

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 24, 2022

TO: Office of the Commission Clerk

FROM: Rhonda L. Hicks, Director, Office of Auditing and Performance Analysis *RLH*

RE: Docket No.: 20220063-WS
Company Name: Tradewinds Utilities, Inc.
Company Code: WS719
Audit Purpose: B1c: Certificate Transfer
Audit Control No.: 2022-090-4-2

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

RLH/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Tradewinds Utilities, Inc./
CSWR-Florida Utility Operating Company, LLC

Transfer of Certificate
Certificate Nos. 405-W and 342-S

As of February 28, 2022

Docket No. 20220063-WS
Audit Control No. 2022-090-4-2
June 17, 2022

Gabriela Leon
Audit Manager

Marisa N. Glover
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request, dated March 29, 2022. We have applied these procedures to the attached schedules prepared by Tradewinds Utilities, Inc./CSWR-Florida Utility Operating Company, LLC's request for a Transfer of Certificate in Docket No 20220063-WS.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Buyer/Utility refers to Central States Water Resources (CSWR)-Florida Utility Operating Company (UOC), LLC, which is wholly owned by CSWR-Florida Utility Holding Company, LLC.

Seller refers to Tradewinds Utilities, Inc.

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform System of Accounts adopted by Rule 25-30.115, Florida Administrative Code.

Utility Information

Tradewinds Utilities, Inc. (Tradewinds or Utility) is a Class “B” water and wastewater utility that serves approximately 501 water and 302 wastewater customers in Marion County, per the application. Rate Base was last established in the last rate case proceeding in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011.

CSWR-Florida UOC, LLC is purchasing Tradewinds Utilities Inc. water system for \$1,215,000 and the wastewater system for \$1,440,000. The anticipated closing date for both systems is 45 days after Commission approval. CSWR-Florida UOC, LLC is not acquiring any non-regulated assets or operations of the Seller and is not assuming any of the Seller’s liabilities or obligations. The transaction is limited to the acquisition of assets used to provide regulated utility service. CSWR-Florida UOC, LLC filed an application with the Commission for a Transfer of Certificate on March 15, 2022.

Utility Books and Records

Objective: The objective was to determine whether the Utility maintains its accounts and records in conformity with the NARUC USOA.

Procedures: Based upon the review of the general ledger provided by the Seller, the Utility’s books and records are not maintained according to the NARUC USOA. Finding 1 discusses the Utility’s books and records.

Net Book Value

Utility Plant in Service

Objectives: The objectives were to determine whether the utility plant in service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are recorded at original

cost, 3) Retirements are recorded when a replacement asset is put into service and 4) Adjustments required in the Utility's last rate proceeding are recorded in its books and records.

Procedures: We reconciled UPIS beginning balances, as of December 31, 2009, using the Commission-approved balances in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011. We scheduled UPIS activity from December 31, 2009, through February 28, 2022, and verified plant additions along with supporting documentation. We ensured that retirements were made when an asset was removed or replaced. The Utility did not provide a general ledger for 2017, and only a balance sheet for 2010. The plant additions for those years were excluded from the rate base due to lack of supporting documentation. The Utility provided supporting documentation for the years of 2011 through 2013, 2019, and 2021. Findings 2 and 3 discuss utility plant in service.

Land and Land Rights

Objectives: The objectives were to determine whether the Utility's land was: 1) Recorded at original cost, 2) Owned or secured under a long-term lease agreement and 3) Adjustments required in the Utility's last rate proceeding are recorded in its books and records.

Procedures: We scheduled land from the Commission-approved balances in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011. There were no additions to land from December 31, 2009, through February 28, 2022, for water or wastewater. No further work was performed.

Accumulated Depreciation

Objectives: The objectives were to determine whether the Utility's accumulated depreciation: 1) Accruals were properly calculated and recorded based on Rule 25-30.140, Florida Administrative Code, –Depreciation, 2) Retirements are recorded when an asset is replaced and 3) Adjustments required in the Utility's last rate proceeding are recorded to its books and records.

Procedures: We reconciled accumulated depreciation's beginning balances, as of December 31, 2009, using the Commission-approved balances in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011, for the period of December 31, 2009, through February 28, 2022. We calculated accumulated depreciation using the depreciation rates established in Rule 25-30.140(2), Florida Administrative Code. Tradewinds did not assign the appropriate accumulated depreciation to individual accounts. Instead, the Utility recorded monthly lump sums for both water and wastewater. Findings 2 and 3 discuss accumulated depreciation.

Contributions-in-Aid-of-Construction

Objectives: The objectives were to determine whether the Utility's contributions-in-aid-of-construction (CIAC): 1) Consisted of cash or property contributions that exist and are owned by the Utility, 2) Additions are recorded using Commission-approved tariffs, 3) Retirements are recorded when a contributed asset is replaced and 4) Adjustments in the Utility's last rate proceeding are recorded in its books and records

Procedures: We reconciled contributions-in-aid-of-construction beginning balances, as of December 31, 2009, using the Commission-approved balances in Order No. PSC-2011-0385-

PAA-WS, issued September 13, 2011. The Utility did not provide any supporting documentation for the additions of \$5,034, and \$4,164 to water and wastewater, respectively. We also noted the Utility did not record the Commission-ordered adjustments. Finding 4 discusses contributions-in-aid-of-construction.

Accumulated Amortization of CIAC

Objectives: The objectives were to determine whether the Utility's accumulated amortization of CIAC: 1) Accruals are properly calculated and recorded based on Rule 25-30.140, Florida Administrative Code, – Depreciation, 2) Retirements are recorded when a contributed asset is replaced and 3) Adjustments required in the Utility's last rate proceeding are recorded to its books and records.

Procedures: We reconciled accumulated amortization of CIAC's beginning balances, as of December 31, 2009, using the Commission-approved balances in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011. We calculated annual accruals to accumulated amortization of CIAC using the depreciation rates established by Rule 25-30.140(2). The Utility did not record Commission-ordered adjustments and did not provide support for any additions for the period December 31, 2009, through February 28, 2022. Finding 4 discusses accumulated amortization of contributions-in-aid-of-construction.

Acquisition Adjustment

Objective: The objective was to determine the acquisition adjustment, if any, based on audit staff's net book value pursuant to Rule 25-30.0371(1), Florida Administrative Code – Acquisition Adjustments.

Procedures: We determined that the Net Book Value for the Utility, at the time of the transfer, was less than the purchase price, which would reflect a positive acquisition adjustment, pursuant to Rule 25-30.0371 – Acquisition Adjustments. The Buyer is requesting a positive acquisition adjustment. Audit staff determined the acquisition adjustment to be \$848,877 for water and \$1,364,571 for wastewater. No further work was performed.

Other

Rates and Charges

Objective: The objective is to determine whether the Utility is charging monthly service rates authorized by Commission-approved tariffs.

Procedures: We obtained and tested the Utility's billing register for the months of December 2021, January 2022, and February 2022. We recalculated a sample of customer bills using the Commission-approved tariffs and verified that the Utility was using the approved rates. No further work was performed.

Customer Deposits

Objective: The objective is to determine whether the Seller collected customer deposits and whether the balances are transferred to the Buyer.

Procedures: We inquired about the deposit policy. The Seller has Commission-approved tariffs for the collection of customer deposits. Audit staff determined that the Utility does collect customer deposits. We determined that the Utility's trial balance for customer deposits from December 31, 2009, through February 28, 2022, was overstated by \$4,220 according to audit staff's recalculation. Finding 5 discusses customer deposits.

Audit Findings

Finding 1: Books and Records

Audit Analysis: Tradewinds' books and records are not maintained in accordance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA).

NARUC USOA for Class "B" Water and Wastewater Utilities states,

"Each Utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of accounts so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts relevant thereto."

Rule 25-30.115, Florida Administrative Code – Uniform System of Accounts for Water and Wastewater Utilities, states that utilities shall maintain their accounts and records in conformity with the NARUC USOA.

Audit staff noted that Tradewinds did not maintain their books and records in accordance with the NARUC USOA. The general ledgers from December 31, 2009, and February 28, 2022, were not maintained and not available from the Utility.

Finding 2: Utility Plant in Service and Accumulated Depreciation-Water

Audit Analysis: According to the Utility’s trial balance, total water UPIS was \$1,091,508 as of February 28, 2022. The Utility recorded \$63,536 in plant additions between December 31, 2009, through February 28, 2022, of which \$45,760 related to Account 334- Meter and Meter Installations. Meter installations are provided by the management company, MIRA International, which is owned by Mr. Charlie DeMenzes. The seller could not provide invoices, but did provide a schedule showing the meters that were installed. The only support that was provided in this time period was for \$198 for the year 2011. The Utility did not record any retirements for the audit period. Audit staff calculated retirements for plant additions by retiring 75% of the replacements. We scheduled plant additions and retirements from December 31, 2009, through February 28, 2022. We used the Commission-approved beginning balances in Order PSC-2011-0385-PAA-WS, issued September 13, 2011, and added only the items for which support was provided. Audit staff determined the UPIS balance to be \$1,028,074, as shown in Table 2-1.

**Table 2-1
Water UPIS**

| Account -Description | Utility Balance | | Audit Balance |
|---|-------------------------|--------------------|-----------------------|
| | UPIS As of 2/28/2022 | Audit Adjustments | UPIS As of 2/28/22 |
| 301 Rate Case Exp. Amort | \$ 482 | \$ - | \$ 482 |
| 302 Franchises | 925 | - | 925 |
| 304 Structures and Improvements | 122,472 | - | 122,472 |
| 308 Pearl Britain Fire Well | 59,753 | (59,753) | 0 |
| 309 Supply Mains | 2,469 | - | 2,469 |
| 310 Power Generation Equipment | 19,733 | - | 19,733 |
| 311 Well Pumps | 16,260 | 59,229 | 75,489 |
| 320 Water Treatment Equipment | 6,568 | (304) | 6,264 |
| 330 Distribution Reservoir & Standpipes | 292,464 | (3,585) | 288,879 |
| 331 Transmission & Distribution Mains | 259,851 | 23,093 | 282,944 |
| 332 Pearl Britain Dist. Mains | 23,093 | (23,093) | 0 |
| 333 Services | 69,852 | - | 69,852 |
| 334 Meter & Meter Installations | 200,645 | (57,863) | 142,782 |
| 335 Hydrants | 8,000 | - | 8,000 |
| 339 Other Plant & Misc. Equip | 1,462 | (1,157) | 305 |
| 340 Office Furniture & Equip | 5,740 | - | 5,740 |
| 341 Transportation Equipment | 800 | - | 800 |
| 343 Tool, Shop & Garage Equipment | 937 | - | 937 |
| Total: | \$ 1,091,508 | \$ (63,434) | \$ 1,028,074 |

According to the Utility’s trial balance, water accumulated depreciation balance was \$812,221 as of February 28, 2022. The Utility did not separate by plant accounts, but provided a lump sum for accumulated depreciation on the trial balance. However, the Utility explained that they used the balances per the Annual Report to calculate the depreciation expense. Audit staff calculated accumulated depreciation using the approved rates from Rule 25-30.140, Florida Administrative Code - Depreciation, and the audited plant additions and retirements, as of February 28, 2022. We

determined that the water accumulated depreciation balance was \$844,451, as of February 28, 2022, as shown in Table 2-2.

**Table 2-2
Water Accumulated Depreciation**

| Account-Description | Utility Balance Accumulated Depreciation as of 2/28/2022 | Adjustments | Per Audit Staff as of 2/28/2022 |
|---|---|-----------------|------------------------------------|
| 301 Rate Case Exp. Amort | | | \$ (568) |
| 302 Franchises | | | (1,084) |
| 304 Structures & Improvements | | | (102,361) |
| 309 Supply Mains | | | (2,290) |
| 310 Power Generation Equipment | | | (30,303) |
| 311 Well Pumps | | | (121,170) |
| 320 Water Treatment Equipment | | | (6,750) |
| 330 Distribution Reservoir & Standpipes | | | (204,071) |
| 331 Transmission & Distribution Mains | | | (209,463) |
| 333 Services | | | (53,574) |
| 334 Meter & Meter Installations | | | (92,617) |
| 335 Hydrants | | | (6,541) |
| 339 Other Plant & Miscellaneous Equip | | | (453) |
| 340 Office Furniture & Equip | | | (9,431) |
| 341 Transportation Equipment | | | (2,423) |
| 343 Tools, Shop and Garage Equip | | | (1,353) |
| | Total: \$ | (\$ 812,221) \$ | (\$ 32,230) \$ (844,451) |

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined water UPIS should be decreased by \$63,434 to include the actual total of additions and retirements to UPIS from December 31, 2009, through February 28, 2022. Audit staff determined the accumulated depreciation should be increased by \$32,230 as of February 28, 2022.

Finding 3: Utility Plant in Service and Accumulated Depreciation- Wastewater

Audit Analysis: According to the Utility's trial balance, total wastewater UPIS was \$523,984, as of February 28, 2022. The Utility recorded \$66,631 in plant additions between December 31, 2009, through February 28, 2022. However, supporting documentation was not provided for these amounts. The Utility provided supporting documentation for plant additions in the amount of \$28,890, but did not supply any supporting documentation for retirements for the audit period. Audit staff calculated retirements for plant additions by retiring 75% of the replacements. We scheduled plant additions and retirements from December 31, 2009, through February 28, 2022. We used the Commission-approved beginning balances in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011. Audit staff determined wastewater UPIS to be \$607,726, as of February 28, 2022, as shown in Table 3-1. The Utility transferred the wastewater plant to Marion County as of February 17, 2021. This included ten acres of land the Utility was using as a spray field. The agreement states the county will take ownership of a certain portion of company facilities including real property to replace the conveyed wastewater facilities with a master pump system to connect to county's central wastewater collection system. Decommissioning the defunct facilities allows Marion County to provide wastewater service to the Utility's customers. CSWR will be purchasing all the underground lines and lift stations. According to Mr. Demenzes, CSWR is aware of about the transfer of the wastewater plant to the county.

**Table 3-1
Wastewater UPIS**

| Account-Description | Utility Balance UPIS As of 2/28/2022 | Audit Adjustments | Audit Balance UPIS As of 2/28/2022 |
|---|---|------------------------------|---|
| 351-Organization | \$ 947 | \$ - | \$ 947 |
| 352-Franchises | 3,806 | - | 3,806 |
| 354-Structures & Improvements | - | - | - |
| 357 Pearl Britain Force Mains | 23,069 | (23,069) | - |
| 355-Power Generation Equipment | - | - | - |
| 360-Collection Sewers -Force | 10,391 | 23,056 | 33,447 |
| 361-Collection Sewers-Gravity | 141,888 | - | 141,888 |
| 362-Special Collecting Structures | 2,531 | (1,464) | 1,067 |
| 363-Services to Customers | 64,155 | - | 64,155 |
| 364- Flow Measuring Devices | 1,711 | - | 1,711 |
| 365-Flow Measuring Installations | - | 207,731 | 207,731 |
| 370-Receiving Wells | 245,339 | (119,725) | 125,614 |
| 380-Treatment and Disposal Equipment | - | - | - |
| 381-Plant Sewers | - | - | - |
| 382-Outfall Sewer Lines | - | - | - |
| 389-Other Plant & Miscellaneous Equipment | 7,567 | (2,429) | 5,138 |
| 390-Office Furniture & Equipment | 5,397 | - | 5,397 |
| 390-Tools, Shop & Garage Equipment | 1,135 | - | 1,135 |
| 391-Transportation Equipment | - | - | - |
| 393-Tools, Shop and Garage Equipment | - | (360) | (360) |
| 395- Power Operated Equipment | 16,049 | - | 16,049 |
| 398-Other Tangible Plant | - | - | - |
| Total: | \$ 523,984 | \$ 83,742 | \$ 607,726 |

According to the Utility's trial balance, wastewater accumulated depreciation was \$471,912 as of February 28, 2022. The Utility did not separate the accumulated depreciation by plant accounts. However, the Utility explained that they used the balances per the Annual Report to calculate the depreciation expense. Audit staff calculated accumulated depreciation using the approved rates from Rule 25-30.140, Florida Administrative Code - Depreciation, and the audited plant additions and retirements, as of February 28, 2022. We determined that the wastewater accumulated depreciation balance was \$514,483, as of February 28, 2022, as shown in Table 3-2.

**Table 3-2
Wastewater Accumulated Depreciation**

| Account-Description | Utility Balance As of 2/28/2022 | Audit Adjustments | Audit Balance Accumulated Depreciation as of 2/28/2022 |
|--|--|------------------------------|---|
| 351-Organization | | | \$ (895) |
| 352-Franchises | | | (4,782) |
| 354- Structures & Improvements | | | - |
| 360-Collection Sewers-Force | | | (24,906) |
| 361-Collection Sewers-Gravity | | | (126,313) |
| 362-Special Collecting Structures | | | (9,043) |
| 363-Services to Customers | | | (57,193) |
| 364-Flow Measuring Devices | | | (14,600) |
| 370-Receiving Wells | | | (221,564) |
| 380-Treatment & Disposal Equipment | | | - |
| 381-Plant Sewers | | | - |
| 382-Outfall Sewer Lines | | | - |
| 389-Other Plant & Miscellaneous Equip. | | | (14,827) |
| 390-Office Furniture & Equipment | | | (8,999) |
| 393-Tools, Shop & Garage Equipment | | | (678) |
| 395-Power Operated Equipment | | | (30,683) |
| Total: | \$ (471,912) | \$ (42,571) | \$ (514,483) |

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined the wastewater UPIS should be increased by \$83,742, to include the total of additions and retirements to UPIS from December 31, 2009, through February 28, 2022. Audit staff determined the accumulated depreciation balance should be increased by \$42,571, as of February 28, 2022.

Finding 4: Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

Audit Analysis: According to the Utility’s trial balance, contributions-in-aid-of-construction were \$335,746 and \$554,306 for water and wastewater, respectively, as of February 28, 2022. The Utility did not provide supporting documentation for the additions made to contributions-in-aid-of-construction for the test period and did not make the Commission-approved adjustments in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011, for water and wastewater.

Audit staff noted water contributions-in-aid-of-construction are fully amortized. The trial balance for wastewater contributions-in-aid-of-construction started with a debit balance and was not corrected, as of February 28, 2022.

Based on the procedures performed above, audit staff determined water contributions-in-aid-of-construction to be \$342,045, as of February 2022, as shown in Table 4-1. Audit staff determined wastewater contributions-in-aid-of-construction to be \$546,155, as of February 28, 2022, as shown in Table 4-2.

**Table 4-1
Water Contributions-in-Aid-of-Construction**

| Account-Description | Composite Rate | Utility Balance | | Audit Adjustments | Audit Balance CIAC As of 2/28/2022 |
|---------------------|----------------|--------------------|----|-------------------|------------------------------------|
| | | CIAC As of 2/28/22 | | | |
| CIAC | 0.0273 | \$ (335,746) | \$ | (6,299) | \$ (342,045) |
| Total: | | \$ (335,746) | \$ | (6,299) | \$ (342,045) |

**Table 4-2
Wastewater Contributions-in-Aid-of-Construction**

| Account-Description | Composite Rate | Utility Balance | | Audit Adjustments | Audit Balance CIAC As of 2/28/2022 |
|---------------------|----------------|--------------------|----|-------------------|------------------------------------|
| | | CIAC As of 2/28/22 | | | |
| CIAC | 0.02045 | \$ 554,306 | \$ | (1,100,461) | \$ (546,155) |
| Total: | | \$ 554,306 | \$ | (1,100,461) | \$ (546,155) |

According to the Utility’s trial balance, accumulated amortization of CIAC was \$335,747 and \$545,676 for water and wastewater, respectively, as of February 28, 2022. The Utility did not provide supporting documentation for the additions made to CIAC in the test period, and did not make the Commission-approved adjustments in Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011.

Audit staff noted water accumulated amortization of CIAC is fully amortized. The trial balance for wastewater accumulated amortization of CIAC started with a credit balance, and was not corrected, as of February 28, 2022.

Based on the procedures performed above, audit staff determined water accumulated amortization of CIAC to be \$342,045, as of February 2022, as shown in Table 4-3. Audit staff determined wastewater accumulated amortization of contributions-in-aid-of-construction to be \$528,341, as of February 28, 2022, as shown in Table 4-4.

Table 4-3
Water Accumulated Amortization of Contributions-in-Aid-of-Construction

| Account-Description | Utility Balance AA of CIAC As of 2/28/22 | Audit Adjustments | Audit Balance AA of CIAC As of 2/28/2022 |
|-------------------------------------|--|-------------------|---|
| Accumulated Amortization of CIAC | \$ 335,747 | \$ 6,298 | \$ 342,045 |
| Total: | \$ 335,747 | \$ 6,298 | \$ 342,045 |

Table 4-4
Wastewater Accumulated Amortization of Contribution-in-Aid-of-Construction

| Account-Description | Utility Balance AA of CIAC As of 2/28/22 | Audit Adjustments | Audit Balance AA of CIAC As of 2/28/2022 |
|-------------------------------------|--|---------------------|---|
| Accumulated Amortization of CIAC | \$ (545,676) | \$ 1,074,017 | \$ 528,341 |
| Total: | \$ (545,676) | \$ 1,074,017 | \$ 528,341 |

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined wastewater CIAC balance should be decreased by \$1,100,461. Audit staff determined wastewater accumulated amortization of CIAC should be increased by \$1,074,017. For water, audit staff determined CIAC and accumulated amortization of CIAC are fully amortized.

Finding 5: Customer Deposits

Audit Analysis: According to the Utility's trial balance, customer deposits' balance was \$24,873, as of February 28, 2022. The Utility provided a list of the customer deposits but did not maintain a record of refunds, even though the refunds were recorded in the general ledger. A comparison of the deposits from January 1, 2019, through February 28, 2022, revealed a difference of \$4,220. Audit staff could not determine the appropriate refunded amounts of customer deposits as of February 28, 2022.

**Table 5-1
Customer Deposits**

| Account Description | Utility Balance Customer Deposit As of 02/28/2022 | Adjustments | Audit Balance Customer Deposit As of 02/28/2022 |
|-----------------------|---|-------------------|---|
| 235 Customer Deposits | \$ 24,873 | \$ (4,220) | \$ 20,653 |
| Total : | \$ 24,873 | \$ (4,220) | \$ 20,653 |

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined the balance for customer deposits should be decreased by \$4,220, to reflect the total amount of customer deposits as of February 28, 2022.

Exhibits

Exhibit 1: Water Net Book Value

| TRADEWINDS UTILITIES INC. TRANSFER OF CERTIFICATE DOCKET NO. 20220063-WS; ACN. 2022-090-4-2 SCHEDULE OF WATER NET BOOK VALUE AS OF FEBRUARY 28, 2022 | | | | |
|---|--|------------------------------|---------------------------|--|
| Description | Balance per Utility As of 2/28/2022 | Audit Adjustments | Audit Findings | Balance per Audit As of 2/28/2022 |
| Utility Plant in Service | \$ 1,091,508 | \$ (63,434) | 2 | \$ 1,028,074 |
| Land | 182,500 | - | | 182,500 |
| Accumulated Depreciation | (812,221) | (32,230) | 2 | (844,451) |
| Contribution in Aid of Construction | (335,746) | (6,299) | 4 | (342,045) |
| Accumulated Amortization of CIAC | 335,747 | 6,298 | 4 | 342,045 |
| NET BOOK VALUE | \$ 461,788 | \$ (95,665) | | \$ 366,123 |

Exhibit 2: Wastewater Net Book Value

| TRADEWINDS UTILITIES INC. TRANSFER OF CERTIFICATE AUDIT DOCKET NO. 20220063-WS; ACN. 2022-090-4-2 SCHEDULE OF WASTEWATER NET BOOK VALUE AS OF FEBRUARY 28, 2022 | | | | |
|--|--|------------------------------|--------------------------|--|
| Description | Balance Per Utility as of 2/28/22 | Audit Adjustments | Audit Finding | Balance per Audit as of 2/28/22 |
| Utility Plant in Service | \$ 523,984 | \$ 83,742 | 3 | \$ 607,726 |
| Land | - | - | | - |
| Accumulated Depreciation | (471,912) | (42,571) | 3 | (514,483) |
| Contributions-in-Aid-of-Construction | 554,306 | (1,100,461) | 4 | (546,155) |
| Accumulated Amortization of CIAC | (545,676) | 1,074,017 | 4 | 528,341 |
| NET BOOK VALUE | \$ 60,702 | \$ 14,727 | | \$ 75,429 |