

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 120317-WS
ORDER NO. PSC-13-0425-PAA-WS
ISSUED: September 18, 2013

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER SETTING NET BOOK VALUE AND
DECLINING TO MAKE AN ACQUISITION ADJUSTMENT AND
FINAL ORDER APPROVING TRANSFER OF CERTIFICATE NOS. 567-W and 494-S

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein with respect to setting net book value and declining to make an acquisition adjustment is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Shangri-La by the Lake Utilities, Inc. (Shangri-La or Utility or Seller) is a Class C water and wastewater utility serving approximately 186 water and 179 wastewater customers in Lake County. The Utility was granted Certificate Nos. 567-W and 494-S (certificates) on January 12, 1996, by Order No. PSC-96-0062-FOF-WS.¹ The Utility has had two subsequent amendments.²

¹ See Order No. PSC-96-0062-FOF-WS, issued January 12, 1996, in Docket No. 940653-WS, In re: Application for certificates to provide water and wastewater services in Lake County by Shangri-La by the Lake Utilities, Inc.

² See Order Nos. PSC-06-0106-FOF-WS, issued February 13, 2006, in Docket No. 050642-WS, In re: Application for amendment of Certificates 567-W and 494-S to extend water and wastewater service areas to include certain land in Lake County by Shangri-La by the Lake Utilities, Inc.; and PSC-06-0095-FOF-WS, issued February 10, 2006, in Docket No. 050875-WS, In re: Application for amendment of Certificates 567-W and 494-S to extend water and wastewater service areas to include certain land in Lake County by Shangri-La by the Lake Utilities, Inc.

According to the Utility's 2012 annual report, total gross revenues were \$34,658 for water and \$25,799 for wastewater, and total operating expenses were \$34,639 for water and \$39,425 for wastewater.

On December 20, 2012, an application was filed for the transfer of the Shangri-La's water and wastewater systems, and Certificate Nos. 567-W and 494-S, to Lakeside Waterworks, Inc. (Lakeside or Buyer). The closing is contingent upon our approval. The Utility also has a staff-assisted rate case pending in Docket No. 130194-WS. We have jurisdiction pursuant to Section 367.071, Florida Statutes, (F.S.).

Noticing, Territory, and Land Ownership

The application contains proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were timely filed. The application contains a description of the Utility's authorized service territory, which is appended to this Order as Attachment A. The application contains a copy of a 99-year land lease that was executed on November 16, 2012, as evidence that Lakeside has continued use of the land upon which the water and wastewater treatment facilities are located.

Purchase Agreement and Financing

In compliance with Rule 25-30.037(2)(h), F.A.C., the application contains a copy of the executed purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. The Utility's assets were purchased by Lakeside for \$85,000. There are no guaranteed revenue contracts, developer agreements, or debt of Shangri-La that must be disposed of with regard to the transfer. Customer deposits were transferred from Shangri-La to Lakeside and have been credited to customer accounts. As noted, the sale took place on October 18, 2012, subject to our approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

Shangri-La's water system consists of two wells (one 6-inch and one 8-inch) treated with chlorine. The treated water is channeled into a 3,000-gallon hydropneumatic tank, a 5,000-gallon hydropneumatic tank, and a 15,000-gallon storage tank for distribution to customers. The wastewater system includes PVC collection lines, 15 manholes, and 4 lift stations. The treatment process consists of activated sludge and effluent discharge into spray fields. We have verified that the water and wastewater systems are currently in substantial compliance with all applicable standards set by the Florida Department of Environmental Protection.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains a statement indicating that the transfer is in the public interest. The application also included information attesting to the fact that Lakeside's president, Mr. Gary Deremer, has 27 years of experience in the water and wastewater industry, including utility ownership in the following systems previously regulated by this Commission and subsequently sold to FGUA:

<u>Utility System</u>	<u>Location</u>
Holiday Utility System	Holiday, FL
Virginia City Utility System	New Port Richey, FL
Dixie Groves Utility System	Holiday, FL
Colonial Manor Utility System	Holiday, FL
Pasco Utilities, Inc.	Zephyrhills, FL

In addition, Lakeside's vice president, Mr. Cecil Delcher, has approximately 35 years in operations and construction, including private utility ownership. According to the application, both Mr. Deremer and Mr. Delcher have operated more than 450 facilities within the State of Florida, including customer service to more than 70,000 customers daily. Lakeside has attested to the fact that the Utility has secured the services of U.S. Water Services Corporation to provide operating, billing, and collection services required to maintain the Utility. Our staff also obtained the personal financial statements for the President and Vice President of Lakeside.³ The purchase of the water and wastewater systems for \$85,000 will be a cash transaction. Based on the above, we find that Lakeside has demonstrated its technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's initial rates and charges were granted in an application for certificate in 1996.⁴ In 2000, the rates and charges were adjusted, and we approved a new class of service for irrigation.⁵ Also, the Utility's rates were indexed in 2012. The Utility's existing rates and charges are shown on Schedule Nos. 3 and 4. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission. The Utility's existing rates and charges shall remain in effect until a change is authorized in a subsequent proceeding.

Regulatory Assessment Fees (RAFs) and Annual Reports

We verified that the Utility is current on its annual report for 2012 including all prior years and there are no outstanding RAFs, fines or refunds due. According to the application, Lakeside will be responsible for filing the annual reports and paying RAFs for 2013 and all future years.

³ See Document No. 02835-12 in Docket No. 120148-WU.

⁴ See Order No. PSC-96-0062-FOF-WS.

⁵ See Order No. PSC-00-0259-PAA-WS, issued February 8, 2000, in Docket No. 990080-WS, In re: Complaint and request for hearing by Linda J. McKenna and 54 petitioners regarding unfair rates and charges of Shangri-La by the Lake Utilities, Inc. in Lake County.

Based on the above, we find that the transfer of Shangri-La's water and wastewater systems and the certificates to Lakeside is in the public interest and shall be approved effective on August 27, 2013. The territory being transferred is described in Attachment A. This Order shall serve as Lakeside's water and wastewater certificates and shall be retained as such. The Utility's existing rates and charges shall remain in effect until a change is authorized in a subsequent proceeding. The tariffs reflecting the transfer shall be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), F.A.C. Lakeside shall be responsible for annual reports and RAFs for 2013 and all future years.

Rate Base

Rate base for the Utility's water and wastewater system was established as of June 30, 1994, pursuant to Order No. PSC-0259-PAA-WS.⁶ An audit was conducted to establish rate base as of March 31, 2011, in Docket No. 110130-WS.⁷ That docket was subsequently withdrawn. However, the audit was used in determining the net book value (NBV) at the time of transfer in the instant docket. The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The NBV for water and wastewater, as described below, are shown on Schedule Nos. 1 and 2, respectively.

Utility Plant in Service (UPIS)

In its 2012 annual report, Shangri-La reflected plant balances of \$0 for both water and wastewater. After reviewing the audit report issued in Docket No. 110130-WS, we find that adjustments from the Utility's last rate proceeding have not been made and that subsequent plant additions should have been included in UPIS. Order No. PSC-0259-PAA-WS approved UPIS balances of \$79,127 and \$86,332 for water and wastewater, respectively. We reconciled the beginning balances, including adjustments, with the Utility's books and records, and traced the plant additions and retirements from July 1, 1994, to March 31, 2011. Additionally, Shangri-La provided an update of UPIS items through December 31, 2012. Based on the above, UPIS shall be increased by \$56,588 for water, and \$63,284 for wastewater to reflect plant additions. Also, UPIS shall be decreased by \$1,179 for water and \$4,816 for wastewater to reflect plant retirements. UPIS balances as of December 31, 2012, shall be set at \$134,536 for water and \$144,800 for wastewater. The appropriate UPIS amounts for the Utility's water and wastewater systems are shown on Schedule Nos. 1 and 2, respectively.

Land and Land Rights

The appropriate land value has never been established for Shangri-La. Rule 25-30.037(2)(q), F.A.C., requires that the application for transfer include "evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement

⁶ See Order No. PSC-00-0259-PAA-WS, issued February 8, 2000, in Docket No. 990080-WS, In re: Complaint and request for hearing by Linda J. McKenna and 54 petitioners regarding unfair rates and charges of Shangri-La by the Lake Utilities, Inc. in Lake County.

⁷ In re: Application for staff-assisted rate case in Lake County by Shangri-La By the Lake Utilities, Inc.

which provides for the continued use of the land, such as a 99-year lease.” Included in its application, the Utility provided a 99-year lease for the water and wastewater facilities including all lines and lift stations. We find that the lease satisfies the requirements of Rule 25-30.037(2)(q), F.A.C. Although the amount included in the lease may be considered rent expense for future ratemaking purposes, this amount has no effect on land and land rights. We find that the land and land rights for both water and wastewater are \$0.

Accumulated Depreciation

The Utility did not make the adjustments to the plant accounts required in its last rate proceeding. In its 2012 annual report, the Utility reflected accumulated depreciation balances of \$0, for both water and wastewater. Using the previously approved plant balances and depreciation rates as per Rule 25-30.140, F.A.C., accumulated depreciation shall be \$104,221 for water and \$89,658 for wastewater as of December 31, 2012. Accumulated depreciation balances are shown on Schedule Nos. 1 and 2.

Contribution in Aid of Construction (CIAC) and Accumulated Amortization

In its 2012 annual report, the Utility reflected CIAC balances of \$0, for both water and wastewater. As previously mentioned, an audit was conducted in Docket No. 110130-WS, and \$13,776 and \$18,257 were the appropriate amounts of CIAC for water and wastewater, respectively. No additions have been made subsequent to the last rate proceeding; therefore, we find that an increase of \$13,776 for water and \$18,257 for wastewater is the corrected balances for the Utility’s water and wastewater systems, respectively.

The accumulated amortization of CIAC balances were adjusted by \$5,830 for water and \$6,099 for wastewater prior adjustments that were not made. We find that the Utility’s accumulated amortization of CIAC balances as of December 31, 2012, are \$5,830 for water and \$6,099 for wastewater. These adjustments are shown on Schedule Nos. 1 and 2.

Net Book Value

Based on the adjustments described above, we find that the NBV of the Utility’s water system is \$22,370, and the NBV of the Utility’s wastewater system is \$42,984, as of December 31, 2012. Schedule Nos. 1 and 2 contain the resulting NARUC USOA balances for UPIS and accumulated depreciation as of December 31, 2012, for water and wastewater, respectively.

Acquisition Adjustment

An acquisition adjustment results when the purchase price of a utility differs from the original cost of the assets adjusted to the NBV. The Utility and its assets were purchased for \$85,000. We find the appropriate NBV to be \$22,370 for the water system and \$42,539 for the wastewater system. Pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. Based on this

methodology, a positive acquisition adjustment could be included in rate base. However, Rule 25-30.0371(2), also states that:

Any entity that believes that a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase price was made as part of an arms-length transaction.

In this case, the Buyer stated in the application that Lakeside was not seeking an acquisition adjustment. Given that the Buyer did not request an acquisition adjustment and there is no evidence of extraordinary circumstances, no acquisition adjustment shall be made in this case.

Conclusion

Based on the above, we find that the NBV of the Utility's water system is \$22,370 and its wastewater system is \$42,984, as of December 31, 2012. A positive acquisition adjustment shall not be included in rate base. Within 30 days of the date of the final order, Lakeside shall be required to provide general ledger balances, which show its books have been updated to reflect the approved balances as of December 31, 2012, along with a statement that these numbers will also be reflected in the Utility's 2013 annual report.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application for approval of transfer of transfer of the Shangri-La by the Lake Utilities, Inc.'s water and wastewater systems, and Certificate Nos. 567-W and 494-S, to Lakeside Waterworks, Inc. is approved effective August 26, 2013. The transferred territory is described in Attachment A. This order shall serve as certificate and shall be retained. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1) F.A.C. It is further

ORDERED that Lakeside Waterworks, Inc. shall be responsible for the Utility's annual reports and RAFs for 2013 and future years. It is further

ORDERED that the net book value of Lakeside Waterworks, Inc.' water system for transfer purposes is \$22,370 and its wastewater system is \$42,984, as of December 31, 2012. It is further

ORDERED that, within 30 days of the date of the final order, Lakeside Waterworks, Inc. shall provide general ledgers that show its books have been updated to reflect our approved balances as of December 31, 2012, along with a statement that the adjustments will be reflected in the Utility's 2013 annual report. It is further

ORDERED that Lakeside Waterworks, Inc.'s approved and existing rates and charges shall remain in effect until a change is authorized by this Commission in a subsequent proceeding. It is further

ORDERED that a negative acquisition adjustment shall not be included in rate base. It is further

ORDERED that the provisions of this Order, except for the approval of the transfer which is final agency action, are issued as proposed agency action, and shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 18th day of September, 2013.



HONG WANG
Chief Deputy Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

As identified in the body of this order, our action, except for approval of the transfer of certificates which is final agency action, is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 9, 2013.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

LAKESIDE WATERWORKS, INC.

Lake County

Description of Water and Wastewater Territory

PER ORDER NO. PSC-96-0062-FOF-WS

The following described lands located in Section 6, Township 19 South, Range 26 East, Lake County, Florida:

Begin for a Point of Beginning at the Southeast corner of Section 6, Township 19 South, Range 26 East, Lake County, Florida, also described as the Southwest corner of Government Lot 9 of said Section 6, run thence N. 0°28'58" E. a distance of 1285.90 feet to the Northwest corner of said Government Lot 9, run thence North 89°59'40" E. a distance of 2711.55 feet, more or less to the waters of Lake Eustis to a point hereby designated as Point "A"; begin again at the point of beginning and run East along the South line of said Section 6 a distance of 1363.00 feet, run thence North 100.00 feet, run thence East 450.00 feet, more or less, to the waters of Lake Eustis, run thence in a Northeasterly direction along the waters of Lake Eustis to the aforesaid point "A" and point of termination.

Also, the South 685 feet of the East 380 feet of the Southeast ¼ of the Southeast ¼ of Section 1, Township 19 South, Range 35 East. Less the East 50 feet and less the South 25 feet thereof.

PER ORDER NO. PSC-06-0095-FOF-WS

PARCEL 1 (HARBOR SHORES) WATER SERVICE ONLY:

That part of Government Lot 7, Section 6, Township 19 South, Range 26 East, Lake County, Florida, being described as follows:

Commence at the Southwest corner of Government Lot 7, thence run North 89°26'52" East along the South line of Government Lot 7, 66.00 feet to the Southerly extension of the East right of way line of Harbor Shores Drive; thence run North 00°04'08" West along said Southerly extension, 33.00 feet to the intersection of the North right of way line and East right of way line of said Harbor Shores Drive for the Point of Beginning; thence run North 00°04'08" West along said east right of way line, 951.09 feet to a point 300.00 feet south of the northwest corner of Government Lot 7; thence run North 89°26'52" East parallel with the North line of Government Lot 7, 726.00 feet; thence run North 00°04'08" West parallel with the West line of

Government Lot 7, 300.00 feet to a point 759.00 East of the Northwest corner of Government Lot 7; thence run North 89°26'52" East along said North line, 594.19 feet to the meander line as

Attachment A
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established by U.S. General Land Office in 1926; thence run South 02°31'38" East along said meander line, 299.29 feet; thence continue along said meander line South 29°50'19" West, 667.71 feet to the Westerly right of way line of Harbor Shores Drive; thence run South 39°23'45" West along said Westerly right of way line, 490.42 feet to the intersection of the North right of way line and Westerly right of way line of Harbor Shores Drive; thence run South 89°26'52" West along said North right of way line, 688.37 feet to the Point of Beginning.

PARCEL 2 (INSIM ESTATES) WATER AND WASTEWATER SERVICE:

That part of Government Lots 7 and 12, Section 6, Township 19 South, Range 26 East, Lake County, Florida, being described as follows:

Commence at the Southwest corner of Government Lot 7, thence run North 89°26'52" East along the South line of Government Lot 7, 813.11 feet to the Easterly right of way line of Harbor Shores Drive for the Point of Beginning; thence run North 39°23'45" East along said Easterly right of way line, 130.44 feet to a line 100 feet North of, when measured perpendicular to, the South line of Government Lot 12; thence run North 89°26'52" East along said line 100 feet North of Government Lot 12, 784 feet more or less to the water's edge of Lake Eustis; thence run Southwesterly along said water's edge to the South line of Government Lot 12; thence run South 89°26'52" West along the South line of Government Lot 12 and 7, 790 feet more or less to the Point of Beginning.

PER ORDER NO. PSC-06-0106-FOF-WS

AMENDMENT TO WATER AND WASTEWATER SERVICE TERRITORY FOR SHANGRI-LA-BY-THE-LAKE UTILITIES, INC. IN LAKE COUNTY

That portion of Section 6, Township 19 South, Range 26 East and that portion of Section 7, Township 19 South, Range 26 East, all in Lake County, Florida bounded and described as follows:

Beginning at the Southwest corner of said Section 6, said corner also being the Northwest corner of said Section 7 run thence East 1363 feet to a point on the South line of said Section 6; thence North, 100.00 feet; thence East 450 feet, more or less, to the waters of Lake Eustis and a point hereby designated as point "A".

Thence return to the Point of Beginning and run South 00°09'59" East, 460.00 feet along the West line of said Section 7; thence South 63°00'00" East to the waters of Lake Eustis, thence Northerly and Easterly along and with the said waters of Lake Eustis to the aforementioned point "A" for Point of Terminus.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Lakeside Waterworks, Inc., Inc.

Pursuant to

Certificate Number 567-W

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-96-0062-FOF-WS	01/12/1996	940653-WS	Original Certificate
PSC-06-0062-FOF-WS	02/10/2006	050875-WS	Certificate Amendment
PSC-06-0106-FOF-WS	02/13/2006	050642-WS	Certificate Amendment
*	*	120317-WS	Transfer

***Order Number and date to be provided at time of issuance.**

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Lakeside Waterworks, Inc.

Pursuant to

Certificate Number 494-S

to provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-96-0062-FOF-WS	01/12/1996	940653-WS	Original Certificate
PSC-06-0062-FOF-WS	02/10/2006	050875-WS	Certificate Amendment
PSC-06-0106-FOF-WS	02/13/2006	050642-WS	Certificate Amendment
*	*	120317-WS	Transfer

***Order Number and date to be provided at time of issuance.**

Shangri-La by the Lake Utilities, Inc.

Lakeside Waterworks, Inc.

Water System

Schedule of Net Book Value as of December 31, 2012

Description	Utility			Approved
	Proposed	Adjustment		
Utility Plant In Service	\$0	\$134,536	A	\$134,536
Land & Land Rights	0	0		0
Accumulated Depreciation	0	(104,221)	B	(104,221)
CIAC	0	(13,776)	C	(13,776)
Amortization of CIAC	<u>0</u>	<u>5,830</u>	D	<u>5,830</u>
Net Book Value	<u>\$0</u>	<u>\$22,370</u>		<u>\$22,370</u>

**Explanation of Approved
Adjustments to Net Book Value as of December 31, 2012
Water**

Explanation	Amount
A. Utility Plant In Service (UPIS)	
1) To reflect adjustments from Order No. PSC-00-0259-PAA-WS.	\$79,127
2) To reflect plant additions.	56,588
3) To reflect retirements.	<u>(1,179)</u>
Total UPIS	<u>\$134,536</u>
 B. Accumulated Depreciation	
To reflect appropriate amount of accumulated depreciation.	<u>(\$104,221)</u>
 C. Contributions in Aid of Construction (CIAC)	
1) To reflect adjustments from Order No. PSC-00-0259-PAA-WS.	(\$4,520)
2) To reflect additions to CIAC.	<u>(9,256)</u>
Total CIAC	<u>(\$13,776)</u>
 D. Amortization of CIAC	
To reflect appropriate amount of amortization of CIAC.	<u>\$5,830</u>
 Total Adjustments to Net Book Value as of December 31, 2012.	<u>\$22,370</u>

Shangri-La by the Lake Utilities, Inc.

Lakeside Waterworks, Inc. Water System

Schedule of Approved Account Balances as of December 31, 2012

Account			Accumulated
No.	Description	UPIS	Depreciation
301	Organization	\$750	\$366
304	Structures & Improvements	5,000	2,590
307	Wells	31,912	24,723
309	Supply Mains	300	183
311	Pumping Equipment	4,735	3,485
311.1	Pumping Equipment	2,335	2,335
320	Water Treatment Equipment	7,800	7,800
320.1	Water Treatment Equipment	1,105	1,105
330	Dist. Reservoirs & Standpipes	1,500	1,500
331	Transmission & Dist. Mains	39,143	23,949
333	Services	7,675	6,910
334	Meter and Meter installation	28,780	27,826
339	Other Plant & Miscellaneous Equipment	<u>3,501</u>	<u>1,450</u>
	Total	<u>\$134,536</u>	<u>\$104,221</u>

Shangri-La by the Lake Utilities, Inc.

Lakeside Waterworks, Inc.

Wastewater System

Schedule of Net Book Value as of December 31, 2012

Description	Utility			Approved
	Proposed	Adjustment		
Utility Plant In Service	\$0	144,800	A	\$144,800
Land & Land Rights	0	0		0
Accumulated Depreciation	0	(89,658)	B	(89,658)
CIAC	0	(18,257)	C	(18,257)
Amortization of CIAC	<u>0</u>	<u>6,099</u>	D	<u>6,099</u>
Net Book Value	<u>\$0</u>	<u>\$42,984</u>		<u>\$42,984</u>

**Explanation of Approved
Adjustments to Net Book Value as of December 31, 2012
Wastewater**

Explanation	Amount
A. Utility Plant In Service (UPIS)	
1) To reflect adjustments from Order No. PSC-00-0259-PAA-WS.	\$86,332
2) To reflect plant additions.	63,284
3) To reflect retirements.	<u>(4,816)</u>
Total UPIS	<u>\$144,800</u>
 B. Accumulated Depreciation	
To reflect appropriate amount of accumulated depreciation.	<u>(\$89,658)</u>
 C. Contributions in Aid of Construction (CIAC)	
1) To reflect adjustments from Order No. PSC-00-0259-PAA-WS.	(\$11,836)
2) To reflect additions to CIAC.	<u>(6,421)</u>
Total CIAC	<u>(\$18,257)</u>
 D. Amortization of CIAC	
To reflect appropriate amount of amortization of CIAC.	<u>\$6,099</u>
 Total Adjustments to Net Book Value as of December 31, 2012.	<u>\$42,984</u>

Shangri-La by the Lake Utilities, Inc.

Lakeside Waterworks, Inc. Wastewater System

Schedule of Approved Account Balances as of December 31, 2012

Account			Accumulated
No.	Description	UPIS	Depreciation
351	Organization	\$750	\$366
354	Structures & Improvements	6,080	6,080
360	Collection Sewers Force	3,138	3,138
361	Collection Sewers Gravity	69,483	17,913
361.1	Collection Sewers Gravity	4,500	4,500
362	Special Collecting Structure	200	102
363	Services to Customers	5,145	4,546
364	Flow Measuring Device	2,474	2,474
365	Flow Measuring Installations	2,540	\$1,380
370	Receiving Wells	16,000	16,000
371	Pumping Equipment	1,644	1,644
380	Treatment Disposal	28,795	28,795
380.1	Treatment Disposal	899	899
389	Other Plant and Misc. Equipment	2,949	1,619
393	Tools Shop and Garage Equip.	<u>203</u>	<u>203</u>
		<u>\$144,800</u>	<u>\$89,658</u>

**Lakeside Waterworks, Inc.
Lake County
Water**

Residential and General Service

Base Facility Charge by Meter Sizes

5/8" X 3/4"	\$12.96
3/4"	\$19.45
1"	\$32.42
1-1/2"	\$64.83
2"	\$103.73
3"	\$207.45
4"	\$324.16
6"	\$648.30

Charge per 1,000 Gallons \$1.23

Irrigation Service

Charge per 1,000 Gallons \$1.23

Initial Customer Deposit

5/8" X 3/4"

Residential

\$45.00

General Service

N/A

Miscellaneous Service Charges

Initial Connection Fee	\$15.00
Normal Reconnection Fee	\$15.00
Violation Reconnection Fee	\$15.00
Premises Visit Fee (in lieu of disconnection)	\$10.00

Service Availability Charges

Meter Installation Fee

5/8" X 3/4" \$125.00

**Lakeside Waterworks, Inc.
 Lake County
 Wastewater**

Residential

Base Facility Charge - All Meter Sizes	\$10.01
Charge per 1,000 Gallons*	\$2.46
*6,000 gallon cap	

General Service

Base Facility Charge by Meter Size	
5/8" X 3/4"	\$10.01
3/4"	\$15.02
1"	\$25.05
2"	\$50.08
3"	\$80.14
4"	\$160.26
5"	\$250.41
6"	\$500.84
Charge per 1,000 gallons	\$2.95

Initial Customer Deposit

5/8" X 3/4"

Residential

\$55.00

General Service

N/A

Miscellaneous Service Charges

Initial Connection Fee	\$15.00
Normal Reconnection Fee	\$15.00
Violation Reconnection Fee	Actual Cost
Premises Visit Fee (in lieu of disconnection)	\$10.00