

**Shawna Senko**

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**From:** Joseph Gabay <jgabay@uswatercorp.net>  
**Sent:** Friday, February 07, 2014 4:30 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Vickie Penick  
**Attachments:** Brevard 2015 PSC Annual Proforma.pdf

To: Commission Clerk

Please find attached Brevard Waterworks, Inc. 2015 Pro Forma.

Pro Forma Data 2015 – 6 pg.  
Cover Letter – 1 pg.

Joseph G. Gabay  
Utilities Controller  
U.S. Water Services Corporation



4939 Cross Bayou Boulevard  
New Port Richey, FL 34652  
(Office) 727-848-8292 x239  
(Mobile) 727-412-4466  
(Accounting Fax) 727-849-7809  
(E-Mail) [jgabay@uswatercorp.com](mailto:jgabay@uswatercorp.com)

BREVARD: Proforma Assumptions

P&L: (1) Annual Revenue Index Utilitized 1.5%  
(2) Purchased Water Cost Increased Annually 1.5%

Rate Base: (1) Depreciation Estimated  
(2) Meter Change Outs Factored at \$1,950 Installed by EOY 2014  
(3) CIAC Estimated

UTILITY NAME:

**Brevard Waterworks**

**PROFORMA  
2015**

**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	\$ 93,134	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	\$ <u>93,134</u>	<u>100.00%</u>		<u>8.74%</u>

(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:	<i>Pending Approval: Estimating 8.74%</i>
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.

UTILITY NAME:

**Brevard Waterworks**

**PROFORMA  
2015**

COMPARATIVE OPERATING STATEMENT

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	2015 YEAR * (e)	WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
<b>UTILITY OPERATING INCOME</b>							
400	Operating Revenues	F-3(b)	\$ _____	\$ 123,784	123,784	_____	\$ _____
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)			0		
Net Operating Revenues			\$ 0	\$ 123,784	123,784	_____	\$ 0
401	Operating Expenses	F-3(b)	\$ _____	\$ 137,810	137,810	_____	\$ _____
403	Depreciation Expense:	F-3(b)	\$ _____	\$ 3,920	3,920	_____	_____
	Less: Amortization of CIAC	F-22		358	358	_____	_____
Net Depreciation Expense			\$ 0	\$ 3,561	3,561	_____	\$ 0
406	Amortization of Utility Plant Acquisition	F-3(b)	_____	_____	0	_____	_____
407	Amortization Expense (Other than CIAC)	F-3(b)	_____	_____	0	_____	_____
408	Taxes Other Than Income	W/S-3	_____	343	343	_____	_____
409	Current Income Taxes	W/S-3	_____	_____	0	_____	_____
410.1	Deferred Federal Income Taxes	W/S-3	_____	_____	0	_____	_____
410.11	Deferred State Income Taxes	W/S-3	_____	_____	0	_____	_____
411.1	Provision for Deferred Income Taxes - Crd	W/S-3	_____	_____	0	_____	_____
412.1	Investment Tax Credits Deferred to Future	W/S-3	_____	_____	0	_____	_____
412.11	Investment Tax Credits Restored to Opera	W/S-3	_____	_____	0	_____	_____
Utility Operating Expenses			\$ 0	\$ 141,714	141,714	_____	\$ 0
Net Utility Operating Income			\$ 0	\$ (17,930)	(17,930)	_____	\$ 0
469, 530	Add Back: Guaranteed Revenue and AFPI	F-3(b)	_____	_____	0	_____	_____
413	Income From Utility Plant Leased to Others		_____	_____	0	_____	_____
414	Gains (losses) From Disposition of Utility Property		_____	_____	0	_____	_____
420	Allowance for Funds Used During Construction		_____	_____	0	_____	_____
Total Utility Operating Income [Enter here and on Page F-3(e)]			\$ 0	\$ (17,930)	(17,930)	_____	\$ 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.

**PROFORMA  
2015**

UTILITY NAME:

Brevard Waterworks

**COMPARATIVE OPERATING STATEMENT (Cont'd)**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	2015 YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ 0	\$ (17,930)
<b>OTHER INCOME AND DEDUCTIONS</b>				
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			\$ 0	\$ 0
<b>TAXES APPLICABLE TO OTHER INCOME</b>				
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			\$ 0	\$ 0
<b>INTEREST EXPENSE</b>				
427	Interest Expense	0	\$ _____	\$ 0
428	Amortization of Debt Discoun & Expense	0	_____	0
429	Amortization of Premium on Debt	0	_____	0
Total Interest Expense			\$ 0	\$ 0
<b>EXTRAORDINARY ITEMS</b>				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.3	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ 0	\$ 0
<b>NET INCOME</b>			<u>\$ 0</u>	<u>\$ (17,930)</u>

Explain Extraordinary Income:

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**Proposed Operating Budget  
Revision: 1/10/14**

FY - 2015		2014	2015	2016
USAN's		Brevard	Brevard	Brevard
400	<b>System Revenues (Note 1)</b>			
461	Water Revenues:	\$ 117,206.13	\$ 117,645.65	\$ 118,086.82
522	Wastewater Revenues:	\$ -		
461	Other Revenues:	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00
	Index for 2014/15/16 = Estimated 1.5% (April thru Dec ea yr)	\$ 1,318.57	\$ 1,323.51	\$ 1,328.48
	<b>Total Utility Revenues:</b>	<b>\$ 123,339.70</b>	<b>\$ 123,784.17</b>	<b>\$ 124,230.30</b>
	<b>Operating Expenses:</b>			
636	USW O & M Customer Service & Billing - Water	\$ 40,931.88	\$ 41,146.77	\$ 41,362.79
	USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% Every April p/contract	\$ 644.68	\$ 648.06	\$ 651.46
603	Officer Salaries	\$ 8,000.04	\$ 8,000.04	\$ 8,000.04
618/718	Chemicals	\$ -		
711	Sludge	\$ -		
670/770	Bad Debt Estimated 2% of Revenue	\$ 2,466.79	\$ 2,475.68	\$ 2,484.61
610/710	Purchase Water	\$ 73,061.94	\$ 74,157.87	\$ 75,270.24
615/715	Purchased Power	\$ -		
657	Insurance	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
640/740	Rents (land, etc.	\$ -	\$ -	\$ -
675.4	Sunshine Locates	\$ 15.00	\$ 15.00	\$ 15.00
6758	Misc. Expenses / Minor Repair	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00
675.1	SCADA/Phones	\$ -	\$ -	\$ -
630/730	Professional Fees (Accounting Costs)	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
	<b>Total Direct Operating Expenses</b>	<b>\$ 130,560.33</b>	<b>\$ 131,883.43</b>	<b>\$ 133,224.14</b>
	<b>Subtotal: Net Operating Revenues</b>	<b>\$ (7,220.63)</b>	<b>\$ (8,099.26)</b>	<b>\$ (8,993.84)</b>
	Allowances for Other Deductions:			
630/730	Legal	\$ -		
666/766	FPSC Fee:	\$ 5,550.29	\$ 5,570.29	\$ 5,590.36
	Other - Property Taxes:	\$ 373.32	\$ 373.32	\$ 373.32
801	Bank Fees	\$ 106.04	\$ 106.04	\$ 106.04
813	Office Supplies for the Utility	\$ 249.98	\$ 249.98	\$ 249.98
419.1	Interest Cost	\$ -		
	<b>Total Other Cost</b>	<b>\$ 6,279.63</b>	<b>\$ 6,299.63</b>	<b>\$ 6,319.70</b>
	<b>Total Net Operating Revenue</b>	<b>\$ (13,500.26)</b>	<b>\$ (14,398.89)</b>	<b>\$ (15,313.54)</b>
	ROR 8.74% (PURCH Price OF \$62,560.00 (03/28/13)	\$ 5,467.74	\$ 5,638.17	\$ 5,681.87
	Working Capital 1/8 of O&M Exp	\$ 16,320.04	\$ 16,485.43	\$ 16,653.02
403.1/.2	Depreciation	\$ 3,919.68	\$ 3,919.68	\$ 3,919.68
334	CIP / Meter Changeout	\$ 1,950.00	500	500
300's	CIP / Other	\$ -		
	R & R - (Minor Repairs Included in Misc Exp)	\$ -		

UTILITY NAME:

Brevard Waterworks

**PROFORMA  
2015**

**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	\$ 100,292	\$ 0
	Less:			
	Nonused and Useful Plant (1)			
108	Accumulated Depreciation	0	39,250	0
110	Accumulated Amortization	0	0	0
271	Contributions in Aid of Construction	0	7,803	0
252	Advances for Construction	0		
Subtotal			\$ 53,240	\$ 0
	Add:			
272	Accumulated Amortization of Contributions in Aid of Construction	0	2,224	0
Subtotal			\$ 55,463	\$ 0
	Plus or Minus:			
114	Acquisition Adjustments (2)	0	0	0
115	Accumulated Amortization of Acquisition Adjustments (2)	0	0	0
	Working Capital Allowance (3)		16,485	
	Other (Specify):			
	_____		_____	_____
	_____		_____	_____
	_____		_____	_____
RATE BASE			\$ 71,949	\$ 0
NET UTILITY OPERATING INCOME			\$ (17,930)	\$ 0
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			-24.92%	0.00%

# BREVARD WATERWORKS, INC.

January 30, 2014

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

RE: Brevard Waterworks, Inc. – Certificate No 002-W  
System Docket: 130174-WU

Please accept the attached documents as previously submitted proformas 2014-2016.  
The first submission was sent prematurely.

We appreciate your consideration in this regard.

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

Respectfully Submitted,

  
s/Gary Deremer

Gary Deremer  
President

xc: Carl Smith  
V. Penick  
Joseph Gabay

Enc.

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