

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 22, 2014

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Jopling, Watts) *MJ*
Division of Accounting and Finance (Coughlin, Springer) *PS*
Division of Economics (Roberts) *SH*
Office of the General Counsel (Brownless) *J.W.D.* *BR* *JSC* *elb* *CJP*

RE: Docket No. 130173-WU – Application for approval of transfer of certain water facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc. to Lake Osborne Waterworks, Inc. in Palm Beach County.

AGENDA: 06/05/14 – Regular Agenda – Proposed Agency Action for Issue 2 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Recommendations for Docket Nos. 130171-WS, 130176-WS, 130172-WS, 130173-WU, 130174-WU, and 130175-WS should be placed consecutively on the Agenda.

Case Background

On June 24, 2013, Lake Osborne Waterworks, Inc. (LOWI or Utility) filed an application for the transfer of Certificate No. 053-W on behalf of Aqua Utilities Florida, Inc. (Aqua) in Palm Beach County. The service area is located in the South Florida Water Management District and is subject to a year-round irrigation rule. According to Aqua's 2012 Annual Report, the Utility serves 462 water customers.

The present application for transfer approval is one of six active applications that have been simultaneously filed with the Commission. These applications request transfer approval of water and wastewater systems previously owned by Aqua in five different counties. LOWI, along with the other five transfer applications, have been recently created, and share common management and ownership.

According to its 2012 Annual Report, Aqua had total revenues of \$15,773,003 (\$9,646,699 for water and \$6,126,304 for wastewater). It provided service to 62 water systems and 30 wastewater systems within 17 counties. Water and wastewater rates for most of the Aqua systems were last approved in 2012 in a file and suspend rate case.¹ Recently, Aqua made a decision to cease operations in the state. As a result, 53 water systems and 26 wastewater systems owned by Aqua have been transferred to non-jurisdictional entities. The remaining nine water systems and four wastewater systems owned by Aqua have not yet been transferred and are the subject of the six applications discussed above.

Certificate No. 053-W was originally granted on January 1, 1972, under the name of Lake Osborne Utilities Company.² There was a transfer of the water certificate in 1972,³ from Lake Osborne Utilities Company to Lake Osborne Utilities Company, Inc.⁴ In 1997, there was a transfer from Lake Osborne Utilities, Inc. to Crystal River Utilities, Inc.⁵ In 1999, there was approval of a Transfer of Majority Organizational Control.⁶ In 2004, a fictitious name change as

¹ See Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

² See Order No. 5298, issued January 12, 1972, in Docket No. C-71484-W, In re: Application of the estate of Henry Levin, Deceased; Estate of Morris Becker, Deceased; and Alvin L. Brown and Donald L. Brown, partners; d/b/a Lake Osborne Utilities Company for a certificate to operate an existing water system in Palm Beach County.

³ See Order No. 5434, issued May 30, 1972, in Docket No. 72301-W, In re: Application for Transfer of Certificate No. 53-W from Estate of Henry Levin, Deceased; and Alvin L. Brown and Donald L. Brown, Partners, d/b/a Lake Osborne Utilities Company to Jos. D. Farish, Jr., d/b/a Lake Osborne Utilities Company.

⁴ See Order No. 5538, issued October 3, 1972, in Docket No. T-72494-W, In re: Application for transfer of Certificate No. 53-W from Joseph D. Farish, Jr., d/b/a Lake Osborne Utilities Company to Lake Osborne Utilities Company, Inc.

⁵ See Order No. PSC-97-1149-FOF-WU, issued September 30, 1997, in Docket No. 961535-WU, In re: Application for transfer of certificate No. 53-W in Palm Beach County from Lake Osborne Utilities Company, Inc. to Crystal River Utilities, Inc.

⁶ See Order No. PSC-99-0483-FOF-WS, issued March 8, 1999, in Docket No 981508-WS, In re: Application for approval of majority organizational control of Crystal River Utilities, Inc., holder of Certificate Nos. 123-W,396-W, 507-W, 441-S, 53-W, 594-W and 510-S in Polk, Sumter, Lake, Citrus and Palm Beach Counties, to AquaSource Utility, Inc.

approved to Aqua Utilities Florida, Inc.⁷ In 2006, there was an additional name change approved.⁸ In 2009, additional territory was approved extending water service to Lake Osborne.⁹

This recommendation addresses the transfer of the water system, the net book value of the water system at the time of transfer, and whether an acquisition adjustment should be approved. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

⁷ See Order No. PSC-04-0715-FOF-WS, issued July 21, 2004, in Docket No. 040359-WS, In re: Application for authority to operate under fictitious name, Aqua Utilities Florida, Inc., by AquaSource Utility, Inc., holder of Certificates 268-S, 503-S, 585-W, 371-S, 441-W, and 424-W; Arredondo Utility Company, Inc., holder of Certificate Nos. 549-W and 479-S; Crystal River Utilities, Inc., holder of Certificate Nos. 441-S, 507-W, 510-S, 594-W, 396-W, 123-W, and 053-W; Jasmine Lakes Utilities Corporation, holder of Certificate Nos. 110-W and 083-S; Lake Suzy Utilities, Inc., holder of Certificate Nos. 514-S and 599-W and Ocala Oaks Utilities, Inc., holder of Certificate No. 346-W.

⁸ See Order No. PSC-06-0973-FOF-WS, issued November 22, 2006, in Docket No. 060643-WS, In re: Joint Application for acknowledgment of corporate reorganization and request for approval of name change on Certificate 268-S in Lee County from AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc. Certificates 479-S and 549-W in Alachua County from Arredondo Utility Company, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 053-W, 441-S, and 507-W in Palm Beach and Sumter Counties from Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificate 346-W in Marion County from Ocala Oaks Utilities, Inc. d/b/a Aqua Utility Florida, Inc. to Aqua Utilities Florida, Inc.; for cancellation of Certificates 424-W, 371-S, 441-W, 503-S, and 585-W in Highlands, Lake, and Polk Counties held by AquaSource Utility, Inc. d/b/a Aqua Utilities Florida, Inc.; Certificates 123-W, 510-S, and 594-W in Lake and Polk Counties held by Crystal River Utilities, Inc. d/b/a Aqua Utilities Florida, Inc.; and Certificates 083-S and 110-W in Pasco County held by Jasmine Lakes Utilities Corporation d/b/a Aqua Utilities Florida, Inc.; and for amendment of Certificates 422-W, 120-S, 106-W, 154-S, 209-W, 506-S, and 587-W in Highlands, Lake, Pasco, and Polk Counties held by Aqua Utilities Florida, Inc.

⁹ See Order No. PSC-09-0251-FOF-WU, issued April 27, 2009, in Docket No. 080535-WU, In re: Application for quick-take amendment and application for amendment of Certificate No. 053-W to extend water service to certain territory (Lake Osborne) in Palm Beach County, by Aqua Utilities Florida, Inc.

Discussion of Issues

Issue 1: Should the Commission approve the transfer of Aqua Utilities Florida, Inc., water system and Certificate No. 053-W to Lake Osborne Waterworks, Inc.?

Recommendation: Yes. The transfer of Aqua's Palm Beach County water system and the transfer of Certificate No. 053-W to Lake Osborne Waterworks, Inc., (LOWI) is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as LOWI's certificate and should be retained by the Utility. The Utility's existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). LOWI should be responsible for filing the Utility's 2013 Annual Report and paying 2014 Regulatory Assessment Fees (RAFs) and should be responsible for filing all future annual reports and RAFs. (Jopling, Coughlin, Roberts)

Staff Analysis: On June 24, 2013, LOWI filed an application for approval of the transfer of Aqua's Palm Beach County water system and Certificate No. 053-W on behalf of Aqua. The application is in compliance with the governing Statute, Section 367.071, F.S., and Administrative Rules concerning applications for transfer of certificates. The closing occurred on March 28, 2013, contingent upon Commission approval, pursuant to Section 367.071(1), 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 filed with the Commission and the time for doing so has expired. The application contains a description of the Utility's water service territory, which is appended to this recommendation as Attachment A. LOWI does not own or operate any water treatment plant; however, its distribution lines lie within easements and public right-of-ways. Rule 25-30.037(2)(q), F.A.C., does not apply in this case.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(h) and (i), F.A.C., the application contains a copy of the Purchase Agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Aqua that must be disposed of with regard to the transfer. According to the Purchase Agreement, the total purchase price is \$119,232 was paid for the portion of the assets attributable to water service.

Facility Description and Compliance

The Utility's water system resells finished water that is obtained from the City of Lake Worth. It does not own or operate any water treatment facilities and its distribution lines lie within easements and public right-of-ways. In its application, LOWI stated that after reasonable investigation, the water system acquired from Aqua, is in satisfactory condition. Staff contacted

the Florida Department of Environmental Protection (DEP) concerning the Utility's compliance status relative to any Notices of Violation or any DEP consent orders. DEP stated that the system is not subject to any outstanding violations or consent orders.

Technical and Financial Ability

Pursuant to Rule 25-30.037(1)(j), F.A.C., the application contains statements describing the technical and financial ability of the applicant to provide service to the proposed service area. According to the application, LOWI has considerable Florida-specific expertise in private utility ownership within the state. The directors of LOWI have been in the water and wastewater utility management, operations, and maintenance industry for many years, providing service to more than 550 Florida facilities throughout their careers. Further, the application indicates that the President and Vice President of LOWI have 28 and 36 years, respectively, of operation or ownership of utilities, including a number of utilities previously regulated by the Commission. Staff also reviewed the personal financial statements for the President and Vice President of LOWI¹⁰ and did not identify any concerns. The application indicates that operating, billing, collection, and customer services will be provided by contract through an affiliated entity, U.S. Water Services Corporation (U.S. Water), which currently provides such services to utilities serving approximately 80,000 customers in Florida. The President of U.S. Water is part owner of other systems regulated by the Commission, including Harbor Waterworks, Inc.,¹¹ Lakeside Waterworks, Inc.,¹² LP Waterworks, Inc.,¹³ and several of the systems previously owned by Aqua.¹⁴

Staff requested a three-year projected budget to further evaluate the ability of LOWI to maintain operations of the Utility going forward. The projected budget included data on net operating income, cost of capital, and rate base. The projections are reasonable and include future capital improvements, as well as anticipated increases in costs. Based on the above, it

¹⁰ See Document No. 02835-12 in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

¹¹ See Order No. PSC-12-0587-PAA-WU, issued October 29, 2012, in Docket No. 120148-WU, In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

¹² See Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, 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.

¹³ See Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.

¹⁴ See Docket No. 130171-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County; Docket No. 130172-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County; Docket No. 130174-WU, In re: Application for approval of transfer of Aqua Utilities Florida, Inc.'s water systems and Certificate No. 002-W in Brevard County; Docket No. 130175-WS, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County; and Docket No. 130176-WS, In re: Application for approval of Transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to Jumper Creek Utility Company in Sumter County.

appears that LOWI has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved in 2012 in a file and suspend rate case.¹⁵ In 2013, in accordance with Section 367.0816, F.S., the rates were subsequently reduced to reflect the expiration of rate case expense approved in 2010.¹⁶ The Utility's existing rates and charges are shown on Schedule No. 1. 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. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by the Commission in a subsequent proceeding.

Regulatory Assessment Fees (RAFs) and Annual Reports

Staff has verified that the Utility is current on RAFs for the calendar year ended December 31, 2013. LOWI received an extension to file its 2013 Annual Report. LOWI should be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAFs and should be responsible for filing all future annual reports and RAFs.

Conclusion

Based on the above, staff recommends that the transfer of Aqua's Lake Osborne water system is in the public interest, and should be approved effective the date of the Commission vote. The resultant order should serve as LOWI's certificate and should be retained by the Utility. The Utility's existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. LOWI should be responsible for filing the Utility's 2013 Annual Report and paying 2014 RAF's and should be responsible for filling all future annual reports and RAFs.

¹⁵ See Order No. PSC-12-0102-FOF-WS, issued March 5, 2012, in Docket No. 100330-WS, In re: Application for increase in water/wastewater rates in Alachua, Brevard, DeSoto, Hardee, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

¹⁶ See Order No. PSC-10-0297-PAA-WS, issued May 10, 2010, in Docket No. 080121-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc.

Issue 2: What is the appropriate net book value for LOWI's water system as of March 28, 2013?

Recommendation: For transfer purposes, the net book value (NBV) of LOWI's water system is \$120,404, as of March 28, 2013. Because the difference in the purchase price and the NBV in this instance is *de minimis*, and LOWI has not requested an acquisition adjustment, staff recommends that no acquisition adjustment be made in this case. Within 30 days of the date of the final order, LOWI should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of March 28, 2013. The adjustments should be reflected in the Utility's 2013 Annual Report when filed. (Coughlin)

Staff Analysis: 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. Staff's recommended NBV as described below, is shown on Schedule No. 2.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected a UPIS balance of \$265,904, as of March 28, 2013. Audit staff determined that all Commission adjustments have been properly made. Therefore, staff recommends a UPIS balance as of March 28, 2013, of \$265,904 as shown on Schedule No. 2.

Land and Land Rights

The Utility is a reseller of water and has no treatment facilities. Therefore, there is no land or land right balance in Account 303.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$144,357 as of March 28, 2013. Audit staff determined depreciation accruals to UPIS were not posted in March 2013. As a result, accumulated depreciation should be increased by \$727. Therefore, staff recommends the Utility's water accumulated depreciation balance as of March 28, 2013, of \$145,084 as shown on Schedule No. 2.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

As of March 28, 2013, the Utility's general ledger reflects CIAC balance of \$21,029, respectively, and accumulated amortization of CIAC balance of \$20,572. Audit staff determined that amortization of CIAC accruals were not posted in March 2013. As a result, accumulated amortization of CIAC should be increased by \$41. Therefore, staff recommends that the Utility's CIAC balance as of March 28, 2013 of \$21,029 and accumulated amortization of CIAC balance of \$20,613 as shown on Schedule No. 2.

Net Book Value

The Utility's general ledger reflected a NBV of \$121,090, as of March 28, 2013. Based on the adjustments described above and as shown on Schedule No. 2, staff recommends that the NBV for the Utility's water system as of March 28, 2013, should be \$120,404. Schedule No. 2 also contains the National Association of Regulatory Utility Commission, Uniform System of Accounts balances for UPIS and accumulated depreciation as of March 28, 2013.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Pursuant to Rule 25-30.3071, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. Rule 25-30.371, F.A.C., further states that a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Positive acquisition adjustments, if approved, increase rate base. With respect to negative acquisition adjustments, Rule 25-30.371, F.A.C., states that no negative acquisition adjustment shall be included in rate base if the purchase price is greater than 80 percent of the NBV. If the purchase price is equal to or less than 80 percent of the NBV, a negative acquisition adjustment shall be included in rate base equal to 80 percent of the NBV, less the purchase price. Negative acquisition adjustments reduce rate base. The Utility and its assets were purchased for \$119,232. As stated above, staff recommends the appropriate NBV to be \$120,404. Because the difference in the purchase price and the NBV in this instance is *de minimis*, and LOWI has not requested an acquisition adjustment, staff recommends that no acquisition adjustment be made in this case.

Conclusion

Based on the above, staff recommends that the NBV of LOWI's water system for transfer purposes is \$120,404, as of March 28, 2013. No acquisition adjustment should be included in rate base. Within 30 days of the date of the final order, LOWI should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of March 28, 2013. The adjustments should be reflected in the Utility's 2013 Annual Report when filed.

Issue 3: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed administratively after LOWI has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of March 28, 2013. (Brownless)

Staff Analysis: If no protest to the proposed agency action issue is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued, and the docket should be closed administratively after LOWI has provided proof that its general ledgers have been updated to reflect the Commission-approved balances, as of March 28, 2013.

**LAKE OSBORNE WATERWORKS, INC.
TERRITORY DESCRIPTION**

PALM BEACH COUNTY

Township 44 South, Range 43 East

Sections 32 and 33

Commence at the Southwest corner of Section 33 and run S88°09'39"E a distance of 242.1 feet to the Point of Beginning; thence run N88°25'00"W a distance of 1,148.3 feet; thence run N79°36'46"W a distance of 153.2 feet; thence run N47°39'31"E a distance of 36.5 feet; thence run 5,675.7 feet along the Eastern Shoreline of Lake Osborne to a point located N02°20'03"W a distance of 4,523.2 feet from the Point of Beginning; thence run S01°33'56"W a distance of 1,549.7 feet; thence run S87°58'47"E a distance of 1,238.1 feet; thence run S00°38'49"W a distance of 1,665.7 feet; thence run N88°05'06"W a distance of 1,180.2 feet; thence run due South a distance of 531.3 feet; thence run S88°18'14"E a distance of 450.9 feet; thence run S02°33'43"W a distance of 149.7 feet; thence run N88°23'17"W a distance of 425.5 feet; thence run S00°06'42"W a distance of 92.9 feet; thence run S88°29'13"E a distance of 170.1 feet; thence run S00°06'41"W a distance of 520.2 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Lake Osborne Waterworks, Inc.
pursuant to
Certificate No. 053-W

to provide water service in Palm Beach 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>
5298	01/12/72	C-71484-W	Orig. Certif.
5434	05/30/72	72301-W	Transfer
5538	10/03/72	T-72494-W	Transfer
PSC-97-1149-FOF-WU	09/30/97	961535-WU	Transfer
PSC-99-0483-FOF-WS	03/08/99	981508-WS	Majority Control
PSC-04-0715-FOF-WS	07/21/04	040359-WS	Name Change
PSC-06-0973-FOF-WS	11/22/06	060643-WS	Name Change
PSC-09-0251-FOF-WU	04/27/09	080535-WU	Add. Territory
*	*	130173-WU	Transfer

***Order Numbers and dates to be provided at time of issuance.**

**Lake Osborne Waterworks Inc.
 Schedule 1 Water Rates**

Residential, General, Multi-Family, and Irrigation Service

Base Facility Charge by Meter Sizes

5/8" x 3/4"	\$18.92
3/4"	\$28.38
1"	\$47.31
1 1/2"	\$94.61
2"	\$151.38
3"	\$302.77
4"	\$473.07
6"	\$946.15
8"	\$1,513.83
10"	\$2,176.13

Charge per 1,000 gallons – Residential and Irrigation Service

0 – 6,000 gallons	\$6.46
6,001 – 12,000 gallons	\$9.71
Over 12,000 gallons	\$12.93

Charge per 1,000 gallons – General and Multi-Family Service

\$7.25

Private Fire Protection Service

2"	\$12.62
3"	\$25.23
4"	\$39.43
6"	\$78.85
8"	\$126.16
10"	\$181.34

Initial Customer Deposits

Residential Service	\$89.06
General Service	2 times average estimated bill

Miscellaneous Service Charges

<u>Schedule of Miscellaneous Service Charges</u>	<u>During Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$22.00	\$33.00
Normal Reconnection Charge	\$22.00	\$33.00
Violation Reconnection Charge	\$35.00	\$55.00
Premises Visit Charge (in lieu of disconnection)	\$22.00	\$33.00
Late Payment Charge	\$5.00	\$5.00

Returned Check Charge

\$50.00 or less	\$25.00
\$50.01 to \$300.00	\$30.00
\$300.01 and above	\$40.00

Service Availability Charges

Administration and Engineering Fee

Development size

2-50 customers	\$366.00
51-250 customers	\$457.00
Over 250 customers	\$501.00

Main Extension Charge

Per ERC	\$446.00
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Meter Installation Charge

5/8" x 3/4"	\$210.00
All other meter sizes	Actual Cost

Meter With Built-In Backflow Preventer

All Meter Sizes	Actual Cost
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Plant Capacity Charge

Per ERC	\$700.00
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Service Installation Charge

3/4"	\$1,000.00
All other meter sizes	Actual Cost

Stand Alone Backflow Prevention Device

All Types	Actual Cost
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Lake Osborne Waterworks, Inc.

Water System

Schedule 2 -- Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$265,904	\$0		\$265,904
Land & Land Rights	0	0		0
Accumulated Depreciation	(144,357)	(727) A		(145,084)
CIAC	(21,029)	0		(21,029)
Amortization of CIAC	<u>20,572</u>	<u>41</u> B		<u>20,613</u>
Net Book Value	<u>\$121,090</u>	<u>(\$686)</u>		<u>\$120,404</u>

**Explanation of Staff's Recommended
 Adjustments to Net Book Value as of March 28, 2013**

Explanation	Amount
A. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$727)</u>
B. Amortization of CIAC To reflect appropriate amount of amortization of CIAC.	<u>\$41</u>
Total Adjustments to Net Book Value as of March 28, 2013.	<u>(\$686)</u>

Lake Osborne Waterworks, Inc.

Schedule 3 -- Staff Recommended Account Balances as of March 28, 2013

Account			Accumulated
No.	Description	UPIS	Depreciation
301	Organization	\$870	\$316
309	Supply Mains	1,700	705
331	Transmission & Dist. Mains	123,325	103,526
333	Services	7,533	403
334	Meter and Meter installation	103,370	19,741
335	Hydrants	10,550	2,139
339.1	Other Miscellaneous Equipment	13,806	17,553
339.4	Other Plant and Miscellaneous Equipment	4,787	638
340	Office Furniture & Equipment	<u>(37)</u>	<u>63</u>
	Total	<u>\$265,904</u>	<u>\$145,084</u>