

**Lisa Smith**

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**From:** Asha Maharaj-Lucas  
**Sent:** Friday, October 8, 2021 9:53 AM  
**To:** Mark Futrell; Laura King; Marissa Ramos; Amber Norris; Clayton Lewis; Mary Anne Helton; Keith Hetrick; Shaw Stiller; Adam Teitzman; Shannon Hudson; Commissioners & Staffs; CLK - Agenda Staff; Adam Teitzman; Apryl Lynn; Terence Bethea; Jonathan Blocker; Amber Norris; Cheryl Bulecza-Banks; Cindy Muir  
**Cc:** Braulio Baez; Tom Ballinger; Kate Hamrick; Jacqueline Moore; Nancy Harrison  
**Subject:** RE: Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Good Morning,

Please see the Approval response to the Request for oral modification to Item 6 on the October 12, 2021 Agenda Conference.

Thank  
Asha

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**From:** Braulio Baez <BBaez@PSC.STATE.FL.US>  
**Sent:** Friday, October 08, 2021 9:35 AM  
**To:** Tom Ballinger <TBallig@PSC.STATE.FL.US>  
**Cc:** Mark Futrell <MFutrell@PSC.STATE.FL.US>; Laura King <LKing@PSC.STATE.FL.US>; Marissa Ramos <mramos@psc.state.fl.us>; Amber Norris <amnorris@psc.state.fl.us>; Clayton Lewis <CLewis@PSC.STATE.FL.US>; Mary Anne Helton <MHelton@PSC.STATE.FL.US>; Keith Hetrick <khetrick@psc.state.fl.us>; Shaw Stiller <SStiller@psc.state.fl.us>; Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Adam Teitzman <ATEITZMA@psc.state.fl.us>; Shannon Hudson <SHudson@PSC.STATE.FL.US>  
**Subject:** RE: Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Approved, thanks.

Sent from my T-Mobile 4G LTE Device

----- Original message -----

**From:** Tom Ballinger <[TBalling@PSC.STATE.FL.US](mailto:TBalling@PSC.STATE.FL.US)>  
**Date:** 10/8/21 9:02 AM (GMT-05:00)  
**To:** Braulio Baez <[BBaez@PSC.STATE.FL.US](mailto:BBaez@PSC.STATE.FL.US)>  
**Cc:** Mark Futrell <[MFutrell@PSC.STATE.FL.US](mailto:MFutrell@PSC.STATE.FL.US)>, Laura King <[LKing@PSC.STATE.FL.US](mailto:LKing@PSC.STATE.FL.US)>, Marissa Ramos <[mramos@psc.state.fl.us](mailto:mramos@psc.state.fl.us)>, Amber Norris <[amnorris@psc.state.fl.us](mailto:amnorris@psc.state.fl.us)>, Clayton Lewis <[CLewis@PSC.STATE.FL.US](mailto:CLewis@PSC.STATE.FL.US)>, Mary Anne Helton <[MHelton@PSC.STATE.FL.US](mailto:MHelton@PSC.STATE.FL.US)>, Keith Hetrick <[khetrick@psc.state.fl.us](mailto:khetrick@psc.state.fl.us)>, Shaw Stiller <[SStiller@psc.state.fl.us](mailto:SStiller@psc.state.fl.us)>, Asha Maharaj-Lucas <[AMaharaj@psc.state.fl.us](mailto:AMaharaj@psc.state.fl.us)>, Kate Hamrick <[KHamrick@psc.state.fl.us](mailto:KHamrick@psc.state.fl.us)>, Adam Teitzman <[ATEITZMA@psc.state.fl.us](mailto:ATEITZMA@psc.state.fl.us)>, Shannon Hudson <[SHudson@PSC.STATE.FL.US](mailto:SHudson@PSC.STATE.FL.US)>  
**Subject:** Request for oral modification to Item #6 on the 10/12/21 Agenda Conference

Staff requests approval to make an oral modification to Item 6 scheduled for the October 7, 2021 Commission Conference (Docket No. 20210043, Application to transfer facilities and water Certificate No. 652-W in Marion County from Arma Water Service, LLC to Leighton Estates Utilities, LLC.) Staff’s proposed modifications relate to the correction of the amortization period of the negative acquisition adjustment. Modifications are necessary to the amortization period referenced in the Recommendation the Staff Analysis sections of Issue 3, on page 8. These changes do not affect staff’s recommendation to approve the transfer.

**Proposed Modification to the Recommendation and Staff Analysis on page 8 (Issue 3):**

**Issue 3:**

Should an acquisition adjustment be recognized for ratemaking purposes?

**Recommendation:**

Yes. Pursuant to Rule 25-30.0371(3), F.A.C., a negative acquisition adjustment of \$47,985 should be recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, ~~half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility’s assets or 20 years,~~ in accordance with Rule 25-30.0371(4)(b)1, F.A.C. (Blocker)

**Staff Analysis:**

An acquisition adjustment results when the purchase price differs from the original cost of the assets’ NBV, adjusted to the time of the acquisition. Pursuant to Rule 25-30.0371(3), F.A.C., if the purchase price is equal to or less than 80 percent of NBV, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of NBV, less the purchase price. Pursuant to Rule 25.30.0371(4)(b)1., F.A.C., if the purchase price is greater than 50 percent of net book value, ~~half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility’s assets.~~ The calculation of the acquisition adjustment is shown in Table 3-1. ~~Staff estimates the remaining life of the assets to be 20 years.~~

**Table 3-1  
Calculation of Negative Acquisition Adjustment**

Net book value as of January 1, 2021	\$274,981
80 percent of net book value	\$219,985
Purchase price	\$172,000
Negative acquisition adjustment	\$47,985

Therefore, pursuant to Rule 25-30.0371(3), F.A.C., staff recommends a negative acquisition adjustment of \$47,985 be recognized for ratemaking purposes. Beginning with the date of issuance of the order approving the transfer, ~~one half of the negative acquisition adjustment should be amortized over a 7-year period and the other half amortized over the remaining life of the Utility’s assets, or 20 years,~~ in accordance with Rule 25-30.0371(4)(b)1, F.A.C.