Central Florida, Inc.
12-Month Period Ended December 31, 2010
Docket No. 100048-WU

Description	Per Utility	Audit Adjustment	Per Audit
Revenues	\$14,892	\$0	\$14,892
Operation & Maintenance Expense	\$22,293	(\$177)	\$22,116
Depreciation Expense	\$1,908	\$65	\$1,973
CIAC Amortization Expense	(\$793)	\$793	\$0
Taxes Other Than Income	\$1,949	\$0	\$1,949
Provision for Income Tax	\$0	\$0	\$0
Operating Expense	\$25,357	\$681	\$26,038
Net Operating Income (a)	(\$10,465)	(\$681)	(\$11,146)

Note to above schedule:

a) All amounts are rounded to the nearest whole dollar.

Exhibit 7: Water Net Operating Income – Sandy Acres**Sunshine Utilities of Central Florida, Inc.
12-Month Period Ended December 31, 2010
Docket No. 100048-WU**

Description	Per Utility	Audit Adjustment	Per Audit
Revenues	\$42,165	\$0	\$42,165
Operation & Maintenance Expense	\$42,606	(\$252)	\$42,354
Depreciation Expense	\$2,663	\$1,068	\$3,731
CIAC Amortization Expense	(\$36)	\$0	(\$36)
Taxes Other Than Income	\$4,577	\$0	\$4,577
Provision for Income Tax	\$0	\$0	\$0
Operating Expense	\$49,810	\$816	\$50,626
Net Operating Income (a)	(\$7,645)	(\$816)	(\$8,461)

Note to above schedule:

a) All amounts are rounded to the nearest whole dollar.

Exhibit 8: Water Net Operating Income – Ponderosa Pines

Sunshine Utilities of Central Florida, Inc.
12-Month Period Ended December 31, 2010
Docket No. 100048-WU

Description	Per Utility	Audit Adjustment	Per Audit
Revenues	\$34,877	\$0	\$34,877
Operation & Maintenance Expense	\$37,081	(\$870)	\$36,211
Depreciation Expense	\$2,506	(\$1,259)	\$1,247
CIAC Amortization Expense	(\$1,618)	\$1,189	(\$429)
Taxes Other Than Income	\$3,745	\$0	\$3,745
Provision for Income Tax	\$0	\$0	\$0
Operating Expense	\$41,714	(\$940)	\$40,774
Net Operating Income (a)	(\$6,837)	\$940	(\$5,897)

Note to above schedule:

a) All amounts are rounded to the nearest whole dollar.

Exhibit 9: Capital Structure

Sunshine Utilities of Central Florida, Inc.
Average 12-Month Period Ended December 31, 2010
Docket No. 100048-WU

Class of Capital	Simple Avg Per Utility	Pro- Rata	Simple Avg Per Audit	Ratio	Cost Rate	Weighted Cost
Long Term Debt	\$0	0%	\$0	0.00%	0.00%	\$0
Short Term Debt	\$127,442	36%	\$110,678	31.70%	5.83%	1.85%
Common Equity	\$222,272	64%	\$193,035	55.29%	10.85%	6.00%
Sub-Total	\$349,714	100%	\$303,713	86.99%	16.68%	7.85%
Customer Deposits	\$45,420	0%	\$45,420	13.01%	6.00%	0.78%
Total (a)	\$395,134	100%	\$349,133	100.00%	22.68%	8.63%

Notes to above schedule:

a) All amounts are rounded to the nearest whole dollar.