

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: November 18, 2015

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (Hill, King) *JK*
Division of Accounting and Finance (Fletcher, Frank, Norris) *AMT DS*
Division of Economics (Bruce) *DF*
Office of the General Counsel (Mapp, Brownless) *BS CRAB*
ALM
ABSA *PO* *GS* *KUM* *JSC*

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.

AGENDA: 12/03/15 – Regular Agenda – Proposed Agency Action for Issue 2 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Patronis

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On March 20, 2015, East Marion Sanitary Systems, Inc. (Utility or seller) filed an application for the transfer of Certificate Nos. 490-W and 425-S to East Marion Utilities, LLC (buyer) in Marion County. The service area is located in the St. Johns River Water Management District and is in a water resource caution area. According to the Utility's 2014 Annual Report, the Utility serves 103 water customers and 92 wastewater customers with operating revenue of \$59,272, which designates it as a Class C utility.

Docket No. 150091-WS
Date: November 18, 2015

Certificate Nos. 490-W and 425-S were originally granted in 1987.¹ In 1990 and 1997, there were transfers of majority organizational control.² The rates and charges for utility service were last approved in a staff-assisted rate case in 2002.³

This recommendation addresses the transfer of the water and wastewater systems and the net book value of the water and wastewater systems at the time of transfer. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 17837, issued July 7, 1987, in Docket No. 870389-WU, *In re: Application of East Marion Water Distribution, Inc. for a certificate to operate a water utility in Marion County, Florida.*

² Order No. 24553, issued May 20, 1991, in Docket No. 900603-WS, *In Re: Application for transfer of majority organizational control of East Marion Water Distribution, Inc. and East Marion Sanitary Systems, Inc. in Marion County from Penelope A. Wagner, trustee for the Estate of Eric E. Wagner, to Forest Lake Village – Del American Ltd.*, and Order No. PSC-98-0928-FOF-WS, issued July 7, 1998, in Docket No. 971269-WS, *In Re: Application for transfer of majority organizational control of East Marion Sanitary Systems, Inc. and East Marion Water Distribution, Inc. in Marion County from Del-American/First Federal of Osceola to Herbert Hein, and change in name on Certificate No. 490-W from East Marion Water Distribution, Inc. to East Marion Sanitary Systems, Inc.*

³ Order No. PSC-02-1168-PAA-WS, issued August 26, 2002, in Docket No. 010869-WS, *In re: Application for staff-assisted rate case in Marion County by East Marion Sanitary Systems, Inc.*

Discussion of Issues

Issue 1: Should the transfer of East Marion Sanitary Systems, Inc.'s water and wastewater systems and Certificate Nos. 490-W and 425-S to East Marion Utilities, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 490-W and 425-S is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the buyer's certificate and should be retained by the buyer. The 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.). The seller should be responsible for all Regulatory Assessment Fees (RAFs) payable through the date of closing. The buyer should be responsible for filing the 2015 Annual Report and all future annual reports, and RAFs subsequent to the date of closing. (Hill, Frank)

Staff Analysis:

On March 20, 2015, East Marion Sanitary Systems, Inc. filed an application for approval to transfer Certificate Nos. 490-W and 425-S to East Marion Utilities, LLC in Marion County pursuant to Rule 25-30.037, F.A.C. Included within the application was a copy of a sales contract dated January 9, 2015 between East Marion Sanitary Systems, Inc. and Florida Utility Services 1, LLC. However, in the August 4, 2015 response to Staff's request for additional information, a corrected bill of sale was provided, also dated January 9, 2015, between East Marion Sanitary Systems, Inc. and East Marion Utilities, LLC. East Marion Utilities, LLC was registered with the Florida Department of State, Division of Corporations on January 12, 2015. East Marion Utilities, LLC is currently providing water and wastewater services to East Marion Sanitary Services, Inc.'s customers; however, the certificated entity remains unchanged until the Commission approves the transfer of the certificate.

The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on January 9, 2015, 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, and the time for doing so has expired. The application contains a description of the Utility's water and wastewater service territory, which is appended to this recommendation as Attachment A. The application contains a copy of a ninety-nine year lease that was executed on February 3, 2003 and assigned to the buyer on September 14, 2015. The lease serves as evidence that the buyer has the right to continuously occupy and use the land upon which the water treatment 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)(g), (h), and (i), F.A.C., the application contains a statement regarding financing and 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 the Utility that must be disposed of with regard to the transfer. According to the purchase agreement, the total purchase price for the water and wastewater assets is \$107,000 with \$10,000 paid at closing, and the remainder paid through a 10 year note at 6 percent. According to the buyer's registered agent, Michael Smallridge, the sale closed on January 1, 2015, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The water treatment system consists of a single well with a ground storage tank with a capacity of 6,000 gallons, and a liquid chlorination system used for disinfection. Wastewater treatment is performed by an activated sludge domestic wastewater treatment plant. Treatment consists of flow equalization, aeration, secondary clarification, chlorination, and aerobic digestion of biosolids with a 0.050 million gallons per day three month average daily flow permitted capacity. Effluent is disposed of via three rapid infiltration basins. Staff contacted the Florida Department of Environmental Protection (DEP) concerning the 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. As referenced in the transfer application, the buyer will fulfill the commitments, obligations and representation of the seller with regards to utility matters. Also, as referenced in the transfer application and specified in previous dockets,⁴ Mr. Smallridge was appointed to the Citrus County Water and Wastewater Authority, the local regulatory body for Citrus County, where he served for seven years. Mr. Smallridge also served as the "Class C" representative for the Governors Study Committee for Investor Owned Water and Wastewater Utility Systems in 2013. Mr. Smallridge maintains a regular yearly schedule of training classes through the Florida Rural Water Association and completed the NARUC Utility Rate School in 2001. Mr. Smallridge serves as the appointed circuit court receiver for Four Points Utility Corporation, Bimini Bay Utilities, and West Lakeland Wastewater, Inc. Mr. Smallridge also owns Pinecrest Utilities, LLC, Crestridge Utilities, LLC, and Holiday Gardens Utilities, LLC. In addition, Florida Utility Services 1, LLC, which is owned and operated by Mr. Smallridge, purchased Charlie Creek Utilities, LLC.⁵ In total, Mr. Smallridge owns, is the receiver of, or is the manager of a total of eight Class C water and wastewater facilities, seven of which are regulated by the Commission.

Staff reviewed Mr. Smallridge's personal financial statements and tax returns, as well as the financial statements and tax returns of Florida Utility Services 1, LLC. Mr. Smallridge also provided staff with a three-year capital expenditure and funding estimate⁶ which included the

⁴ Docket No. 140174-WU, *In re: Application for approval of transfer of Certificate No. 117-W from Crestridge Utilities Corporation to Crestridge Utilities, LLC, in Pasco County*; Docket No. 140176-WU, *In re: Application for approval of transfer of Certificate No. 116-W from Holiday Gardens Utilities, Inc. to Holiday Gardens Utilities, LLC, in Pasco County*.

⁵ An application for original certificate was submitted with the Commission on August 21, 2015.

⁶ Document No. 04029-15, filed June 30, 2015.

status of recent improvements and indicates access to additional sources of capital as well. It should also be noted that the buyer has accepted responsibility over the Commission-ordered refunds that were required of the previous owner.⁷ Based on the above, the buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Based on the above, staff believes the buyer 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 a 2002 staff-assisted rate case.⁸ The Utility's miscellaneous service charges were amended in 2009.⁹ Since the Utility's last rate case, the rates have been changed by four price index rate increases and a rate decrease to remove an expired rate case expense amortization. The Utility's existing rates and charges are shown on Schedule No. 1 for water and Schedule No. 2 for wastewater. 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 this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Regulatory Assessment Fees and Annual Reports

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2014. The seller will be responsible for all RAFs payable through the date of closing. The buyer is responsible for filing the 2015 Annual Report and all future annual reports, and RAFs subsequent to the date of closing.

Conclusion

Based on the foregoing, staff recommends that the transfer of the water and wastewater systems and Certificate Nos. 490-W and 425-S is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the buyer's certificate and should be retained by the buyer. The 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. The seller should be responsible for all RAFs payable through the date of closing. The buyer should be responsible for filing the 2015 Annual Report and all future annual reports, and RAFs subsequent to the date of closing.

⁷ Docket No. 080064-WU, *In re: Complaint against East Marion Sanitary Systems, Inc. by Mabelle Gregorio, Angela and Dennis Fountain, and Terry Will.*

⁸ Order PSC-02-1168-PAA-WS, issued August 26, 2002, in Docket No. 010869-WS, *In re: Application for staff assisted rate case in Marion County by East Marion Sanitary Systems, Inc.*

⁹ Order PSC-09-0263-TRF-WU, issued April 27, 2009, in Docket No. 080562-WU, *In re: Request for approval of amendment to connection/transfer sheets, increase in returned check charge, amendment to miscellaneous service charges, increase in meter installation charges, and imposition of new tap-in fee, in Marion County, by East Marion Sanitary Systems Inc.*

Issue 2: What is the appropriate net book value for the East Marion Sanitary Systems, Inc.'s water and wastewater systems for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of the water and wastewater systems for transfer purposes is \$24,676 and \$60,414, respectively, as of December 31, 2014. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, East Marion Utilities, LLC should be required to notify the Commission in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in East Marion Utilities, LLC's 2015 Annual Report when filed. (Frank)

Staff Analysis: Rate base was last established for the Utility as of December 31, 2000.¹⁰ The purpose of establishing net book value (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. The Utility's NBV has been updated to reflect balances as of December 31, 2014. Staff's recommended NBV, as described below, is shown on Schedule Nos. 1 and 2.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$111,551 and \$207,010, respectively, as of December 31, 2014. Staff reviewed UPIS additions since the last rate case proceeding and as a result has increased UPIS for water by \$30,786 and wastewater by \$275,092. Therefore, staff recommends that the Utility's water and wastewater UPIS balances as of December 31, 2014, should be \$142,336 and \$482,102, respectively.

Land

The Utility's general ledger reflected a land balance of \$35,000 for water and \$50,000 for wastewater, as of December 31, 2014. In Order No. PSC-02-1168-PAA-WS, issued August 6, 2002, the Commission established the value of the land to be \$0 for water and \$0 for wastewater because the Utility leased the land where the water and wastewater plants are located. The Utility continues to lease the land. There have been no additions to land purchased since that order was issued. As a result, land for water should be reduced by \$35,000 and land for wastewater should be reduced by \$50,000. Therefore, staff recommends land of \$0 for water and \$0 for wastewater, as of December 31, 2014.

Accumulated Depreciation

The Utility's general ledger reflected water and wastewater accumulated depreciation balances of \$80,268 and \$156,894, respectively, as of December 31, 2014. Staff calculated that the appropriate accumulated depreciation balance to be \$94,497 for water and \$370,310 for wastewater. As a result, accumulated depreciation should be increased by \$14,229 for water and \$213,416 for wastewater to reflect an accumulated depreciation balance of \$94,497 for water and \$370,310 for wastewater, as of December 31, 2014.

¹⁰ Order No. PSC-02-1168-PAA-WS, issued August 6, 2002, in Docket No. 010869-WS, *In re: Application for a staff-assisted rate case by East Marion Sanitary Systems in Marion County.*

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

As of December 31, 2014, the Utility's general ledger reflected water and wastewater CIAC balances of \$39,135 and \$76,315, respectively; and accumulated amortization of CIAC balances of \$25,317 and \$26,664, respectively. Staff increased water and wastewater CIAC by \$565 and \$1,285, respectively, to reflect prior Commission-ordered adjustments. Also, staff decreased water and wastewater accumulated amortization of CIAC by \$8,780 and \$442, respectively, to reflect the appropriate Commission-ordered adjustments. Therefore, staff recommends a CIAC balance of \$39,700 for water and \$77,600 for wastewater and accumulated amortization of CIAC balance of \$16,537 for water and \$26,222 for wastewater, as of December 31, 2014.

Net Book Value

The Utility's general ledger reflected NBV of \$52,465 for water and \$50,465 for wastewater. Based on the adjustments described above, staff recommends that the NBV for the Utility's water and wastewater systems as of December 31, 2014, are \$24,676 and \$60,414, respectively, for a total NBV of \$85,090. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule Nos. 3 and 4, as of December 31, 2014.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. The Utility and its assets were purchased for \$107,000. As stated above, staff has determined the appropriate NBV total to be \$85,090. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. However, pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances. The buyer did not request a positive acquisition adjustment. As such, staff recommends that no positive acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV of East Marion Sanitary Systems, Inc.'s water and wastewater systems for transfer purposes is \$24,676 and \$60,414, respectively, as of December 31, 2014. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the buyer should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in East Marion Utility LLC's 2015 annual report when filed.

Issue 3: Should this docket be closed?

Recommendation: If no protest to the proposed agency action issues 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 East Marion Utilities, LLC has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of January 1, 2015. (Mapp)

Staff Analysis: If no protest to the proposed agency action issues 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 East Marion Utilities, LLC has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of January 1, 2015.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
East Marion Utilities, LLC
pursuant to
Certificate Number 490-W**

to provide water service in Marion 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>
17837	07/14/87	870389-WU	Original Certificate
24553	05/20/91	900603-WS	Transfer of Majority Organizational Control
PSC-98-0928-FOF-WS	07/07/98	971269-WS	Transfer of Majority Organizational Control
*	*	150091-WS	Transfer of Certificate

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

**East Marion Utilities, LLC
Marion County
Description of Water Territory**

PER ORDER NO. PSC-98-0928-FOF-WS:

The following described lands located in portions of Section 7, 8, and 17, Township 15 South, Range 24 East, Marion County, Florida:

Beginning at the Southwest corner of the Southwest 1/4 of the Northwest 1/4 of Section 8, Township 15 South, Range 24 East, Marion County, Florida, thence North 00°29'46" West along the West boundary of said Section 8 a distance of 839.97 feet to the Southwesterly right-of-way line of State Road No. 40, thence South 56°59'12" East along said Southwesterly right-of-way line 531.25 feet, thence South 33°01'47" West 89.79 feet, thence South 00°11'26" East 1385.87 feet, thence South 36°25'52" East 285.41 feet to the approximate shoreline of Lake Walenda, thence run into said Lake South 29°57'59" East 201.43 feet to a point on the aforesaid approximate shoreline of Lake Walenda, thence run into said Lake South 29°57'59" East 201.43 feet to a point in said Lake, said point being the Southeast corner of the West 1/2 of the Northwest 1/4 of the Southwest 1/4 of said Section 8, thence South 89°30'58" West along said South boundary 329.84 feet to a point on the aforesaid approximate shoreline of Lake Walenda, thence continue South 89°30'58" West along said South boundary 330.29 feet to the Southwest corner of said West 1/2 of the Northwest 1/4 of the Southwest 1/4, thence North 00°10'04" along the West boundary of said Section 8 a distance 1319.86 feet to the POINT OF BEGINNING.

Also: Lots 107, 108, and 109, in the Town of Walenda, situated in the Southwest 1/4 of Section 8, Township 15 South, Range 24 East, as per plat thereof recorded in Plat Book "E", page 23, Public Records of Marion County, Florida. Less and excepting therefrom that part of the East 200 feet of West 1181.38 feet of the Southwest 1/4 of said Section 8, Township 15 South, Range 24 East, lying South of Lake Walenda, all of which lies in Lot 109.

Also: South 1/2 of Southeast 1/4 of Section 7, Township 15 South, Range 24 East, except the west 70 acres, thereof.

Also: That part of the West 3/4 of the Northwest 1/4 of Section 17, Township 15 South, Range 24 East, lying North of Fort Gates Road, except additional road right-of-way conveyed in Official Records Book 991, page 173.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
East Marion Utilities, LLC
pursuant to
Certificate Number 425-S**

to provide wastewater service in Marion 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>
17837	07/14/87	870389-WU	Original Certificate
24553	05/20/91	900603-WS	Transfer of Majority Organizational Control
PSC-98-0928-FOF-WS	07/07/98	971269-WS	Transfer of Majority Organizational Control
*	*	150091-WS	Transfer of Certificate

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

**East Marion Utilities, LLC
Marion County
Description of Wastewater Territory**

PER ORDER NO. PSC-98-0928-FOF-WS:

The following described lands located in portions of Section 7, 8, and 17, Township 15 South, Range 24 East, Marion County, Florida:

Beginning at the Southwest corner of the Southwest 1/4 of the Northwest 1/4 of Section 8, Township 15 South, Range 24 East, Marion County, Florida, thence North 00°29'46" West along the West boundary of said Section 8 a distance of 839.97 feet to the Southwesterly right-of-way line of State Road No. 40, thence South 56°59'12" East along said Southwesterly right-of-way line 531.25 feet, thence South 33°01'47" West 89.79 feet, thence South 00°11'26" East 1385.87 feet, thence South 36°25'52" East 285.41 feet to the approximate shoreline of Lake Walenda, thence run into said Lake South 29°57'59" East 201.43 feet to a point on the aforesaid approximate shoreline of Lake Walenda, thence run into said Lake South 29°57'59" East 201.43 feet to a point in said Lake, said point being the Southeast corner of the West 1/2 of the Northwest 1/4 of the Southwest 1/4 of said Section 8, thence South 89°30'58" West along said South boundary 329.84 feet to a point on the aforesaid approximate shoreline of Lake Walenda, thence continue South 89°30'58" West along said South boundary 330.29 feet to the Southwest corner of said West 1/2 of the Northwest 1/4 of the Southwest 1/4, thence North 00°10'04" along the West boundary of said Section 8 a distance 1319.86 feet to the POINT OF BEGINNING.

Also: Lots 107, 108, and 109, in the Town of Walenda, situated in the Southwest 1/4 of Section 8, Township 15 South, Range 24 East, as per plat thereof recorded in Plat Book "E", page 23, Public Records of Marion County, Florida. Less and excepting therefrom that part of the East 200 feet of West 1181.38 feet of the Southwest 1/4 of said Section 8, Township 15 South, Range 24 East, lying South of Lake Walenda, all of which lies in Lot 109.

Also: South 1/2 of Southeast 1/4 of Section 7, Township 15 South, Range 24 East, except the west 70 acres, thereof.

Also: That part of the West 3/4 of the Northwest 1/4 of Section 17, Township 15 South, Range 24 East, lying North of Fort Gates Road, except additional road right-of-way conveyed in Official Records Book 991, page 173.

**East Marion Utilities, LLC
 Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$10.05
3/4"	\$15.10
1"	\$25.15
1 1/2"	\$50.29
2"	\$80.47
3"	\$160.94
4"	\$251.47
6"	\$502.93

Charge Per 1,000 gallons - Residential

0-10,000 gallons	\$2.11
Over 10,000 gallons	\$3.15

Charge Per 1,000 gallons – General Service	\$2.46
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Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$61.00
All over 5/8" x 3/4"	2x Average Estimated Bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$45.00	\$75.00
Normal Reconnection Charge	\$45.00	\$75.00
Disconnection Charge	\$45.00	\$75.00
Violation Reconnection Charge	\$50.00	\$80.00
Premises Visit Charge	\$55.00	\$85.00
Late Payment Charge		\$5.00
NSF Check Charge		Actual Cost

Service Availability Charges

Main Extension Charge

Residential – Per ERC	\$255.00
All Other per gallon	\$0.73

Meter Installation

5/8" x 3/4"	\$195.00
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Plant Capacity Charge

Residential – Per ERC	\$112.00
All Other per gallon	\$0.32

Irrigation Service Line Installation Charge

5/8" x 3/4" (less than 20 feet)	\$1,400.00
5/8" x 3/4" (20 feet to 40 feet)	\$1,800.00
5/8" x 3/4" (Over 40 feet or cul-de-sac)	\$2,600.00

**East Marion Utilities, LLC
 Monthly Wastewater Rates**

Residential Service

Base Facility Charge – All Meter Sizes	\$15.37
Charge Per 1,000 gallons 10,000 gallon cap	\$4.69

General Service

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$15.37
3/4"	\$23.05
1"	\$38.42
1 1/2"	\$76.84
2"	\$122.92
3"	\$245.86
4"	\$384.16
6"	\$768.28
Charge Per 1,000 gallons	\$5.63

Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$80.00
All over 5/8" x 3/4"	2x Average Estimated Bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$45.00	\$75.00
Normal Reconnection Charge	\$45.00	\$75.00
Disconnection Charge	\$45.00	\$75.00
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge	\$55.00	\$85.00
Late Payment Charge		\$5.00
NSF Check Charge		Actual Cost

Service Availability Charges

Main Extension Charge

Residential – Per ERC	\$517.00
All Other per gallon	\$1.48
<u>Plant Capacity Charge</u>	
Residential – Per ERC	\$358.00
All Other per gallon	\$1.03

East Marion Utilities, LLC Water System Schedule

Water System

Schedule of Net Book Value as of December 31, 2014

Description	Balance Per Utility	Adjustments	Staff Recommended
Utility Plant in Service	\$111,551	\$30,786	\$142,336
Land & Land Rights	35,000	(35,000)	0
Accumulated Depreciation	(80,268)	(14,229)	(94,497)
CIAC	(39,135)	(565)	(39,700)
Amortization of CIAC	<u>25,317</u>	<u>(8,780)</u>	<u>16,537</u>
Total	<u>\$52,465</u>	<u>(\$27,788)</u>	<u>\$24,676</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of December 31, 2014
Water System**

Explanation	Amount
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>\$30,786</u>
B. Land and Land Rights To reflect appropriate amount of land.	<u>(\$35,000)</u>
C. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$14,229)</u>
D. Contributions-in-Aid-of-Construction (CIAC) To reflect appropriate amount of CIAC.	<u>(\$565)</u>
E. Accumulated Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>(\$8,780)</u>
Total Adjustments to Net Book Value as of December 31, 2014.	<u>(\$27,788)</u>

East Marion Utilities, LLC

Water System

Schedule of Staff Recommended Account Balances as of December 31, 2014

Account			Accumulated
No.	Description	UPIS	Depreciation
301	Organization	\$944	(\$566)
304	Structures & Improvements	6,666	(5,422)
307	Wells & Springs	4,134	(2,912)
309	Supply Mains	3,760	(2,822)
311	Pumping Equipment	7,165	(3,210)
311	Pumping Equipment	3,226	(1,319)
320	Water Treatment Equipment	681	(681)
330	Distribution Reservoirs & Standpipes	27,475	(19,981)
331	Transmission & Distribution Mains	63,034	(39,801)
333	Services	19,071	(13,082)
334	Meters & Meter Installations	<u>6,181</u>	<u>(4,700)</u>
	Total	<u>\$142,336</u>	<u>(\$94,497)</u>

East Marion Utilities, LLC Wastewater System Schedule

Wastewater System

Schedule of Net Book Value as of December 31, 2014

Description	Balance Per Utility	Adjustments	Staff Recommended
Utility Plant in Service	\$207,010	\$275,092	\$482,102
Land	50,000	(50,000)	0
Accumulated Depreciation	(156,894)	(213,416)	(370,310)
CIAC	(76,315)	(1,285)	(77,600)
Amortization of CIAC	<u>26,664</u>	<u>(442)</u>	<u>26,222</u>
Total	<u>\$50,465</u>	<u>\$9,949</u>	<u>\$60,414</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of December 31, 2014
Wastewater System**

Explanation	Amount
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>\$275,092</u>
B. Land & Land Rights To reflect appropriate amount of Land.	<u>(\$50,000)</u>
C. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$213,416)</u>
D. Contributions-in-Aid-of-Construction (CIAC) To reflect appropriate amount of CIAC.	<u>(\$1,285)</u>
E. Accumulated Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>(\$442)</u>
Total Adjustments to Net Book Value as of December 31, 2014.	<u>\$9,949</u>

East Marion Utilities, LLC

Wastewater System

Schedule of Staff Recommended Account Balances as of December 31, 2014

Account			Accumulated
No.	Description	UPIS	Depreciation
351	Organization	\$1,145	(\$687)
354	Structures & Improvements	17,419	(13,798)
360	Collection Sewers - Force	9,380	(8,335)
361	Collection Sewers - Gravity	194,373	(115,380)
362	Special Collection Structures	53,404	(34,626)
363	Services to Customers	25,901	(17,768)
380	Treatment & Disposal - Equipment	132,921	(132,913)
382	Outfall Sewer Lines	3,770	(3,014)
389	Other Plant	<u>43,789</u>	<u>(43,789)</u>
	Total	<u>\$482,102</u>	<u>(\$370,310)</u>