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November 7, 2018

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. 20170174-SU; Application for Transfer of Assets of Exempt Utility and for
Amendment of Certificate 465-S in Lake County by Utilities, Inc. Of Florida
Our File No. 30057.228

Dear Ms. Stauffer:

The following are the responses of Utilities, Inc. of Florida (“UIF”) to Staff’s Third Data Request dated November 2, 2018.

1. In the transfer application, a capacity reservation agreement for Centennial Bank is mentioned and references Exhibit E of that transfer application. However, there does not appear to be such a reference in Exhibit E; please explain. Please also provide the details of this agreement.

Response: The Utility and Water Treatment Facilities Easement (Exhibit E) at paragraph 8 sets forth Centennial Bank’s reservation of capacity. See further explanation below.

2. During discussions with staff, a 40 percent capacity reservation agreement was mentioned. Please explain how the 40 percent was derived and provide any supporting documentation.
Response: Pursuant to paragraph 8 of the Utility and Water Treatment Facilities Easement Centennial Bank reserved unto itself the right to drain into the WWTP limited by the current capacity. The WWTP has a permitted capacity of 0.049 MGD (AADF). The collection system for both phases of Barrington Estates was designed and permitted to utilize 0.044 MGD of the WWTP capacity (see attached permit), which would effectively be 100% of the WWTP capacity. However, the current usage is approximately 0.025 MGD, which represents the 40% of the capacity currently being used, thus the remaining 60% is the amount that has been reserved by Centennial Bank. See attached schedule of monthly flows.

3. Please provide the anticipated closing date for the transfer of Barrington Estates wastewater system.

Response: Pursuant to paragraph 9.01 of the Utility Asset Purchase Agreement, the closing will take place within 30 days after issuance of the Consummating Order.

4. **Deficiency—Financial Ability:** Rule 25-30.037(2)(1)(1), F.A.C., requires that the applicant provide a detailed financial statement (balance sheet and income statement), audited if available, of the financial condition of the applicant, which shows all assets and liabilities of every kind and character. The financial statements shall be for the preceding calendar or fiscal year. The applicant provided a Net Operating Income summary statement dated December 31, 2015. Please provide an updated detailed financial statement (balance sheet and income statement), which shows all assets and liabilities of every kind and character.

Response: Updated Balance Sheet and Income Statement are attached.

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

Very truly yours,

/s/ Martin S. Friedman

MARTIN S. FRIEDMAN
For the Firm

MSF/
Enclosures

cc: John Hoy (via email)
Patrick Flynn (via email)
Chelsea Metka, Esquire (via email)
Amber Ashton, Esquire (via email)
Orlando Wooten (via email)



Florida Department of Environmental Protection

Central District
3319 Maguire Boulevard, Suite 232
Orlando, Florida 32803-3767

Charlie Crist
Governor

Jeff Kottkamp
Lt. Governor

Michael W. Sole
Secretary

STATE OF FLORIDA DOMESTIC WASTEWATER COLLECTION/TRANSMISSION INDIVIDUAL PERMIT

Permittee:

Presco Associates LLC
232 Mohawk Road
Clermont FL 34711

Attention: Robert Shakar,
President

Permit Number: CS35-0267418-001

Date of Issue: April 16, 2007

Expiration Date: April 15, 2012

County: Lake

Project: Barrington Estates

Connected to: Barrington Estates WWTF

This permit is issued under the provisions of Chapter 403, Florida Statutes (F.S.), and Chapters 62-4 and 62-604, Florida Administrative Code (F.A.C.).

The above named permittee is hereby authorized to construct the facilities shown on the application and other documents on file with the Department and made a part hereof and specifically described as follows:

DESCRIPTION OF PROJECT:

Construction of a sewage collection and transmission system for the Barrington Estates project consisting of 148 single family homes, generating a flow of 44,400 GPD.

The sewage collection and transmission system shall consist of: (A) 8,890 LF of 8 inch PVC gravity main, (B) 1,022 LF of 4 inch PVC force main, (C) a lift station with two 110 GPM submersible pumps, and (D) associated manholes, valves and appurtenances.

220V - 3PHASE - 100AMP

LOCATION OF PROJECT: CR565B and CR561, Clermont, Lake County, Florida.

IN ACCORDANCE WITH: The limitations, requirements and other conditions set forth in pages 1 through 3 of this permit.

Barrington Estates WWTP
Plant flow data as reported to FDEP
As of 9/30/2018

Year	Month	Monthly Avg.	Annual Avg.
0	October	0.026	0.024
1	November	0.026	0.024
6	December	0.026	0.024
	January	0.026	0.024
	February	0.027	0.025
	March	0.026	0.025
	April	0.027	0.025
2	May	0.027	0.026
0	June	0.029	0.026
1	July	0.028	0.027
7	August	0.028	0.027
	September	0.026	0.027
	October	0.024	0.027
	November	0.026	0.049
	December	0.025	0.027
	January	0.025	0.026
	February	0.024	0.026
2	March	0.024	0.026
0	April	0.024	0.031
1	May	0.025	0.031
8	June	0.022	0.025
	July	0.022	0.025
	August	0.023	0.024
	September	0.022	0.024

**COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 207,708,029	\$ 234,430,925
108-110	Less: Accumulated Depreciation and Amortization	F-8	90,249,479	100,912,253
Net Plant			\$ 117,458,550	\$ 133,518,672
114-115	Utility Plant Acquisition adjustment (Net)	F-7	1,276,370	1,297,369
116 *	Other Utility Plant Adjustments		133,964	57,066
Total Net Utility Plant			\$ 118,868,884	\$ 134,873,107
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9	\$ -	\$ -
122	Less: Accumulated Depreciation and Amortization		-	-
Net Nonutility Property			\$	\$
123	Investment In Associated Companies	F-10	-	-
124	Utility Investments	F-10	-	-
125	Other Investments	F-10	-	-
126-127	Special Funds	F-10	-	-
Total Other Property & Investments			\$ -	\$ -
CURRENT AND ACCRUED ASSETS				
131	Cash		\$ 3,000	\$ 3,000
132	Special Deposits	F-9	16,648	16,648
133	Other Special Deposits	F-9	-	-
134	Working Funds		-	-
135	Temporary Cash Investments		-	-
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts	F-11	4,088,054	4,068,789
145	Accounts Receivable from Associated Companies	F-12	41,579,509	30,443,087
146	Notes Receivable from Associated Companies	F-12	-	-
151-153	Material and Supplies		100,536	116,813
161	Stores Expense		-	-
162	Prepayments		-	1,101
171	Accrued Interest and Dividends Receivable		-	-
172 *	Rents Receivable		-	-
173 *	Accrued Utility Revenues		-	-
174	Misc. Current and Accrued Assets	F-12	-	-
Total Current and Accrued Assets			\$ 45,787,747	\$ 34,649,437

* Not Applicable for Class B Utilities

COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED DEBITS				
181	Unamortized Debt Discount & Expense	F-13	\$ -	\$ -
182	Extraordinary Property Losses	F-13	-	-
183	Preliminary Survey & Investigation Charges		-	-
184	Clearing Accounts		-	-
185 *	Temporary Facilities		-	-
186	Misc. Deferred Debits	F-14	1,742,842	2,482,855
187 *	Research & Development Expenditures		-	-
190	Accumulated Deferred Income Taxes		(76,898)	-
Total Deferred Debits			\$ 1,665,944	\$ 2,482,855
TOTAL ASSETS AND OTHER DEBITS			\$ 166,322,576	\$ 172,005,399

* Not Applicable for Class B Utilities

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 200,000	\$ 200,000
204	Preferred Stock Issued	F-15	-	-
202, 205 *	Capital Stock Subscribed		-	-
203, 206 *	Capital Stock Liability for Conversion		-	-
207 *	Premium on Capital Stock		-	-
209 *	Reduction in Par or Stated Value of Capital Stock		-	-
210 *	Gain on Resale or Cancellation of Reacquired Capital Stock		-	-
211	Other Paid - In Capital		75,390,092	86,770,640
212	Discount On Capital Stock		-	-
213	Capital Stock Expense		-	-
214-215	Retained Earnings	F-16	20,835,935	23,714,103
216	Reacquired Capital Stock		-	-
218	Proprietary Capital (Proprietorship and Partnership Only)		-	-
Total Equity Capital			\$ 96,426,027	\$ 110,684,743
LONG TERM DEBT				
221	Bonds	F-15	-	-
222 *	Reacquired Bonds		-	-
223	Advances from Associated Companies	F-17	(22,364,545)	(22,364,545)
224	Other Long Term Debt	F-17	-	-
Total Long Term Debt			\$ (22,364,545)	\$ (22,364,545)
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		1,051,652	1,104,201
232	Notes Payable	F-18	-	-
233	Accounts Payable to Associated Companies	F-18	38,161,029	38,161,029
234	Notes Payable to Associated Companies	F-18	-	-
235	Customer Deposits		223,937	226,789
236	Accrued Taxes		646,240	777,269
237	Accrued Interest	F-19	56,627	65,214
238	Accrued Dividends		-	-
239	Matured Long Term Debt		-	-
240	Matured Interest		-	-
241	Miscellaneous Current & Accrued Liabilities	F-20	14,654,758	2,357
Total Current & Accrued Liabilities			\$ 54,794,243	\$ 40,336,858

* Not Applicable for Class B Utilities

**COMPARATIVE BALANCE SHEET
EQUITY CAPITAL AND LIABILITIES**

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium On Debt	F-13	\$ -	\$ -
252	Advances For Construction	F-20	35,452	35,452
253	Other Deferred Credits	F-21	-	5,116,801
255	Accumulated Deferred Investment Tax Credits		86,531	82,203
Total Deferred Credits			\$ <u>121,983</u>	\$ <u>5,234,456</u>
OPERATING RESERVES				
261	Property Insurance Reserve		\$ -	\$ -
262	Injuries & Damages Reserve		-	-
263	Pensions and Benefits Reserve		-	-
265	Miscellaneous Operating Reserves		-	-
Total Operating Reserves			\$ <u>-</u>	\$ <u>-</u>
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction	F-22	\$ 74,550,138	\$ 80,775,938
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	46,833,418	48,863,818
Total Net C.I.A.C.			\$ <u>27,716,719</u>	\$ <u>31,912,120</u>
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation		\$ 11,582,343	\$ 7,954,433
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		-	-
283	Accumulated Deferred Income Taxes - Other		(1,954,195)	(1,752,665)
Total Accumulated Deferred Income Tax			\$ <u>9,628,149</u>	\$ <u>6,201,768</u>
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ <u>166,322,575</u>	\$ <u>172,005,400</u>

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR * (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 30,002,448	\$ 31,421,509
469, 530	Less: Guaranteed Revenue and AFPI	F-3(b)		(99,489)
Net Operating Revenues			\$ 30,002,448	\$ 31,322,020
401	Operating Expenses	F-3(b)	\$ 14,846,299	\$ 16,044,426
403	Depreciation Expense:	F-3(b)	\$ 7,098,079	\$ 8,540,585
	Less: Amortization of CIAC	F-22	(988,530)	(2,336,211)
Net Depreciation Expense			\$ 6,109,549	\$ 6,204,374
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)	(20,508)	(20,999)
407	Amortization Expense (Other than CIAC)	F-3(b)	-	-
408	Taxes Other Than Income	W/S-3	2,916,597	2,917,023
409	Current Income Taxes	W/S-3	4,149	170,835
410.10	Deferred Federal Income Taxes	W/S-3	1,348,379	1,352,944
410.11	Deferred State Income Taxes	W/S-3	21,820	266,058
411.10	Provision for Deferred Income Taxes - Credit	W/S-3	-	-
412.10	Investment Tax Credits Deferred to Future Periods	W/S-3	(1,182)	-
412.11	Investment Tax Credits Restored to Operating Income	W/S-3	(2,356)	(2,356)
Utility Operating Expenses			\$ 25,223,930	\$ 26,932,304
Net Utility Operating Income			\$ 4,778,515	\$ 4,389,716
469, 530	Add Back: Guaranteed Revenue and AFPI	F-3(b)	-	99,489
413	Income From Utility Plant Leased to Others		-	-
414	Gains (losses) From Disposition of Utility Property		29,633	25,157
420	Allowance for Funds Used During Construction		345,857	1,077,098
Total Utility Operating Income [Enter here and on Page F-3(c)]			\$ 5,154,005	\$ 5,591,461

* For each account, Column e should agree with Cloum f, g and h on F-3(b)

UTILITY NAME: UTILITIES, INC. OF FLORIDA - All systems Combined

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ <u>5,154,005</u>	\$ <u>5,591,461</u>
OTHER INCOME AND DEDUCTIONS				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$ <u>46,960</u>	\$ <u>-</u>
416	Costs & Expenses of Merchandising Jobbing, and Contract Work		<u>-</u>	<u>-</u>
419	Interest and Dividend Income		<u>-</u>	<u>-</u>
421	Nonutility Income		<u>-</u>	<u>-</u>
426	Miscellaneous Nonutility Expenses		<u>(19,994)</u>	<u>(40,181)</u>
Total Other Income and Deductions			\$ <u>26,966</u>	\$ <u>(40,181)</u>
TAXES APPLICABLE TO OTHER INCOME				
408.2	Taxes Other Than Income		\$ <u>-</u>	\$ <u>-</u>
409.2	Income Taxes		<u>-</u>	<u>-</u>
410.2	Provision for Deferred Income Taxes		<u>-</u>	<u>-</u>
411.2	Provision for Deferred Income Taxes - Credit		<u>-</u>	<u>-</u>
412.2	Investment Tax Credits - Net		<u>-</u>	<u>-</u>
412.3	Investment Tax Credits Restored to Operating Income		<u>-</u>	<u>-</u>
Total Taxes Applicable To Other Income			\$ <u>-</u>	\$ <u>-</u>
INTEREST EXPENSE				
427	Interest Expense	F-19	\$ <u>2,465,167</u>	\$ <u>2,580,349</u>
428	Amortization of Debt Discount & Expense	F-13	<u>-</u>	<u>-</u>
429	Amortization of Premium on Debt	F-13	<u>-</u>	<u>-</u>
Total Interest Expense			\$ <u>2,465,167</u>	\$ <u>2,580,349</u>
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ <u>-</u>	\$ <u>-</u>
434	Extraordinary Deductions		<u>-</u>	<u>-</u>
409.3	Income Taxes, Extraordinary Items		<u>45,865</u>	<u>-</u>
Total Extraordinary Items			\$ <u>45,865</u>	\$ <u>-</u>
NET INCOME			\$ <u><u>2,669,939</u></u>	\$ <u><u>2,970,930</u></u>

Explain Extraordinary Income:

NONE
