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January 24, 2024

Sevini Guffey
Public Utility Analyst IV
Florida Public Service Commission
Capital Circle Office Center
2548 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Data Request Relative to Acquisition Adjustments

Dear Sevini Guffey,

This office has the honor and pleasure of representing First Coast Regional Utilities, Inc. (FCRU) which holds Florida Public Service Commission Certificated Nos. 680-W and 578-S. FCRU received the attached data request from you.

FCRU is a utility under construction and does not yet serve any customers. It further has no plans to acquire any other utility systems. Thus, the information requested is inapplicable to FCRU.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

SUNDSTROM & MINDLIN, LLP



William E. Sundstrom, P.A.
For the Firm

WES/brf

f:\first coast regional utility\ltr to guffey - psc re acquisition adjustments.docx

STATE OF FLORIDA



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Public Service Commission

January 18, 2024

To All PSC Regulated Water and Wastewater Utilities

Re: Statement of Estimated Regulatory Costs (SERC) Data Request for Proposed Amendment of Rule 25-30.0371, Florida Administrative Code (F.A.C.), Acquisition Adjustments.

Dear Utility Owner:

The Florida Public Service Commission (PSC) staff has proposed amendments, which update and clarify Rule 25-30.0371, F.A.C., Acquisition Adjustments. This rule is applicable to all water and wastewater utilities in Florida. In order to assess and consider the fiscal impacts and to prepare a SERC of the proposed amendments, PSC staff respectfully requests that you respond to the following data request included in pages 2-3. If you own more than one utility, please provide a cumulative response taking into consideration the impact on all of your utilities. For ease of reference, staff has also attached the most recent draft Rule 25-30.0371, F.A.C., with this data request.

Please file all responses electronically no later than February 2, 2024 via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact Shannon Hudson at 850-413-7021 if you have any questions.

Thank you.

/s/Sevini Guffey

Sevini Guffey

Public Utility Analyst IV

cc: Office of Commission Clerk

**Rule 25-30.0371, F.A.C., Acquisition Adjustments
Statement of Estimated Regulatory Costs Data Request**

For purposes of this data request, “incremental” means the net change anticipated as necessary to comply with the draft amended version of the rule. In other words, practices and costs under the current version of the rule should be compared to anticipated practices and costs under the draft amended rule, and the difference between the two is considered “incremental.”

For each of the questions below, consider your utility’s present practices under the current version of Rule 25-30.0371, Florida Administrative Code (F.A.C.), and the practices necessary to comply with the draft amended rule. A responsive answer will indicate only the incremental change in costs or practices necessary to comply with the draft amended version of the rule compared with the cost or practices under the current rule. Any cost or practice already required by Rule 25-30.0371, F.A.C., should not be included in your answer.

Considering draft revisions to Rule 25-30.0371, F.A.C., attached to this data request and definition of the term “incremental” noted above, please respond to the following questions.

1. With reference to amended Subsection (3)(b)1. through 13., F.A.C., regarding the information to be included in the petition for a positive acquisition adjustment for non-viable utility, please explain and state the estimated cost to your utility to prepare the data and information listed for each requirement of Subsection (3)(b), F.A.C.
2. With reference to amended Subsection (4)(b)1. through 12., F.A.C., regarding the information to be included in the petition for a positive acquisition adjustment for viable utility, please explain and state the estimated cost to your utility to prepare the data and information listed for each requirement of Subsection (4)(b), F.A.C.
3. Referring to the proposed new Subsection (8), F.A.C., Notice, please provide the anticipated costs to your utility to prepare and provide the notice. Please note that lines 7 through 9 of Subsection (8), F.A.C., allow for the notice required by this rule to be combined with the notice of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C. Therefore, any incremental costs could be impacted depending on whether your utility combines the notices required by Rules 25-30.030 and 25-30.0371, F.A.C, or does separate mailings. Please provide the incremental costs for both scenarios.

A “small business” is defined by Section 288.703(6), F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state, which has a Small Business Administration 8(a) certification. As to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

To All PSC Regulated Water and Wastewater Utilities

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January 18, 2024

4. Considering the above stated definition of a "small business," please state if your water and/or water and wastewater utility is a small business.
5. If yes, please state if the proposed rule would have an adverse, minimal, or no financial impact on your utility.
6. Would the proposed rule directly or indirectly result in incremental regulatory costs to your utility in excess of \$200,000 in the aggregate in Florida within 1 year after implementation of the rule?
7. Would the proposed rule revisions have an adverse incremental impact on economic growth, private-sector job creation or employment, and private-sector investment in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
8. Would the proposed rule revisions have an adverse incremental impact on business competitiveness, productivity, and innovation in excess of \$1 million in the aggregate within 5 years after implementation of the rule?
9. Would the proposed rule revisions result in incremental regulatory costs, including any transactional costs ("transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule) to your utility, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? If yes, please explain.

A "small city" is defined by Section 120.52(18), F.S., as any municipality that has an unincorporated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52(19), F.S., as any county that has an unincorporated population of 75,000 or less according to the most recent decennial census.

10. Considering the above definitions of a "small city" and "small county", please state if your utility serves a small city or several small cities, or a small county/counties? Would the small city/cities/county/counties served by your utility have financial impacts or no impacts due to the proposed rule revisions?
11. Please provide any additional information, including any tasks not identified above, which would result in incremental costs or savings to you utility, due to the proposed revisions to the rule, which the Commission may determine useful. [120.541(2)(f), F.S.]

1 **25-30.0371 Acquisition Adjustments.**

2 (1) Definitions Definition. For the purpose of this rule, ~~the following definitions apply:~~ an
3 ~~acquisition adjustment is defined as the difference between the purchase price of utility system~~
4 ~~assets to an acquiring utility and the net book value of the utility assets. A positive acquisition~~
5 ~~adjustment exists when the purchase price is greater than the net book value. A negative~~
6 ~~acquisition adjustment exists when the purchase price is less than the net book value.~~

7 (a) “Acquisition adjustment” means the difference between the purchase price of utility
8 system assets to an acquiring utility and the net book value of the acquired utility’s assets.

9 (b) “Good cause” means a showing of financial hardship, unforeseen events, or other
10 events outside the utility’s control.

11 (c) “Positive acquisition adjustment” means the purchase price is greater than the net book
12 value.

13 (d) “Negative acquisition adjustment” means the purchase price is less than the net book
14 value.

15 (e) “Non-viable utility” means a utility that meets either of the following subparagraphs:

16 1. A utility that is currently unable or is projected to be unable to provide and maintain
17 safe, adequate, and reliable service and facilities to its customers over the 5-year period
18 following the date of acquisition due to:

19 a. A history of enforcement or compliance actions by federal, state, or local regulatory
20 agencies based on violations of primary or exceedance of secondary water quality standards or
21 other health, safety, and environmental standards; and

22 b. Insufficient investment, repair, maintenance of assets or an inability to acquire and
23 maintain adequate managerial, operational, financial, or technical capabilities to ensure safe
24 and reliable service to its customers; or

25 2. A utility that is insolvent, i.e., unable to pay debts.

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1 (f) "Viable utility" means all utilities that are not non-viable as defined in paragraph (1)(e)
2 of this rule.

3 (2) Petition. A utility that acquires another utility may petition the Commission to establish
4 an acquisition adjustment under either subsection (3) or subsection (4) of this rule to include
5 some or all of a positive acquisition adjustment in the acquired utility's rate base. A utility
6 may seek approval of a positive acquisition adjustment at the time the utility seeks approval to
7 transfer the certificate of authorization or anytime within 3 years of the issuance date of the
8 Commission order approving the transfer of the certificate of authorization. The utility may
9 request an extension of the 3-year period, which must include a statement of good cause. The
10 petition for a positive acquisition adjustment may be made as a separate filing or as part of a
11 rate proceeding.

12 ~~(3)(2) Positive Acquisition Adjustments for Non-Viable Utility. A positive acquisition~~
13 ~~adjustment shall not be included in rate base absent proof of extraordinary circumstances. Any~~
14 ~~entity that believes a full or partial positive acquisition adjustment should be made has the~~
15 ~~burden to prove the existence of extraordinary circumstances. In determining whether~~
16 ~~extraordinary circumstances have been demonstrated, the Commission shall consider evidence~~
17 ~~provided to the Commission such as anticipated improvements in quality of service,~~
18 ~~anticipated improvements in compliance with regulatory mandates, anticipated rate reductions~~
19 ~~or rate stability over a long term period, anticipated cost efficiencies, and whether the~~
20 ~~purchase was made as part of an arms-length transaction. Amortization of a positive~~
21 ~~acquisition adjustment shall be pursuant to paragraph (4)(a) below.~~

22 (a) A full or partial positive acquisition adjustment will be allowed if it is demonstrated
23 that the acquired utility meets the definition of non-viable utility under paragraph (1)(e) of this
24 rule; that the purchase was made as part of an arms-length transaction; and that customers
25 from the acquired utility will benefit from the acquisition. In determining whether the acquired

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- 1 utility customers benefit, the Commission will consider the following factors:
- 2 1. Anticipated improvements in quality of service;
 - 3 2. Anticipated improvements in compliance with water or wastewater regulatory
4 requirements;
 - 5 3. Anticipated impacts on the cost of providing service over the next 5 years from the date
6 of acquisition;
 - 7 4. Anticipated cost efficiencies, including any economies of scale;
 - 8 5. Ability to attract capital at reasonable cost; and
 - 9 6. The professional and experienced managerial, financial, technical, and operational
10 resources of the acquiring utility.

- 11 (b) Contents of Petition. The acquiring utility must file the following information in its
12 petition:
- 13 1. The amount of the acquisition adjustment requested;
 - 14 2. The amortization period requested;
 - 15 3. An explanation of how the acquisition was made as part of an arms-length transaction;
 - 16 4. The contract of sale, including the estimated cost of the fees and transaction closing
17 costs to be incurred by the acquiring utility;
 - 18 5. A calculation of the net book value of the acquired utility including the composite
19 remaining life of the assets purchased;
 - 20 6. A statement as to whether the acquired utility is insolvent or unable to service its debt
21 obligations;
 - 22 7. A description of the acquiring utility's managerial, operational, financial, or technical
23 capabilities to furnish and maintain safe and adequate service and facilities over the next 5
24 years from the date of acquisition;
 - 25 8. Any notices of violation, consent decrees or other regulatory actions issued by a federal,

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1 state, regional, or local agency regarding the provision of the acquired utility's water or
2 wastewater service over the past 5 years from the date of acquisition, including any notices of
3 violation of primary or notices of exceedances of secondary water quality standards;

4 9. The acquired utility's annual capital investments and operations and maintenance
5 expenses over the past 5 years from the date of acquisition;

6 10. Any planned infrastructure additions and maintenance by the acquiring utility to
7 improve the acquired utility's quality of service or compliance with environmental
8 regulations;

9 11. Any engineering studies or appraisals the acquiring utility procured pertaining to the
10 purchase of the acquired utility;

11 12. The 5-year projected impact on the cost of providing service to the customers of the
12 utility system being acquired, including the impact of any operation and maintenance cost
13 savings and economies of scale expected to result from the acquisition transaction, the impact
14 of the cost of any plant infrastructure additions, and the impact of the acquisition adjustment;

15 and

16 13. An explanation as to how the acquiring utility has greater access to capital than the
17 acquired utility, if applicable.

18 ~~(3) Negative Acquisition Adjustments. If the purchase price is greater than 80 percent of~~
19 ~~net book value, a negative acquisition adjustment will not be included in rate base. When the~~
20 ~~purchase price is equal to or less than 80 percent of net book value, a negative acquisition~~
21 ~~adjustment shall be included in rate base and will be equal to 80 percent of net book value less~~
22 ~~the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to~~
23 ~~subparagraph (4)(b)1. or (4)(b)2. below.~~

24 (4) Positive Acquisition Adjustments for Viable Utility.

25 (a) A full or partial positive acquisition adjustment will be allowed if the acquiring utility

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1 demonstrates that the purchase was made as part of an arms-length transaction and the
2 transaction incorporating the full or partial positive acquisition adjustment is projected to
3 provide a positive cumulative present value of the revenue requirements (CPVRR) customer
4 benefit over a 5-year period from the date of acquisition. If the CPVRR does not result in a
5 positive customer benefit over the 5-year period, the Commission will consider the following
6 factors in determining whether to allow a full or partial acquisition adjustment:

7 1. Anticipated improvements in quality of service and compliance with any regulatory
8 requirements;

9 2. Anticipated rate reductions or rate stability over the next 5 years from the date of
10 acquisition;

11 3. Anticipated cost savings;

12 4. Increased ability to attract capital at reasonable cost;

13 5. Lower overall cost of capital; and

14 6. Additional professional and experienced managerial, financial, technical, and
15 operational resources.

16 (b) Contents of Petition. The acquiring utility must file the following information in its
17 petition:

18 1. The amount of the acquisition adjustment requested;

19 2. The amortization period requested;

20 3. An explanation of how the acquisition was made as part of an arms-length transaction;

21 4. The contract of sale, including the estimated cost of fees and transaction closing costs to
22 be incurred by the acquiring utility;

23 5. A calculation of the net book value of the acquired utility including the composite
24 remaining life of the assets purchased;

25 6. A CPVRR in the form of a spreadsheet. Form PSC XXX (XX/23), entitled "Water

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1 and/or Wastewater Utilities Cumulative Present Value of the Revenue Requirements for
2 Acquisition Adjustment Worksheet,” which is incorporated by reference in this rule and is
3 available at [hyperlink], is an example CPVRR that may be completed and included in the
4 acquiring utility’s petition to comply with this subparagraph. The form may also be obtained
5 from the Commission’s website, www.floridapsc.com;

6 7. An Excel spreadsheet with the data and information included in the CPVRR analysis
7 with the spreadsheet formulas intact;

8 8. All supporting data and assumptions used in the CPVRR spreadsheet;

9 9. A description of any anticipated improvements or planned infrastructure additions and
10 maintenance by the acquiring utility;

11 10. A description, including any supporting data, of any anticipated cost savings resulting
12 from the acquisition;

13 11. The 5-year projected rate impact on the customers of the utility system being acquired,
14 including the rate impact of any cost efficiencies and economies of scale expected to result
15 from the acquisition transaction, the rate impact of the cost of any plant infrastructure
16 additions, and the rate impact of the acquisition adjustment; and

17 12. Any engineering studies or appraisals the acquiring utility procured pertaining to the
18 purchase of the acquired utility.

19 ~~(4) Amortization Period.~~

20 ~~(a) In setting the amortization period for a Commission approved positive acquisition~~
21 ~~adjustment pursuant to subsection (2), above, the Commission shall consider evidence such as~~
22 ~~the composite remaining life of the assets purchased and the condition of the assets purchased.~~
23 ~~Amortization of the acquisition adjustment shall begin on the date of issuance of the order~~
24 ~~approving the transfer of assets.~~

25 ~~(b) The appropriate period over which to amortize a Commission approved negative~~
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existing law.

1 acquisition adjustment pursuant to subsection (3), above, shall be determined as follows:
2 1. If the purchase price is greater than 50 percent of net book value, the negative
3 acquisition adjustment shall be amortized over a 7 year period from the date of issuance of the
4 order approving the transfer of assets. In this case, the negative acquisition adjustment shall
5 not be recorded on the books for ratemaking purposes or used for any earnings review unless
6 the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or
7 367.0822, F.S., that will be effective during the amortization period.

8 2. If the purchase price is 50 percent of net book value or less, the negative acquisition
9 adjustment shall be amortized from the date of issuance of the order approving the transfer of
10 assets as follows:

11 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7 year
12 period; and

13 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining
14 life of the assets.

15 (5) Amortization Period for a Positive Acquisition Adjustment. The Commission will set
16 the amortization period in the order approving the positive acquisition adjustment.

17 Amortization of the acquisition adjustment will begin on the date of issuance of the order
18 approving the positive acquisition adjustment or on the date the sale closes, whichever occurs
19 last.

20 (6) Nothing herein removes the Commission's existing authority to review a positive
21 acquisition adjustment if the Commission finds that customer benefits did not materialize or
22 subsequently changed within 5 years of the date of the order approving the positive acquisition
23 adjustment.

24 (7) Negative Acquisition Adjustment. A negative acquisition adjustment will not be
25 included in rate base.

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1 (8) Notice. At the time the petition is filed with the Commission, the acquiring utility must
2 provide a draft notice for review by Commission staff. Commission staff will review the draft
3 notice within 7 days. Once staff has approved the notice, the acquiring utility must provide
4 notice by regular mail to the Office of Public Counsel and by regular mail or personal service
5 to each customer and owner of property located within the service area for both the acquiring
6 utility and the utility being acquired, to the extent the utilities' customers are within the
7 Commission's jurisdiction. The notice required by this rule may be combined with the notice
8 of Application for Authority to Transfer issued pursuant to Rule 25-30.030, F.A.C. The notice
9 must contain:

10 (a) Title: Notice of Utility's Petition to Establish an Acquisition Adjustment;

11 (b) A statement that the utility has filed a petition with the Commission to establish an
12 acquisition adjustment for either a viable or a non-viable utility system;

13 (c) The date the petition was filed with the Commission;

14 (d) The docket number associated with the petition;

15 (e) A statement of the 5-year projected rate impact or the anticipated effect of the
16 requested acquisition adjustment on rates for the next five years;

17 (f) A statement that the utility's petition is available on the Commission's website;

18 (g) The acquiring utility's address, telephone number, and business hours; and

19 (h) A statement that any customer substantially affected by the petition may file a motion
20 to intervene in accordance with Rule 28-106.205, F.A.C.

21 *Rulemaking Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 367.071(5),*
22 *367.081(2)(a), 367.121(1)(a), (b) FS. History—New 8-4-02, Amended 11-22-10, _____*

23
24
25

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WATER AND WASTEWATER UTILITIES CUMULATIVE PRESENT VALUE OF THE REVENUE REQUIREMENTS
 FOR ACQUISITION ADJUSTMENT WORKSHEET

Discount Rate / WACC		Acquired Utility															
Start Date:				Year 1		Year 2		Year 3		Year 4		Year 5		Nominal Total		5-year CPVR	
Acquisition Date:				1,00000		1,00000		1,00000		1,00000		1,00000					
Discount Rate	Regulation Rate	Revenue Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total		5-year CPVR							
Revenue Requirements																	
Operations and Maintenance ¹	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortization ²	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Other Than Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense ³	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return on Equity ⁴	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Tax ⁵	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue from Customers ⁷		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Customer Savings/Cost ⁸		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 1	Year 2	Year 3	Year 4	Year 5
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0

Discount Rate / WACC		Acquiring Utility															
Start Date:				Year 1		Year 2		Year 3		Year 4		Year 5		Nominal Total		5-year CPVR	
Acquisition Date:				1,00000		1,00000		1,00000		1,00000		1,00000					
Discount Rate	Regulation Rate	Revenue Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Nominal Total		5-year CPVR							
Revenue Requirements																	
Operations and Maintenance ¹	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortization ²	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Other Than Income	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Expense ³	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Return on Equity ⁴	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Tax ⁵	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
System Impact ⁶	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Acquisition Adjustment ⁷	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue from Customers ⁸		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Customer Savings/Cost ⁹		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Year 1	Year 2	Year 3	Year 4	Year 5
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0

Combined Net Customer (Savings)/Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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¹Represents estimated Operations and Maintenance Expense for operating the system.
²Depreciation and Amortization Expense associated with the assets and system capital expenditures.
³Interest expense assumes weighted cost of debt and debt-to-investor capital ratio excluding any interest expense (if applicable) related to the Acquisition Adjustment.
⁴Return on equity assumes cost of equity and equity-to-investor capital ratio excluding any return (if applicable) related to the Acquisition Adjustment.
⁵Income tax assumes blended state and federal tax rate.
⁶Fixed costs and capital needed to serve the system.
⁷Capital costs related to the unamortized Acquisition Adjustment balance as well as the yearly amortization expense of the Acquisition Adjustment.
⁸Revenue from customers at forecasted rates.
⁹Revenue requirements netted against revenue from customers.