

Shawna Senko

From: Joseph Gabay <jgabay@uswatercorp.net>
Sent: Friday, February 07, 2014 3:45 PM
To: Filings@psc.state.fl.us
Cc: Vickie Penick
Attachments: 2016 Sunny Hills Proforma PSC .pdf

To: Commission Clerk

Please find attached Sunny Hills Utility Company's 2016 Pro Forma.

Total 16 Pages:

13 pg. Pro Forma
2 pg. Cover Letter
1 pg. Buyer's Closing Statement

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Sunny Hills Util Co

System Pruchased for less than 50% of Rate Base - Impacted by NBV 20% Rule.

Cost of Capital: Purchase Price, CIP Additions

Sunny Hills Utility
Capital and R&R

	2013	2014	2015	2016	2017	2018	2019
Totals	\$ 1,500	\$ 381,736	\$ 722,236	\$ 109,236	\$ 50,236	\$ 35,236	\$ 24,236

Point weighting scale Priority

County	Site	Type	Priority	CIP / R&R	Problem	Solution	Regulatory Mandate (M) or Enhancement (E)	Complete, In Progress	2013	2014	2015	2016	2017	2018	2019
Washington	Sunny Hills	W		R&R	Demolish existing lime softening plant equipment and takage	Demolish old system	E			\$ 50,000					
Washington	Sunny Hills	W		R&R	Well #1 requires an iron removal system.	Install an Iron removal system	M		\$ 150,000	\$ 150,000					
Washington	Sunny Hills	W		R&R	Existing generator has numerous needed repairs to the generator and the motor	Replace generator and fuel tank	M		\$ 80,000						
Washington	Sunny Hills	W		R&R	Misc. Building improvements	Replace roof, doors and windows to prevent further deterioration of the building and equipment inside	E		\$ 30,000	\$ 15,000	\$ 15,000				
Washington	Sunny Hills	W		R&R	Water Meter Replacement, Customer; The water meters are 10 years old and need to be replaced and or tested per FPSC rules	Replace approximately 56 Meters, 10% each year (56 meters annually)	M		\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236
Washington	Sunny Hills	W		R&R	Distribution Repair: Miscellaneous Distribution replacement of pipes and valves	Emergency Replacements not identified	M		\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Washington	Sunny Hills	W		R&R	Misc. electrical and plumbing improvements	Parts and supply items not identified in CIP			\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Washington	Sunny Hills	W		CIP	Replace In-line booster pump based on system modeling	Install bln-line booster pump	M			\$ 175,000					
Washington	Sunny Hills	W		R&R	Building structure repair for HSP building, well #1 building	Repair/ Replace roof, doors and windows to prevent further deterioration of the building and equipment inside	M		\$ 20,000	\$ 20,000	\$ 20,000				
Washington	Sunny Hills	W		R&R	Building structure repair for Well No 4 building	Repair roof, doors and windows to prevent further deterioration of the building and equipment inside	E		\$ 7,500	\$ 7,500					
Washington	Sunny Hills	W		CIP	Existing chlorine injection point needs to be relocated to improved process operation on HSP for Well # 1	Relocate chlorine injection point to HSP discharge piep improve treatment in the distribution system	M	\$ 1,500	\$ -						
Washington	Sunny Hills	W		R&R	Replace generator housing due to extensive corrosion	Replace housing	E			\$ 5,000					
Washington	Sunny Hills	W		R&R	Replace existing Automatic Transfer Switch (ATS) on emergency generator	Replace ATS due to erratic operation.	E		\$ 15,000						
Washington	Sunny Hills	W		R&R	Flushing Activities for Well # 5	Install 3 Automatic flush valves due to the low flows in this system	E		\$ 4,000	\$ 4,000	\$ 4,000				
Washington	Sunny Hills	W		R&R	Miscellaneous Building improvements for Well # 5	Repair doors, windows etc.	E		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	
Washington	Sunny Hills	W		CIP	Hydraulic modeling of the distribution system.	Install data loggers, engineering, CAD drawings	E		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000			
Washington	Sunny Hills	S		CIP	Existing treatment plant needs replacement due to age and corrosion	replace 0.050 MGD Treatment plant	M			\$ 225,000					
Washington	Sunny Hills	S		CIP	Lift Station improvements	Pump and piping replacements	M	\$ -	\$ 20,000	\$ 15,500	\$ 15,000				
Washington	Sunny Hills	S		R&R	Collection System Miscellaneous Replacements	Unidentified Force Main and collection system improvements/replacements	M		\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
		S		R&R	Fenceline repairs and clean vegetation from fenceline	Clean fenceline	E		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000		
		S		R&R	Building repairs	Repair doors, windows etc.	E		\$ 5,000	\$ 5,000	\$ 5,000				

WTR	\$ 1,500	\$ 342,736	\$ 462,736	\$ 75,236	\$ 36,236	\$ 21,236	\$ 20,236
WW	\$ -	\$ 39,000	\$ 259,500	\$ 34,000	\$ 14,000	\$ 14,000	\$ 4,000
	\$ 1,500	\$ 381,736	\$ 722,236	\$ 109,236	\$ 50,236	\$ 35,236	\$ 24,236

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT 2016

**SCHEDULE OF CURRENT COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING (1)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (2) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (3) (d)	WEIGHTED COST (c x d) (e)
Common Equity	\$ 1,224,708	100.00%	8.74%	8.74%
Preferred Stock	0	0.00%	_____	0.00%
Long Term Debt	0	0.00%	_____	0.00%
Customer Deposits	0	0.00%	_____	0.00%
Tax Credits - Zero Cost	0	0.00%	_____	0.00%
Tax Credits - Weighted Cost	0	0.00%	_____	0.00%
Deferred Income Taxes	0	0.00%	_____	0.00%
Other (Explain)	0	0.00%	_____	0.00%
Total	\$ 1,224,708	100.00%		8.74%

(1) If the utility's capital structure is not used, explain which capital structure is used.

(2) Should equal amounts on Schedule F-6, Column (g).

(3) Mid-point of the last authorized Return On Equity or current leverage formula if none has been established.

Must be calculated using the same methodology used in the last rate proceeding using current annual report year end amounts and cost rates.

APPROVED RETURN ON EQUITY

Current Commission Return on Equity:	
Commission order approving Return on Equity:	

APPROVED AFUDC RATE

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

Current Commission Approved AFUDC rate:	
Commission order approving AFUDC rate:	

If any utility capitalized any charge in lieu of AFUDC (such as interest only), state the basis of the charge, an explanation as to why AFUDC was not charged and the percentage capitalized.

AQUA UTILITIES FLORIDA
 NBV SUMMARY
 AS OF 2/28/13

BUYER	major_location	WATER								
		101-UPIS	108-AD	106-CCNC	108-AD	105-CWIP	114-UPAA	115-AA	271-CIAC	272-AA
BREVARD	Kingswood	21,440.93	4,816.31						(288.79)	(87.46)
	Oakwood	77,671.39	26,263.61	184.13	4.11				(7,513.60)	(1,388.27)
HIGHLANDS	Lake Josephine	2,094,983.47	277,623.89						(347,588.31)	(198,859.52)
	Leisure Lakes	894,703.12	170,370.24	313.34	0.09				(156,728.28)	(101,931.07)
	Sebring Lakes	721,466.65	137,774.52						(334,164.70)	(143,784.89)
PALM BEACH	Lake Osborne Est	265,904.02	144,357.41						(21,028.89)	(20,572.36)
SUMTER	Jumper Creek Manor	513,041.91	119,910.94				(197,095.00)	(28,508.95)	(157,236.00)	(26,508.73)
	The Woods	492,503.62	171,721.37						(90,582.76)	(91,619.93)
WASHINGTON	Sunny Hills	4,082,577.48	1,621,469.44						(692,445.60)	(174,457.00)
Grand Total		9,164,292.59	2,674,307.73	497.47	4.20	-	(197,095.00)	(28,508.95)	(1,807,576.93)	(759,209.23)

2.30%
56,605.48
4,717.12

1.00%
(1,619.27)
(134.94)

See Woods to Right

Rate Base (2/28/13)	As of 2/28/13	accounts for only 1 month		Rate Base (3/28/13)			
		-2.30%	(-1%)				
SYSTEM	Initial Balance	1 month Depr	1 month Amortiz	Balance as of:			
Brevard (both):	\$ 61,885.76	\$ (118.61)	\$ 51.57	\$ 61,818.72	\$ (1,423.37)	\$ 618.86	
		\$ -	\$ -		\$ -	\$ -	
HC Waterworks (W)	\$ 2,731,792.03	\$ (5,235.93)	\$ 2,276.49	\$ 2,728,832.59	\$ (62,831.22)	\$ 27,317.92	
HC Waterworks (W)	\$ 67,812.33	\$ (129.97)	\$ 56.51	\$ 67,738.87	\$ (1,559.68)	\$ 678.12	
Total:	\$ 2,799,604.36	\$ (5,365.91)	\$ 2,333.00	\$ 2,796,571.46	\$ (64,390.90)	\$ 27,996.04	
		\$ -	\$ -		\$ -	\$ -	
Lake Osborne:	\$ 121,090.08	\$ (232.09)	\$ 100.91	\$ 120,958.90	\$ (2,785.07)	\$ 1,210.90	
		\$ -	\$ -		\$ -	\$ -	
Sumter (Both - W)	\$ 415,637.07	\$ (796.64)	\$ 346.36	\$ 415,186.80	\$ (9,559.65)	\$ 4,156.37	
Sumter (Both - WW)	\$ 144,826.48	\$ (277.58)	\$ 120.69	\$ 144,669.58	\$ (3,331.01)	\$ 1,448.26	
Total:	\$ 560,463.55	\$ (1,074.22)	\$ 467.05	\$ 559,856.38	\$ (12,890.66)	\$ 5,604.64	
		\$ -	\$ -		\$ -	\$ -	
Sunny Hills (W):	\$ 1,943,119.44	\$ (3,724.31)	\$ 1,619.27	\$ 1,941,014.39	\$ (44,691.75)	\$ 19,431.19	\$ (25,260.55)
Sunny Hills (WW):	\$ 136,772.12	\$ (262.15)	\$ 113.98	\$ 136,623.95	\$ (3,145.76)	\$ 1,367.72	\$ (1,778.04)
	\$ 2,079,891.56	\$ (3,986.46)	\$ 1,733.24	\$ 2,077,638.34	\$ (47,837.51)	\$ 20,798.92	\$ (27,038.59)
		\$ -	\$ -		\$ -	\$ -	
Grand Total:	\$ 5,622,935.31	\$ (10,777.29)	\$ 4,685.78	\$ 5,616,843.80	\$ (129,327.51)	\$ 56,229.35	

WASTEWATER											
NBV-Water	101-UPIS	108-AD	106-CCNC	108-AD	105-CWIP	114-UPAA	115-AA	271-CIAC	272-AA	NBV-Wastewater	Grand Total
16,423.29										-	16,423.29
45,462.47										-	45,462.47
1,668,630.79										-	1,668,630.79
669,848.92	386,655.71	274,502.38						(278,949.85)	(234,608.85)	67,812.33	737,661.25
393,312.32										-	393,312.32
121,090.08										-	121,090.08
93,817.65	407,199.33	100,924.96				(106,165.00)	(15,356.36)	(221,828.00)	(47,380.80)	41,018.53	134,836.18
321,819.42	192,984.26	101,315.24			14,461.11			(65,285.33)	(62,963.15)	103,807.95	425,627.37
1,943,119.44	763,118.33	621,795.61						(6,976.96)	(2,426.36)	136,772.12	2,079,891.56
5,273,524.38	77,243,735.27	34,498,787.52	36,025.10	762.70	388,286.39	(156,525.00)	(53,455.08)	(22,579,379.93)	(12,920,911.90)	349,410.93	5,622,935.31
	2.30%	2.30%						1.00%			
	3,250.42	3,250.42						(1,367.72)			
	270.87	270.87						(113.98)			

SUNNY HILLS
Proposed Operating Budget
Revision: 1/10/14

FY - 2015		SUNNY HILLS		
USAN's		2015	WTR	WW
400	System Revenues			
461	Water Revenues:	\$ 275,543.43	\$ 275,543.43	
522	Wastewater Revenues:	\$ 101,087.05		\$ 101,087.05
	Other Fees	\$ 7,736.65	\$ 7,736.65	
461	Index Wtr for 2014 = Estimated 1.5% (April thru Dec)	\$ 3,099.86	\$ 3,099.86	
	Index WW for 2014 = Estimated 1.5% (April thru Dec)	\$ 1,137.23		\$ 1,137.23
	Total Utility Revenues:	\$ 388,604.22	\$ 286,379.94	\$ 102,224.28
			73.69%	26.31%
	Operating Expenses:			
636	USW O & M Customer Service & Billing - Water	\$ 203,727.23	\$ 203,727.23	
	USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract	\$ 3,208.70	\$ 3,208.70	
736	USW O & M Customer Service & Billing - Wastewater (Jan -Mar 2014)	\$ 76,954.71		\$ 76,954.71
	USW O & M Customer Service & Billing - Wastewater w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract	\$ 1,212.04		\$ 1,212.04
603	Officer Salaries	\$ 14,400.00	\$ 10,612.01	\$ 3,787.99
618/718	Chemicals	\$ 4,017.00	\$ 2,960.31	\$ 1,056.69
711	Sludge	\$ 1,500.00		\$ 1,500.00
670/770	Bad Debt (Est 2% of Rev)	\$ 7,772.08	\$ 5,727.60	\$ 2,044.49
610/710	Purchase Water		\$ -	
615/715	Purchased Power	\$ 29,904.33	\$ 22,037.85	\$ 7,866.48
657	Insurance	\$ 2,000.00	\$ 1,473.89	\$ 526.11
640/740	Rents (land, etc.		\$ -	
675.4	Sunshine Locates	\$ 120.00	\$ 120.00	\$ -
675.8	Misc. Expenses (Includes Minor Repairs)	\$ 13,181.40	\$ 9,713.97	\$ 3,467.43
675.1	SCADA/Phones	\$ 996.00	\$ 734.00	\$ 262.00
813	Office Supplies for the Utility	\$ 250.73	\$ 250.73	
801	Bank Fees	\$ 60.00	\$ 60.00	\$ -
419.1	Interest Cost	\$ -	\$ 0	\$ 0
630/730	Legal	\$ 3,000.00	\$ 3,000.00	
630/730	Professional Fees (Accounting Costs)	\$ 3,000.00	\$ 3,000.00	
	Total Direct Operating Expenses	\$ 365,304.22	\$ 266,626.28	\$ 98,677.94
	Net Operating Revenues Before Other Deductions	\$ 23,300.00	\$ 19,753.67	\$ 3,546.33
	Allowances for Other Deductions:			
666/766	FPSC Fee:	\$ 17,487.19	\$ 12,887.10	\$ 4,600.09
	Property Taxes:	\$ 60,720.00	\$ 44,747.30	\$ 15,972.70
	Total Other Cost:	\$ 78,207.19	\$ 57,634.40	\$ 20,572.79
	Total Net Operating Funds:	\$ (54,907.19)	\$ (37,880.73)	\$ (17,026.46)
	ROR 8.74% (20% Rule 2014 CIP)	\$ 1,115,472.00	\$ 68,012.92	\$ 4,917.20
	Working Capital 1/8 of O&M Exp	\$ 45,663.03	\$ 3,990.95	\$ 2,912.89
	Net Requirements	\$ (120,862.29)	\$ (101,665.28)	\$ (19,197.02)
403.1/2	Depreciation/ RESET BY 20% Rule	\$ 61,173.44	\$ 57,223.01	\$ 3,950.42
334 & 330's	CIP & Meter Change Out	\$ 471,736.00	\$ 462,736.00	\$ 9,000.00
	Minor Repairs Included in Misc Exp			

SUNNY HILLS
Proposed Operating Budget
Revision: 1/10/14

FY - 2016		SUNNY HILLS		
USAN's		2016	WTR	WW
400	System Revenues			
461	Water Revenues:	\$ 279,676.58	\$ 279,676.58	
522	Wastewater Revenues:	\$ 102,603.35		\$ 102,603.35
	Other Fees	\$ 7,736.65	\$ 7,736.65	
461	Index Wtr for 2014 = Estimated 1.5% (April thru Dec)	\$ 3,146.36	\$ 3,146.36	
	Index WW for 2014 = Estimated 1.5% (April thru Dec)	\$ 1,154.29		\$ 1,154.29
	Total Utility Revenues:	\$ 394,317.23	\$ 290,559.59	\$ 103,757.64
			73.69%	26.31%
	Operating Expenses:			
636	USW O & M Customer Service & Billing - Water	\$ 208,005.50	\$ 208,005.50	
	<i>USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 3,276.09	\$ 3,276.09	
736	USW O & M Customer Service & Billing - Wastewater (Jan -Mar 2014)	\$ 78,570.76		\$ 78,570.76
	<i>USW O & M Customer Service & Billing - Wastewater w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 1,237.49		\$ 1,237.49
603	Officer Salaries	\$ 14,400.00	\$ 10,610.89	\$ 3,789.11
618/718	Chemicals	\$ 4,017.00	\$ 2,960.00	\$ 1,057.00
711	Sludge	\$ 1,500.00		\$ 1,500.00
670/770	Bad Debt (Est 2% of Rev)	\$ 7,886.34	\$ 5,811.19	\$ 2,075.15
610/710	Purchase Water		\$ -	
615/715	Purchased Power	\$ 29,904.33	\$ 22,035.53	\$ 7,868.80
657	Insurance	\$ 2,000.00	\$ 1,473.74	\$ 526.26
640/740	Rents (land, etc.)		\$ -	
675.4	Sunshine Locates	\$ 120.00	\$ 120.00	\$ -
6758	Misc. Expenses (Includes Minor Repairs)	\$ 13,181.40	\$ 9,712.95	\$ 3,468.45
675.1	SCADA/Phones	\$ 996.00	\$ 733.92	\$ 262.08
813	Office Supplies for the Utility	\$ 250.73	\$ 250.73	
801	Bank Fees	\$ 60.00	\$ 60.00	\$ -
419.1	Interest Cost	\$ -	\$ 0	\$ 0
630/730	Legal	\$ 3,000.00	\$ 3,000.00	
630/730	Professional Fees (Accounting Costs)	\$ 3,000.00	\$ 3,000.00	
	Total Direct Operating Expenses	\$ 371,405.64	\$ 271,050.53	\$ 100,355.11
	Net Operating Revenues Before Other Deductions	\$ 22,911.60	\$ 19,509.06	\$ 3,402.53
	Allowances for Other Deductions:			
666/766	FPSC Fee:	\$ 17,744.28	\$ 13,075.18	\$ 4,669.09
	Property Taxes:	\$ 60,720.00	\$ 44,742.60	\$ 15,977.40
	Total Other Cost:	\$ 78,464.28	\$ 57,817.78	\$ 20,646.49
	Total Net Operating Funds:	\$ (55,552.68)	\$ (38,308.72)	\$ (17,243.96)
	ROR 8.74% (20% Rule 2014 CIP)	\$ 1,224,708.00	\$ 124,877.14	\$ 98,532.41
	Working Capital 1/8 of O&M Exp	\$ 46,425.70	\$ 4,057.61	\$ 2,961.23
	Net Requirements	\$ (184,487.43)	\$ (139,802.36)	\$ (44,685.07)
403.1/2	Depreciation/ RESET BY 20% Rule	\$ 71,615.60	\$ 57,281.84	\$ 14,333.76
334 & 330's	CIP & Meter Change Out	\$ 109,236.00	\$ 75,236.00	\$ 34,000.00
	Minor Repairs Included in Misc Exp			

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT 2016

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	WASTEWATER UTILITY (e)
101	Utility Plant In Service	0	\$ 4,964,785	\$ 1,095,618
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation Prev,'13,'14,'15	0	<u>(1,830,582)</u>	<u>(656,589)</u>
110	Accumulated Amortization	0	<u>0</u>	<u>0</u>
271	Contributions in Aid of Construction	0	<u>(692,446)</u>	<u>(6,977)</u>
252	Advances for Construction	0		
Subtotal			\$ <u>2,441,758</u>	\$ <u>432,052</u>
	Add:			
272	Accumulated Amortization of Contributions in Aid of Construction	0	180,664	6,977
Subtotal			\$ <u>2,622,422</u>	\$ <u>439,029</u>
	Plus or Minus:			
114	Acquisition Adjustments (2)	0	<u>(1,544,996)</u>	<u>(108,918)</u>
115	Accumulated Amortization of Acquisition Adjustments (2)	0	<u>510,400</u>	<u>35,982</u>
	Working Capital Allowance (3)		<u>33,881</u>	<u>12,544</u>
	Other (Specify):		<u> </u>	<u> </u>
	<u> </u>		<u> </u>	<u> </u>
	<u> </u>		<u> </u>	<u> </u>
RATE BASE			\$ <u>1,621,708</u>	\$ <u>378,638</u>
NET UTILITY OPERATING INCOME			\$ <u>(93,971)</u>	\$ <u>(30,674)</u>
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			<u>-5.79%</u>	<u>-8.10%</u>

Negative Acquisition Adjustments

1 Rule : (3) Negative Acquisition Adjustments. If the purchase price is **greater than 80 percent** of net book value, a negative acquisition adjustment will not be included in rate base. When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to subparagraph (4)(b)1. or (4)(b)2. below.

Amortization if

Greater than 50%: 1. If the purchase price is **greater than 50 percent of net book value**, the negative acquisition adjustment shall be amortized over a 7-year period from the date of issuance of the order approving the transfer of assets. In this case, the negative acquisition adjustment shall not be recorded on the books for ratemaking purposes or used for any earnings review unless the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or 367.0822, P.S., that will be effective during the amortization period.

Amortization if

Less than 50%: 2. If the purchase price is **50 percent of net book value or less**, the negative acquisition adjustment shall be amortized from the date of issuance of the order approving the transfer of assets as follows:
 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7-year period; and
 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining life of the assets.

SUNNY HILLS WW (3) Paid Less Than 50% Of Rate Base

Purchase Price equal to or less than 80% of Net Rate Base		Historical	2013 9 mos	2014	2015	2016	2017	2018	2019	
Assumptions: (Purchase Price of US Water)			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Rate Base: \$	136,772	763,118.33	\$ 136,772	\$ 134,334	\$ 168,784	\$ 415,083	\$ 434,750	\$ 433,806	\$ 432,894	6 yrs 9 mos
Purchase Pric \$	500 0.37%			\$ 39,000	\$ 259,500	\$ 34,000	\$ 14,000	\$ 14,000	\$ 4,000	
Net Plant in Service			\$ 136,772	\$ 173,334	\$ 428,284	\$ 449,083	\$ 448,750	\$ 447,806	\$ 436,894	
CIP Additions										
Total Plant			\$ 136,772	\$ 173,334	\$ 428,284	\$ 449,083	\$ 448,750	\$ 447,806	\$ 436,894	
Recognized Rate Base: (US Water)		(622,066.48)	\$ (2,438)	\$ (4,550)	\$ (13,200)	\$ (14,334)	\$ (14,943)	\$ (14,912)	\$ (14,549)	
Rate Base: \$	136,772		\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	
Neg. Acqui Adj			\$ 5,835	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	
Amortization over 7 years			\$ 1,361	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	
Amortization over life of assets			\$ 32,613	\$ 30,461	\$ 56,261	\$ 301,427	\$ 320,484	\$ 319,572	\$ 319,023	
Net										
ROR		\$	2,850.37	\$ 2,662.32	\$ 4,917.20	\$ 26,344.73	\$ 28,010.28	\$ 27,930.58	\$ 27,882.63	
Total Cumulative Acc Acq Adj				\$ 16,791	\$ 26,387	\$ 35,982	\$ 45,577	\$ 55,172	\$ 64,767	
Annual Acqu Adj Amort Net Started 3/29/13		\$	7,196	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	
CIAC	(6,976.96)									
Annual CIAC Ajd			(1,025.79)	(1,367.72)	(1,367.72)	(903.34)	-	-	-	
Total Cumulative CIAC Ajd	2,312.38		3,338.17	4,705.90	6,073.62	6,976.96	-	-	-	
Net CIAC	(4,664.58)		(3,638.79)	(2,271.06)	(903.34)	(0.00)	-	-	-	

Negative Acquisition Adjustments

- 1 Rule:** (3) Negative Acquisition Adjustments. If the purchase price is **greater than 80 percent** of net book value, a negative acquisition adjustment will not be included in rate base. When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to subparagraph (4)(b)1. or (4)(b)2. below.
- Amortization if Greater than 50%:** 1. If the purchase price is **greater than 50 percent of net book value**, the negative acquisition adjustment shall be amortized over a 7-year period from the date of issuance of the order approving the transfer of assets. In this case, the negative acquisition adjustment shall not be recorded on the books for ratemaking purposes or used for any earnings review unless the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or 367.0822. F.S., that will be effective during the amortization period.
- Amortization if Less than 50%:** 2. If the purchase price is **50 percent of net book value or less**, the negative acquisition adjustment shall be amortized from the date of issuance of the order approving the transfer of assets as follows:
 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7-year period; and
 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining life of the assets.

Sunny Hills (3) Paid Less Than 50% Rate Base

Purchase Price less than 50% of Net Rate Base		Historical	2013 9 mos Year 1	2014 Year 2	2015 Year 3	2016 Year 4	2017 Year 5	2018 Year 6	2019 Year 7	
Rate Base:	\$ 1,943,119	4,082,577.48	\$ 1,943,119	\$ 1,900,665	\$ 2,188,032	\$ 2,593,544	\$ 2,611,498	\$ 2,590,424	\$ 2,554,334	6 yrs 9 mos
Purchase Pric	\$ 9,500 0.49%		\$ 344,236	\$ 462,736	\$ 75,236	\$ 36,236	\$ 21,236	\$ 20,236		
Total Plant			\$ 1,943,119	\$ 2,244,901	\$ 2,650,768	\$ 2,668,780	\$ 2,647,734	\$ 2,611,660	\$ 2,574,570	
Recognized Rate Base:		(1,616,752.32)	\$ (42,454)	\$ (56,869)	\$ (57,224)	\$ (57,282)	\$ (57,310)	\$ (57,326)	\$ (57,341)	
Rate Base:	\$ 1,943,119		\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	
Neg. Acqui Ac	\$ 1,544,996		\$ 82,768	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	
Net Rate Base	\$ 398,124		\$ 19,312	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	
Net			\$ 457,750	\$ 434,907	\$ 721,919	\$ 1,127,373	\$ 1,145,299	\$ 1,124,210	\$ 1,088,104	
ROR			\$ 40,007.34	\$ 38,010.88	\$ 63,095.72	\$ 98,532.41	\$ 100,099.18	\$ 98,255.92	\$ 95,100.30	
Total Cumulative Acc Acq Adj				\$ 238,187	\$ 374,294	\$ 510,400	\$ 646,507	\$ 782,614	\$ 918,721	
Annual Acqu Adj Amort Net Started 3/29/13			\$ 102,080	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	
CIAC		(692,445.60)								
Annual CIAC Ajd			(1,214.45)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	
Total Cumulative CIAC Ajd		174,591.94	175,806.39	177,425.65	179,044.92	180,664.19	182,283.45	183,902.72	185,521.99	
Net CIAC		(517,853.66)	(516,639.21)	(515,019.95)	(513,400.68)	(511,781.41)	(510,162.15)	(508,542.88)	(506,923.61)	

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT
2016

COMPARATIVE OPERATING STATEMENT

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	2016 YEAR * (e)	WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
UTILITY OPERATING INCOME							
400	Operating Revenues	F-3(b)	\$ _____	\$ 394,317	290,560	103,758	\$ _____
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)					
Net Operating Revenues			\$ _____ 0	\$ 394,317	290,560	103,758	\$ _____ 0
401	Operating Expenses	F-3(b)	\$ _____	\$ 371,406	271,051	100,355	\$ _____
403	Depreciation Expense:	F-3(b)	\$ _____	\$ 71,616	57,282	14,334	_____
	Less: Amortization of CIAC	0		(2,523)	(1,619.27)	(903.34)	
Net Depreciation Expense			\$ _____ 0	\$ 69,093	55,663	13,430	\$ _____ 0
406	Amortization of Utility Plant Acquisition	F-3(b)	_____	145,702	136,107	9,595	_____
407	Amortization Expense (Other than CIAC)	F-3(b)	_____	(145,702)	(136,107)	(9,595)	_____
408	Taxes Other Than Income	W/S-3	_____	78,464	57,818	20,646	_____
409	Current Income Taxes	W/S-3	_____	_____	_____	_____	_____
410.1	Deferred Federal Income Taxes	W/S-3	_____	_____	_____	_____	_____
410.11	Deferred State Income Taxes	W/S-3	_____	_____	_____	_____	_____
411.1	Provision for Deferred Income Taxes - Crd	W/S-3	_____	_____	_____	_____	_____
412.1	Investment Tax Credits Deferred to Future	W/S-3	_____	_____	_____	_____	_____
412.11	Investment Tax Credits Restored to Opera	W/S-3	_____	_____	_____	_____	_____
Utility Operating Expenses			\$ _____ 0	\$ 518,963	384,531	134,432	\$ _____ 0
Net Utility Operating Income			\$ _____ 0	\$ (124,646)	(93,971)	(30,674)	\$ _____ 0
469, 530	Add Back: Guaranteed Revenue and AFPI	F-3(b)	_____	_____	_____	_____	_____
413	Income From Utility Plant Leased to Others		_____	_____	_____	_____	_____
414	Gains (losses) From Disposition of Utility Property		_____	_____	_____	_____	_____
420	Allowance for Funds Used During Construction		_____	_____	_____	_____	_____
Total Utility Operating Income [Enter here and on Page F-3(c)]			\$ _____ 0	\$ (124,646)	(93,971)	(30,674)	\$ _____ 0

* For each account, Column e should agree with Columns f, g and h on F-3(b)

* Total of Schedules W-3 / S-3 for all rate groups.

UTILITY NAME:

Sunny Hills Util Co.

YEAR OF REPORT 2016

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ <u>0</u>	\$ <u>(124,646)</u>
OTHER INCOME AND DEDUCTIONS				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$ _____	\$ _____
416	Costs & Expenses of Merchandising Jobbing, and Contract Work		_____	_____
419	Interest and Dividend Income		_____	_____
421	Nonutility Income		_____	_____
426	Miscellaneous Nonutility Expenses		_____	_____
Total Other Income and Deductions			\$ <u>0</u>	\$ <u>0</u>
TAXES APPLICABLE TO OTHER INCOME				
408.2	Taxes Other Than Income		\$ _____	\$ _____
409.2	Income Taxes		_____	_____
410.2	Provision for Deferred Income Taxes		_____	_____
411.2	Provision for Deferred Income Taxes - Credit		_____	_____
412.2	Investment Tax Credits - Net		_____	_____
412.3	Investment Tax Credits Restored to Operating Income		_____	_____
Total Taxes Applicable To Other Income			\$ <u>0</u>	\$ <u>0</u>
INTEREST EXPENSE				
427	Interest Expense	0	\$ _____	\$ <u>0</u>
428	Amortization of Debt Discount & Expense	0	_____	<u>0</u>
429	Amortization of Premium on Debt	0	_____	<u>0</u>
Total Interest Expense			\$ <u>0</u>	\$ <u>0</u>
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.3	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ <u>0</u>	\$ <u>0</u>
NET INCOME			<u>\$ <u>0</u></u>	<u>\$ <u>(124,646)</u></u>

Explain Extraordinary Income:

BUYER CLOSING STATEMENT

File Number: 13-097

Name of Buyer: Sunny Hills Utility Company, a Florida corporation

Name of Seller: Aqua Utilities Florida, Inc., a Florida corporation

Property: Water and Sewer Utility Systems and all associated easements and appurtenances

Settlement Agent: Booth & Cook, P.A.

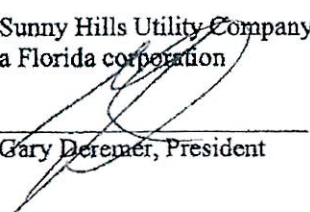
Place of Settlement: 7510 Ridge Road, Port Richey, FL 34668

Settlement Date: March 28, 2013

PURCHASE PRICE	\$10,000.00
Down Payment to Seller	\$0.00
Record Quit Claim Deed transferring real property	\$35.50
Record Bill of Sale	\$18.50
Record Assignment of Easements	\$44.00
Prorate taxes, 1/1/13 through 3/27/13 (\$1,958.36/yr for 86 days)	(\$461.82)
Prorate tangible taxes, 1/1/13 through 3/27/13 (\$62,530.63/yr)	(\$14,733.52)
Attorney fees to Booth & Cook, P.A.	\$1,750.00
Title search, examination and owner policy - waived by Buyer	\$0.00
Surveys - waived by Buyer	\$0.00
Wire funds tendered from Buyer on March 28, 2013	(\$10,000.00)
BALANCE DUE TO BUYER:	(\$13,347.34)

RECEIVED A TRUE COPY OF ABOVE AND HEREBY APPROVE AND CERTIFY IT CORRECT.

Sunny Hills Utility Company,
a Florida corporation



Gary Deremer, President

SUNNY HILLS UTILITY COMPANY

February 3, 2014

Office of Commission Clerk
FPSC
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Sunny Hills – Certificate No's 501-W & 435-S
System Docket: 130172-WS

- 1) No Assets were assumed at sale; Liability of CIAC assumed by buyer. No other liabilities assumed.
- 2) All considerations between seller and buyer are listed within the purchase agreement.
- 3) These items are outlined in the contract. All developer agreements have been provided to the buyer.
- 4) To our knowledge there is no individual tax return regarding this utility system. Previous owner combined the tax filings with other business filings and did not file separately for this utility.

Additional Information:

- 1) Previously submitted.
- 2) Please accept the attached submitted proformas 2014-2016 as requested.
- 3) Purchase price totals \$10,000 – please note attached closing statement indicating wire for same was received. Bill of Sale shows a minimum exchange of funds which is typical on most Bill of Sale documents. The \$90,313 hand written on the recorded documents – is a number written in by the respective county staff at the time of recording in reference to their internal county records.

We are hopeful that the submitted documents are in keeping with the requests.

5320 Captains Court, New Port Richey, FL 34652
Mailing: 4939 Cross Bayou Boulevard, New Port Richey, FL 34652
Tel: 727-848-8292 Fax: 727-848-7701

Page 2 of 2
Sunny Hills/PSC
02/03/2013

We look forward to hearing further from the Commission. Please do not hesitate to contact us should further clarification be needed.

Respectfully Submitted,

Gary Deremer – electronic Filing

Gary Deremer
President

s/Gary Deremer

xc: Carl Smith
V. Penick
Joseph Gabay

Enc.