



August 4, 2015

VIA E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 150091-WS – Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County
Our File No.: 47136.06

Dear Ms. Stauffer:

The following are the responses of East Marion Utilities, LLC, (“Utility”) to the Staff’s Deficiency Letter, and Request for Additional Information dated June 30, 2015:

Deficiencies

1. **Assets and Liabilities.** Rule 25-30.037(2)(g)(2), Florida Administrative Code (F.A.C.), requires a list and dollar amount of all assets and liabilities assumed or not assumed of non-regulated operations or entities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.

Response: See Attachment D1.

2. **Contract for Sale.** Rule 25-30.037(2)(h)(6), F.A.C., requires that the contract for sale include the disposition of any leases. The documentation providing the disposition of the lease states that it may not be assigned by the lessee (Seller). Please provide a statement concerning the disposition of this lease.

Response: The lessors have consented to the assignment of the Lease. See Attachment D2.

3. **Financial Statements.** Rule 25-30.037(2)(j), F.A.C., requires a showing of the buyer’s financial ability to provide service. Please provide the current financial statements of Florida Utility Services 1, LLC.

Response: See Attachment D3.

4. **Net Book Value.** Rule 25-30.037(2)(l), F.A.C., requires the proposed net book value of the system as of the date of the proposed transfer. Please provide the proposed net book value of the system. This includes all adjustments made to net book value components subsequent to Order No. PSC-02-1168-PAA-WS.

Response: See Attachment D4.

Additional Information

1. Please provide a copy of the Utility's application for water or wastewater service or respond with "not applicable" if the Utility does not require an application for new customers.
Response: The Utility intends to use the same form as the Seller. See Attachment A1.
2. Please provide an example of the Utility's customer bill that is consistent with Rule 25-30.335, F.A.C.
Response: See Attachment A2.
3. Please provide a three-year projected budget that includes rate base, cost of capital, and net operating income. Please provide all supporting documentation, including information regarding the assumptions and forecasts relied upon. Please provide all work papers associated with the creation of the budget.
Response: See Attachment A3.
4. Does customer billing currently reflect East Marion Sanitary Systems, Inc. or East Marion Utilities, LLC?
Response: East Marion Utilities, LLC
5. What entity currently holds the assets of East Marion Sanitary Systems, Inc.?
Response: East Marion Utilities, LLC. See corrective documents as Attachment A5
6. Exhibit No. 3 of the transfer application states that a statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds will be pending until a resolution is reached concerning customer refunds for the Utility. Please provide a statement concerning the status of customer refunds.
Response: Customer refunds is on-going by month. Monthly reports are filed in Docket No. 010869-WS.
7. Please update Mr. Smallridge's financial statements to reflect the financial information for all entities that he oversees as the owner or receiver.
Response: Since Mr. Smallridge has no ownership interest in companies over which he is the receiver, those systems are not reflected on his financial statement. See Attachment A7 for his ownership interest in utilities, for which confidential classification will be sought.

Should you have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/
Enclosures

cc: Michael Smallridge (via email)
Adam Hill (via email)
Kyesha Mapp, Esquire (via email)

East Marion Utilities, LLC
Balance Sheet
 As of December 31, 2014

①

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash	
131.8 · Regions Bank	1,862.37
Total 131 · Cash	1,862.37
Total Checking/Savings	1,862.37
Accounts Receivable	
141 · Customer Accounts Receivable	
141.02 · Accts. Rec. - Old Accounts	5,329.00
Total 141 · Customer Accounts Receivable	5,329.00
Total Accounts Receivable	5,329.00
Total Current Assets	7,191.37
Fixed Assets	
101.1 · Water Plant & Equipment	
301.1 · Organization	944.00
304.1 · Structures and Improvements	6,666.00
307.1 · Wells & Springs	4,134.00
309.1 · Supply Mains	3,760.00
311.1 · Pumping Equipment (Electric)	3,226.00
311.11 · Pumping Equipment (Sub Pump)	7,165.00
320.1 · Water Treatment Equipment	681.00
330.1 · Distribution Reservoirs & Stand	27,475.00
331.1 · Transmission & Distribution	63,034.00
333.1 · Services	19,071.00
334.1 · Meters & Meter Installation	6,181.00
Total 101.1 · Water Plant & Equipment	142,337.00
101.2 · Waste Water Plant & Equipment	
351.2 · Organization	1,145.00
354.2 · Structures & Improvements	17,419.00
360.2 · Collection Sewers - Force	9,380.00
361.2 · Collection Sewers - Gravity	194,373.00
362.2 · Special Collection Structures	53,404.00
363.2 · Services to Customers	25,901.00
380.2 · Treatment & Disposal Equipment	132,921.00
382.2 · Outfall Sewer Lines	3,770.00
389.2 · Other Plant	43,789.00
Total 101.2 · Waste Water Plant & Equipment	482,102.00
108 · Accumulated Depr.	
108.1 · Accum Depr Water Utility Plant	-94,497.00
108.2 · Accum Depr Wastewater Plant	-370,310.00
Total 108 · Accumulated Depr.	-464,807.00
Total Fixed Assets	159,632.00
TOTAL ASSETS	166,823.37
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
231 · Accounts Payable	614.00
Total Accounts Payable	614.00
Other Current Liabilities	
235 · Customer Deposits	
235.2 · Customer Deposits - HerbHeim	4,110.00
Total 235 · Customer Deposits	4,110.00

East Marion Utilities, LLC
Balance Sheet
As of December 31, 2014

1

	Dec 31, 14
236 · Accrued Taxes	2,678.00
241 · Misc Current and Accrued Liab.	3,579.00
Total Other Current Liabilities	10,367.00
Total Current Liabilities	10,981.00
Long Term Liabilities	
CIAC	
271 · CIAC	
271.1 · CIAC - Water Plant	39,700.00
271.2 · CIAC - Wastewater Plant	77,600.00
Total 271 · CIAC	117,300.00
272 · CIAC-Accumulated Amortization	
272.1 · Accum. Amort CIAC Water Plant	-16,537.00
272.2 · Accum Amort CIAC Wastewater Pln	-26,222.00
Total 272 · CIAC-Accumulated Amortization	-42,759.00
Total CIAC	74,541.00
Total Long Term Liabilities	74,541.00
Total Liabilities	85,522.00
Equity	
218 · Proprietary Capital	
201 · Common Stock Issued	1,000.00
211 · Other Paid In Capital	253,403.04
215 · Retained Earnings	-164,886.00
218 · Proprietary Capital - Other	-1,000.00
Total 218 · Proprietary Capital	88,517.04
Net Income	-7,215.67
Total Equity	81,301.37
TOTAL LIABILITIES & EQUITY	166,823.37

July 5, 2015

Pursuant to the Agreement for Purchase and Sale of Utility Assets, paragraph 5, signed 2/4/15, between Florida Utility Services 1, LLC and East Marion Sanitary Systems, Inc., East Marion Sanitary Systems, Inc. hereby assigns the Lease Agreement dated February 3, 2003 between East Marion Water Distribution Trust & East Marion Sanitary System Trust, both dated May 4, 1995 and East Marion Sanitary Services, Inc. to East Marion Utilities, LLC. East Marion Utilities, LLC hereby agrees accept the rights and to be bound by the responsibilities of the Lessee thereunder.



East Marion Utilities, LLC

7/5/15.

Date

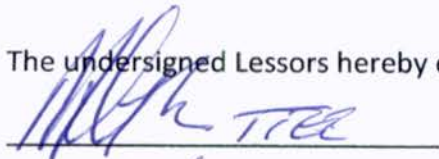


East Marion Sanitary Systems, Inc

7-10-15

Date

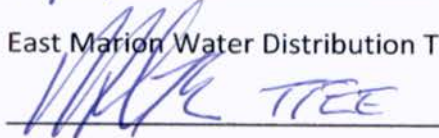
The undersigned Lessors hereby consent to this Assignment:

 TTEE

East Marion Water Distribution Trust

7-10-15

Date

 TTEE

East Marion Sanitary Systems Trust

7-10-15

Date

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07/01/15
Accrual Basis

Florida Utility Services 1, LLC
Balance Sheet
As of June 30, 2015

3

	Jun 30, 15
ASSETS	
Current Assets	
Checking/Savings	
13000 · Cash	
13200 · Checking - Iberia Bank	880.14
13300 · Iberia Bank - Savings	18,823.61
Total 13000 · Cash	19,703.75
Total Checking/Savings	19,703.75
Accounts Receivable	
14000 · Accounts Receivable	81,220.49
Total Accounts Receivable	81,220.49
Other Current Assets	
13500 · Due To/ Due From	
13501 · Crestridge Due To / Due From	-8,604.18
13505 · Pinecrest Due To / Due From	-957.77
13506 · Holiday Gardens Due To/Due From	8,350.12
13507 · Lake Forest Due To / Due From	-792.50
13508 · WLWW Due To / Due From	-3,178.53
13509 · Charlie Creek Due To/ Due From	-5,186.84
13510 · East Marion Due To / Due Fro	2,550.00
Total 13500 · Due To/ Due From	-7,819.70
Total Other Current Assets	-7,819.70
Total Current Assets	93,104.54
Fixed Assets	
15100 · Equipment	22,911.44
17000 · Accumulated Depreciation	-4,233.52
Total Fixed Assets	18,677.92
Other Assets	
18000 · Rent Security Deposit	1,585.00
Total Other Assets	1,585.00
TOTAL ASSETS	113,367.46
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
21000 · Accounts Payable	1,844.30
Total Accounts Payable	1,844.30
Other Current Liabilities	
21100 · Michael Smallrige Loan	3,215.14
23000 · Truck Loan - ALLY	10,026.19
24000 · Payroll Liabilities	34.32
Total Other Current Liabilities	13,275.65
Total Current Liabilities	15,119.95
Total Liabilities	15,119.95
Equity	
32000 · Members Equity	53,803.82
Net Income	44,443.69
Total Equity	98,247.51
TOTAL LIABILITIES & EQUITY	113,367.46

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07/01/15
Accrual Basis

3

Florida Utility Services 1, LLC
Profit & Loss
January through June 2015

	Jan - Jun 15
Ordinary Income/Expense	
Income	
47000 · Revenue	
47100 · Revenue - Billing Services	32,192.01
47200 · Revenue - Utility Svcs - Field	39,194.03
47300 · Revenue - Non-Utility	64,040.70
47500 · Revenue - Accounting Svcs	34,899.47
47000 · Revenue - Other	0.00
Total 47000 · Revenue	170,326.21
49900 · Uncategorized Income	0.00
Total Income	170,326.21
Cost of Goods Sold	
50000 · Cost of Goods Sold	
51000 · C/S Utility Svcs - Field	685.00
51100 · C/S UtilitySvc - Office	747.44
Total 50000 · Cost of Goods Sold	1,432.44
Total COGS	1,432.44
Gross Profit	168,893.77
Expense	
Loan from Old Fla Nat.	1,750.08
60100 · Accounting	979.21
60200 · Automobile Expense	8,810.42
60400 · Bank Service Charges	305.68
60501 · Bookkeeping	493.00
61000 · Business Licenses and Permits	318.70
62500 · Dues and Subscriptions	1,348.57
62600 · Equipment Rental	540.61
63400 · Interest Expense	393.12
63600 · - Contractual Labor	1,326.16
64300 · Meals and Entertainment	521.47
64700 · Miscellaneous Expense	500.00
64900 · Office Supplies	4,259.34
66000 · Payroll Expenses	68,731.45
66200 · Employee Benefits	13,663.55
66500 · Postage and Delivery	0.00
66501 · Rent & Utilities	8,785.90
66600 · Printing and Reproduction	37.15
67200 · Repairs and Maintenance	5,980.29
67300 · Supplies	895.02
68100 · Telephone & Internet Expense	3,553.32
68300 · Legal Fees	11.39
68400 · Travel Expense	476.68
68500 · Business Licenses & Fees	0.00
68600 · Utilities	768.97
Total Expense	124,450.08
Net Ordinary Income	44,443.69
Net Income	44,443.69

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07/01/15

Florida Utility Services 1, LLC
Statement of Cash Flows
January through June 2015

	Jan - Jun 15
OPERATING ACTIVITIES	
Net Income	44,443.69
Adjustments to reconcile Net Income to net cash provided by operations:	
14000 · Accounts Receivable	-33,264.24
13500 · Due To/ Due From:13501 · Crestridge Due To / Due From	604.18
13500 · Due To/ Due From:13505 · Pinecrest Due To / Due From	1,750.08
13500 · Due To/ Due From:13506 · Holiday Gardens Due To/Due From	-12,850.12
13500 · Due To/ Due From:13509 · Charlie Creek Due To/ Due From	5,551.69
13500 · Due To/ Due From:13510 · East Marion Due To / Due Fro	-2,550.00
2110 · Employee Receivable	581.32
21000 · Accounts Payable	1,106.20
21100 · Michael Smallrige Loan	139.17
23000 · Truck Loan - ALLY	-1,909.03
24000 · Payroll Liabilities	-2.24
Net cash provided by Operating Activities	3,600.70
Net cash increase for period	3,600.70
Cash at beginning of period	16,103.05
Cash at end of period	<u>19,703.75</u>

(W)

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
DECEMBER 31, 2014

COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 624439	\$ 403560
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-2	464807	230707
Net Utility Plant -----		\$ 159633	\$ 172853
Cash -----		1862	6444
Customer Accounts Receivable (141) -----		5329	5329
Other Assets (Specify): -----			

Total Assets -----		\$ 166824	\$ 184626
Liabilities and Capital:			
Common Stock Issued (201) -----	F-6	0	1000
Preferred Stock Issued (204) -----	F-6	0	0
Other Paid in Capital (211) -----		253404	273018
Retained Earnings (215) -----	F-6	-172102	-164886
Proprietary Capital (Proprietary and partnership only) (218) -----	F-6	0	0
Total Capital -----		\$ 81302	\$ 109132
Long Term Debt (224) -----	F-6	\$	\$
Accounts Payable (231) -----		614	614
Notes Payable (232) -----			
Customer Deposits (235) -----		4110	1333
Accrued Taxes (236) -----		2678	2678
Other Liabilities (Specify) -----			
Due Parent Co. -----		3579	3579

Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	74541	67291
Total Liabilities and Capital -----		\$ 166824	\$ 184627

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
DECEMBER 31, 2014

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization_____	\$ 950	\$ _____	\$ 6	\$ 944
302	Franchises_____	0	_____	_____	0
303	Land and Land Rights_____	35000	_____	35000	0
304	Structures and Improvements_____	4900	1766	_____	6666
305	Collecting and Impounding Reservoirs_____	0	_____	_____	0
306	Lake, River and Other Intakes_____	0	_____	_____	0
307	Wells and Springs_____	8100	_____	3966	4134
308	Infiltration Galleries and Tunnels_____	0	_____	_____	0
309	Supply Mains_____	0	3760	_____	3760
310	Power Generation Equipment_____	0	_____	_____	0
311	Pumping Equipment (Electric)_____	14200	_____	10974	3226
311	Pumping Equipment (Sub Pump)_____	0	7165	_____	7165
320	Water Treatment Equipment_____	5976	_____	5295	681
330	Distribution Reservoirs and Standpipes_____	0	27475	_____	27475
331	Transmission and Distribution Lines_____	46378	16656	_____	63034
333	Services_____	8622	10449	_____	19071
334	Meters and Meter Installations_____	11143	_____	4962	6181
335	Hydrants_____	0	_____	_____	0
336	Backflow Prevention Devices_____	0	_____	_____	0
339	Other Plant and Miscellaneous Equipment_____	0	_____	_____	0
340	Office Furniture and Equipment_____	183	_____	183	0
341	Transportation Equipment_____	0	_____	_____	0
342	Stores Equipment_____	0	_____	_____	0
343	Tools, Shop and Garage Equipment_____	0	_____	_____	0
344	Laboratory Equipment_____	0	_____	_____	0
345	Power Operated Equipment_____	0	_____	_____	0
346	Communication Equipment_____	0	_____	_____	0
347	Miscellaneous Equipment_____	474	_____	474	0
348	Other Tangible Plant_____	10624	_____	10624	0
	Total Water Plant_____	\$ 146550	\$ 67271	\$ 71484	\$ 142337

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
DECEMBER 31, 2014

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
301	Organization (Original Certificate)	40		2.50	541		26	567
304	Structures and Improvements	27	%	3.70 %	\$ 3563	\$	\$ 1859	\$ 5422
305	Collecting and Impounding Reservoirs		%	%				
306	Lake, River and Other Intakes		%	%				
307	Wells and Springs	27	%	3.70 %	6285	3373		2912
308	Infiltration Galleries & Tunnels		%	%				
309	Supply Mains		%	%			2822	2822
310	Power Generating Equipment		%	%				
311	Pumping Equipment (Electric)	17	%	5.88 %	14200	12881		1319
311	Pumping Equipment (Sub Pump)	17	%	5.88			3210	3210
320	Water Treatment Equipment	17	%	5.88 %	3913	3232		681
330	Distribution Reservoirs & Standpipes	33	%	3.03 %			19981	19981
331	Trans. & Dist. Mains	38	%	2.63 %	25268		14533	39801
333	Services	35	%	2.86 %	5069		8013	13082
334	Meter & Meter Installations	17	%	5.88 %	7175	2475		4700
335	Hydrants		%	%				
336	Backflow Prevention Devices		%	%				
339	Other Plant and Miscellaneous Equipment		%	%				
340	Office Furniture and Equipment	15	%	6.67 %	165	165	0	0
341	Transportation Equipment		%	%				
342	Stores Equipment		%	%				
343	Tools, Shop and Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment	15	%	6.67 %	474	474		0
348	Other Tangible Plant	10	%	10.00 %	10624	10624		0
	Totals				\$ 77277	\$	\$ 50444	\$ 94497 *

* This amount should tie to Sheet F-5.

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
December 31, 2014

WASTEWATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization	\$ 950	\$ 195	\$	\$ 1145
352	Franchises				
353	Land and Land Rights	50000		50000	0
354	Structures and Improvements	950	16469		17419
355	Power Generation Equipment				
360	Collection Sewers - Force	37363		27983	9380
361	Collection Sewers - Gravity	80831	113542		194373
362	Special Collecting Structures		53404		53404
363	Services to Customers	14118	11783		25901
364	Flow Measuring Devices				
365	Flow Measuring Installations				
370	Receiving Wells				
371	Pumping Equipment				
380	Treatment and Disposal Equipment	62173	70748		132921
381	Plant Sewers				
382	Outfall Sewer Lines		3770		3770
389	Other Plant and Miscellaneous Equipment		43789		43789
390	Office Furniture and Equipment				
391	Transportation Equipment				
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant	10625		10625	0
	Total Wastewater Plant	\$ 257010	\$ 313700	\$ 88608	\$ 482102 *

* This amount should tie to sheet F-5.

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
December 31, 2014

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WASTEWATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage in Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f-g+h=i) (i)
351	Organizational Costs	40		2.50 %	\$ 542	\$	\$ 145	\$ 687
354	Structures & Improvements	27		3.70	528		13270	13798
355	Power Generation Equipment							
360	Collection Sewers - Force	27		3.70 %	29085	20750		8335
361	Collection Sewers - Gravity	40		2.50 %	41886		73494	115380
362	Special Collecting Structures						34626	34626
363	Services to Customers	35		2.86 %	8591		9177	17768
364	Flow Measuring Devices							
365	Flow Measuring Installations							
370	Receiving Wells							
371	Pumping Equipment	15		6.67 %	62173	62173		0
380	Treatment and Disposal Equipment				0		132913	132913
381	Plant Sewers							
382	Outfall Sewer Lines				0		3014	3014
389	Other Plant and Miscellaneous Equipment						43789	43789
390	Office Furniture and Equipment							
391	Transportation Equipment							
392	Stores Equipment							
393	Tools, Shop and Garage Equipment							
394	Laboratory Equipment							
395	Power Operated Equipment							
396	Communication Equipment							
397	Miscellaneous Equipment							
398	Other Tangible Plant	10		10.00 %	10625	10625		0
	Totals				\$ 153430	\$	\$ 310428	\$ 370310 *

* This amount should tie to Sheet F-5.

4

UTILITY NAME: East Marion Sanitary Systems, Inc.

YEAR OF REPORT
DECEMBER 31, 2014

4

CONTRIBUTIONS IN AID OF CONSTRUCTION (271)

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year_____	\$ 39700	\$ 77600	\$ 117300
2) Add credits during year_____			
	\$ _____	\$ _____	\$ _____
3) Total_____	39700	77600	117300
4) Deduct charges during the year_____			
5) Balance end of year_____	39700	77600	117300
6) Less Accumulated Amortization_____	16537	26222	42759
7) Net CIAC_____	\$ 23163	\$ 51378	\$ 74541

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year.		Indicate "Cash" or "Property"	Water	Wastewater
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
Sub-total_____			\$ _____	\$ _____
Report below all capacity charges, main extension charges and customer connection charges received during the year.				
Description of Charge	Number of Connections	Charge per Connection		
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Credits During Year (Must agree with line # 2 above.)_____			\$ _____	\$ _____

ACCUMULATED AMORTIZATION OF CIAC (272)

	Water	Wastewater	Total
Balance First of Year_____	\$ 23015	\$ 25144	\$ 48159
Add Debits During Year:_____	_____	1078	1078
Deduct Credits During Year:_____	-6478	_____	-6478
Balance End of Year (Must agree with line #6 above.)	\$ 16537	\$ 26222	\$ 42759

NAME OF COMPANY: East Marion Sanitary System CANCELS ORIGINAL SHEET NO.18.0
WASTEWATER TARIFF

CUSTOMERS GUARANTEE DEPOSIT RECEIPT
CONNECTION/TRANSFER SHEET

EAST MARION SANITARY SYSTEM, INC.
Telephone 352/625-0117

Subdivision: LAKEVIEW WOODS Account Number: _____
Customer Name: _____*
Billing Address: _____*
_____*
Identification _____*
Social Security #, Tax ID #, Birth Certificate or Drivers License #'s - Please provide a photo copy.
Home Phone: _____*Work Phone (Emergency Only): _____*
Cell Phone: _____*E-Mail or Fax: _____*
Service Address: _____*
_____*
Block/Lot: _____ Type: Residential _____

Bills are mailed on the last day of each month and are due upon receipt.

Bills are considered late 20 days after the billing date and must be paid no later than the 20th of every month. Customers are notified 5 days before disconnection on delinquent accounts and 48 hours before disconnection on returned checks. There is a charge for returned checks, plus any additional charges assessed to us by the bank (cash, cashiers check or money order only on returned checks). If water service is disconnected due to non-payment, there is a re-connection charge when performed during regular hours. After regular hours, the re-connection charge is greater. (See Wastewater Tariff Sheet No 15.)

There shall be no liability of any kind against the company by reason of discontinuance of water service to the customer for failure of the customer to pay the bills on time.

Monthly Rates :

Water: See Tariff Sheet # 12 & #13

Sewer: See Tariff Sheet #12 & # 13

Effective Date _____
Meter # _____
Meter Reading _____

Initial Connection Fee \$ 45.00
Connection/Transfer Fee \$ _____
Water Main Extension Charge \$ _____
Wastewater Main Extension Charge \$ _____
Irrigation Meter Installation Fee \$ _____
Total \$ 190.00

Deposit \$ 145.00
Meter Installation Fee \$ _____
Water Plant Capacity Charge \$ _____
Wastewater Plant Capacity Charge \$ _____
Irrigation Service Installation charges \$ _____
Paid by Cash or Check # _____

Please mail form along with payment to the above address to affect water transfer.

The undersigned does hereby agree to abide by the rules and regulation of this utility, as approved by the Florida Public Service Commission, and does guarantee payment of any and all indebtedness incurred.

**PLEASE FILL IN STARRED (*)
AREAS. SIGN AND RETURN
WITH PAYMENT. THANK YOU.**

Signature _____
Date _____

EFFECTIVE DATE - May 29, 2009
TYPE OF FILING Tariff Amendment

HERBERT HEIN
ISSUING OFFICER

PRESIDENT
TITLE

East Marion Utilities, LLC

3336 Grand Blvd
 Suite 102
 Holiday, FL 34690
 863-904-5574

Utility Bill

7/1/2015

Amount Due

\$38.89

Amount Paid



Account Number

Service Address

Payment Due Date

7/21/2015

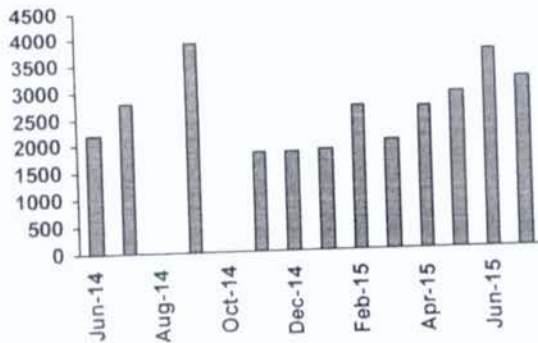
X

Detach Top and Return With Payment

Service From	To	Description	Meter Readings		e s t Consumption	Meter Multiplier	Amount
			Previous	Current			
6/1/2015	7/1/2015	Residential	413940	417080	3140	X 1	\$16.38

Sewer

\$29.70



Usage = Graph X 1

Prior Account Balance:	\$35.27
Last Payment: 6/3/2015	(\$42.46)
Late Payment Fee:	\$0.00
Current Period Total:	\$46.08
Total Amount Due:	\$38.89

If payment is made after the due date amount due: \$43.89

If you have any questions concerning your bills please call our office at 863-904-5574 or email at UTILITYMESSAGE@YAHOO.COM

Customer Name

Account Nbr

Payment Due Date

7/21/2015

East Marion Utilities, LLC

	1 Jan - Dec 16	2 Jan - Dec 17	3 Jan - Dec 18	
Ordinary Income/Expense	Budget	Budget	Budget	1 Jan - Dec 16
Income				New Tank \$25,000
400 - Operating Revenues				New Bar Screen \$4,000
400.1 - Operating Revenue - Water				Replace 50 Customers Meters \$4,500
461 - Metered Water Revenue				Index Adjustment for 2016 (assume 1.5%)
461.1 - Metered Sales-Residential Cust.				Staff Assisted Rate Case for 2016 (Increase Income \$5,000) 50% in 2016 or \$2,500
461.1.1 - Metered Base Rate Revenue	12,445.42	12,632.10	12,821.59	Loan of \$32,000 taken to cover the cost of the New Tank , Bar Screen & 50 Meters
461.1.2 - Metered Gallons Revenue	30,672.14	31,132.23	31,599.21	at a rate of 6.5% for five years. This increases Interest Expense. The cost
Total 461.1 - Metered Sales-Residential Cust.	43,117.57	43,764.33	44,420.79	of principal and interest will be \$626.12 per month for 60 months.
Total 461 - Metered Water Revenue	43,117.57	43,764.33	44,420.79	2
474 - Other Water Revenue				Jan - Dec 17
474.1 - Late Fees	568.40	576.93	585.58	Replace 50 Customers Meters \$4,500
Total 474 - Other Water Revenue	568.40	576.93	585.58	Index Adjustment for 2017 (assume 1.5%)
Total 400.1 - Operating Revenue - Water	43,685.97	44,341.25	45,006.37	Pass Through for 2017
400.2 - Operating Rev. - Wastewater				3 Pass Through for 2017
522 - Measured Revenues				Jan - Dec 18
522.1 - Residential Revenues				Index Adjustment for 2018 (assume 1.5%)
522.1.1 - Wastewater Base Rate	18,774.72	19,056.34	19,342.18	
522.1.2 - Measured Wastewater	34,220.10	34,733.40	35,254.40	
Total 522.1 - Residential Revenues	52,994.81	53,789.74	54,596.58	
Total 522 - Measured Revenues	52,994.81	53,789.74	54,596.58	
Total 400.2 - Operating Rev. - Wastewater	52,994.81	53,789.74	54,596.58	
Total 400 - Operating Revenues	96,680.78	98,130.99	99,602.96	
Total Income	96,680.78	98,130.99	99,602.96	
Gross Profit	96,680.78	98,130.99	99,602.96	
Expense				
401 - Operating Expenses				
401.1 - Operating Exp. - Water				
601 - Salaries & Wages - Employees	4,575.62	4,646.32	4,716.01	
603 - Officers Salary	1,766.10	1,792.59	1,819.48	
615 - Purchased Power	2,220.00	2,300.00	2,400.00	
618 - Chemicals	1,218.00	1,236.27	1,254.81	
620 - Material & Supplies	840.16	852.76	865.55	
625 - Utilities	60.00	61.00	62.00	
630 - Contractual Services-Billing	0.00	0.00	0.00	
631 - Contractual Services-Profession	771.40	782.97	794.72	
636 - Contractual Services - Other	6,485.85	6,583.14	6,681.88	

East Marion Utilities, LLC

	1 Jan - Dec 16	2 Jan - Dec 17	3 Jan - Dec 18
640 · Rent	5,340.00	5,340.00	5,340.00
645 · Telephone & Internet	197.30	200.26	203.26
650 · Transportation Expense	421.57	427.89	434.31
655 · Insurance Expense	1,613.85	1,638.06	1,662.63
660 · License Fees	50.00	50.00	50.00
675 · Miscellaneous			
675.1 · Bank Charges	76.51	77.66	78.82
675.2 · Postage	501.11	508.62	516.25
675.3 · Office Exp./Supplies	377.60	383.26	389.01
Total 675 · Miscellaneous	955.22	969.54	984.09
680 · Repairs & Maintenance	9,784.38	9,931.14	10,080.11
Total 401.1 · Operating Exp. - Water	36,299.44	36,811.94	37,348.85
401.2 · Operating Exp. - Wastewater			
701 · Salaries & Wages - Employees	4,575.62	4,646.32	4,716.01
703 · Officers Salary	1,766.10	1,792.59	1,819.48
715 · Purchased Power	5,220.00	5,320.00	5,420.00
718 · Chemicals	1,218.00	1,236.27	1,254.81
720 · Materials & Supplies	840.16	852.76	865.55
725 · Utilities	60.00	61.00	62.00
730 · Contractural Svcs - Billing	0.00	0.00	0.00
731 · Contractural Svcs-Professional	771.40	782.97	794.72
736 · Contractural Svcs-Other	6,390.00	6,485.85	6,583.14
740 · Rents	5,340.00	5,340.00	5,340.00
745 · Telephone & Internet	168.73	171.26	173.83
750 · Transportation	287.47	291.78	296.16
755 · Insurance Expense	1,590.00	1,613.85	1,638.06
760 · License Fees Wastewater	50.00	50.00	50.00
775 · Miscellaneous	0.00	0.00	0.00
775.1 · Bank Charges	76.53	77.68	78.84
775.2 · Postage	468.10	475.12	482.25
775.3 · Office Exp./Supplies	242.52	246.16	249.85
Total 775 · Miscellaneous	787.15	798.96	810.94
780 · Repairs & Maintenance	3,708.83	3,764.46	3,820.93
Total 401.2 · Operating Exp. - Wastewater	32,773.46	33,208.08	33,645.63
Total 401 · Operating Expenses	69,072.90	70,020.02	70,994.49
403 · Depreciation Expense			
403.1 · Depreciation Ex Utility Plant	9,102.00	9,249.00	9,249.00
Total 403 · Depreciation Expense	6,455.00	6,455.00	6,455.00
407 · Amortization Expense	-3,861.00	-3,861.00	-3,861.00

East Marion Utilities, LLC

	1 Jan - Dec 16	2 Jan - Dec 17	3 Jan - Dec 18	
408 - Taxes-Other-Than-Income				
408.2 - Marion Co Property Taxes	3,166.00	3,213.49	3,261.69	
408.3 - Regulatory Assessment Fee	4,350.64	4,415.89	4,482.13	
408.6 - Misc. Labor Taxes	0.00	0.00	0.00	
408.8 - Business Licenses	100.00	100.00	100.00	
Total 408 - Taxes-Other-Than-Income	7,616.64	7,729.38	7,843.83	
427 - Interest Expense	8,656.56	7,889.80	7,072.54	
69800 - Uncategorized Expenses				
711 - Sludge Removal	3,600.00	3,654.00	3,708.81	
Total Expense	91,540.09	91,887.20	92,213.66	
Net Ordinary Income	5,140.69	6,243.79	7,389.30	
Other Income/Expense				
Other Expense				
426 - Misc. Nonutility Expenses	0.00	0.00	0.00	
Total Other Expense	0.00	0.00	0.00	
Net Other Income	0.00	0.00	0.00	
Net Income	5,140.69	6,243.79	7,389.30	
New Meters				
Cost	2,500	5,000	5,000	
Depreciation	147	294	294	
New Bar Screen				
Cost	4,000	4,000	4,000	
Depreciation	267	267	267	
New Tank				
Cost	25,000	25,000	25,000	
Depreciation	2,500	2,500	2,500	
CIAC Amortization Rate - Water	0.058822026			
CIAC Amortization Rate - Wastewater	0.019668479			
(Values Taken from 2013 Annual Report)				
2015 \$\$Payable to FUS1				
1. Inter company Loans	259	273	288	\$4,700 Interest at 5.5% Payments of \$142/mo for 3 years
2. Invoices for Rent and Salaries	924	975	1,028	\$16,800 Interest at 5.5% Payments of \$507/mo for 3 years

East Marion Utilities, LLC

1 Jan - Dec 16 2 Jan - Dec 17 3 Jan - Dec 18

2015 \$\$ Payable to Mike Smallridge	1 Jan - Dec 16	2 Jan - Dec 17	3 Jan - Dec 18			
1. Personal Loans	182	192	202	\$3,300	Interest at 5.5%	Payments of \$100/mo for 3 years
2. Management Fees	165	174	184	\$3,000	Interest at 5.5%	Payments of \$91/mo for 3 years
	1,530	1,614	1,702			

East Marion Utilities, LLC

Calculation of Rate Base		2016	2017	2018
	Plant & Service - Water	169,837	172,337	172,337
	Plant & Sertvice - Wastewater	486,102	486,102	486,102
(Less)	Accum Depreciation - Water	(97,144)	(99,938)	(102,732)
(Less)	Accum Depreciation - Wastewater	(370,577)	(370,844)	(371,111)
(Less)	CIAC - Water	(39,700)	(39,700)	(39,700)
(Less)	CIAC - Wastewater	(77,600)	(77,600)	(77,600)
Plus	CIAC Accum Amortization - Water	18,872	21,207	23,542
Plus	CIAC Accum Amortization - Wastewater	27,748	29,274	30,800
Plus	Working Capital - Water	454	460	467
Plus	Working Capital - Wastewater	410	415	421
Rate Base		118,401	121,713	122,525

Working Capital - Water	=1/8 X 36,299	=1/8 X 36,812	=1/8 X 37,349
Working Capital - Wastewater	= 1/8 X 32,774	= 1/8 X 33,208	= 1/8 X 33,646

CORRECTED BILL OF SALE

Date: 01/09/ 2015

I, the undersigned seller, Herbert Hein, Trustee, for the sum of \$107,000.00 (One Hundred and Seven thousand dollars) sells to the undersigned buyer, EAST MARION UTILITIES, LLC the following items:

All pumps, Tanks, transmission lines, valves, blowers, lift stations and rights that belonged to East Marion Sanitary Systems Inc., located in Marion County to supply water and sewer services to Lakeview Woods Subdivision.

The undersigned seller affirms that the above information is accurate to the best his knowledge.

The undersigned buyer accepts receipt of this corrected Bill of Sale and understands that the above Items are sold in "as is" condition with no guarantees or warranties, either expressed or implied.

Seller's name: Herbert Hein Trustee

Seller Signature



Street address: 4225 Miller Road, Suite 190

City: Flint State: Michigan Zip: 48507

Phone # 810 733-6342

Buyer's name: East Marion Utilities, LLC

Buyer's signature Michael Smayz AS: Sole managing member

Buyers address: 3336 Grand Blvd. Suite 102, Holiday, Fl. 34690

CORRECTED PROMISSORY NOTE

\$97,000.00

01/09/2015

FOR VALUE RECEIVED, the undersigned, East Marion Utilities, LLC, hereby promises to pay to the order of Sam I Am Trust, the principal sum of \$97,000.00 Dollars pursuant to the terms and conditions set forth herein.

PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note (the "Note") and any accrued but unpaid interest shall be due and payable in 120 equal monthly installments, in the amount of \$1077.00 per month, starting 02/09/2015. All payments under this Note shall be applied first to any unpaid rent payment pursuant to the attached lease, then accrued but unpaid interest, and next to any unpaid late charges, then to any outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on 03 /09/2025. Sam I am Trust hereby agrees to make rent payments as received in a timely fashion.

ADDRESS. Payments shall be paid to the Sam I am Trust or assigns and mailed to 4225 Miller Road, Suite 190, Flint, MI 48507 or to such address as may be directed from time to time or deposited into a financial institution at the direction of note holder.

LATE CHARGE. Maker shall pay a late charge on any payment that is 5 days late in the amount of \$150.00 per late payment.

INTEREST. This Note shall bear interest, compounded annually, at six percent, (6%), provided payments are not late or past due. Interest rate to increase by 2 percent every time a payment is more than 15 days **Late**. Should any payment be more than 30 days late interest, rate to be 18 percent from then on. Entire balance shall be due on demand anytime any payment is more than 45 days late.

PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

REMEDIES. No delay or omission on part of the holder of this Note in exercising any right hereunder shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The rights and remedies of the Payee shall be cumulative and may be pursued singly, successively, or together, in the sole discretion of the Payee.

EVENTS OF ACCELERATION. The occurrence of any of the following shall constitute an "Event of Acceleration" by Maker under this Note:

(a) Maker' s failure to pay any part of the principal or interest as and when due under this Note; or

(b) Maker's becoming insolvent or not paying its debts as they become due; or;

(c) Maker does not pay any installment of rent due pursuant to the attached lease on which the Utility equipment is located on in Silver Springs Florida.

ACCELERATION. Upon the occurrence of an Event of Acceleration under this Note, and in addition to any other rights and remedies that Payee may have, Payee shall have the right, at its sole and exclusive option, to declare this Note immediately due and payable.

SUBORDINATION. The Maker's obligations under this Promissory Note are subordinated to all indebtedness, if any, of Maker, to any unrelated third party lender to the extent such indebtedness is outstanding on the date of this Note and such subordination is required under the loan documents providing for such indebtedness.

WAIVERS BY MAKER. All parties to this Note including Maker and any sureties, endorsers, and guarantors hereby waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest and all other sums due under this Note notwithstanding any change or changes by way of release, surrender, exchange, modification or substitution of any security for this Note or by way of any extension or extensions of time for the payment of principal and interest; and all such parties waive all and every kind of notice of such change or changes and agree that the same may be made without notice or consent of any of them.

EXPENSES. In the event any payment under this Note is not paid when due, the Maker agrees to pay, in addition to the principal and interest hereunder, actual attorneys' fees, plus all other reasonable expenses incurred by Payee in exercising any of its rights and remedies upon default.

TIME IS OF THE ESSENCE. Time is of the essence with respect to each and every provision of this agreement in which time is a factor.

GOVERNING LAW. This Note shall be governed by, and construed in accordance with, the laws of the State of Florida.

SUCCESSORS. All of the foregoing is the promise of Maker and shall bind Maker and Maker's successors, heirs and assigns as well as Mike Smallridge personally; provided, however, that Maker may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the holder of this Note.

IN WITNESS WHEREOF, Maker has executed this Promissory Note as of the day and year written below.

Maker: East Marion Utilities, LLC



Date: 7/5/15

Maker: Mike Smallridge

SCHEDULE C- UNLISTED SECURITIES.

# OF SHARES	DESCRIPTION	SOURCE OF VALUE	Net Value	% OF COMPANY C Pledged	All debts	Gross Value
0	FLORIDA UTILITY SERVICES 1, LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	WEST LAKELAND WASTEWATER, INC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	HOLIDAY GARDENS UTILITIES, LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	CRESTRIDGE UTILITIES,LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	PINECREST UTILITIES, LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	EAST MARION UTILITIES, LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
0	CHARLIE CREEK UTILITIES, LLC	[REDACTED]	[REDACTED]	100	[REDACTED]	[REDACTED]
			Total= \$ [REDACTED]			Total \$ [REDACTED]