

Shawna Senko

From: Joseph Gabay <jgabay@uswatercorp.net>
Sent: Saturday, February 08, 2014 3:40 PM
To: Filings@psc.state.fl.us
Cc: Vickie Penick
Attachments: HC WWrks 2016 PSC Proforma.pdf

Commission Clerk:

I am filing the attached document on behalf of Mr. Gary Deremer.

The PSC docket number is 130175.

The document of 14 pages includes:

Cover Letter Signed by Mr. Gary Deremer – 1pg.
Buyer’s Closing Statement – 1 pg.
2016 Pro Forma for Jumper Creek Utility Co. – 12 pgs.

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

HC WATERWORKS, INC.

February 3, 2014

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

RE: HC Waterworks, Inc. – Certificate No's 422-W & 359-S
System Docket: 130175-WS

- 1) Please accept the attached proformas 2014-2016 as requested.
- 2) Purchase price totals \$1,363,188.45 – please see enclosed 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 \$1,858,023 hand written on the recorded documents – is a number written in by the related county staff at the time of recording in reference to their internal county records, which appears to be a value related to county real or tangible records on file at that time.

We hope the information provided is in keeping with the data requested..

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

BUYER CLOSING STATEMENT

File Number: 13-100

Name of Buyer: HC Waterworks, Inc., 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 - Sebring WTP; Lake Josephine WTP; Leisure Lake (a/k/a Covered Bridge) WTP & WWTP

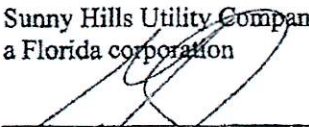
Settlement Agent: Booth & Cook, P.A.
Place of Settlement: 7510 Ridge Road, Port Richey, FL 34668

Settlement Date: March 28, 2013

PURCHASE PRICE	\$1,363,188.45
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	\$52.50
Prorate taxes, 1/1/13 through 3/27/13 (\$26,503.82/yr for 86 days)	(\$6,245.32)
Prorate tangible personal property tax, 1/1/13 through 3/27/13 (\$3,797.46/yr for 86 days)	(\$895.26)
Attorney fees to Booth & Cook, P.A.	\$3,500.00
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	(\$1,363,188.45)
BALANCE DUE TO BUYER:	(\$3,534.08)

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

Sunny Hills Utility Company,
a Florida corporation



Gary Deremer, President

UTILITY NAME:

HC WWrks

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 Purch + New CIP	\$ 893,788	51.26%	8.74%	4.48%
Preferred Stock	0	0.00%		0.00%
Long Term Debt At Purchase	850,000	48.74%	4.25%	2.07%
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	\$ 1,743,788	100.00%		6.55%

(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.

UTILITY NAME:

HC WWrks

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)	\$ _____	\$ 511,899	392,575	119,324	\$ _____
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)					
Net Operating Revenues			\$ _____ 0	\$ 511,899	392,575	119,324	\$ _____ 0
401	Operating Expenses	F-3(b)	\$ _____	\$ 446,174	342,518	103,655	\$ _____
403	Depreciation Expense:	F-3(b)	\$ _____	\$ 106,936	96,710	10,226	_____
	Less: Amortization of CIAC	0		(11,174)	(8,385)	(2,789)	
Net Depreciation Expense			\$ _____ 0	\$ 95,762	88,325	7,437	\$ _____ 0
406	Amortization of Utility Plant Acquisition	F-3(b)	_____	81,518	75,110	6,409	_____
407	Amortization Expense (Other than CIAC)	F-3(b)	_____	(81,518)	(75,110)	(6,409)	_____
408	Taxes Other Than Income	W/S-3	_____	55,593	42,635	12,959	_____
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 - Cre	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	\$ 597,529	473,478	124,051	\$ _____ 0
Net Utility Operating Income			\$ _____ 0	\$ (85,630)	(80,903)	(4,727)	\$ _____ 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	\$ (85,630)	(80,903)	(4,727)	\$ _____ 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.

County	Site	Type	Priority 1 = High 2 = Medium 3 = low	CIP / R&R	Problem	Solution	Regulatory Mandate (M) or Enhancem	Complete, In Progress	2013	2014	2015	2016
Highlands	Sebring Lakes	W		CIP	configuration is aged and requires proper size and type to accurately capture flows	and associated piping to capture and record actual flows per FDEP, DOH, and Water management	M		\$ 12,000			
Highlands	Sebring Lakes	W		CIP	Electronic unit is unreliable and there needs to be a reliable	meter to account for flows and flow rates to properly operate filters	M		\$ 3,000			
Highlands	Sebring Lakes	W		CIP	Aerator Bypass does not exist for cleaning and removing unit from service for Maintenance and or inspection	Install bypass piping to pump directly to Adegde filters or to Hydro pneumatic tank	E			\$ 15,000		
Highlands	Sebring Lakes	W		CIP	Chlorine injection point should be modified, currently it does not allow proper operation for each well	Modify and add Chlorine injection points for independent well operation. Requires Minor Modification of Permit.	E	Complete	\$ 3,000			
Highlands	Sebring Lakes	W		CIP	Relocation, Pumps air lock and do not maintain a proper feed ratio due to	Relocate pumps, control feed, and electrical to the Bulk chlorine containment area.	E					\$ 10,000
Highlands	Sebring Lakes	W		CIP	THM Control is marginal with the filter installation and need addressed further.	Permit and install Chloramination system	M		\$ 7,500	\$ 7,500		
Highlands	Sebring Lakes	W		CIP	Improvements, the distribution system need	Improvements install 2 hydrants and replace 1-6"	E	Complete	\$ 20,000			
Highlands	Sebring Lakes	W		CIP	Currently there is no drain field or reliable cost effective way to handle the Filter backwash	Design, permit, and install drain field	E		\$ 12,000	\$ 15,000		
Highlands	Lake Josephine	W		CIP	Electronic unit is unreliable and there needs to be a reliable means to account for the water use	meter to account for flows and flow rates to properly operate filters and account for water loss	M		\$ 3,000			
Highlands	Lake Josephine	W		CIP	Aerator Bypass, there is no way in which to temporarily bypass the aerator trays for maintenance and or process control	Install bypass lines for the aerator for direct feed into the GST	E			\$ 15,000		
Highlands	Lake Josephine	W		CIP	Install Hydro Tank		E			\$ 40,000		
Highlands	Lake Josephine	W		CIP	Replace Well # 1 pump and wiring	Replace well pump, inspect and clean casing, replace wiring	M	Complete	\$ 18,000			
Highlands	Lake Josephine	W		CIP	Distribution Flushing Improvements (add auto flushers (3)	Distribution Flushing Improvements (add auto flushers (3)	E		\$ 5,500			
Highlands	Lake Josephine	W		CIP	Currently there is no drain field or reliable cost effective way to handle the Filter backwash	Design, permit, and install drain field	E		\$ 12,000			
Highlands	Lake Josephine	W		CIP	Install Chloramines system		M		\$ 7,500	\$ 7,500		
Highlands	Lake Josephine	W		CIP	Install Web based SCADA system	SCADA system, (this will also increase service costs by \$450/year) This	E		\$ 4,800			
Highlands	Lake Josephine	W		CIP	Hydro pneumatic tank, the Facility and Customers could benefit from the installation of a Hydro pneumatic tank. This would increase equipment life.	Install a small function Hydro pneumatic tank of approximately 10,000 gallons	E					\$ 40,000
Highlands	Lake Josephine	W		CIP	switch has failed and should be replaced. It has had multiple	new grounding and Transient Voltage	M		\$ 12,000			
Highlands	Leisure Lakes	W		CIP	Backwash Flow meter, Electronic unit is unreliable and there needs to be a reliable means to account for the water use	meter to account for flows and flow rates to properly operate filters and account for water loss	M		3000			
Highlands	Leisure Lakes	W		CIP	Hydro pneumatic Tank; The Facility and Customers could benefit from the installation of a Hydro pneumatic tank. This would increase equipment life, reduce power consumption, and minimize system water hammers to reduce line repairs.	Install a function Hydro pneumatic tank and associated Piping	E					\$ 40,000
Highlands	Leisure Lakes	W		CIP	Replace HSP; Pumps were not meeting specification curves to produce adequate water pressure under delivery condition	Place both HSP	M	Complete	\$ 7,500			
Highlands	Leisure Lakes	W		CIP	Install Chloramines system		M	Complete	\$ 13,000			
Highlands	Leisure Lakes	W		CIP	Install distribution Auto Flusher		E		2000			
Highlands	Leisure Lakes	W		CIP	Install Web based SCADA system		E		4800			
Highlands	Leisure Lakes	S		CIP	Lift Station. The Station is aged and will need to be refurbished over the coming years. New Control Cabinet, Valve vault, etc...	Rebuild the lift station in phases over a 3 year basis	M		\$ 8,000	\$ 12,000	\$ 20,000	

WTR	\$ 61,500	\$ 89,100	\$ 100,000	\$ 90,000
WW	\$ -	\$ 8,000	\$ 12,000	\$ 20,000
	\$ 61,500	\$ 97,100	\$ 112,000	\$ 110,000

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

BUYER	major_location	WATER								NBV-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)	16,423.29
	Oakwood	77,671.39	26,263.61	184.13	4.11				(7,513.60)	(1,388.27)	45,462.47
HIGHLANDS	Lake Josephine	2,094,983.47	277,623.89						(347,588.31)	(198,859.52)	1,668,630.79
	Leisure Lakes	894,703.12	170,370.24	313.34	0.09				(156,728.28)	(101,931.07)	669,848.92
	Sebring Lakes	721,466.65	137,774.52						(334,164.70)	(143,784.89)	393,312.32
PALM BEACH	Lake Osborne Est	265,904.02	144,357.41						(21,028.89)	(20,572.36)	121,090.08
SUMTER	Jumper Creek Manor	513,041.91	119,910.94						(157,236.00)	(26,508.73)	262,403.70
	The Woods	492,503.62	171,721.37						(90,582.76)	(91,619.93)	321,819.42
WASHINGTON	Sunny Hills	4,082,577.48	1,621,469.44						(692,445.60)	(174,457.00)	1,943,119.44
Grand Total		9,164,292.59	2,674,307.73	497.47	4.20				(1,807,576.93)	(759,209.23)	5,442,110.43
	Net Wtr Plant		3,125,697.84						NET CIAC	(393,905.81)	6,035.29

2.30%
 85,356.52
 7,113.04

Annual Wtr CIAC / 1%
 (8,384.81)
 (698.73)

Annual WW Depr

Rate Base (2/28/13)	Asof 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
HC Waterworks (W)	\$ 2,731,792.03	\$ (5,235.93)	\$ 2,276.49	\$ 2,728,832.59
HC Waterworks (W)	\$ 67,812.33	\$ (129.97)	\$ 56.51	\$ 67,738.87
Total:	\$ 2,799,604.36	\$ (5,365.91)	\$ 2,333.00	\$ 2,796,571.46
Lake Osborne:	\$ 121,090.08	\$ (232.09)	\$ 100.91	\$ 120,958.90
Sumter (Both - W)	\$ 584,223.12	\$ (1,119.76)	\$ 486.85	\$ 583,590.21
Sumter (Both - WW)	\$ 235,635.12	\$ (451.63)	\$ 196.36	\$ 235,379.85
Total:	\$ 819,858.24	\$ (1,571.39)	\$ 683.22	\$ 818,970.06
Sunny Hills (W):	\$ 1,943,119.44	\$ (3,724.31)	\$ 1,619.27	\$ 1,941,014.39
Sunny Hills (WW):	\$ 136,772.12	\$ (262.15)	\$ 113.98	\$ 136,623.95
Total:	\$ 2,079,891.56	\$ (3,986.46)	\$ 1,733.24	\$ 2,077,638.34
Grand Total:	\$ 5,882,330.00	\$ (11,274.47)	\$ 4,901.94	\$ 5,875,957.48

\$ (1,423.37)	\$ 618.86
\$ -	\$ -
\$ (62,831.22)	\$ 27,317.92
\$ (1,559.68)	\$ 678.12
\$ (64,390.90)	\$ 27,996.04
\$ -	\$ -
\$ (2,785.07)	\$ 1,210.90
\$ -	\$ -
\$ (13,437.13)	\$ 5,842.23
\$ (5,419.61)	\$ 2,356.35
\$ (18,856.74)	\$ 8,198.58
\$ -	\$ -
\$ (44,691.75)	\$ 19,431.19
\$ (3,145.76)	\$ 1,367.72
\$ (47,837.51)	\$ 20,798.92
\$ -	\$ -
\$ (135,293.59)	\$ 58,823.30

WASTEWATER										
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
									-	45,462.47
386,655.71	274,502.38						(278,949.85)	(234,608.85)	-	1,668,630.79
									67,812.33	737,661.25
									-	393,312.32
									-	121,090.08
407,199.33	100,924.96						(221,828.00)	(47,380.80)	131,827.17	394,230.87
192,984.26	101,315.24			14,461.11			(65,285.33)	(62,963.15)	103,807.95	425,627.37
763,118.33	621,795.61						(6,976.96)	(2,426.36)	136,772.12	2,079,891.56
77,243,735.27	34,496,787.52	36,025.10	762.70	388,286.39	(156,525.00)	(53,455.08)	(22,579,379.93)	(12,920,911.90)	440,219.57	5,882,330.00
Net WW Plant	306,274.37						Net CIAC	(44,341.00)	7,044.31	
2.30%										
8,893.08							Annual WW Amor	1.00%		
741.09								(2,789.50)		

HC WWrks
Proposed Operating Budget
Revision: 1/10/14
FY - 2015

USAN's		HC WWrks 2015	WTR	WW
400	System Revenues			
461	Water Revenues:	\$ 371,427.29	\$ 371,427.29	
522	Wastewater Revenues:	\$ 116,252.87		\$ 116,252.87
461	Other Revenues	\$ 7,736.65	\$ 7,736.65	
	Index Wtr for 2014 = Estimated 1.5% (April thru Dec)	\$ 4,178.56	\$ 4,178.56	
	Index WW for 2014 = Estimated 1.5% (April thru Dec)	\$ 1,307.84		\$ 1,307.84
	Total Utility Revenues:	\$ 500,903.21	\$ 383,342.50	\$ 117,560.71
			\$ 0.77	\$ 0.23
	Operating Expenses:			
636	USW O & M Customer Service & Billing - Water	\$ 200,840.66	\$ 200,840.66	
	<i>USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 3,163.24	\$ 3,163.24	
736	USW O & M Customer Service & Billing - Wastewater (Jan -Mar 2014)	\$ 60,211.23		\$ 60,211.23
	<i>USW O & M Customer Service & Billing - Wastewater w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 948.33		\$ 948.33
603	Officer Salaries	\$ 18,000.00	\$ 13,775.45	\$ 4,224.55
618/718	Chemicals	\$ 28,606.80	\$ 21,892.86	\$ 6,713.94
711	Sludge	\$ 3,168.00		\$ 3,168.00
670/770	Bad Debt (Est 2% of Rev)	\$ 10,018.06	\$ 7,666.85	\$ 2,351.21
610/710	Purchase Water			
615/715	Purchased Power	\$ 50,597.85	\$ 38,722.66	\$ 11,875.19
657	Insurance	\$ 2,360.64	\$ 2,360.64	
640/740	Rents (land, etc.		\$ -	\$ -
675.4	Sunshine Locates	\$ 14.00	\$ 14.00	
6758	Misc. Expenses (Includes Minor Repairs)	\$ 11,971.97	\$ 9,162.18	\$ 2,809.79
675.1	SCADA/Phones	\$ 3,633.57	\$ 3,633.57	\$ -
813	Office Supplies for the Utility	\$ 239.79	\$ 183.51	\$ 56.28
801	Bank Fees	\$ 60.00	\$ 60.00	\$ -
419.1	Interest Cost	\$ 40,551.17	\$ 31,033.91	\$ 9,517.26
630/730	Legal	\$ 3,000.00	\$ 3,000.00	\$ -
630/730	Professional Fees (Accounting Costs)	\$ 3,000.00	\$ 2,295.91	\$ 704.09
	Total Direct Operating Expenses	\$ 440,385.32	\$ 337,805.44	\$ 102,579.87
			\$ -	
	Net Operating Revenues Before Other Deductions	\$ 60,517.90	\$ 45,537.06	\$ 14,980.84
	Allowances for Other Deductions:			
666/766	FPSC Fee:	\$ 22,540.64	\$ 17,250.41	\$ 5,290.23
	Property Taxes:	\$ 32,558.00	\$ 24,916.72	\$ 7,641.28
	Total Other Cost:	\$ 55,098.64	\$ 42,167.13	\$ 12,931.51
	Total Net Operating Funds:	\$ 5,419.25	\$ 3,369.92	\$ 2,049.33
	ROR 8.74% (20% Rule 2014 CIP)	\$ 2,042,551.45	\$ 178,519.00	\$ 173,334.78
	Working Capital 1/8 of O&M Exp	\$ 62,612.90	\$ 4,811.21	\$ 3,690.52
	Positive / (-) Negative Cash Requirements	\$ (177,910.96)	\$ (173,655.38)	\$ (4,255.58)
403.1/.2	Depreciation/ RESET BY 20% Rule	\$ 103,269.61	\$ 93,709.86	\$ 9,559.75
334 & 330	CIP & Meter Change Out	\$ 112,000.00	\$ 100,000.00	\$ 12,000.00
	Minor Repairs Included in Misc Exp			

HC WWrks
Proposed Operating Budget
Revision: 1/10/14
FY - 2016

USAN's		HC WWrks 2016	WTR	WW
400	System Revenues			
461	Water Revenues:	\$ 380,556.80	\$ 380,556.80	
522	Wastewater Revenues:	\$ 117,996.66		\$ 117,996.66
461	Other Revenues	\$ 7,736.65	\$ 7,736.65	
	Index Wtr for 2014 = Estimated 1.5% (April thru Dec)	\$ 4,281.26	\$ 4,281.26	
	Index WW for 2014 = Estimated 1.5% (April thru Dec)	\$ 1,327.46		\$ 1,327.46
	Total Utility Revenues:	\$ 511,898.83	\$ 392,574.71	\$ 119,324.12
			\$ 0.77	\$ 0.23
	Operating Expenses:			
636	USW O & M Customer Service & Billing - Water	\$ 205,058.32	\$ 205,058.32	
	<i>USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 3,229.67	\$ 3,229.67	
736	USW O & M Customer Service & Billing - Wastewater (Jan -Mar 2014)	\$ 61,475.66		\$ 61,475.66
	<i>USW O & M Customer Service & Billing - Wastewater w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 968.24		\$ 968.24
603	Officer Salaries	\$ 18,000.00	\$ 13,804.18	\$ 4,195.82
618/718	Chemicals	\$ 28,606.80	\$ 21,938.53	\$ 6,668.27
711	Sludge	\$ 3,168.00		\$ 3,168.00
670/770	Bad Debt (Est 2% of Rev)	\$ 10,237.98	\$ 7,851.49	\$ 2,386.48
610/710	Purchase Water			
615/715	Purchased Power	\$ 50,597.85	\$ 38,803.44	\$ 11,794.41
657	Insurance	\$ 2,360.64	\$ 2,360.64	
640/740	Rents (land, etc.		\$ -	\$ -
675.4	Sunshine Locates	\$ 14.00	\$ 14.00	
6758	Misc. Expenses (Includes Minor Repairs)	\$ 11,971.97	\$ 9,181.29	\$ 2,790.68
675.1	SCADA/Phones	\$ 3,633.57	\$ 3,633.57	\$ -
813	Office Supplies for the Utility	\$ 239.79	\$ 183.89	\$ 55.90
801	Bank Fees	\$ 60.00	\$ 60.00	\$ -
419.1	Interest Cost	\$ 40,551.17	\$ 31,098.65	\$ 9,452.52
630/730	Legal	\$ 3,000.00	\$ 3,000.00	\$ -
630/730	Professional Fees (Accounting Costs)	\$ 3,000.00	\$ 2,300.70	\$ 699.30
	Total Direct Operating Expenses	\$ 446,173.66	\$ 342,518.38	\$ 103,655.28
			\$ -	
	Net Operating Revenues Before Other Deductions	\$ 65,725.17	\$ 50,056.33	\$ 15,668.84
	Allowances for Other Deductions:			
666/766	FPSC Fee:	\$ 23,035.45	\$ 17,665.86	\$ 5,369.59
	Property Taxes:	\$ 32,558.00	\$ 24,968.70	\$ 7,589.30
	Total Other Cost:	\$ 55,593.45	\$ 42,634.56	\$ 12,958.89
	Total Net Operating Funds:	\$ 10,131.72	\$ 7,421.77	\$ 2,709.95
	ROR 8.74% (20% Rule 2014 CIP)	\$2,129,133.21	\$ 186,086.24	\$ 180,186.91
	Working Capital 1/8 of O&M Exp	\$ 55,771.71	\$ 55,771.71	\$ 42,814.80
	Positive / (-) Negative Cash Requirements	\$ (231,726.23)	\$ (215,579.93)	\$ (16,146.29)
403.1/.2	Depreciation/ RESET BY 20% Rule	\$ 103,269.61	\$ 93,709.86	\$ 9,559.75
334 & 330	CIP & Meter Change Out	\$ 110,000.00	\$ 90,000.00	\$ 20,000.00
	Minor Repairs Included in Misc Exp			

Analysis of Current Acquisition Rule
Rule 25-30.371

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**
- 3 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.

HC WWrks (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
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Rate Base:	\$ 131,827		386,656	\$ 131,827	\$ 125,157	\$ 123,998	\$ 126,438	\$ 136,211	\$ 125,985	\$ 115,759
Purchase Pric	\$ 32,717	24.82%		\$ -	\$ 8,000	\$ 12,000	\$ 20,000	\$ -	\$ -	\$ -
				\$ 131,827	\$ 133,157	\$ 135,998	\$ 146,438	\$ 136,211	\$ 125,985	\$ 115,759
Recognized Rate Base:										
Rate Base:	\$ 131,827		-274,502	\$ (6,670)	\$ (9,160)	\$ (9,560)	\$ (10,226)	\$ (10,226)	\$ (10,226)	\$ (10,226)
Neg. Acqui Adj	\$ 72,745			\$ 72,745	\$ 72,745	\$ 72,745	\$ 72,745	\$ 72,745	\$ 72,745	\$ 72,745
Amortization over 7 years	\$ 3,897			\$ 3,897	\$ 9,093	\$ 14,289	\$ 19,485	\$ 24,681	\$ 29,878	\$ 35,074
Amortization over life of assets	\$ 59,082			\$ 909	\$ 2,122	\$ 3,334	\$ 4,547	\$ 5,759	\$ 6,971	\$ 8,184
Net New Rate Base				\$ 57,219	\$ 54,467	\$ 59,316	\$ 67,498	\$ 83,680	\$ 79,862	\$ 76,044
ROR				\$ 5,000.90	\$ 4,760.44	\$ 5,184.22	\$ 5,899.34	\$ 7,313.65	\$ 6,979.97	\$ 6,646.28
Total Cumulative Acc Acq Adj				\$ 4,806	\$ 11,215	\$ 17,623	\$ 24,032	\$ 30,440	\$ 36,849	\$ 43,257
Annual Acq Adj Amort Net Started 3/29/13				\$ 4,806	\$ (4,806)	\$ (11,215)	\$ (17,623)	\$ (24,032)	\$ (30,440)	\$ (36,849)
				\$ 4,806	\$ 6,409	\$ 6,409	\$ 6,409	\$ 6,409	\$ 6,409	\$ 6,409
CIAC			(278,949.85)							
Annual CIAC Ajd				(2,092.12)	(2,789.50)	(2,789.50)	(2,789.50)	(2,789.50)	(2,789.50)	(2,789.50)
Total Cumulative CIAC Ajd			234,608.85	236,700.97	239,490.47	239,490.47	239,490.47	239,490.47	239,490.47	239,490.47
Net CIAC			(44,341.00)	(42,248.88)	(39,459.38)	(36,669.88)	(33,880.38)	(31,090.88)	(28,301.38)	(25,511.89)

Analysis of Current Acquisition Rule
Rule 25-30.371

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.

HC WWrks (3) Paid Less Than 50% Rate Base

Purchase Price equal to or less than 80% of Net Rate Base			Historical	2013 9 mos	2014	2015	2016	2017	2018	2019	
				Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Rate Base:	\$ 2,728,833		3,711,153.24	\$ 2,728,833	\$ 2,724,265	\$ 2,722,989	\$ 2,729,279	\$ 2,722,569	\$ 2,722,569	\$ 2,722,569	6 yrs 9 mos
Purchase Price:	\$ 1,330,471	48.76%		\$ 61,500	\$ 89,100	\$ 100,000	\$ 90,000	\$ -	\$ -	\$ -	
				\$ 2,790,333	\$ 2,813,365	\$ 2,822,989	\$ 2,819,279	\$ 2,819,279	\$ 2,819,279	\$ 2,819,279	
Recognized Rate Base:			(592,881.69)	\$ (66,067)	\$ (90,377)	\$ (93,710)	\$ (96,710)	\$ (96,710)	\$ (96,710)	\$ (96,710)	
Rate Base:	\$ 2,728,833			\$ 852,595	\$ 852,595	\$ 852,595	\$ 852,595	\$ 852,595	\$ 852,595	\$ 852,595	
Neg. Acqui Adju	\$ 852,595			\$ 45,675	\$ 106,574	\$ 167,474	\$ 228,374	\$ 289,273	\$ 350,173	\$ 411,072	
Amortization over 7 years				\$ 10,657	\$ 24,867	\$ 39,077	\$ 53,287	\$ 67,497	\$ 81,707	\$ 95,917	
Amortization over life of assets				\$ 1,866,503	\$ 1,912,736	\$ 1,983,235	\$ 2,061,635	\$ 2,130,035	\$ 2,205,144	\$ 2,280,254	
Net Plant in Service											
ROR				\$ 163,132.34	\$ 167,173.10	\$ 173,334.78	\$ 180,186.91	\$ 186,165.04	\$ 192,729.61	\$ 199,294.18	
Total Cumulative Acc Acq Adj					\$ 131,442	\$ 206,551	\$ 281,661	\$ 356,770	\$ 431,880	\$ 506,989	
Annual Acqui Adj Amort Net Started 3/29/13				\$ 56,332	\$ 75,110	\$ 75,110	\$ 75,110	\$ 75,110	\$ 75,110	\$ 75,110	
CIAC			(838,481.29)								
Annual CIAC Adj				(6,288.61)	(8,384.81)	(8,384.81)	(8,384.81)	(8,384.81)	(8,384.81)	(8,384.81)	
Total Cumulative CIAC Adj			444,575.48	450,864.09	459,248.90	467,633.72	476,018.53	484,403.34	492,788.15	501,172.97	
Net CIAC			(393,905.81)	(387,617.20)	(379,232.39)	(370,847.57)	(362,462.76)	(354,077.95)	(345,693.14)	(337,308.32)	

HC WWrks

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

Rate Base:	Net Plant Brought forth Balance Remaining at Purchase Net CIAC Brought forth Balance Remaining at Purchase Factored New CIP Additions After Purchase by 30 yr schedule
Cost of Capital:	Purchase Price, New CIP Additions
P&L:	(1) Annual Revenue Index Utilitized 1.5%

UTILITY NAME:

HC WWrks

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)]			\$ 0	\$ (85,630)
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			\$ 0	\$ 0
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			\$ 0	\$ 0
INTEREST EXPENSE				
427	Interest Expense	0	\$ _____	\$ 0
428	Amortization of Debt Discount & Expense	0	_____	0
429	Amortization of Premium on Debt	0	_____	0
Total Interest Expense			\$ 0	\$ 0
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.3	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ 0	\$ 0
NET INCOME			\$ 0	\$ (85,630)

Explain Extraordinary Income:

UTILITY NAME:

HC WWrks

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	\$ 4,051,753	\$ 426,656	4,478,409
	Less:				0
	Nonused and Useful Plant (1)				0
108	Accumulated Depreciation Prev. '13,'14,'15,'16	0	<u>(939,745)</u>	<u>(310,118)</u>	(1,249,863)
110	Accumulated Amortization	0	<u>0</u>	<u>0</u>	0
271	Contributions in Aid of Construction	0	<u>(838,481)</u>	<u>(278,950)</u>	(1,117,431)
252	Advances for Construction	0			0
Subtotal			\$ <u>2,273,527</u>	\$ <u>(162,412)</u>	2,111,114
	Add:				0
272	Accumulated Amortization of Contributions in Aid of Construction	0	476,019	239,490	715,509
Subtotal			\$ <u>2,749,545</u>	\$ <u>77,078</u>	2,826,623
	Plus or Minus:				0
114	Acquisition Adjustments (2)	0	<u>(852,595)</u>	<u>(72,745)</u>	(925,340)
115	Accumulated Amortization of Acquisition Adjustments (2)	0	<u>281,661</u>	<u>24,032</u>	305,693
	Working Capital Allowance (3)		<u>42,815</u>	<u>12,957</u>	55,772
	Other (Specify):				0
	_____		_____	_____	0
	_____		_____	_____	0
	_____		_____	_____	0
RATE BASE			\$ <u>2,221,426</u>	<u>41,322</u>	2,262,748
NET UTILITY OPERATING INCOME			\$ <u>(80,903)</u>	\$ <u>(4,727)</u>	(85,630)
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			<u>-3.64%</u>	<u>-11.44%</u>	-3.78%