

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: July 20, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Ramos) *TB*
Division of Accounting and Finance (Sewards, Thurmond) *ALM*
Division of Economics (Bethea, Hudson) *CPD*
Office of the General Counsel (Stiller) *JSC*

RE: Docket No. 20220063-WS – Application for transfer of water and wastewater facilities of Tradewinds Utilities, Inc., water Certificate No. 405-W, and wastewater Certificate No. 342-S to CSWR-Florida Utility Operating Company, LLC, in Marion County.

AGENDA: 08/01/23 – Regular Agenda – Proposed Agency Action for Issues 2, 3, and 4 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Schedule immediately after Docket No. 20220062-WS

Case Background

Tradewinds Utilities, Inc. (Tradewinds, Utility, or Seller) is a Class B water and wastewater utility operating in Marion County. Tradewinds provides service to approximately 505 water customers and 279 wastewater customers. The Utility is in the St. Johns River Water Management District (SJRWMD). The SJRWMD has year-round watering restrictions in place for the portion of Marion County within its district. In its 2022 Annual Report, Tradewinds

reported net operating losses of \$50,762 for water and \$565,765 for wastewater. The Utility's last rate case was in 2011.¹

In 1983, the Florida Public Service Commission (Commission) issued original water and wastewater Certificate Nos. 405-W and 342-S to Tradewinds.² The Commission subsequently granted five amendments to add or delete territory.³

On March 15, 2022, CSWR-Florida Utility Operating Company, LLC (CSWR-Tradewinds or Buyer) filed an application with the Commission for the transfer of Certificate Nos. 405-W and 342-S from Tradewinds to CSWR-Tradewinds in Marion County. The application was found to be deficient. The Buyer cured the deficiencies on May 1, 2023. The sale will close after the Commission votes to approve the transfer. In its application, the Buyer has requested a positive acquisition adjustment, which is discussed in Issue 3. The Office of Public Counsel's (OPC) intervention was acknowledged by Order No. PSC-2022-0128-PCO-WS, issued March 25, 2022.

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 405-W and 342-S, the appropriate net book value (NBV) of the water and wastewater systems for transfer purposes, and the request for an acquisition adjustment. The Commission has jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.).

¹Order No. PSC-11-0385-PAA-WS, issued September 13, 2011, in Docket No. 20100127-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*

²Order No. 12184, issued July 1, 1983 in Docket No. 19830110-WS, *In re: Application of Trade Winds [sic] Utilities, Inc., for original water and sewer certificates to operate a utility in Marion County, Florida.*

³Order No. 13238, issued April 27, 1984, in Docket No. 19840088-WU, *In re: Application of Tradewinds Utilities, Inc., for amendment of Certificate No. 405-W in Marion County, Florida*; Order No. 19688, issued July 19, 1988, in Docket No. 19880552-WS, *In re: Application of Tradewinds Utilities, Inc., for amendment to Certificates [sic] Nos. 405-W and 342-S in Marion County, Florida*; Order No. PSC-93-0368-FOF-WS, issued March 9, 1993, in Docket No. 19921260-WS, *In re: Application for certificates to provide water and wastewater service in Marion County by The Resolution Trust Corporation and for amendment of Certificates [sic] Nos. 405-W and 342-S by Tradewinds Utilities, Inc. to reflect transfer of territory*; Order No. PSC-98-0484-FOF-WS, issued April 6, 1998, in Docket No. 19971174-WS, *In re: Application for amendment of Certificates [sic] Nos. 405-W and 342-S to add territory in Marion County by Tradewinds Utilities, Inc.*; and Order No PSC-10-0020-FOF-WS, issued November 7, 2010, in Docket No. 20090417-WS, *In re: Application for amendment of Certificates 405-W and 342-S to add territory located in Marion County, by Tradewinds Utilities, Inc.*

Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 405-W and 342-S in Marion County from Tradewinds Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 405-W and 342-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, service availability charges, and initial customer deposits, as shown on Schedule No. 7, 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 is current with respect to annual reports and regulatory assessment fees (RAFs) through December 31, 2022. The Buyer should be responsible for filing annual reports and paying RAFs for all future years. (M. Watts, Thurmond, Bethea)

Staff Analysis: On March 15, 2022, CSWR-Tradewinds filed an application for the transfer of Certificate Nos. 405-W and 342-S from Tradewinds to CSWR-Tradewinds in Marion County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to CSWR-Tradewinds will become final after Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

CSWR-Tradewinds provided notice of the application pursuant to 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 service territory, which is appended to this recommendation as Attachment A. In its application, CSWR-Tradewinds provided a copy of an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C. CSWR-Tradewinds committed to providing the executed and recorded deed to the Commission within 60 days after the closing of the sale.

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 guaranteed revenue contracts, or customer advances of Tradewinds that must be disposed of with regard to the transfer. CSWR-Tradewinds will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the assets is \$2,660,000. According to the Buyer, the closing has not yet

taken place and is dependent on Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

Tradewinds' water system includes a water treatment plant (WTP) composed of three wells, a hypo-chlorination system for disinfection, two hydropneumatic/flow tanks, and one elevated storage tank. Two of the wells have capacities of 185 gallons per minute (gpm) each. The third well has a capacity of 950 gpm. The water distribution system extends throughout the service area. CSWR-Tradewinds provided a copy of the Utility's current consumptive use permit (CUP) from the SJRWMD. The Buyer committed to providing a copy of its CUP transfer application, reflecting the change in ownership, to the Commission within 60 days of the contract for sale.

Tradewinds' former wastewater treatment plant has been decommissioned. The Utility provides wastewater treatment service pursuant to a bulk service agreement with Marion County Utilities. Tradewinds has six lift stations in its collection system.

Staff reviewed the most recent Florida Department of Environmental Protection (DEP) sanitary survey issued on May 22, 2020, which identified three issues that were quickly corrected. In its June 10, 2020, inspection report to the Utility, the DEP stated that, based the information provided during and following the inspection, the facility was determined to be in compliance with its rules and regulations. Staff also reviewed the results from its August 4, 2021, water quality tests, including the secondary water quality test. All results were below the DEP's maximum contaminant levels for each contaminant.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regards to utility matters. CSWR-Tradewinds' application states that it owns and operates water and wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, Louisiana, Mississippi, Arizona, North Carolina, and Tennessee that currently serve more than 73,000 water and 117,000 wastewater customers. The Commission has also approved CSWR's purchase of five Florida certificated utilities in prior dockets.⁴

⁴See Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc.*, water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County*; Docket No. 20220149-SU, *In re: Application for transfer of wastewater Certificate No. 365-S of Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, in Highlands County* (the Commission approved the transfer of this system at the July 11, 2023 Agenda Conference; an order is forthcoming).

The Buyer plans to use qualified and licensed contractors to provide routine operation and maintenance (O&M) of the systems, as well as to handle billing and customer service. Staff reviewed the financial statements of CSWR-Tradewinds and believes the Buyer has documented adequate resources to support the Utility's water and wastewater operations. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

Tradewinds' rates and miscellaneous service charges were last approved in a 2011 staff assisted rate case.⁵ Tradewinds had a rate decrease to remove expired rate case expense amortization in 2016. Subsequently, the rates have been amended by seven price index rate adjustments with the last one being in 2022. The Utility's service availability charges for water were last approved in a 1994 staff assisted rate case.⁶ Allowances for Funds Prudently Invested (AFPI) for wastewater were approved in 2000.⁷ Tradewinds' initial customer deposits have been in effect since prior to 1994. 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. However, the miscellaneous service charges do not conform to the recent amendment to Rule 25-30.460, F.A.C., and are discussed separately in Issue 4. Therefore, staff recommends that the Utility's existing rates, service availability charges, and initial customer deposits as shown on Schedule No. 7, 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.

Regulatory Assessment Fees and Annual Report

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2022. The Buyer should be responsible for filing the Utility's annual reports and paying RAFs for all future years.

Conclusion

Based on the foregoing, staff recommends that the transfer of the water and wastewater systems and Certificate Nos. 405-W and 342-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, service availability charges, and initial customer deposits, as shown on Schedule No. 7, should remain in effect until a change is authorized by the Commission in a

⁵Order No. PSC-11-0385-PAA-WS, issued September 13, 2011, in Docket No. 20100127-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*

⁶Order No. PSC-94-0245-FOF-WS, issued March 4, 1994, in Docket No. 19930524-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*

⁷Order No. PSC-00-1513-TRF-WS, issued August 21, 2000, in Docket No. 19991835-WS, *In re: Application for allowance for funds prudently invested (AFPI) charge for additional water improvements and for additional lines associated with wastewater extension into George Mayo subdivision in Marion County, by Tradewinds Utilities, Inc.*

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 is current with respect to annual reports and RAFs through December 31, 2022. The Buyer should be responsible for filing annual reports and paying RAFs for all future years.

Issue 2: What is the appropriate net book value for CSWR-Florida Utility Operating Company LLC's water and wastewater systems for transfer purposes?

Recommendation: For transfer purposes, the NBV of the water and wastewater systems is \$309,394 and \$25,516, respectively, as of February 28, 2022. Within 90 days of the date of the Consummating Order, CSWR-Tradewinds 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 the Utility's 2023 Annual Report when filed. (Thurmond)

Staff Analysis: Rate base for the water and wastewater systems were last established on September 13, 2011.⁸ The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. CSWR-Tradewinds' request for a positive acquisition adjustment is addressed in Issue 3. 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 February 28, 2022.⁹ Staff's recommended NBV, as described below, is shown on Schedule Nos. 1 and 2.

Utility Plant in Service (UPIS)

According to the Utility's general ledger, the total UPIS balance for water and wastewater was \$1,091,508 and \$523,984, respectively, as of February 28, 2022. Staff compiled the plant additions and retirements to UPIS from December 31, 2009, to February 28, 2022, and traced supporting documentation. As a result, staff recommends a decrease to UPIS of \$63,434, for water, and an increase of \$86,098 for wastewater, as of February 28, 2022. Accordingly, staff recommends total UPIS balances of \$1,028,074 and \$610,082 for water and wastewater, respectively, as of February 28, 2022.

Land

The Utility's general ledger reflected land balances of \$182,500 for water, as of December 31, 2009. Staff recommends a decrease to land balance of \$112,500 for water, as of February 28, 2022, to account for a land adjustment ordered in the Utility's last rate case. Therefore, staff recommends total land balance of \$70,000 for water.

Accumulated Depreciation

According to the Utility's general ledger, the total accumulated depreciation balances were \$812,221 and \$471,912 for water and wastewater, respectively, as of February 28, 2022. Staff recalculated depreciation accruals using the depreciation rates established by Rule 25-30.140, F.A.C. As a result, staff recommends that the accumulated depreciation balance be decreased by \$30,685 for water, and increased by \$91,603 for wastewater, as of February 28, 2022. Accordingly, staff recommends total accumulated depreciation balances of \$781,536 and \$563,515 for water and wastewater, respectively, as of February 28, 2022.

⁸Order No. PSC-11-0385-PAA-WS, issued September 13, 2011, in Docket No. 20100127-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*

⁹Net book value is calculated through the date of the closing. According to the Utility's application, the closing will not occur until after the transaction receives Commission approval. Therefore, staff is relying on the most current information provided to staff auditors at the time of the filing.

Date: July 20, 2023

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

According to the Utility's general ledger, the CIAC balances were \$335,746 and (\$554,306) for water and wastewater, respectively, as of February 28, 2022. Accumulated amortization of CIAC balances were \$335,747 and (\$545,676) for water and wastewater, respectively, as of February 28, 2022. Staff traced CIAC and accumulated amortization of CIAC balances from December 31, 2009, to February 28, 2022, using supporting documentation, annual reports, and the Utility general ledger. As a result, staff recommends that the CIAC balance be increased by \$6,299 and \$1,100,461 for water and wastewater, respectively, as of February 28, 2022. Staff also recommends that the accumulated amortization of CIAC balances be decreased by \$845 for water, and increased by \$1,070,780 for wastewater, as of February 28, 2022. Accordingly, staff recommends total CIAC balances of \$342,045 and \$546,155 for water and wastewater, respectively, as of February 28, 2022. Staff also recommends Accumulated Amortization of CIAC balances of \$334,902 and \$525,104 for water and wastewater, respectively, as of February 28, 2022.

Net Book Value

The Utility's general ledger reflected a NBV of \$461,788 and \$60,702 for water and wastewater, respectively, as of February 28, 2022. Based on the adjustments described above, staff recommends a NBV of \$309,394 and \$25,516 for water and wastewater, respectively, as of February 28, 2022. 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. 1 and 2 as of February 28, 2022. As addressed in Issue 3, a positive acquisition adjustment should not be recognized for ratemaking purposes.

Conclusion

Based on the above, for transfer purposes, staff recommends a NBV of \$309,394 and \$25,516 for water and wastewater, respectively, for a combined NBV of \$334,910, as of February 28, 2022. Within 90 days of the date of the Consummating 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 the Utility's 2023 Annual Report when filed.

Issue 3: Should a positive acquisition adjustment be recognized for ratemaking purposes?

Recommendation: No. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment should not be granted as the Buyer failed to demonstrate extraordinary circumstances (Thurmond, M. Watts)

Staff Analysis: In its filing, the applicant requested a positive acquisition adjustment be included in the calculation of the Utility's rate base. An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. A positive acquisition adjustment, if approved, increases rate base.

According to the purchase agreement, the Buyer will purchase the Utility for \$2,660,000. As discussed in Issue 2, staff is recommending a combined NBV of \$334,910. This would result in a positive acquisition adjustment of \$2,325,090.

Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. Rule 25-30.0371(2), F.A.C., states:

In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction.

If a purchase price above depreciated original cost is used to determine rate base, without the requirement for extraordinary circumstances, it could encourage utilities to "swap assets" and inappropriately increase cost to customers.

Deferral

In discovery responses, CSWR-Tradewinds stated that it intends to ask for deferral of a decision regarding the requested acquisition adjustment. In its application, the Buyer laid out factors such as improvements to quality of service, cost efficiencies, and rate stability. These are discussed below, and staff recommends that these factors do not constitute extraordinary circumstances. In response to discovery, the Buyer agreed that after the rate base is set, if a company provides support in a separate and subsequent case that there are utility assets that were not previously recorded, then the company can prospectively recover the unrecorded amount of that investment. Therefore, if the Buyer finds assets were incorrectly recorded on the Seller's balance sheet, the Buyer can support those costs and recover them in a future rate case. That is normal Commission practice and is not considered extraordinary circumstances.

Pursuant to Commission practice, the Buyer has the burden of proving extraordinary circumstances at the time of transfer. Staff believes that in the instant case, the Buyer has failed to provide proof of extraordinary circumstances. Further, the Buyer had multiple opportunities to provide pertinent information needed to determine if a positive acquisition adjustment was

appropriate. As such, staff recommends the Commission deny the request to defer a decision on the positive acquisition adjustment.

Finally, it is long-standing Commission practice to address the disposition of any positive or negative acquisition adjustment at the time of transfer. Pursuant to Section 120.68(7)(e)3., F.S., when agencies change their established policies, practices, and procedures, they must give an explanation for the deviation. Staff does not believe the facts in this case warrant such a deviation. As such, staff believes the deferral of a positive acquisition adjustment decision in this docket would result in an unnecessary deviation from Commission practice.

Improvements in Quality of Service and Compliance with Regulatory Mandates

In its application, CSWR-Tradewinds listed six business practices that it believes will improve the quality of service to its customers: (1) provision of 24-hour emergency service phone numbers; (2) on-call emergency service personnel who are required to respond to emergency service calls within prescribed time limits; (3) a computerized maintenance management system; (4) access to resources not usually available to comparably sized systems and the ability to supplement local personnel with resources owned by the parent and sister companies; (5) online bill payment options; and (6) an updated website for customer communication, bulletins, procedures, etc.

Staff reviewed the complaints filed with the Commission for the five-year period prior to the application, from March 2017 to March 2022. The Commission recorded two complaints regarding improper billing during this time period. In its application, CSWR-Tradewinds did not list any customer complaints related to the water or wastewater treatment systems or for secondary water quality issues.

In addition to reviewing the Utility's most recent sanitary survey (May 22, 2020), as discussed in Issue 1, staff also reviewed the two prior sanitary surveys (conducted in 2017 and 2014). As with the 2020 sanitary survey, the 2017 and 2014 sanitary surveys found a few minor issues, which were corrected.

In Exhibit H of its application, CSWR-Tradewinds described its plans for rehabilitation of major system components and general improvements. The Buyer's plans for the water system, having found no major problems with its compliance history or obvious need for repairs, include rehabilitating the wells and tanks, and performing distribution repairs as needed. Because Tradewinds' WWTP was decommissioned after CSWR-Tradewinds filed its application, only its plans for the collections system will be discussed here. The Buyer plans to rehabilitate the six lift stations and perform collection system repairs as necessary. CSWR-Tradewinds' plans for improvements to both the water and wastewater systems are to install remote monitoring systems. The Buyer stated in its application that no governmental authorities are presently requiring repairs or improvements to the systems.

Based on the above, it appears that Tradewinds currently has no issues with respect to regulatory compliance. While the Buyer identified some general improvements it intends to implement, staff does not believe the Buyer has demonstrated extraordinary circumstances in support of its requested positive acquisition adjustment. Instead, staff believes that the proposed anticipated

improvements in quality of service demonstrate CSWR-Tradewinds' intention to responsibly execute its obligations as a utility owner. While staff does not believe the Utility's anticipated improvements justify its requested positive acquisition adjustment, these improvements may be considered for prudence and cost recovery in a future rate proceeding.

Anticipated Cost Efficiencies and Rates

In its application, the Buyer stated that its size and anticipated consolidation of many small systems under one financial and managerial entity would result in operational cost efficiencies, particularly in the areas of:

- PSC and environmental regulatory reporting
- Managerial and operational oversight
- Utility asset planning
- Engineering planning
- Ongoing utility maintenance
- Utility record keeping
- Customer service responsiveness
- Improved access to capital is necessary to repair and upgrade Tradewinds' systems to ensure compliance with all health and environmental requirements and ensure service to customers remains safe and reliable

In response to discovery, the Buyer provided an estimated annual reduction of O&M expense of approximately \$58,000. The requested acquisition adjustment of \$2,325,090 is approximately seven times greater than the system's current NBV of \$334,910. Even if the Buyer were able to reduce O&M expense by \$58,000, the inclusion of the requested acquisition adjustment in rate base and the inclusion of the annual amortization expense in the NOI calculation would result in an increased revenue requirement. The result would be a net increase to customer rates.

The Buyer also stated that CSWR-Tradewinds would bring long-term rate stability to the Utility, should the transfer be approved. Staff agrees that economies of scale and the potential consolidation of several systems in Florida, as proposed by CSWR-Tradewinds, could bring some long-term rate stability. However, absent specific and detailed support for these assertions, the Buyer has failed to meet its burden of demonstrating extraordinary circumstances.

Staff's recommendation is consistent with the Commission's decision in Order No. PSC-2020-0458-PAA-WS.¹⁰ In that docket, the Buyer identified estimates of anticipated cost efficiencies, including a reduction in O&M expenses and a reduction in the cost of capital that would result from the transfer. Additionally, the Buyer cited several improvements it has made to the wastewater treatment plant and wastewater lift station since acquisition to improve the quality of service and compliance with regulatory mandates. While the Commission acknowledged that the Buyer accomplished cost savings, it did not believe the actions performed demonstrated extraordinary circumstances that would justify approval of a positive acquisition adjustment.

¹⁰ Order No. PSC-2020-0458-PAA-WS, issued November, 23, 2020, in Docket No. 20190170-WS, *In re: Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.*

Staff's recommendation is also consistent with the Commission's decisions to deny CSWR-Florida Utility Operating Company, LLC a positive acquisition adjustment in Order Nos. PSC-2022-0116-PAA-SU, PSC-2022-0120-PAA-WU, PSC-2022-0115-PAA-WS, and PSC-2022-0364-PAA-WU, and Docket No. 20220149-WS.¹¹ In those cases, the Commission determined that the Buyer failed to provide sufficient evidence of extraordinary circumstances, and the Buyer was denied a positive acquisition adjustment in all five cases. In those cases, the Buyer also requested a deferral of the decision regarding the positive acquisition adjustments, which was also denied by the Commission. Staff believes the facts of this case are similar to the five cases discussed above.

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., staff recommends a positive acquisition adjustment not be granted as the Buyer did not demonstrate extraordinary circumstances. Staff believes the Buyer's anticipated improvements in quality of service and compliance with regulatory mandates do not illustrate extraordinary circumstances and instead demonstrate CSWR-Tradewinds' intentions to responsibly provide utility service.

¹¹Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia Count*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20220095-WU, *In re: Application for transfer of wastewater facilities of Sunshine Utilities of Central Florida, Inc. and wastewater Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*; Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of wastewater and wastewater systems of Aquarina Utilities, Inc., wastewater Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for the transfer of water facilities in Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County*; and Docket No. 20220149-SU, *In re: Application for transfer of wastewater Certificate No. 365-S of Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, in Highlands County* (the Commission approved the transfer of this system at the July 11, 2023 Commission Conference; an order is forthcoming).

Issue 4: Should CSWR-Florida Utility Operating Company, LLC’s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. The Utility should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

Staff Analysis: Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.¹² The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. The Utility’s miscellaneous service charges consist of initial connection and normal reconnection charges. The normal reconnection charge is more than the premises visit charge. Since the premises visit entails a broader range of tasks, staff believes the premises visit charge should reflect the amount of the normal reconnection charge of \$21 (normal hours) and \$32 (after hours). Therefore, staff recommends that the initial connection and normal reconnection charges be removed, the premises visit charge should be revised to \$21 (normal hours) and \$32 (after hours). The definition for the premises visit charge be updated to comply with amended Rule 25-30.460, F.A.C. The Utility’s existing and staff’s recommended miscellaneous service charges are shown in Table 4-1.

**Table 4-1
 Utility Existing and Staff Recommended Miscellaneous Service Charges**

	<u>Water/Wastewater Existing</u>		<u>Water/Wastewater Staff Recommended</u>	
	<u>Normal Hours</u>	<u>After Hours</u>	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$21.00	\$32.00	N/A	N/A
Normal Reconnection Charge	\$21.00	\$32.00	N/A	N/A
Violation Reconnection Charge (Water)	\$21.00	\$32.00	\$21.00	\$32.00
Violation Reconnection Charge (Wastewater)	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Premises Visit Charge	\$14.00	N/A	\$21.00	N/A

¹²Order No. PSC-2021-0201-FOF-WS, issued June 4, 2021, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

Conclusion

Based on the above, staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. The Utility should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.4345, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP and the SJRWMD, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer. (Stiller)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.4345, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP and the SJRWMD, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer.

**CSWR-Florida Utility Operating Company, LLC
MARION COUNTY
WATER SERVICE TERRITORY**

PARCEL 1

A parcel of land being located in Section 34, Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the East $\frac{1}{4}$ corner of Section 34, thence run West for 40.00' to the west right-of-way line of N.E. 36th Ave. and for the Point of Beginning; thence run South for 307.59 feet; thence run West for 2608.31 feet to the west line of the NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of said Section 34; thence run North for 307.84 feet to the south line of the NW $\frac{1}{4}$ of Section 34; thence run West along the south line of said NW $\frac{1}{4}$ for 2631.69 feet to the west line of Section 34; thence run north along the west line of said Section 34 for 1320.00 feet to the north line of the SW $\frac{1}{4}$ of NW $\frac{1}{4}$; thence run East along said line for 1320.00 feet to the NE corner of said SW $\frac{1}{4}$ of NW $\frac{1}{4}$; thence run South along the east line of said SW $\frac{1}{4}$ of NW $\frac{1}{4}$ for 660.00 feet; thence run East for 1311.69 feet to the west line of the SW $\frac{1}{4}$ of NE $\frac{1}{4}$; thence run North along the west line of said SW $\frac{1}{4}$ of NE $\frac{1}{4}$ for 662.52 feet to the north line of said SW $\frac{1}{4}$ of NE $\frac{1}{4}$; thence run East along the north line of the South $\frac{1}{2}$ of the NE $\frac{1}{4}$ for 1985.00 feet; thence run South for 661.39 feet; thence run East for 622.00 feet to the west right-of-way of N.E. 36th Ave.; thence run South along said right-of-way for 661.13 feet back to the Point of Beginning. Said parcel contains 147.1 acres, more or less.

AND ALSO:

PARCEL 2

A parcel of land being located in the SW $\frac{1}{4}$ of NW $\frac{1}{4}$ and in the SW $\frac{1}{4}$ of Section 35 of Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the West $\frac{1}{4}$ corner of Section 35, thence run North for 100.00 feet to and for the Point of Beginning; thence run East for 30.00 feet to the east right-of-way line of N.E. 36th Ave.; thence run North along said right-of-way for 467.20 feet; thence run East for 240.00 feet; thence run North for 200.00 feet; thence run East for 130.00 feet; thence run South for 200.00 feet; thence run East for 110.00 feet; thence run North for 100.00 feet; thence run East for 190.00 feet; thence run South for 567.20 feet; thence run East for 546.52 feet to the west right-of-way line of S.C.L. railroad; thence run South $16^{\circ}54'50''$ East along said railroad right-of-way for 1474.17 feet to the south line of the N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 35; thence run North $89^{\circ}58'40''$ West along the south line of said N $\frac{1}{2}$ of the SW $\frac{1}{4}$ for 1171.38 feet; thence run South $00^{\circ}06'58''$ West for 226.26 feet; thence run North $89^{\circ}53'21''$ West for 30.00 feet; thence run South $00^{\circ}06'58''$ West for 250.00 feet; thence run North $89^{\circ}53'22''$ West for 443.07 feet to the east right-of-way line of N.E. 36th Ave.; thence run North along said right-of-way for 1060.29 feet; thence run West for 30.00 feet to the west line of Section 35; thence run North along said right-of-way for 825.00 feet back to the Point of Beginning. Said parcel contains 60.1 acres, more or less.

AND ALSO:

PARCEL 3

A parcel of land being located in the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 34 of Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the SW corner of said Section 34, thence run North 89°39'51" East for 30.00 feet; thence run North 00°02'32" West for 30.00 feet; thence continue North 00°02'32" West for 185.00 feet to and for the Point of Beginning; thence continue North 00°02'32" West for 513.88 feet; thence run North 89°39'32" East for 636.05 feet; thence run South 00°07'48" East for 105.03 feet; thence run North 89°38'51" East for 666.22 feet; thence run South 00°13'07" East for 593.70 feet; thence run South 89°38'51" West for 1119.36 feet; thence run North 00°02'32" West for 185.00 feet; thence run South 89°38'51" West for 185.00 feet back to the Point of Beginning. Said parcel contains 18.5 acres, more or less.

AND ALSO:

PARCEL 4

A parcel of land located in the NW ¼ of the SW ¼ of Section 34, Township 14 South, Range 22 East, Marion County Florida, and being more particularly described as follows:

Commencing at the NE corner of the SW ¼ of the NW ¼ of said Section 34; thence run South for 1,980.99 feet; thence West for 350.10 feet to the POINT OF BEGINNING; thence run South 00°01'51" East for 206.26 feet; thence North 89°39'27" West for 962.16 feet to the East right-of-way of N.E. 25th Avenue; thence run North 00°26'51" East along said right-of-way for 200.00 feet; thence leaving said right-of-way, run North 89°58'09" East for 960.47 feet back to the Point of Beginning. Said parcel contains 4.5 acres, more or less.

AND ALSO:

PARCEL 5

A parcel of land located in the W ½ of the SW ¼ of Section 34, Township 14 South, Range 22 East, Marion County Florida, and being more particularly described as follows:

Commencing at the NE corner of the SW ¼ of the NW ¼ of said Section 34; thence run South for 2,456.42 feet; thence run West for 870.12 feet to the POINT OF BEGINNING; thence run South 00°19'52" East for 260.38 feet; thence run South 89°40'08" West for 444.39 feet to the East right-of-way of N.E. 25th Avenue; thence run North 00°17'21" West along said right-of-way for 260.38 feet; thence leaving said right-of-way, run North 89°40'08" East for 444.20 feet back to the Point of Beginning. Said parcel contains 2.7 acres, more or less.

**CSWR-Florida Utility Operating Company, LLC
MARION COUNTY
WASTEWATER SERVICE TERRITORY**

PARCEL 1

A parcel of land being located in Section 34 of Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the East $\frac{1}{4}$ corner of Section 34, thence run West for 40.00' to the west right-of-way line of N.E. 36th Ave. and for the Point of Beginning; thence run South for 307.59 feet; thence run West for 2608.31 feet to the west line of the NW $\frac{1}{4}$ of SE $\frac{1}{4}$ of said Section 34; thence run North for 307.84 feet to the south line of the NW $\frac{1}{4}$ of Section 34; thence run West along the south line of said NW $\frac{1}{4}$ for 2631.69 feet to the west line of Section 34; thence run north along the west line of said Section 34 for 1320.00 feet to the north line of the SW $\frac{1}{4}$ of NW $\frac{1}{4}$; thence run East along said line for 1320.00 feet to the NE corner of said SW $\frac{1}{4}$ of NW $\frac{1}{4}$; thence run South along the east line of said SW $\frac{1}{4}$ of NW $\frac{1}{4}$ for 660.00 feet; thence run East for 634.00 feet; thence run South for 120.00 feet; thence run East for 194.00 feet; thence run North for 120.00 feet; thence run East for 483.69 feet to the east line of the SE $\frac{1}{4}$ of NW $\frac{1}{4}$; thence run South along said east line of SE $\frac{1}{4}$ of NW $\frac{1}{4}$ for 298.87 feet; thence run East for 2608.31 feet to the west right-of-way of N.E. 36th Ave.; thence run South along said right-of-way for 361.38 feet back to the Point of Beginning. Said parcel contains 99.9 acres, more or less.

AND ALSO:

PARCEL 2

A parcel of land being located in the SW $\frac{1}{4}$ of NW $\frac{1}{4}$ and in the SW $\frac{1}{4}$ of Section 35 of Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the West $\frac{1}{4}$ corner of Section 35, thence run North for 100.00 feet to and for the Point of Beginning; thence run East for 30.00 feet to the east right-of-way line of N.E. 36th Ave.; thence run North along said right-of-way for 467.20 feet; thence run East for 240.00 feet; thence run North for 200.00 feet; thence run East for 130.00 feet; thence run South for 200.00 feet; thence run East for 110.00 feet; thence run North for 100.00 feet; thence run East for 190.00 feet; thence run South for 567.20 feet; thence run East for 546.52 feet to the west right-of-way line of S.C.L. railroad; thence run South $16^{\circ}54'50''$ East along said railroad right-of-way for 1474.17 feet to the south line of the N $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 35; thence run North $89^{\circ}58'40''$ West along the south line of said N $\frac{1}{2}$ of the SW $\frac{1}{4}$ for 1171.38 feet; thence run South $00^{\circ}06'58''$ West for 226.26 feet; thence run North $89^{\circ}53'21''$ West for 30.00 feet; thence run South $00^{\circ}06'58''$ West for 250.00 feet; thence run North $89^{\circ}53'22''$ West for 443.07 feet to the east right-of-way line of N.E. 36th Ave.; thence run North along said right-of-way for 1060.29 feet; thence run West for 30.00 feet to the west line of Section 35; thence run North along said right-of-way for 825.00 feet back to the Point of Beginning. Said parcel contains 60.1 acres, more or less.

AND ALSO:

PARCEL 3

A parcel of land being located in the SW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Section 34 of Township 14 South, Range 22 East, Marion County, Florida, and being more particularly described as follows:

Commencing at the SW corner of said Section 34, thence run North $89^{\circ}39'51''$ East for 30.00 feet; thence run North $00^{\circ}02'32''$ West for 30.00 feet; thence continue North $00^{\circ}02'32''$ West for 185.00 feet to and for the Point of Beginning; thence continue North $00^{\circ}02'32''$ West for 513.88 feet; thence run North $89^{\circ}39'32''$ East for 636.05 feet; thence run South $00^{\circ}07'48''$ East for 105.03 feet; thence run North $89^{\circ}38'51''$ East for 666.22 feet; thence run South $00^{\circ}13'07''$ East for 593.70 feet; thence run South $89^{\circ}38'51''$ West for 1119.36 feet; thence run North $00^{\circ}02'32''$ West for 185.00 feet; thence run South $89^{\circ}38'51''$ West for 185.00 feet back to the Point of Beginning. Said parcel contains 18.5 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 405-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>
Order No. 12184	07/01/83	19830110-WS	Original Certificate
Order No. 13238	04/27/84	19840088-WU	Amendment
Order No. 19688	07/19/88	19880552-WS	Amendment
Order No. 21740	08/17/89	19881568-WS	Amendment - Premature
PSC-92-0699-FOF-WS	07/22/92	19911078-WS	Jurisdictional Finding
PSC-93-0368-FOF-WS	03/09/93	19921260-WS	Amendment
PSC-98-0484-FOF-WS	04/06/98	19971174-WS	Amendment
PSC-10-0020-FOF-WS	11/07/10	20090417-WS	Amendment
*	*	20220206-WS	Amendment
*	*	20220063-WS	Transfer

***Order Number and date to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 342-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>
Order No. 12184	07/01/83	19830110-WS	Original Certificate
Order No. 19688	07/19/88	19880552-WS	Amendment
Order No. 21740	08/17/89	19881568-WS	Amendment - Premature
PSC-92-0699-FOF-WS	07/22/92	19911078-WS	Jurisdictional Finding
PSC-93-0368-FOF-WS	03/09/93	19921260-WS	Amendment
PSC-98-0484-FOF-WS	04/06/98	19971174-WS	Amendment
PSC-10-0020-FOF-WS	11/07/10	20090417-WS	Amendment
*	*	20220206-WS	Amendment
*	*	20220063-WS	Transfer

***Order Number and date to be provided at time of issuance**

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

**Schedule of Water Net Book Value
 as of February 28, 2022**

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>		<u>Staff 2/28/22</u>
Utility Plant in Service	\$1,091,508	(\$63,434)	A	\$1,028,074
Land & Land Rights	182,500	(112,500)	B	70,000
Accumulated Depreciation	(812,221)	30,685	C	(781,536)
CIAC	(335,746)	(6,299)	D	(342,045)
Amortization of CIAC	<u>335,747</u>	<u>(845)</u>	E	<u>334,902</u>
Total	<u>\$461,788</u>	<u>(\$152,393)</u>		<u>\$309,394</u>

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

**Schedule of Wastewater Net Book Value
 as of February 28, 2022**

<u>Description</u>	<u>Balance Per Utility 2/28/22</u>	<u>Adjustments</u>		<u>Staff 2/28/22</u>
Utility Plant in Service	\$523,984	\$86,098	A	\$610,082
Land & Land Rights	-	-		-
Accumulated Depreciation	(471,912)	(91,603)	B	(563,515)
CIAC	554,306	(1,100,461)	C	(546,155)
Amortization of CIAC	<u>(545,676)</u>	<u>1,070,780</u>	D	<u>525,104</u>
Total	<u>\$60,702</u>	<u>(\$35,186)</u>		<u>\$25,516</u>

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

**Explanation of Adjustments to Water Net Book Value
as of February 28, 2022**

Explanation	Amount
A. UPIS To reflect the appropriate balance.	(\$63,434)
B. Land To reflect the appropriate balance.	(112,500)
C. Accumulated Depreciation To reflect the appropriate balance.	30,685
D. CIAC To reflect the appropriate balance.	(6,299)
E. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>(845)</u>
Total Adjustments to Water Net Book Value as of February 28, 2022	<u>(\$152,393)</u>

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

**Explanation of Adjustments to Wastewater Net Book Value
as of February 28, 2022**

Explanation	Amount
A. UPIS To reflect the appropriate balance.	\$86,098
B. Accumulated Depreciation To reflect the appropriate balance.	(91,603)
C. CIAC To reflect the appropriate balance.	(1,100,461)
D. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>1,070,780</u>
Total Adjustments to Wastewater Net Book Value as of February 28, 2022	<u>(\$35,186)</u>

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

**Schedule of Staff's Recommended Water Account Balances
as of February 28, 2022**

Account No.	Description	UPIS	Accumulated Depreciation
301	Rate Case Exp. Amortization	\$482	(\$482)
302	Franchises	925	(925)
304	Structures & Improvements	122,472	(102,361)
309	Supply Mains	2,469	(2,290)
310	Power Generation Equipment	19,733	(19,733)
311	Well Pumps	75,489	(75,489)
320	Water Treatment Equipment	6,264	(6,264)
330	Distribution Reservoirs & Standpipes	288,879	(204,166)
331	Transmission & Distribution Mains	282,944	(209,311)
333	Services	69,852	(53,574)
334	Meters & Meter Installations	142,782	(92,617)
335	Hydrants	8,000	(6,543)
339	Other Plant & Misc. Equipment	305	(305)
340	Office Furniture & Equipment	5,740	(5,740)
341	Transportation Equipment	800	(800)
343	Tools, Shop, & Garage Equipment	<u>937</u>	<u>(937)</u>
	Total	<u>\$1,028,074</u>	<u>(\$781,536)</u>

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

**Schedule of Staff's Recommended Wastewater Account Balances
as of February 28, 2022**

Account No.	Description	UPIS	Accumulated Depreciation
351	Organization	\$947	(\$895)
352	Franchises	3,806	(3,806)
360	Collection Sewers - Force	33,447	(33,447)
361	Collection Sewers - Gravity	141,888	(111,171)
362	Special Collection Structures	1,952	(521)
363	Service to Customers	64,155	(58,326)
364	Flow Measuring Devices	1,711	(1,711)
365	Flow Measuring Installations	207,731	(207,731)
370	Receiving Wells	127,086	(118,548)
389	Other Plant & Misc. Equipment	5,138	(5,138)
390	Office Furniture & Equipment	5,397	(5,397)
393	Tools, Shop and Garage Equipment	775	(775)
395	Power Operated Equipment	<u>16,049</u>	<u>(16,049)</u>
	Total	<u>\$610,082</u>	<u>(\$563,515)</u>

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

Monthly Water Rates

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$10.66
3/4"	\$26.65
1"	\$53.30
1-1/2"	\$85.28
2"	\$170.56
3"	\$266.50
4"	\$533.00
6"	\$852.80

Charge Per 1,000 gallons – Residential

0 – 5,000 gallons	\$3.57
5,001 – 10,000 gallons	\$5.38
Over 10,000 gallons	\$6.74

Charge Per 1,000 gallons – General Service

\$4.30

Monthly Wastewater Rates

Residential Service

All Meter Sizes	\$24.85
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Charge Per 1,000 gallons – Residential

10,000 gallon cap	\$7.96
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General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$24.85
3/4"	\$62.13
1"	\$124.25
1-1/2"	\$198.80
2"	\$397.60
3"	\$621.25
4"	\$1,242.50
6"	\$1,988.00

Charge Per 1,000 gallons – General Service

\$7.96

Initial Customer Deposits

	<u>Water</u>	<u>Wastewater</u>
Residential Service		
5/8" x 3/4"	\$50.00	\$20.00

**Service Availability Charges - Water
 Meter Installation Charge**

5/8" x 3/4" meter size	\$100.00
1" meter size	\$130.00
1 1/2" meter size	\$180.00
All Other	Actual Cost

Allowance for Funds Prudently Invested - Wastewater

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
January	\$ 16	\$208	\$406	\$613	\$ 832
February	\$ 32	\$225	\$423	\$632	\$ 851
March	\$ 48	\$241	\$440	\$650	\$ 870
April	\$ 64	\$258	\$458	\$668	\$ 889
May	\$ 80	\$274	\$475	\$686	\$ 908
June	\$ 96	\$290	\$492	\$704	\$ 927
July	\$112	\$307	\$509	\$722	\$ 946
August	\$128	\$323	\$526	\$740	\$ 965
September	\$144	\$340	\$544	\$758	\$ 984
October	\$160	\$356	\$561	\$776	\$1,003
November	\$176	\$372	\$578	\$794	\$1,022
December	\$192	\$389	\$595	\$812	\$1,041

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 113 additional ERCs as of January 1999. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2003, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$1,041 until all 113 additional ERCs are connected, after which the charge will cease. This charge is only applicable to new initial connections in the George Mayo Subdivision served by the Utility.