

**FLORIDA UTILITY SERVICES 1, LLC
5911 TROUBLE CREEK ROAD
NEW PORT RICHEY, FL 34652
863-904-5574**

November 20, 2023

Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

RE: Docket No. 20230071-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC. - Response to Staff Audit Report - ACN 2023-178-2-1.

Commission Clerk

Pinecrest Utilities, LLC, (PCU) hereby submits its response to the Staff Audit Report in the above referenced docket.

Audit Finding 1: PCU believes that the Plant in Service (PIS) balance should be \$251,699, as of December 31, 2022, based on the following.

- 1) The \$1,093 that audit staff reclassified from Acct. No. 636-Contract Services Other should remain in test year O&M expense based on the information provided in response to Audit Finding 3 below.
- 2) The supporting invoice and canceled check for the \$1,218 posted to Acct. No 330-Distribution Reservoirs & Standpipes that was removed by audit staff is attached. The invoice was for crane service from Lakeland Crane Corporation to remove an old, and set a new, 5,000-gallon hydropneumatic tank that was replaced in May 2017. Unfortunately, the vendors' invoice mis-identifies the service as a septic tank. PCU assures staff, and attest that this was a labeling error on the part of the vendor.
- 3) The \$284 that audit staff removed from Acct. No. 284-Meters & Meter Installations should be removed.
- 4) The balance for Acct. No. 341-Transportation Equipment should be \$7,945. This balance reflects the allocated amount for transportation equipment from PCU parent, Florida Utility Services 1, LLC (FUS1). See the attached schedule. This method of allocating and accounting for FUS1 common transportation equipment was approved in Sunny Shores Utilities, LLC, SARC, Order No. PSC-2021-0320-PAA-WU, issued August 23, 2021. A residual balance of \$1,363 in this account is a holdover from prior years and should be removed because it represents allocations or assets that no longer exist. This reduction will account for the audit staff's removal of \$216 in its report.

- 5) The supporting invoice and canceled check for the \$3,271 posted to Acct. 345-Power Operated Equipment that was removed by audit staff is enclosed with this filing. The invoice was for a 13K Northstar Generator that was purchased from Florida Rural Water as a backup power source for the water plant site. A residual balance of \$4,000 in this account is a holdover from prior years and should be removed because it represents assets that no longer exist.

Audit Finding 2: PCU believes that the audit staff's Accumulated Depreciation (AD) balance should be adjusted based on the following

- 1) Based on our discussions for Audit Finding 1 above, AD should be reduced by \$284, \$1,362, and \$4,000, respectively. These three adjustments account for the reduction to PIS Acct Nos. 334, 341 and 345, respectively. PCU contends that those balances had been on the books beyond their useful lives and they are considered fully recovered, as of the test year 2022.
- 2) The audit staff contends that PCU was "inconsistent" at recording accumulated depreciation over the years, which may imply that PCU depreciation accruals have been calculated incorrectly. PCU rejects this characterization. In 2016, FUS1 secured the services of OCBOA Consulting, LLC to assist with the regulatory accounting needs of its systems. Since that time, the calculation of depreciation accruals has been consistently applied and calculated based on the depreciation rates established by Rule 25-30.140(2), F.A.C. Attached are several depreciation schedules that were compiled and used to prepare the PCU annual reports that were filed with the Commission. They illustrate and support our contention that depreciation accruals were accurately calculated and consistent in their application based on Commission rules. PCU contends that some of the differences illustrated in the audit staff's schedule are due to a difference in the depreciation calculation methodology and that they are not inconsistent or miscalculations by the utility. PCU consistently depreciates PIS assets, using Commission rule rates using the average half-year convention method $((\text{BegBal} + \text{EndBal}) / 2) / \text{service life}$. This is a standard and acceptable method in the accounting profession.

PCU will defer to the staff analyst the determination of the final AD balance for this proceeding based on their decision on the issues we raised in our response to Audit Findings 1 & 2 above.

Additionally, PCU believes that test year depreciation expense should be \$9,021, as reflected in its 2022 general ledger and annual report, because none of the three PIS/AD adjustments discussed above include any associated depreciation expense amounts that would affect the test year.

Audit Finding 3: PCU believes that the Operation & Maintenance Expense (O&M) balance should be \$69,474, for the test year December 31, 2022, based on the following.

- 1) The audit staff reclassified \$1,093 from Acct. No. 636-Contract Services Other, stating that it should be recorded in Acct. No. 311-Pumping Equipment. After further review, PCU reverses our initial response to the audit staff inquiry for this transaction. The control box that was replaced was not a capital improvement. It was an incidental recurring

maintenance item that does not increase the life of the pumping equipment that it controls. Rule 25-30.140(g)(3) addresses items such as these, stating, “The cost of incidental repairs the neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense”.

Audit Finding 4: PCU believes that the its Common Equity balance for Cost of Capital and rate setting purposes should be \$60,481, as of December 31, 2022, based on the following.

- 1) PCU 2022 general ledger and annual report reflect an overall negative equity balance of (\$28,898) as of December 31, 2022. The balance is comprised of the 2021 retained earnings carry over balance of (\$12,281) plus the current year NOI loss of (\$23,377) plus the equity in allocated common plant of \$6,760.
- 2) PCU 2022 general ledger and annual report reflect a related party debt balance of \$18,408, owed to Mike Smallridge, for prior years cash infusions that were made after purchasing the utility to maintain a positive cash flow and to enable PCU to meet its financial obligations as the utility’s infrastructure was refurbished and maintained. There was no interest associated with these cash infusions, however, Mike has always asserted that they were personal loans and that he expects to be reimbursed.
- 3) PCU 2022 general ledger and annual report reflect an account payable balance of \$87,307 for materials and services provided by third-party vendors, common allocated costs for services provided by FUS1, and, for deferred officer salaries owed before 2016. The breakdown of this balance, as of December 31, 2022, is displayed below.

<u>Account Payable</u>	<u>Amount</u>
Due to 3 rd Party Vendors	\$ 16,333
Due to Mike Smallridge	27,510
Due to FUS1	<u>43,461</u>
	\$ 87,307

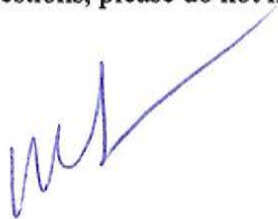
Commission practice is to treat related party debt such as owners and parent liabilities as common equity in rate case proceedings. This was reaffirmed in Order No. PSC-2021-0101-PAA-WU, issued March 19, 2021. A calculation for the common equity balance for rate setting purposes follows.

<u>Common Equity</u>	<u>Amount</u>
Retained Earnings	(\$ 28,898)
Due to Mike Smallridge (Loan)	18,408
Due to Mike Smallridge (Acc Pay)	27,510
Due to FUS1 (Acc Pay)	<u>43,461</u>
Total Equity	\$ 60,481

Attached is PCU response to Audit Document Request No. 19 which includes detailed calculations and explanations that were provided to support our assertions discussed above.

If you have any further questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink, consisting of several loops and a long, sweeping line extending upwards and to the right.

Mike Smallridge
Florida Utility Services 1, LLC

PAID 5-24-17 CHK # 1187 636



Lakeland Crane Corporation

3029-B Reynolds Road
 Lakeland, FL 33803
 Phone: (863) 665-1782
 Fax: (863) 668-8995

PCW

Estimate

Date	Estimate #
4/21/2017	041311 2772

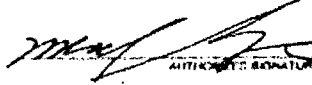
Name / Address
FLORIDA UTILITY SERVICES 6041 CITRUS HIGHLANDS DRIVE SOUTH BARTOW, FLORIDA

Project

Description	Total
ATTN: JACK LOVE, 863-232-7969, JLOVE9484@GMAIL.COM	
JOBSITE: 6041 CITRUS HIGHLANDS DRIVE SOUTH BARTOW, FLORIDA	
SCOPE OF WORK: LOAD OLD SEPTIC TANK ONTO TRUCK, AND OFFLOAD AND SET NEW TANK AT A 30 DEGREE RADIUS. WEIGHT OF TANKS IS 7500LBS, AND ARE 8' DIAMETER X 17' LONG.	
**ENTIRE AREA (DRIVEWAY) WHERE CRANE WILL TRAVEL MUST BE SATURATED WITH WATER TO PREPARE GROUND SO CRANE CAN TRAVEL ON IT WITHOUT GETTING STUCK. CONTRACTOR RESPONSIBLE FOR GETTING CRANE IN AND OUT.	
40 TON CRANE/\$120 PER HOUR/4 HOUR MINIMUM/PORT TO PORT	480.00
(1) RIGGER/\$75 PER HOUR/4 HOUR MINIMUM	300.00
(1) FLAGMAN/\$95 PER HOUR/4 HOUR MINIMUM	380.00
5% FUEL SURCHARGE	58.00
TERMS: C.O.D.-(TOTAL SHOWN BELOW IN THE AMOUNT OF 1,218.00 IS FOR THE 4 HOUR MINIMUM ONLY. ANY TIME OVER THE 4 HOUR MINIMUM WILL BE ADDITIONAL COST PER HOUR BASED ON THE RATES AS SHOWN ON THIS QUOTE)	
OVERTIME RATES FOR PERSONNEL: \$35/HOUR/PER MAN/BEFORE 6AM, AFTER 5PM, OR OVER 8 HOURS \$35/HOUR/PER MAN/SATURDAY \$50/HOUR/PER MAN/SUNDAY OR HOLIDAY	
THIS IS ONLY A QUOTE. TO SCHEDULE CRANE PLEASE SIGN QUOTE, PROVIDE PURCHASE ORDER NUMBER AND RETURN TO LAKELAND CRANE. **CONFIRMATION WITH SIGNED QUOTE CONFIRMS AVAILABILITY OF CRANE**	
Sales Tax	0.00
This estimate is good for 90 days.	
Total	\$1,218.00

Lakeland Crane
 Representative Signature: Randy A. [Signature] Customer Signature: _____
 Date: 5/16/17 Date: _____

Remote DDA Deposit Date: 06/28 Amount: \$271.58

Pinecrest Utilities LLC 3338 Grand Blvd #102 Holiday, FL 34690	Iberia Bank 63-1118621 84-75412652 84-75412652	1187
		5/24/2017
PAY TO THE ORDER OF <u>Lakeland Crane Corporation</u>		\$1,218.00
One Thousand Two Hundred Eighteen and 00/100		DOLLARS
Lakeland Crane Corporation 3029-B Reynolds Road Lakeland, FL 33803		
MEMO 6041 Citrus Highlands Drive, South Barow FL	 AUTHORIZED SIGNATURE	
00 1 18 7		

Check 1187 Date: 06/06 Amount: \$1,218.00

FLORIDA UTILITY SERVICES 1, LLC - VEHICAL ALLOCATION CALCULATION

Type	Vehicle	Purchase Date	Approved	Order	Cost	2022	
						Dep	A/D
Truck	2017 Honda Ridgeline	02/24/17			\$26,480.77	\$4,413.46	(\$24,274.04)
Truck	1995 Chevy C3500	07/21/17			\$2,140.00	\$356.67	(\$1,961.67)
Tractor	2017 John Deere - Tractor	11/17/17			\$20,847.80	\$3,474.63	(\$19,110.48)
Truck	2018 Ford F250	12/06/18	WLU	PSC-2019-0503-PAA-SU	\$37,435.62	\$6,239.27	(\$28,076.72)
Van	2020 Ford Transit Connect	09/29/20	HHU	PSC-2020-0119-PAA-WS	\$31,142.47	\$5,190.41	(\$12,976.03)
Truck	2021 Ford F-150	08/28/21			\$34,558.00	\$5,759.67	(\$8,639.50)
Truck	2021 Ford F-150	08/31/22			\$46,030.00	\$3,835.83	(\$3,835.83)
					\$198,634.66	\$29,269.94	(\$98,874.27)
Trailer	2013 Haul - Black Trailer	09/17/19	HHU/SSU	PSC-2020-0119-PAA-WS	\$4,200.00	\$700.00	(\$2,450.00)
					\$202,834.66	\$29,969.94	(\$101,324.27)

SYS	2019-20		2021-2022		Cost	2022	
						Dep	A/D
CRU	619	18.00%	614	18.00%	\$35,754.24	\$5,268.59	(\$17,797.37)
HGU	457	13.00%	456	13.00%	\$25,822.51	\$3,805.09	(\$12,853.65)
LYU	406	12.00%	408	11.00%	\$21,849.81	\$3,219.69	(\$10,876.17)
HHU	353	10.00%	353	9.00%	\$19,977.12	\$2,984.29	(\$10,123.68)
WLW	316	9.00%	317	9.00%	\$17,877.12	\$2,634.29	(\$8,898.68)
SSU	262	8.00%	262	7.00%	\$16,004.43	\$2,398.90	(\$8,146.20)
SUN	257	8.00%	257	7.00%	\$13,904.43	\$2,048.90	(\$6,921.20)
CCU	164	5.00%	166	5.00%	\$9,931.73	\$1,463.50	(\$4,943.71)
PCU	142	4.00%	143	4.00%	\$7,945.39	\$1,170.80	(\$3,954.97)
EMU	106	3.00%	113	3.00%	\$5,959.04	\$878.10	(\$2,966.23)
MCU	96	3.00%	98	3.00%	\$5,959.04	\$878.10	(\$2,966.23)
OLU	74	2.00%	72	2.00%	\$3,972.69	\$585.40	(\$1,977.49)
ALT	55	2.00%	56	2.00%	\$3,972.69	\$585.40	(\$1,977.49)
CMU	55	2.00%	55	2.00%	\$3,972.69	\$585.40	(\$1,977.49)
SVU	24	1.00%	118	3.00%	\$5,959.04	\$878.10	(\$2,966.23)
LEU			77	2.00%	\$3,972.69	\$585.40	(\$1,977.49)
ALL	3386	100%	3565	100%	\$202,834.66	\$29,969.94	(\$101,324.27)

PCU

PAID 10-24-16 CHK# 1137

101

Florida Rural Water Association
2970 Wellington Circle
Tallahassee, FL 32309
850-668-2746
850-701-0597

INVOICE

Florida Utility Services 1, LLC
3336 Grand Blvd #102
Holiday, FL 34690

INVOICE DATE October 5, 2016
INVOICE NUMBER EQU02

INVOICE TOTAL **\$3271.30**

(1) 13000W Northstar Generator	\$ 3271.30
<ul style="list-style-type: none">This includes wheel kit, battery, shipping and taxes @ 7.5 %	

If you have any questions feel free to contact us at the above phone or fax or email us at finance@frwa.net

Remote DDA Deposit Date: 11/29 Amount: \$221.38

Pinecrest Utilities LLC 3336 Grand Blvd #102 Hullsey, FL 34690		Identa Bank 63-1118631 84-70412852 84-70412852	1137
PAY TO THE ORDER OF Florida Rural Water Association		10/24/2016	
Three Thousand Two Hundred Seventy-One and 30/100		\$ 3,271.30	
MEMO 13000W Northstar Generator			DOLLARS
Florida Rural Water Association 2970 Wellington Circle Tallahassee, FL 32309		<i>Michael Smalridge</i> AUTHORIZED SIGNATURE	
⑈001137⑈ [REDACTED]			

Check 1137 Date: 11/02 Amount: \$3,271.30

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2016		2017		
		End Bal	Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-	-
302.00	Franchise	-	-	-	-	-
303.00	Land	6,500.00	-	-	-	6,500.00
304.00	Structures & Improvements	5,753.00	-	-	-	5,753.00
307.00	Wells & Springs	24,869.00	-	-	-	24,869.00
309.00	Supply Mains	3,165.00	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-	-
311.00	Pumping Equipment	18,821.01	-	-	-	18,821.01
320.00	Water Treatment Equipment	8,130.00	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	12,487.25	16,203.00	-	-	28,690.25
331.00	Transmission & Distribution Mains	100,736.00	-	-	-	100,736.00
333.00	Services	15,363.00	-	-	-	15,363.00
334.00	Meters & Meter Installations	23,933.00	297.59	-	-	24,230.59
335.00	Hydrants	8,444.00	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-	-
340.00	Office Furniture & Equipment	76.15	-	-	-	76.15
341.00	Transportation	1,362.63	-	-	-	1,362.63
343.00	Tools, Shop & Garage	6.77	-	-	-	6.77
345.00	Power Operated Equipment	7,271.30	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-	-
	Total	236,918.11	16,500.59	-	-	253,418.70

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2016		2017		
			End Bal	Dep Exp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-	-
302.00	Franchise	40	-	-	-	-	-
303.00	Land		-	-	-	-	-
304.00	Structures & Improvements	27	(5,705.00)	(48.00)	-	-	(5,753.00)
307.00	Wells & Springs	27	(13,230.23)	(921.07)	-	-	(14,151.30)
309.00	Supply Mains	32	(2,554.97)	(98.91)	-	-	(2,653.88)
310.00	Power Generation Equipment	17	-	-	-	-	-
311.00	Pumping Equipment	17	(9,763.34)	(1,107.12)	-	-	(10,870.46)
320.00	Water Treatment Equipment	17	(3,394.28)	(478.24)	-	-	(3,872.52)
330.00	Distribution Reservoirs & Standpipes	33	(10,571.75)	(773.84)	10,571.75	-	(773.84)
331.00	Transmission & Distribution Mains	38	(63,352.31)	(2,650.95)	-	-	(66,003.26)
333.00	Services	35	(12,088.32)	(438.94)	-	-	(12,527.26)
334.00	Meters & Meter Installations	17	(16,922.02)	(1,434.09)	-	-	(18,356.11)
335.00	Hydrants	40	(4,442.20)	(211.10)	-	-	(4,653.30)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-	-
340.00	Office Furniture & Equipment	15	(20.82)	(5.08)	-	-	(25.90)
341.00	Transportation	6	(364.07)	(227.11)	-	-	(591.18)
343.00	Tools, Shop & Garage	15	(6.77)	-	-	-	(6.77)
345.00	Power Operated Equipment	10	(1,777.13)	(2,727.13)	-	-	(4,504.26)
348.00	Other Tangible Plant	10	-	-	-	-	-
	Total		(144,193.21)	(11,121.57)	10,571.75	-	(144,743.04)

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2018			
		Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-
302.00	Franchise	-	-	-	-
303.00	Land	-	-	-	6,500.00
304.00	Structures & Improvements	-	-	-	5,753.00
307.00	Wells & Springs	-	-	-	24,869.00
309.00	Supply Mains	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-
311.00	Pumping Equipment	-	-	-	18,821.01
320.00	Water Treatment Equipment	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	-	-	-	28,690.25
331.00	Transmission & Distribution Mains	-	-	-	100,736.00
333.00	Services	-	-	-	15,363.00
334.00	Meters & Meter Installations	900.37	(675.28)	-	24,455.68
335.00	Hydrants	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-
340.00	Office Furniture & Equipment	-	-	-	76.15
341.00	Transportation	-	-	-	1,362.63
343.00	Tools, Shop & Garage	-	-	-	6.77
345.00	Power Operated Equipment	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-
	Total	900.37	(675.28)	-	253,643.79

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2018			
			DepExp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-
302.00	Franchise	40	-	-	-	-
303.00	Land	-	-	-	-	-
304.00	Structures & Improvements	27	-	-	-	(5,753.00)
307.00	Wells & Springs	27	(921.07)	-	-	(15,072.38)
309.00	Supply Mains	32	(98.91)	-	-	(2,752.78)
310.00	Power Generation Equipment	17	-	-	-	-
311.00	Pumping Equipment	17	(1,107.12)	-	-	(11,977.58)
320.00	Water Treatment Equipment	17	(478.24)	-	-	(4,350.75)
330.00	Distribution Reservoirs & Standpipes	33	(869.40)	-	-	(1,643.24)
331.00	Transmission & Distribution Mains	38	(2,650.95)	-	-	(68,654.20)
333.00	Services	35	(438.94)	-	-	(12,966.21)
334.00	Meters & Meter Installations	17	(1,431.95)	675.28	-	(19,112.78)
335.00	Hydrants	40	(211.10)	-	-	(4,864.40)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-
340.00	Office Furniture & Equipment	15	(5.08)	-	-	(30.97)
341.00	Transportation	6	(227.11)	-	-	(818.28)
343.00	Tools, Shop & Garage	15	-	-	-	(6.77)
345.00	Power Operated Equipment	10	(727.13)	-	-	(5,231.39)
348.00	Other Tangible Plant	10	-	-	-	-
	Total		(9,166.99)	675.28	-	(153,234.73)

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2019			
		Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-
302.00	Franchise	-	-	-	-
303.00	Land	-	-	-	6,500.00
304.00	Structures & Improvements	-	-	-	5,753.00
307.00	Wells & Springs	-	-	-	24,869.00
309.00	Supply Mains	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-
311.00	Pumping Equipment	-	-	-	18,821.01
320.00	Water Treatment Equipment	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	-	-	-	28,690.25
331.00	Transmission & Distribution Mains	-	-	-	100,736.00
333.00	Services	-	-	-	15,363.00
334.00	Meters & Meter Installations	-	-	-	24,455.68
335.00	Hydrants	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-
340.00	Office Furniture & Equipment	-	-	-	76.15
341.00	Transportation	-	-	-	1,362.63
343.00	Tools, Shop & Garage	-	-	-	6.77
345.00	Power Operated Equipment	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-
	Total	-	-	-	253,643.79

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2019			
			DepExp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-
302.00	Franchise	40	-	-	-	-
303.00	Land	-	-	-	-	-
304.00	Structures & Improvements	27	-	-	-	(5,753.00)
307.00	Wells & Springs	27	(921.07)	-	-	(15,993.45)
309.00	Supply Mains	32	(98.91)	-	-	(2,851.69)
310.00	Power Generation Equipment	17	-	-	-	-
311.00	Pumping Equipment	17	(1,107.12)	-	-	(13,084.69)
320.00	Water Treatment Equipment	17	(478.24)	-	-	(4,828.99)
330.00	Distribution Reservoirs & Standpipes	33	(869.40)	-	-	(2,512.64)
331.00	Transmission & Distribution Mains	38	(2,650.95)	-	-	(71,305.15)
333.00	Services	35	(438.94)	-	-	(13,405.15)
334.00	Meters & Meter Installations	17	(1,438.57)	-	-	(20,551.35)
335.00	Hydrants	40	(211.10)	-	-	(5,075.50)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-
340.00	Office Furniture & Equipment	15	(5.08)	-	-	(36.05)
341.00	Transportation	6	(227.11)	-	-	(1,045.39)
343.00	Tools, Shop & Garage	15	-	-	-	(6.77)
345.00	Power Operated Equipment	10	(727.13)	-	-	(5,958.52)
348.00	Other Tangible Plant	10	-	-	-	-
	Total		(9,173.61)	-	-	(162,408.34)

Composite Amortization Rate for CIAC

3.62%

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2020			
		Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-
302.00	Franchise	-	-	-	-
303.00	Land	-	-	-	6,500.00
304.00	Structures & Improvements	-	-	-	5,753.00
307.00	Wells & Springs	-	-	-	24,869.00
309.00	Supply Mains	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-
311.00	Pumping Equipment	-	-	-	18,821.01
320.00	Water Treatment Equipment	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	-	-	-	28,690.25
331.00	Transmission & Distribution Mains	-	-	-	100,736.00
333.00	Services	-	-	-	15,363.00
334.00	Meters & Meter Installations	-	-	-	24,455.68
335.00	Hydrants	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-
340.00	Office Furniture & Equipment	-	-	-	76.15
341.00	Transportation	-	-	-	1,362.63
343.00	Tools, Shop & Garage	-	-	-	6.77
345.00	Power Operated Equipment	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-
	Total	-	-	-	253,643.79

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2020			
			DepExp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-
302.00	Franchise	40	-	-	-	-
303.00	Land		-	-	-	-
304.00	Structures & Improvements	27	-	-	-	(5,753.00)
307.00	Wells & Springs	27	(921.07)	-	-	(16,914.53)
309.00	Supply Mains	32	(98.91)	-	-	(2,950.60)
310.00	Power Generation Equipment	17	-	-	-	-
311.00	Pumping Equipment	17	(1,107.12)	-	-	(14,191.81)
320.00	Water Treatment Equipment	17	(478.24)	-	-	(5,307.22)
330.00	Distribution Reservoirs & Standpipes	33	(869.40)	-	-	(3,382.04)
331.00	Transmission & Distribution Mains	38	(2,650.95)	-	-	(73,956.10)
333.00	Services	35	(438.94)	-	-	(13,844.09)
334.00	Meters & Meter Installations	17	(1,438.57)	-	-	(21,989.92)
335.00	Hydrants	40	(211.10)	-	-	(5,286.60)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-
340.00	Office Furniture & Equipment	15	(5.08)	-	-	(41.13)
341.00	Transportation	6	(227.11)	-	-	(1,272.49)
343.00	Tools, Shop & Garage	15	-	-	-	(6.77)
345.00	Power Operated Equipment	10	(727.13)	-	-	(6,685.65)
348.00	Other Tangible Plant	10	-	-	-	-
	Total		(9,173.61)	-	-	(171,581.95)

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2021			
		Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-
302.00	Franchise	-	-	-	-
303.00	Land	-	-	-	6,500.00
304.00	Structures & Improvements	-	-	-	5,753.00
307.00	Wells & Springs	-	-	-	24,869.00
309.00	Supply Mains	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-
311.00	Pumping Equipment	-	-	-	18,821.01
320.00	Water Treatment Equipment	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	-	-	-	28,690.25
331.00	Transmission & Distribution Mains	-	-	-	100,736.00
333.00	Services	-	-	-	15,363.00
334.00	Meters & Meter Installations	-	-	-	24,455.68
335.00	Hydrants	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-
340.00	Office Furniture & Equipment	-	-	-	76.15
341.00	Transportation	-	-	-	1,362.63
343.00	Tools, Shop & Garage	-	-	-	6.77
345.00	Power Operated Equipment	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-
	Total	-	-	-	253,643.79

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2021			
			DepExp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-
302.00	Franchise	40	-	-	-	-
303.00	Land		-	-	-	-
304.00	Structures & Improvements	27	-	-	-	(5,753.00)
307.00	Wells & Springs	27	(921.07)	-	-	(17,835.60)
309.00	Supply Mains	32	(98.91)	-	-	(3,049.50)
310.00	Power Generation Equipment	17	-	-	-	-
311.00	Pumping Equipment	17	(1,107.12)	-	-	(15,298.93)
320.00	Water Treatment Equipment	17	(478.24)	-	-	(5,785.46)
330.00	Distribution Reservoirs & Standpipes	33	(869.40)	-	-	(4,251.45)
331.00	Transmission & Distribution Mains	38	(2,650.95)	-	-	(76,607.05)
333.00	Services	35	(438.94)	-	-	(14,283.03)
334.00	Meters & Meter Installations	17	(1,438.57)	-	-	(23,428.49)
335.00	Hydrants	40	(211.10)	-	-	(5,497.70)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-
340.00	Office Furniture & Equipment	15	(5.08)	-	-	(46.20)
341.00	Transportation	6	(90.14)	-	-	(1,362.63)
343.00	Tools, Shop & Garage	15	-	-	-	(6.77)
345.00	Power Operated Equipment	10	(585.65)	-	-	(7,271.30)
348.00	Other Tangible Plant	10	-	-	-	-
	Total		(8,895.16)	-	-	(180,477.11)

Pinecrest Utilities, LLC

Water Utility Plant In Service

Acc#	Account Description	2022			
		Add	Ret	Adj	Ending
301.00	Organization	-	-	-	-
302.00	Franchise	-	-	-	-
303.00	Land	-	-	-	6,500.00
304.00	Structures & Improvements	-	-	-	5,753.00
307.00	Wells & Springs	2,256.37	-	-	27,125.37
309.00	Supply Mains	-	-	-	3,165.00
310.00	Power Generation Equipment	-	-	-	-
311.00	Pumping Equipment	-	-	-	18,821.01
320.00	Water Treatment Equipment	-	-	-	8,130.00
330.00	Distribution Reservoirs & Standpipes	-	-	-	28,690.25
331.00	Transmission & Distribution Mains	-	-	-	100,736.00
333.00	Services	-	-	-	15,363.00
334.00	Meters & Meter Installations	-	-	-	24,455.68
335.00	Hydrants	-	-	-	8,444.00
339.00	Other Plant & Miscellaneous Equipment	-	-	-	-
340.00	Office Furniture & Equipment	-	-	-	76.15
341.00	Transportation	-	-	-	1,362.63
343.00	Tools, Shop & Garage	-	-	-	6.77
345.00	Power Operated Equipment	-	-	-	7,271.30
348.00	Other Tangible Plant	-	-	-	-
	Total	2,256.37	-	-	255,900.16

Water Accumulated Depreciation

Acc#	Account Description	Srv Life Years	2022			
			DepExp	Ret	Adj	Ending
301.00	Organization	40	-	-	-	-
302.00	Franchise	40	-	-	-	-
303.00	Land		-	-	-	-
304.00	Structures & Improvements	27	-	-	-	(5,753.00)
307.00	Wells & Springs	27	(962.86)	-	-	(18,798.46)
309.00	Supply Mains	32	(98.91)	-	-	(3,148.41)
310.00	Power Generation Equipment	17	-	-	-	-
311.00	Pumping Equipment	17	(1,107.12)	-	-	(16,406.05)
320.00	Water Treatment Equipment	17	(478.24)	-	-	(6,263.70)
330.00	Distribution Reservoirs & Standpipes	33	(869.40)	-	-	(5,120.85)
331.00	Transmission & Distribution Mains	38	(2,650.95)	-	-	(79,258.00)
333.00	Services	35	(438.94)	-	-	(14,721.97)
334.00	Meters & Meter Installations	17	(1,027.19)	-	-	(24,455.68)
335.00	Hydrants	40	(211.10)	-	-	(5,708.80)
339.00	Other Plant & Miscellaneous Equipment	20	-	-	-	-
340.00	Office Furniture & Equipment	15	(5.08)	-	-	(51.28)
341.00	Transportation	6	-	-	-	(1,362.63)
343.00	Tools, Shop & Garage	15	-	-	-	(6.77)
345.00	Power Operated Equipment	10	-	-	-	(7,271.30)
348.00	Other Tangible Plant	10	-	-	-	-
	Total		(7,849.79)	-	-	(188,326.90)

* (1170.80)

 (962.86)

* From allocated Dep exp
 on vehicle schedule

Pinecrest Utilities. LLC
Test Year Ended 12/31/2022

NARUC	FUS1 Account	General Ledger Amount			
		12/31/21	Change	12/31/22	Average
<u>Short Term Debt</u>					
<i>none</i>					
<u>Long Term Debt</u>					
224.000	224.11 · Cap City Loan 4892 Fire Pump	(\$2,942.76)	\$1,216.60	(\$1,726.16)	(\$2,334.46)
<u>Common Equity</u>					
135.000	135.1 · Michael Smallridge Loan	(\$18,407.89)	\$0.00	(\$18,407.89)	(\$18,407.89) a
215.000	32000 · Members Equity	\$12,280.55	\$0.00	\$12,280.55	\$12,280.55
215.000	Current Year Retained Earnings	\$0.00	\$23,376.66	\$23,376.66	\$11,688.33
220.400	220.400 · Equity in Allocated Plant	(\$4,935.36)	(\$1,824.54)	(\$6,759.90)	(\$5,847.63) a,b
231.000	231 · Accounts Payable (Mike)	(\$27,510.00)	\$0.00	(\$27,510.00)	(\$27,510.00) a,c
231.000	231 · Accounts Payable (FUS1)	(\$34,913.16)	(\$8,548.22)	(\$43,461.38)	(\$39,187.27) a,d
		(\$73,485.86)	\$13,003.90	(\$60,481.96)	(\$66,983.91)
<u>Customer Deposits</u>					
235.000	235 · Customer Deposits	(\$3,644.50)	\$87.00	(\$3,557.50)	(\$3,601.00)
Total Debt & Equity		(\$80,073.12)	\$14,307.50	(\$65,765.62)	(\$72,919.37)

Notes:

- (a) Per Commission practice in rate proceedings, related party (parent or owner) debt is treated as common equity.
- (b) This is the net balance for allocated vehicles which is the difference between allocated vehicle & allocated accumulated depreciation amounts from the allocated plant schedule.
- (d) This is the net balance for unpaid officers salaries for the period 2011-16 that were erroneously posted to an A/P account. In January 2023 the outstanding balance was transferred to Acct 135.01 to properly reflect the actual balance that was owed to Mike Smallridge.
- (c) This is the portion of the Acc Pay balance that is payable to FUS1 (parent). It is for the accrual of allocated common cost charged to PCU by FUS1 during the year. It is considered related party debt per note (a) above.