

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) *WTA*
Division of Accounting and Finance (Coughlin, Springer) *ze CJP*
Division of Economics (Roberts) *J.W.D.*
Office of the General Counsel (Brownless) *MB*

RE: Docket No. 130174-WU – Application for approval of transfer of certain water facilities and Certificate No. 002-W of Aqua Utilities Florida, Inc. to Brevard Waterworks, Inc. in Brevard 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, Brevard Waterworks, Inc. (BWI or Utility) filed an application for the transfer of Certificate No. 002-W on behalf of Aqua Utilities Florida, Inc. (Aqua) in Brevard County. The Utility's service area is located in Brevard County within the St. Johns River Water Management District and is subject to a year-round irrigation rule. According to Aqua's 2012 Annual Report, the Utility serves 243 customers in two separate service areas of Oakwood and Kingswood.

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. BWI, along with the utilities who filed the other five transfer applications, have been recently created, and share common management and ownership.

According to Aqua's 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 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 002-W was originally granted in 1971 under the name of B & H Meters Inc. and included service to both the Kingswood and Oakwood water systems.² The water certificate was amended in 1981.³ A transfer was made to Southern States Utilities, Inc., in 1988.⁴ In 1994, the certificate was amended again to add territory.⁵ In 1997, a name change was approved.⁶ In 2005, there was a transfer to Aqua Utilities Florida, Inc.⁷ In 2009, there was another amendment of the certificate to add territory to the Oakwood service area.⁸

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. 5033, issued January 27, 1971, in Docket No. 70572-W, In re: Application of B & H Meters, Inc., to operate a water system in Brevard County, Florida (for water and sewer certificates under grandfather rights).

³ See Order No. 9886, issued March 17, 1981, in Docket No. 800618-WS (TC), In re: Application for transfer water and sewer certificates from certain-Teed Piping Materials, Inc., and Service Facilities Corporation, to Central Florida Utilities, Inc.

⁴ See Order No. 19505, issued June 16, 1988, in Docket No. 880206-WU, In re: Application for transfer of Certificate 2-W and majority organizational control of Central Florida Utilities, Inc. to Southern States Utilities, Inc.

⁵ See Order No. PSC-94-1011-FOF-WU, issued August 22, 1994, in Docket No. 930737-WU, In re: Application for amendment of Certificate No. 002-W in Brevard County by Southern States Utilities Inc.

⁶ See Order No. PSC-97-0427-FOF-WS, issued April 16, 1997, in Docket No 970028-WS, In re: Application for Name Change on Certificates 84-W, 171-W, 386-W, 373-W, 106-W, 422-W, 46-W, 177-W, 452-W, 03-W, 570-W, 002-W, 554-W, 501-W, 238-W, 562-W, 279-W, 209-W, 66-W, 306-W, 76-W, 189-W, 435-S, 182-S, 482-S, 226-S, 284-S, 154-S, 289-S, 73-S, 122-S, 319-S, 120-S, 359-S, 047-S, 124-S, 386-S, 134-S, 496-S, 255-S, and 322-S in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Hernando, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Polk, Putnam, Seminole, St. Johns, St. Lucie, Volusia, and Washington Counties, from Southern States Utilities, Inc. to Florida Water Services Corporation.

⁷ See Order No. PSC-05-1242-PAA-WS, issued December 20, 2005, in Docket No. 040951-WS, In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc.

⁸ See Order No. PSC-09-0252-FOF-WU, issued April 27, 2009, in Docket No. 080536-WU, In re: Application for quick-take amendment of and application for amendment of Certificate No. 002-W to extend water service to certain territory (Oakwood) in Brevard County, by Aqua Utilities Florida, Inc.

Docket No. 130174-WU
Date: May 22, 2014

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

Discussion of Issues

Issue 1: Should the Commission approve the transfer of Aqua Utilities Florida, Inc.'s water systems and Certificate No. 002-W to Brevard Waterworks, Inc.?

Recommendation: Yes. The transfer of Aqua's Kingswood and Oakwood water systems and Certificate No. 002-W to Brevard Waterworks, Inc. is in the public interest and should be approved, effective the date of the Commission's vote. The resultant order should serve as BWI's certificate, should be transferred to BWI, and 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.). BWI 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. (Coughlin, Roberts, Jopling)

Staff Analysis: On June 24, 2013, BWI, on behalf of Aqua, filed an application for approval of the transfer of Aqua's Brevard County Kingswood and Oakwood water systems and Certificate No. 002-W to BWI. 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. BWI does not own or operate any water treatment plant; however, its distribution lines lie within easements and public right-of-ways. The application contains a copy of a Quit Claim Deed that was executed on March 29, 2013, as evidence that BWI owns the land upon which the water facilities are located pursuant to Rule 25-30.037(2)(q), F.A.C.

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 of \$62,560 was paid for the portion of the assets attributable to water service.

Facility Description and Compliance

The BWI's water system resells finished water that is obtained from Brevard County Utilities. 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, BWI has considerable Florida-specific expertise in private utility ownership within the state. The directors of BWI 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 BWI have 28 and 36 years, respectively, of operation or ownership of utilities, including a number of utilities previously regulated by the Commission. Staff reviewed the personal financial statements for the President and Vice President of BWI⁹ 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.,¹⁰ Lakeside Waterworks, Inc.,¹¹ LP Waterworks, Inc.,¹² and several of the systems previously owned by Aqua.¹³

⁹ 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.

¹⁰ 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.

¹¹ 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.

¹² 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.

¹³ 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. 130173-WU, In re: Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach 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.

Staff requested a three-year projected budget to further evaluate the ability of BWI to maintain operations of the Utility going forward. The projected budget includes 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 appears that BWI 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.¹⁴ In 2013, in accordance with Section 367.0816, F.S., the rates were subsequently reduced to reflect the expiration of rate case expense.¹⁵ 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.¹⁶

Regulatory Assessment Fees (RAFs) and Annual Reports

Staff has verified that the Utility is current on RAFs for the calendar ended December 31, 2013. BWI received an extension to file its Annual Report for 2013. BWI 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 Kingswood and Oakwood water systems and Certificate No. 002-W to Brevard Waterworks, Inc. is in the public interest and should be approved, effective the date of the Commission's vote. The resultant order should serve as BWI's certificate and should be transferred to BWI and 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. BWI 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.

¹⁴ 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.

¹⁵ 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.

¹⁶ The Utility has a pending application for a price index with an anticipated effective date of June 25, 2014.

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

Recommendation: For transfer purposes, the net book value (NBV) of BWI's water system is \$61,588, as of March 28, 2013. Because the difference in the purchase price and the NBV in this instance is *de minimis*, and BWI 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, BWI 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. BWI is comprised of two systems, Kingswood and Oakwood. 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 \$96,530, as of March 28, 2013. Audit staff determined that all Commission adjustments had been properly made. Therefore, staff recommends a UPIS balance as of March 28, 2013 of \$96,530, as shown on Schedule No. 2.

Land and Land Rights

The value of land and land rights was last established by Order No. PSC-11-0256-PAA-WS.¹⁷ At that time, the Commission approved a land value of \$2,766 for water. No adjustments have been identified by staff. Therefore, staff recommends land and land rights of \$2,766.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$31,084 as of February 28, 2013. Audit staff determined depreciation accruals to UPIS were not posted in March 2013. As a result, accumulated depreciation should be increased by \$327. Therefore, staff recommends an accumulated depreciation balance as of March 28, 2013, of \$31,411, as shown on Schedule No. 2.

¹⁷ See Order No. PSC-11-0256-PAA-WS, issued June 13, 2011, in Docket Nos. 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, Volusia, Washington Counties by Aqua Utilities Florida, Inc.; and 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.

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

As of March 28, 2013, the Utility's general ledger reflected a CIAC balance of \$7,802 and accumulated amortization of CIAC balance of \$1,475. 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 \$30. As a result, staff recommends a CIAC balance as of March 28, 2013, of \$7,802 and accumulated amortization of CIAC balance of \$1,505 as shown on Schedule No. 2.

Net Book Value

The Utility's general ledger reflected a NBV of \$61,885 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, is \$61,589. 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 \$62,560. As stated above, staff recommends the appropriate NBV to be \$61,589. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment is appropriate when extraordinary circumstances are shown and a negative acquisition adjustment is appropriate when the purchase price is equal to or less than NBV by 80 percent. However, because the difference in the purchase price and the NBV in this instance is *de minimis*, and BWI 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 for transfer purposes is \$61,588 as of March 28, 2013. No acquisition adjustment should be included in rate base. Within 30 days of the date of the final order, BWI 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. The docket should be closed administratively after BWI has provided proof that its general ledgers have been updated to reflect the Commission-approved balances net book values and balances as of March 28, 2013. (Brownless)

Staff Analysis: 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. The docket should be closed administratively after BWI has provided proof that its general ledgers have been updated to reflect the Commission-approved balances net book values and balances as of March 28, 2013.

Brevard Waterworks, Inc.
Brevard County
Description of Water Territory

Kingswood

**Township 21 South Range 34 East
Section 14**

The East ½ of the Northeast ¼ of the Southeast ¼; less the North 226.5 feet, therein.

Oakwood

Township 21 South, Range 35 East

Begin At The Northwest Corner Of Section 8 And Run N89°25'19"E A Distance Of 1,332.2 Feet, Thence Run S0°32'29"E A Distance Of 2000.5 Feet, Thence Run S89°54'49"W A Distance Of 1321.0 Feet, Thence Run N0°57'30"W A Distance Of 1268.3 Feet, Thence Run S89°28'53"W A Distance Of 1340.8 Feet, Thence Run N1°2'3"W A Distance Of 724.9 Feet, Thence Run N89°32'9"E A Distance Of 174.1 Feet, Thence Run N00°00'02"W A Distance Of 67.8 Feet, Thence Run S89°11'14"E A Distance Of 176.2 Feet, Thence Run S0°52'52"E A Distance Of 65.4 Feet, Thence Run N89°26'24"E A Distance Of 992.5 Feet To The Point Of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Brevard Waterworks, Inc.,
pursuant to
Certificate No. 002-W

to provide water service in Brevard 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>
5033	01/27/71	70572-W	Grandfather Certificate
9886	03/17/81	800618-WS	Transfer
19505	06/16/88	880206-WU	Transfer
PSC-94-1011-FOF-WU	08/22/94	930737-WU	Amendment
PSC-97-0427-FOF-WS	04/16/97	970028-WS	Name Change
PSC-05-1242-PAA-WS	12/20/05	040951-WS	Transfer
PSC-09-0252-FOF-WU	04/27/09	080536-WU	Amendment
*	*	130174-WU	Transfer

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

**Brevard Waterworks Inc.
 Schedule 3 Water Rates***

Residential, General, Multi-Family, and Irrigation Service

Base Facility Charge by Meter Size

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

*The Utility has a pending application for a price index with and anticipated effective date of June 25, 2014.

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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Brevard Waterworks, Inc.
Kingswood Water System
Schedule of Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$20,383	\$0		\$20,383
Land & Land Rights	1,058	0		1,058
Accumulated Depreciation	(4,816)	(67) A		(4,883)
CIAC	(289)	0		(289)
Amortization of CIAC	<u>87</u>	<u>1</u> B		<u>88</u>
Net Book Value	<u>\$16,423</u>	<u>(\$66)</u>		<u>\$16,357</u>

Brevard Waterworks, Inc.
Oakwood Water System
Schedule of Net Book Value as of March 28, 2013

Description	Utility			Staff
	Proposed	Adjustment		Recommended
Utility Plant In Service	\$76,148	\$0		\$76,148
Land & Land Rights	1,708	0		1,708
Accumulated Depreciation	(26,268)	(260) C		(26,528)
CIAC	(7,514)	0		(7,514)
Amortization of CIAC	<u>1,388</u>	<u>29</u> D		<u>1,417</u>
Net Book Value	<u>\$45,462</u>	<u>(\$231)</u>		<u>\$45,231</u>

Brevard Waterworks, Inc. - Total Combined
Schedule of Net Book Value as of March 28, 2013

Total Utility Plant In Service	\$96,530	\$0		\$96,530
Total Land & Land Rights	2,766	0		2,766
Total Accumulated Depreciation	(31,084)	(327)		(31,411)
Total CIAC	(7,802)	0		(7,802)
Total Amortization of CIAC	<u>1,475</u>	<u>30</u>		<u>1,505</u>
Utility Net Book Value	<u>\$61,885</u>	<u>(\$297)</u>		<u>\$61,588</u>

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

Explanation	Amount
A. Accumulated Depreciation - Kingswood To reflect appropriate amount of accumulated depreciation.	<u>(\$67)</u>
B. Amortization of CIAC - Kingswood To reflect appropriate amount of amortization of CIAC.	<u>\$1</u>
C. Accumulated Depreciation - Oakwood To reflect appropriate amount of accumulated depreciation.	<u>(\$260)</u>
D. Amortization of CIAC - Oakwood To reflect appropriate amount of amortization of CIAC.	<u>\$29</u>
Total Adjustments to Net Book Value as of March 28, 2013.	<u>(\$297)</u>

Brevard Waterworks, Inc.

Kingswood Water System

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

Account		UPIS	Accumulated Depreciation
No.	Description		
302	Franchise Cost	\$563	\$405
331	Transmission & Dist. Mains	7,081	1,890
333	Services	575	274
334	Meter and Meter installation	<u>12,163</u>	<u>2,314</u>
	Total	<u>\$20,383</u>	<u>\$4,883</u>

Brevard Waterworks, Inc.

Oakwood Water System

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

Account		UPIS	Accumulated Depreciation
No.	Description		
302	Franchise Cost	\$542	\$318
304	Structures and Improvements	5,320	1,237
331	Transmission & Dist. Mains	14,489	8,254
333	Services	11,069	5,446
334	Meter and Meter installation	39,365	10,498
336	Backflow Prevention Devices	<u>5,362</u>	<u>775</u>
	Total	<u>\$76,148</u>	<u>\$26,528</u>
	Utility Total	<u>\$96,530</u>	<u>\$31,411</u>