

State of Florida




Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: November 22, 2024

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis 

RE: Docket No.: 20240068-WS
Company Name: Sunshine Water Services Company
Company Code: SU640
Audit Purpose: A1a: Rate Case
Audit Control No.: 2024-204-1-1 and 2024-204-1-2

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

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Sunshine Water Services Company
Rate Case Audit

Historical Test Year Ended December 31, 2023

Docket No. 20240068-WS
Audit Control No. 2024-204-1-1 & 2024-204-1-2
November 22, 2024

A handwritten signature in black ink, appearing to read "Curt M. Mouring".

Curt M. Mouring
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M. Deamer".


Lynn M. Deamer
Audit Reviewer

A handwritten signature in black ink, appearing to read "Kathryn Guan".

Kathryn Guan
Audit Staff

A handwritten signature in black ink, appearing to read "Tony Nguyen".

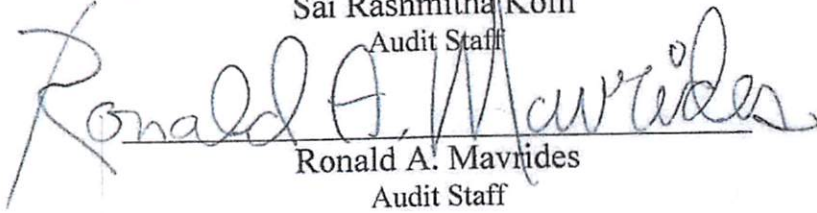
Tony Nguyen
Audit Staff



Yen N. Ngo
Audit Staff

K. Sai Rashmitha

Sai Rashmitha Kolli
Audit Staff



Ronald A. Mavrides
Audit Staff

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting & Finance in its audit service requests dated July 22, 2024. We have applied these procedures to the attached schedules prepared by Sunshine Water Services Company in support of its filing for rate relief in Docket No. 20240068-WS.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Sunshine Water Services Company.

ERC refers to the Equivalent Residential Connections as defined by Commission Rule 25-30.055, Florida Administrative Code. (F.A.C.)

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform System of Accounts as adopted by Commission Rule 25-30.115 – Uniform System of Accounts for Water and Wastewater Utilities, F.A.C.

Background

Sunshine Water Services Company is a Class A utility serving approximately 35,171 water and 29,547 wastewater customers in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties. The test year established for final rates is the historical test year ended December 31, 2023.

Nexus, the parent of Sunshine Water Services Company, allocates its costs to its utility subsidiaries based on ERCs. Sunshine Water Service's receives costs from its parent based on the ratio of its aggregate ERCs to the total ERCs of all the subsidiaries.

Rate Base

Utility Plant in Service

Objectives: The objectives were to determine whether Utility Plant in Service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are authentic, recorded at original cost, and properly classified as a capital item in compliance with Commission Rules and NARUC USOA, 3) Retirements are made when replacement item is put into service, 4) UPIS balances are properly stated based on Commission adjustments in the prior rate case and to determine the 13-month average balance for UPIS as of December 31, 2023, and 5) Where plant additions were allocated from the corporate offices, the basis of the allocation was reviewed.

Procedures: We reconciled the UPIS accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to Order No. PSC-2021-0206-FOF-WS issued on June 4, 2021. We verified that Commission ordered adjustments were posted to the general ledger. We scheduled utility additions and retirements since the last rate proceeding to determine the UPIS balances as of December 31, 2023. We recalculated the 13-month average balance for the filing. We traced a sample of additions and retirements to the source documentation and verified that additions were recorded at original cost and that retirements were properly posted. See Finding 6.

Land & Land Rights

Objectives: The objectives were to determine whether the utility land was recorded at original cost is used for utility operation, and was owned or secured under a long-term lease for the historical test year ended December 31, 2023.

Procedures: We reconciled the land balance from the last audit in Docket No. 20200139-WS to the beginning balance of the audit. We traced and reconciled reclassifications and allocations of land from the Utility's general ledger detail of land to our schedule. We requested support for any land deeds for property purchased from December 31, 2019 through December 31, 2023. We obtained the records of the properties owned by the Utility from the County Property Appraiser websites. See Finding 7.

Construction Work in Progress

Objectives: The objectives were to determine the nature and purpose of utility projects recorded as Construction Work In Progress (CWIP), and whether Construction Work In Progress was properly stated and authorized. See Finding 8.

Procedures: We requested and obtained the general ledger detail of CWIP for the years ended December 31, 2020 to December 31, 2023. We statistically sampled CWIP for the year ended December 31, 2023. No exceptions were noted.

Contributions-in-Aid-of-Construction

Objectives: The objectives were to determine whether utility contributions-in-aid-of construction (CIAC) balances are properly stated, are reflective of the service availability charges authorized in the Utility's Commission-approved tariffs, and the adjustments required in the Utility's last rate proceeding were recorded in its books and records.

Procedures: We reconciled the CIAC accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order No. PSC-2021-0206-FOF-WS issued on June 4, 2021. We verified whether the Utility included the Commission adjustments from the Order. We scheduled utility additions and retirements since the last rate case proceeding to determine the CIAC balance as of December 31, 2023. We recalculated the 13-month average balance for the filing. We traced a sample of additions to the Utility's supporting documentation and traced service availability charges to the Utility's approved tariffs. We reviewed CIAC agreements, and inquired about new special agreements, developer agreements, and donated property. See Finding 4.

Accumulated Depreciation

Objectives: The objectives were to determine whether: 1) Accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC USOA, 2) Depreciation accruals are calculated using the Commission's authorized rates and that retirements are properly recorded, 3) Adjustments required in the Utility's last rate case

proceeding were recorded in its books and records, and 4) Where accruals to accumulated depreciation were allocated from the corporate offices, the basis of the allocation is reviewed.

Procedures: We reconciled the accumulated depreciation accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to Order No. PSC-2021-0206-FOF-WS issued on June 4, 2021. We verified whether the Utility included the Commission adjustments from the order. We scheduled utility accruals and retirements since the last rate proceeding to determine the accumulated depreciation balance as of December 31, 2023. We recalculated the 13-month average balance for the filing. We calculated accumulated depreciation accruals by using the rates authorized in Rule 25-30.140 F.A.C. and compared our balances to the balances in the general ledger and the filing. See Finding 6.

Accumulated Amortization of CIAC

Objectives: The objectives were to determine whether accumulated amortization of CIAC balances were properly stated, that annual accruals were in compliance with Commission rules and orders, and that the adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

Procedures: We reconciled the Accumulated Amortization of CIAC accounts presented in the filing to the general ledger. We reconciled the beginning balances, including ordered adjustments, in the general ledger to the Order No. PSC-2021-0206-FOF-WS issued on June 4, 2021. We verified whether the Utility included the Commission adjustments from the order. We scheduled utility accruals and retirements since the last rate proceeding to determine the Accumulated Amortization of CIAC balance as of December 31, 2023. We recalculated the 13-month average balance for the filing. See Findings 4 and 6.

Working Capital

Objectives: The objectives were to determine the working capital accounts and adjustments have been prudently recorded and reflected on MFRs.

Procedures: We obtained the general ledger and the balance sheet from the Utility, and scheduled the general ledger and the balance sheet for working capital. We also recalculated the working capital, traced back the amounts to the general ledger, the balance sheet and MFR Schedules. We statistically selected 74 transactions for sample testing, and traced back the amounts to the invoices and other supporting documentation. See Findings 1 and 2.

Capital Structure

Equity

Objectives: The objective was to determine that common equity represents utility capital stock, proprietary capital, other paid-in-capital and retained earnings for the test year ended December 31, 2023.

Procedures: We obtained and reviewed the MFR Schedule D-2. We reviewed the common equity per MFR, which was for the parent company Corix Regulated Utilities (US) Inc. No exceptions were noted.

Long-Term Debt

Objectives: The objective was to determine that the utility debts are properly recorded and amortized for the test year ended December 31, 2023.

Procedures: We obtained and reviewed the MFR Schedule D-2. We reviewed the long-term debt per MFR, which was for the parent company Corix Regulated Utilities (US) Inc. No exceptions were noted.

Short-Term Debt

Objectives: The objective was to determine that the utility debts are properly recorded and amortized for the test year ended December 31, 2023

Procedures: We obtained and reviewed the MFR Schedule D-2. We reviewed the short-term debt per MFR, which was for the parent company Corix Regulated Utilities (US) Inc. No exceptions were noted.

Customer Deposits

Objectives: The objectives were to determine whether the Utility is collecting and accounting for customer deposits authorized in its Commission Approved tariff for the test year ended December 31, 2023 and to determine whether that the Utility was calculating and remitting interest on customer deposits per Commission Rule 25-30.311, F.A.C.

Procedures: We reviewed the MFR Schedule D-7. We reconciled the ending balance from Order PSC-2021-0206-FOF-WS to the beginning balance in the 2020 general ledger. We reconciled the customer deposits and refunds from the general ledger to the filing from 2020 to the end of test year 2023. See Finding 5.

Accumulated Deferred Income Taxes

Objectives: The objective was to review the Utility specific Accumulated Deferred Income Taxes (ADIT) of each system.

Procedures: We received supporting documentation for the Accumulated Deferred Income Taxes for the years 2020 to 2023. We reconciled the MFR to the 2023 general ledger summary and details for both the State and Federal Deferred Income Taxes. No exceptions were noted.

Investment Tax Credits

Objectives: The objective was to review the Utility specific Investment Tax Credits (ITCs) and Excess Deferred Income Tax of each system.

Procedures: We received supporting documentation for the ITCs for the test year ended December 31, 2023. We reconciled the test year ITCs to the general ledger and the MFR. We received supporting documentation for the Excess Deferred Tax Income Tax, including a test year amortization schedule and a projected schedule. We reconciled the test year Excess Deferred Income Taxes to the general ledger and the filing. No exception were noted.

Net Operating Income

Operating Revenue

Objectives: The objective was to determine whether the revenues, billing determinants, and customers were booked and recorded for the historical test year ended December 31, 2023.

Procedures: We obtained the general ledger from the Utility, recalculated the operating revenues for 2023, and reconciled the revenues to MFR Schedule B-4. We also requested the explanation from the Utility for the differences between book revenues and MFRs. The Utility inadvertently reversed the accrued water revenues (Account 461) and accrued wastewater revenues (Account 522). We obtained the tariffs, recalculated the revenues by meter size and class of service, and traced to the billing registers. We recalculated the miscellaneous service charges by type, and reconciled to MFR Schedule E-5. We scheduled the customer bills by service class and meter size for the last month of the test year, and reconciled to MFR Schedule E-3. The explanation of variances from the Utility was sufficient. We reconciled the billing analysis to MFR Schedule E-2. We also requested and verified the adjustment to revenues, and reconciled to MFR Schedule E-2. We scheduled the miscellaneous service charges for number of connections received by type. We also requested the explanation for the miscellaneous service charges from the Utility. We tested all the transactions in “CIAC Suspend Account for Non CIAC” in miscellaneous service charges, and traced to the supporting documentation. Audit staff believes some of the transactions in this account should be included in CIAC. See Findings 3 and 4.

Operation and Maintenance Expense

Objectives: The objectives were to audit all test year Operation and Maintenance (O&M) Expense accounts, examine for proper timing, amount, classification, support documentation, and whether non-utility related or non-recurring, and report expenses that appear unreasonable.

Procedures: We requested and obtained a reconciliation of the Utility’s general ledger detail of O&M expenses and tied to MFR Schedules B-5 and B-6. We statistically sampled all O&M accounts. We tested for proper timing, amount, classification, supporting documentation, whether non-utility related or non-recurring, and whether expenses appear unreasonable. See Finding 9.

Depreciation and Amortization

Objectives: The objective was to determine whether depreciation expense for both direct and allocated UPIS was properly recorded in compliance with Commission Rules and that it accurately represented the depreciation of UPIS assets and the amortization of the CIAC assets for ongoing utility operations.

Procedures: We reconciled the depreciation and amortization expense accounts presented in the filing to the general ledger. We calculated depreciation and amortization expense for the test year using the rates prescribed in Rule 25-30.140, F.A.C. and compared our amounts to the amounts reflected in ledgers and the filing. See Finding 6.

Taxes Other than Income

Objectives: The objective was to determine whether Taxes Other Than Income Taxes (TOTI) were appropriate for the historical test year ended December 31, 2023.

Procedures: We requested and obtained a reconciliation of the general ledger detail of TOTI and traced components of TOTI to MFR Schedule B-15. We obtained and reviewed the water and wastewater Regulatory Assessment Fee (RAF) forms for the year ended December 31, 2023. We recalculated the RAFs using the revenues from MFR Schedule B-4 and compared them to the RAF forms. We reviewed the property tax supporting documentation to determine that it was related to Utility land and/or assets. No exceptions were noted.

Audit Findings

Finding 1: Working Capital

Audit Analysis: The Utility filed the MFR Schedule A-19 by Fusion Account but not NARUC Account in working capital. Although the total amount would be the same, the amounts would be different by NARUC Account and Fusion Account respectively. See Table 1-1.

Table 1-1

Current and Accrued Liabilities	13 Month Average		
	NARUC	Fusion	
	Account	Account	Differences
Accounts Payable	\$ 4,416,584	\$4,680,586	\$ (264,001)
Misc. Current and Accrued Liabilities & Credits	\$ 493,676	\$ 229,674	\$ 264,001
Grand Total	\$ 4,910,260	\$4,910,260	\$ 0

The Finding is for informational purposes only.

Finding 2: Notes and Accounts Payable for Associate Companies

Audit Analysis: There was the amount of \$34,052 for Advanced from Utilities in Fusion Account 260016, which corresponds with the NARUC Account 253.2. However, the Utility incorrectly booked to the NARUC Account 233. The total Notes and Accounts Payable for Associate Companies should be \$68,337,141. See Table 2-1.

Table 2-1

Fusion Account	NARUC Account	Account Description	Amount per Audit	Amount per Utility	Difference
233002	233	Intercompany Trade Accounts Payable - USD	\$ -	\$ -	-
234001	233	Intercompany Non-Trade Accounts Payable	\$68,337,141	\$68,337,141	
234004	233	Intercompany Automatic Balancing - Liabiltiites	\$ -	\$ -	-
260016	253.2	Advanced from Utilities	N/A	\$ 34,052	
Total Notes & Accounts Payable - Assoc Cos.			\$68,337,141	\$68,371,192	\$ (34,052)

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

Effect on the Filing: Audit staff determined that the Notes and Accounts Payable for Associate Companies should be \$68,337,141. Additionally, there should be a \$34,052 decrease for the Notes and Accounts Payable for Associate Companies. The effect, if any, on Working Capital Allowance should be determined by analyst.

Finding 3: Operating Revenues

Audit Analysis: Audit staff determined that the Utility inadvertently reversed the accrued water revenues (Account 461) and accrued wastewater revenues (Account 522) on MFR Schedule B-4. The accrued water revenues should be \$79,153, and the total water operating revenues should be \$21,896,05. In addition, the accrued wastewater revenues should be \$715,273, and the total wastewater operating revenues should be \$28,912,710. See Tables 3-1 and 3-2.

Table 3-1

<u>Water</u>	<u>Per Utility</u>	<u>Per Audit</u>	<u>Adjustment</u>
Accrued Water Revenues	\$ 715,273	\$ 79,153	\$ (636,120)
Total Water Sales	\$ 22,261,413	\$ 21,625,293	\$ (636,120)
Total Water Operating Revenues	\$ 22,532,175	\$ 21,896,055	\$ (636,120)

Table 3-2

<u>Wastewater</u>	<u>Per Utility</u>	<u>Per Audit</u>	<u>Adjustment</u>
Accrued Wastewater Revenues	\$ 79,153	\$ 715,273	\$ 636,120
Total Wastewater Sales	\$ 27,977,413	\$ 28,613,533	\$ 636,120
Total Wastewater Operating Revenues	\$ 28,276,590	\$ 28,912,710	\$ 636,120

Effect on the General Ledger: None.

Effect on the Filing: For water, the accrued revenues should be \$79,153, and the total operating revenues should be \$21,896,055. Additionally, for wastewater, the accrued revenues should be \$715,273, and the total operating revenues should be \$28,912,710.

Finding 4: Miscellaneous Service Revenues

Audit Analysis: The Utility booked \$19,395 to miscellaneous service revenues. Audit staff tested all the transactions, and traced to the supporting documentation. Audit staff believes this amount should be charged to CIAC.

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

Effect on the Filing: Due to time and staffing limitations, audit staff was unable to recalculate the impact of this Finding. Technical staff should determine the impact, if any, on the filing.

Finding 5: Customer Deposits

Audit Analysis: The Utility did not have any detail regarding remitting of interest on customer deposits back to customers. Rule 25-30.311(4) and Rule 25-30.311 (4)(a), F.A.C, requires a 2% annual interest payment on residential customer deposits. The Utility needs to ensure that policies and procedures are in place to comply with Rule 25-30.311, F.A.C.

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

Effect on the Filing: The customer deposits interest payable should be booked in accordance with Rule 25-30.311, F.A.C. for the test year ended December 31, 2023. Technical staff should determine the impact on the filing.

Finding 6: Plant Reclassification and Depreciation Expense

Audit Analysis: The Utility recorded three headwork projects: 1. Sanlando Utilities CP in the amount of \$240,278; 2. Mid-County in the amount of \$2,655,007; and 3. Wekiva in the amount of 2,705,485. These headwork projects should be recorded to Account 380.4 – Treatment and Disposal Equipment.

In addition, the Utility incorrectly applied the depreciation rates to certain accounts in the calculation of the depreciation expense for year ended December 31, 2023. We reclassified the plant accounts and recalculated the depreciation expense using the rates from Rule 25-30.140. The depreciation expense and the accumulated depreciation should be reduced by \$83,700. The recalculation of the adjustments are shown below:

Table 6-1

Plant Reclassification				
Asset Account	NARUC	PIS	Debit	Credit
141203	354.7	Gen Plt_180		\$ 240,278
141244	362.2	Special Collecting Structures		\$2,655,007
141203	380.4	Treatment and Disposal Equipment	\$ 240,278	
141244	380.4	Treatment and Disposal Equipment	\$ 2,655,007	
141255	380.4	Treatment and Disposal Equipment	\$ 2,705,485	
141255	381.4	Building		\$2,705,485

Table 6-2

Adjustment of Depreciation Expense				
NOI Account	NARUC	Depreciation Expense	Debit	Credit
142241	360.2	Infrastructure Improvement	\$ 19,187	
142242	361.2	Infrastructure Improvement - Sewer Gravity		\$ 53,092
142243	361.2	Infrastructure Improvement - Manholes		\$ 8,051
142203	380.4	Building		\$ 2,678
142244	380.4	Treatment and Disposal Equipment	\$ 58,401	
142255	380.4	Treatment and Disposal Equipment	\$ 1,774	
142271	389.1	Building		\$ 99,240
Total			\$ 79,361	\$ 163,061
Adjusted				\$ (79,361)
Adjustments				\$ 83,700

Table 6-3

Adjustment of Accumulated Depreciation

NARUC Accumulated Depreciation	Debit	Credit
360.2 Infrastructure Improvement		\$ 19,187
361.2 Infrastructure Improvement - Sewer Gravity	\$ 53,092	
361.2 Infrastructure Improvement - Manholes	\$ 8,051	
380.4 Treatment and Disposal Equipment		\$ 58,401
354.7 Building	\$ 2,678	
380.4 Treatment and Disposal Equipment		\$ 1,774
389.1 Building	\$ 99,240	
Total	\$ 163,061	\$ 79,361
Adjusted		\$(163,061)
Adjustment		\$ (83,700)

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

Effect on the Filing: Technical staff should determine the impact on the filing.

Finding 7: Land

Audit Analysis: Audit staff determined that \$35,590 included in Land and Land Rights is related to legal fees pertaining to land issues. After speaking with the Utility, they agreed that it should be removed from Land and Land Rights. The legal fees were incurred prior the test year, and therefore should have no impact on test year O&M expenses.

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

Effect on the Filing: Land balance should be reduced by \$35,590.

Finding 8: Construction Work In Progress (CWIP)

Audit Analysis: Audit staff has noted invoices for purchases of food in the amount of \$37 and legal fees in the amount of \$10,000 in the statistical sample testing for CWIP.

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

Effect on the Filing: We defer this finding to the analyst.

Finding 9: Operations and Maintenance Expense

Audit Analysis: Audit staff has noted in our sample of Operations and Maintenance Expense that several accounts contain invoices that are out of period, attorney fees, late fees, purchases of food, and reclassifications.

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

Effect on the Filing: Due to time and staffing limitations, Audit staff was unable to recalculate the impact of this finding. Technical staff should determine the effect, if any, on the filing.

Table 9-1

<u>NARUC Account</u>	<u>Account</u>	<u>Amount</u>	<u>Comments</u>
<u>631</u>	Contractual Services - Engineering	(46,000.00)	Out of Period Invoices to be removed
<u>633</u>	Contractual Services - Legal	(35,491.73)	Out of Period Invoices to be removed
		(10,000.00)	Attorney Fees to be removed
	<u>Total</u>	<u>\$ (45,491.73)</u>	
<u>636</u>	Contractual Services - Other	(408.49)	Out of Period Invoices to be removed
<u>736</u>	Contractual Services - Other	(45.00)	Late Fees to be removed
<u>635</u>	Contractual Services - Testing	(2,415.00)	Out of Period Invoices to be removed
<u>735</u>	Contractual Services - Testing	(2,064.40)	Out of Period Invoices to be removed
<u>615</u>	Purchased Power	(53.64)	Late Payment Charges
<u>710</u>	Purchased Wastewater Treatment	(15,050.96)	Out of Period Invoices to be removed
		(13,244.00)	Utility bill that includes water and wastewater charges but line item only includes water service
	<u>Total</u>	<u>\$ (28,294.96)</u>	
642	Rental of Equipment	(426.85)	Amount to be reclassified to Account 340 - Office Furniture and Equipment

Exhibits

Exhibit 1: Rate Base – Water

Schedule of Water Rate Base

Florida Public Service Commission

Company: Sunshine Water Services Company
 Docket No.: 20240068-WS
 Test Year Ended: December 31, 2023
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: A-1 - REVISED
 Page 1 of 1
 Preparer: Deborah Swain

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	154,450,166	21,500,216	(A)	175,950,382	A-5, A-3
2						
3	Utility Land & Land Rights	345,317	(46,750)	(A)	298,567	A-5
4						
5	Less: Non-Used & Useful Plant			(B)		A-7
6						
7	Construction Work in Progress	10,702,753	(10,702,753)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(72,724,166)	10,251,063	(D)	(62,473,103)	A-9, A-3
10						
11	Less: CIAC	(64,533,345)	451,677	(E)	(64,081,668)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	32,293,395	(457,037)	(E)	31,836,358	A-14, A-3
14						
15	Acquisition Adjustments	1,292,816	(1,292,816)	(F)	-	-
16						
17	Accum. Amort. of Acq. Adjustments	114,806	(114,806)	(F)	-	-
18						
19	Advances For Construction	(35,452)			(35,452)	A-16
20						
21	Working Capital Allowance	-	1,746,652	(G)	1,746,652	A-17, A-3
22						
23	Total Rate Base	61,906,291	21,335,446		83,241,737	

1 REVISED

Exhibit 2: Rate Base - Wastewater

Company: Sunshine Water Services Company
 Docket No.:20240068-WS
 Test Year Ended: December 31, 2023
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: A-2
 Page 1 of 1
 Preparer: Deborah Swain

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	153,190,867	31,399,624	(A)	184,590,491	A-6, A-3
2						
3	Utility Land & Land Rights	510,063	46,750	(A)	556,813	A-6, A-3
4						
5	Less: Non-Used & Useful Plant (net)		(140,657)	(B)	(140,657)	A-7
6						
7	Construction Work in Progress	14,693,009	(14,693,009)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(67,120,600)	(8,198,980)	(D)	(75,319,580)	A-10, A-3
10						
11	Less: CIAC	(37,475,393)	240,934	(E)	(37,234,459)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	29,588,418	(3,085,974)	(E)	26,502,444	A-14, A-3
14						
15	Acquisition Adjustments	-	-	(F)	-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-	(F)	-	-
18						
19	Advances For Construction	-			-	A-16
20						
21	Working Capital Allowance	-	2,617,989	(G)	2,617,989	A-17, A-3
22						
23	Total Rate Base	93,386,364	8,186,678		101,573,042	

Exhibit 3: Capital Structure

Schedule of Requested Cost of Capital
13-Month Average Balance

Florida Public Service Commission

Company: Sunshine Water Services Company
Docket No.:20240068-WS
Test Year Ended: December 31, 2023
Interim [] Final [x]
Historical [x] Projected []

Schedule D-1
Page 1 of 1

Preparer: Deborah Swain

Explanation: Provide a schedule which calculates the requested cost of capital on a thirteen month average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

Line No.	(1) Class of Capital	(2)	(3)	(4)	(5)
		Reconciled to Requested Rate Base AYE 12/31/23	Ratio	Cost Rate	Weighted Cost
1	Long Term Debt	67,478,252	36.51%	4.92%	1.796%
2	Long Term Debt - Variable	14,725,053	7.97%	7.51%	0.599%
3	Short Term Debt	3,993,823	2.16%	8.25%	0.178%
4	Preferred Stock	-	0.00%	0.00%	0.000%
5	Common Equity	87,447,369	47.32%	10.36%	4.902%
6	Customer Deposits	319,453	0.17%	2.00%	0.003%
7	Accum. Deferred ITC's	61,653	0.03%	0.00%	0.000%
8	Accumulated Deferred Income Tax	5,822,833	3.15%	0.00%	0.000%
9	Other Deferred Tax Liability - TCJA	4,969,273	2.69%	0.00%	0.000%
10					
11	Total	<u>184,817,709</u>	<u>100.00%</u>		<u>7.478%</u>
12					
13					

14 Notes:

- 15 1. Long term debt, short term debt, preferred stock, and common equity are actual for Sunshine Water Services Company's
16 parent company, Corix Regulated Utilities (US) Inc.
17 2. The cost rate of common equity is based on the leverage formula adopted in Order No. PSC-2024-0165-PAA-WS

Exhibit 4: Net Operating Income - Water

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Sunshine Water Services Company
 Docket No.: 20240068-WS
 Schedule Year Ended: December 31, 2023
 Interim [] Final [X]
 Historic [X] or Projected []

Schedule: B-1 - REVISED
 Page 1 of 1
 Preparer: Deborah Swain

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 7) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Required Revenue Adjustment	(6) Annual Revenues Required	(7) Adjustment to Requested Increase	(8) Calculated Annual Revenues (1)	(9) Percent Increase	(10) Supporting Schedule(s)
1	OPERATING REVENUES	22,532,175	388,343	22,920,518	5,175,376	(A) 28,095,895	(614,193)	27,481,702	19.9%	B-4, B-3
2										
3	Operation & Maintenance	12,536,020	743,783	13,279,802		(B) 13,279,802	6,993	13,286,795		B-5, B-3
4										
5	Depreciation, net of CIAC Amort.	2,572,862	1,908,761	4,481,622		(C) 4,481,622		4,481,622		B-13, B-3
6										
7	Amortization	-	46,750	46,750	-	(D) 46,750		46,750		
8										
9	Taxes Other Than Income	1,934,995	340,717	2,275,712	232,892	(E) 2,508,604	(27,639)	2,480,965		B-15, B-3
10										
11	Provision for Income Taxes	1,112,778	(811,151)	301,627	1,252,672	(F) 1,554,299	(150,435)	1,403,864		C-1, C-2, B-3
12										
13	OPERATING EXPENSES	18,156,655	2,228,859	20,385,513	1,485,564	21,871,077	(171,080)	21,699,997		
14										
15	NET OPERATING INCOME	4,375,521	(1,840,516)	2,535,005	3,689,812	6,224,818	(443,113)	5,781,705		
16										
17										
18	RATE BASE	61,906,291	21,335,446	83,241,737		83,241,737				
19										
20										
21	RATE OF RETURN	7.07 %		3.05 %		7.478 %				

Note:

(1) Revenues calculated to generate a 19.9% increase in water revenues over present rate (annualized) revenue:

Exhibit 5: Net Operating Income - Wastewater

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Sunshine Water Services Company
 Docket No.: 20240068-WS
 Schedule Year Ended: December 31, 2023
 Interim Final
 Historic or Projected

Schedule: B-2 - REVISED
 Page 1 of 1
 Preparer: Deborah Swain

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 7) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	28,276,590	1,342,487	29,619,077	4,701,373 (A)	34,320,450	B-4, B-3
2							
3	Operation & Maintenance	14,655,194	970,541	15,625,735	(B)	15,625,735	B-6, B-3
4							
5	Depreciation, net of CIAC Amort.	5,374,706	874,090	6,248,795	(C)	6,248,795	B-14, B-3
6							
7	Amortization	-	223,805	223,805	- (D)	223,805	
8							
9	Taxes Other Than Income	2,218,669	299,685	2,518,354	211,562 (E)	2,729,916	B-15, B-3
10							
11	Provision for Income Taxes	1,034,613	(275,989)	758,624	1,137,942 (F)	1,896,566	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	23,283,182	2,092,132	25,375,314	1,349,504	26,724,818	
14							
15	NET OPERATING INCOME	4,993,408	(749,645)	4,243,763	3,351,869	7,595,633	
16							
17							
18	RATE BASE	93,386,364	8,186,678	101,573,042		101,573,042	
19							
20							
21	RATE OF RETURN	5.35 %		4.18 %		7.478 %	