

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for increase in water and
wastewater rates in Charlotte, Highlands,
Lake, Lee, Marion, Orange, Pasco, Pinellas,
Polk, and Seminole Counties by Sunshine Water
Services Company

DOCKET NO. 20240068-WS

**NOTICE OF FILING OF PREFILED REBUTTAL TESTIMONY OF DEBORAH D.
SWAIN ON BEHALF OF SUNSHINE WATER SERVICE COMPANY**

Sunshine Water Service Company, by and through its undersigned counsel, hereby notices
the filing of the attached Prefiled Rebuttal Testimony of Deborah D. Swain.

Respectfully submitted this 13th day of December,
2024.

/s/ Martin S. Friedman

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing of Rebuttal Testimony has been furnished by electronic mail to the following parties this 13th day of December, 2024:

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/s/ Martin S. Friedman
Martin S. Friedman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for an increase in water and
wastewater rates in Charlotte, Highlands, Lake,
Lee, Marion, Orange, Pasco, Pinellas, Polk,
and Seminole Counties by Sunshine Water
Services Company

Docket No. 20240068-WS

REBUTTAL TESTIMONY

OF

DEBORAH D. SWAIN

on behalf of

Sunshine Water Services Company

1 **Q. Please state your, name profession and address.**

2 A. My name is Deborah D. Swain. I am Vice President of Milian, Swain & Associates, Inc. and
3 head up the firm's finance, accounting and management team. My business address is 2025
4 SW 32nd Ave., Suite 110, Miami, Florida 33145.

5 **Q. Have you previously prefiled direct testimony in this proceeding?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony?**

8 A. The purpose of my rebuttal testimony is to present information on behalf of Sunshine Water
9 Services Company ("SWS" or the "Company") to refute certain the issues and arguments
10 presented by Office of Public Counsel ("OPC") Witness Ralph Smith.

11 **Q. What issues will you be addressing in your testimony?**

12 A. I address the following issues, referencing Witness Smith's schedule numbers

- 13 • B-3, Accrued Revenues Adjustment
- 14 • B-4, Miscellaneous Deferred Debits – 13 Month Average
- 15 • B-5, Rate Base Impact of Test Year Annualization Adjustments
- 16 • B-6, Miscellaneous Deferred Debits - Impact of Expense Adjustments
- 17 • C-8, Interest Synchronization
- 18 • C-15, Depreciation Expense - Test Year Annualization Adjustments
- 19 • C-19, Annualized Wastewater Utility Revenues
- 20 • C-20, Water Utility Reuse Revenues
- 21 • C-21, Miscellaneous Revenues

22 **Q. Please explain your positions on each of the issues you list above.**

23 A. B-3, Accrued Revenues Adjustment and B-4, Miscellaneous Deferred Debits – 13 Month
24 Average

25 Witness Smith is not arguing that these accounts are not appropriate to include in the working

1 capital allowance, but has proposed an adjustment to remove the December 31, 2022, book
2 balance because it does not reconcile with the December 31, 2022, Annual Report filed by
3 the Company. There is no specific requirement to provide a reconciliation to the prior year
4 Annual Report, only the current year that is represented by the test year used in the rate case
5 filing. Both the 2022 and 2023 Annual Reports are prepared using the Company's general
6 ledger, so the differences in presentation for the Annual Reports are generally in allocations
7 between water and wastewater and ledger account groupings. The MFRs were prepared with
8 allocations and groupings consistent with prior MFR filings. This is pertinent to the
9 adjustments recommended by Witness Smith for both Accrued Revenues and Deferred
10 Debits.

11 Accrued Revenues are listed separately in the MFRs and 2023 Annual Report, where in the
12 Annual Report it is grouped with Customer Accounts Receivable in 2022. Both are includable
13 in the working capital allowance. The 2022 Annual Report shows the balance reported in
14 customer accounts receivable on Schedules F-1(a) and F-11 is \$6,380,616. The MFRs show
15 a balance in accounts receivable of \$5,871,075 and accrued revenues of \$509,541, which
16 totals \$6,380,616, the amount reported in the 2022 Annual Report.

17 Miscellaneous Deferred Debits are also grouped differently in the 2022 Annual Report than
18 in the MFRs and 2023 Annual Report. The 2022 Annual Report groups miscellaneous assets
19 into two groupings, split between the F-12 and the F-14 schedules. On the MFRs, the total is
20 included in two line items, Deferred Rate Case Expense, which is not includable in the
21 working capital allowance, and Other Miscellaneous Deferred Debits, which is includable.
22 Witness Smith's proposed value for Miscellaneous Deferred Debits, however, includes
23 Deferred Rate Case Expense. As the values used in the MFRs are consistent with the
24 includable accounts directly from the general ledger, the Company's 13-month average
25 calculation is correct and proper for this case.

1 **B-5, Rate Base Impact of Test Year Annualization Adjustments, C-15, Depreciation**
2 **Expense - Test Year Annualization Adjustments**

3 The proforma adjustment to annualize depreciation has been included and allowed in SWS'
4 predecessor companies' rate increase filings that have been submitted as far back as our
5 records are available. The concept is that depreciation expense is similar to other expenses
6 incurred during the test year for which there are known and measurable changes eligible for
7 a pro-forma adjustment. The spreadsheet file I prepared includes a schedule to identify the
8 plant additions incurred during the test year, and calculate the depreciation for the part of the
9 year not included in test year expenses. What sets this pro-forma adjustment apart from other
10 expense categories is that depreciation expense has an offsetting rate base component,
11 accumulated depreciation. For consistency, the Company included the additional
12 accumulated depreciation which occurs as a result of the additional depreciation expense. The
13 result is that accumulated depreciation is an annualized amount and not a 13-month average,
14 which benefits customers due to lowering rate base. Although I recognize that this component
15 is no longer a 13- month average, I believe that the adjustment to accumulated depreciation
16 should be made.

17 **Q. Do you have a list of the orders or dockets where this adjustment was allowed?**

18 A. I did not do an exhaustive search, but in all of the SWS predecessor cases found where the
19 adjustment was requested, it was allowed. The ones I identified were: ORDER NO. PSC-
20 2021-0206-FOF-WS (UIF), ORDER NO. PSC-2017-0361-FOF-WS (UIF), ORDER NO.
21 PSC-2009-0372-PAA-SU, ORDER NO. PSC-2004-0363-PAA-SU.

22 **Q. Please continue with your comments on the remaining issues.**

23 A. **C-8, Interest Synchronization**

24 Witness Smith performed an analysis of the interest synchronization required to balance to
25 rate base. My review of his calculations disclosed an error in the MFRs. Although I added a

1 form of debt, Long-Term Variable, that is new since the last rate case in all of the debt
2 schedules in the MFRs, I failed to carry that through all calculations, and therefore did not
3 include the interest expense on that debt as a further deduction for the calculation of income
4 taxes. The result is that income taxes were overstated, and revenues required overstated. The
5 correction would be an additional interest expense of \$608,146 for wastewater. Using an
6 effective tax rate of 25.345%, the income tax expense should be reduced by \$154,135. For
7 water, the additional interest expense is \$498,398, and the income tax expense would be lower
8 by \$126,314. Although I describe the impact on water, the impact of this adjustment on water
9 revenues is much less than the voluntary reduction requested by the Company, and therefore
10 does not affect the Company's requested water revenue level.

11 **C-19, Annualized Wastewater Utility Revenues**

12 I have reviewed the testimony and calculations provided by Witness Smith and have found
13 that the bottom line is that he has added back \$47,432, which is the amount we removed from
14 Operating Revenues associated with Guaranteed Revenues and AFPI. The Commission
15 recognizes that these revenues components are directly, exclusively, and specifically
16 associated with Non-Used and Useful Plant costs that are disallowed in a rate case filing, and
17 therefore should correspondingly be removed from inclusion in Operating Revenues. For the
18 determination of the Achieved Rate of Return in the Annual Report Form, Schedule F-3(a)
19 shows that guaranteed revenues and AFPI should be subtracted from Operating Revenues,
20 and those revenues are not included in the Net Operating Income of the utility for the
21 determination of the Achieved Rate of Return on Schedule F-4.

22 **C-20, Water Utility Reuse Revenues**

23 It appears that Witness Smith is calculating the impact on reuse revenues as if the water base
24 facility charge and volumetric charge was imposed instead of the reuse base facility charge
25 and volumetric charge as approved in the Company's tariff. However, as the Company has

1 an approved reuse tariff, no other tariff should be used to calculate present or proposed rate
2 revenues in this case.

3 **C-21, Miscellaneous Revenues**

4 Witness Smith has recommended an adjustment to revenues from Miscellaneous Charges to
5 recognize price index increases that should have been made. However, (1) the utility was
6 not entitled to a price index increase in 2020 or 2021 during the pendency of the 2019 test
7 year rate case, (2) the price index amounts he uses to determine a composite increase are the
8 indexes allowed on eligible expenses, and do not represent the revenue increase allowed,
9 and (3) the Company has increased its Miscellaneous Charges by the amount allowed by the
10 Commission each year since it was available after the last rate increase application.

11 However, I note that we did not annualize the impact of the June 2024 index rate changes
12 for Miscellaneous Charges. I therefore propose an increase of \$7,817 for water and \$7,268
13 for wastewater present rate miscellaneous revenues in this case in order to reflect test year
14 activity at the current authorized rates.

15 **Q. Are you providing any Exhibits at this time?**

16 A. Yes, Exhibit DDS-2 incorporates the adjustments that are detailed in the company witnesses'
17 rebuttal testimony into the final MFRs ("SWS- MFRs 12-31-23_Deficiency correction 7-31-
18 2024_FINAL"). Additionally, I have included a repression adjustment to the calculation of
19 wastewater rates, as is consistent with Commission practice, using the same assumptions I
20 used for the water rate repression. The omission in the original filing was an oversight, and it
21 is appropriate to include it. Below is my calculation of the adjustment that should be made,
22 using the updated revenue requirement in DDS-2. Note that an adjustment to operating
23 expenses is necessary to reflect the reduced costs associated with the reduces water
24 consumption. .

25 **Q. Has the Commission allowed a repression adjustment for wastewater in the Company's**

1 **prior cases?**

2 A. Yes, the last case where the Company requested a repression adjustment for water and
3 wastewater was in its 2015 Test Year Case Docket No. 20160101-WS. A repression
4 adjustment was approved in Order No. PSC-2017-0361-FOF-WS. In that Order, the
5 Commission stated, "...we find that a repression adjustment shall be also be made for
6 wastewater. Because wastewater rates are calculated based on customers' water demand, if
7 those customers' water demand is expected to decline, then the billing determinants used to
8 calculate wastewater rates shall also be adjusted."

9 **Q. You made an adjustment to reduce expenses, can you explain?**

10 A. The Commission's practice is to reduce certain wastewater operating expenses to proportion
11 to the reduction of water billed due to repression. The reduction is the percentage of repressed
12 gallons to the total water billed to wastewater customers.

13 **Q. Please explain how you calculated the repression adjustment.**

14 A. First, I calculated the discretionary usage consistent with the water methodology, using the
15 E-14 schedules, I determined the gallons billed over 4000 gallons for monthly billing, and
16 over 8000 gallons for bi-monthly billing for all residential customers. I have determined that
17 in order to compensate for the anticipated 3.16% reduction in discretionary billable water, an
18 across the board increase of .310% should be applied to all tiers of wastewater rates.

19 The table below shows the repression calculation and the impact on expenses.

WASTEWATER REPRESSION CALCULATION							
		TOTAL	All other systems	Tierre Verde	Mid County	Cross Creek	DeeAnn Estates
Residential Gallons:		1,430,001	1,320,211		107,795		1,995
Discretionary Gallons							
CF @ 4000 / 8000		908,402	832,550		75,852		
CF @ 8000 / 16000		1,428,006	1,320,211		107,795		
Discretionary Gallons		519,604	487,661		31,943		
Repression %							
% increase in revenues	15.81%						
2% for every 10% revenue increase	3.162%						
Repressed Gallons		16,431	15,421	-	1,010	-	-
Gallage Rate before repression	\$6.48						
Revenue Shortfall due to repression		\$106,475	\$99,929		\$6,546		
Total revenues at calculated original proposed rates		\$34,050,150	\$27,884,917	\$1,746,602	\$3,584,795	\$792,671	\$41,164
Percentage shortfall %		0.31270%	0.35836%	0.00000%	0.18259%	0.00000%	0.00000%
Percentage to apply across the board to recover repression		<u>0.31270%</u>					
TOTAL all Gallons		2,264,140	1,911,343	69,319	281,483	0	1,995
Percentage to reduce operating expenses		<u>0.72572%</u>					

1

2 **Q. Can you summarize Exhibit DDS-2?**

3 A. The impact of the Company's rebuttal position on water is that the overall revenue increase
4 is slightly less than was originally calculated, but the final requested revenues are not
5 impacted as the Company continues to limit the actual increase requested. The revenue
6 requirement I have calculated for wastewater is slightly lower than the original request. In
7 summary, the Company's rebuttal position reflects a calculated water revenue of
8 \$28,013,305, with requested water revenue limited to \$27,479,024 (see Exhibit DDS-2 Page
9 7 of 19, Schedule B-1), and a calculated wastewater revenue of \$34,299,872 ((see Exhibit
10 DDS-2 Page 8 of 19, Schedule B-2).

11 **Q. Does that conclude your rebuttal testimony?**

12 A. Yes, it does.

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 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.	Additional Adjustments (Rebuttal)	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	154,450,166	23,280,165	(A)		177,730,331	A-5, A-3
2							
3	Utility Land & Land Rights	345,317	(46,750)	(A)	(29,570)	268,997	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)	10,510,234	(D)		(62,213,932)	A-9, A-3
10							
11	Less: CIAC	(64,533,345)	267,850	(E)	(10,050)	(64,275,545)	A-12, A-3
12							
13	Accumulated Amortization of CIAC	32,293,395	(273,210)	(E)		32,020,185	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	-	1,746,445	(G)	323,068	2,069,513	A-17, A-3
22							
23	Total Rate Base	61,906,291	23,374,358		283,448	85,564,097	

Schedule of Wastewater 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-2 REVISED 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)	(3)	Ref.	(4) Additional Adjustments (Rebuttal)	(5) Adjusted Utility Balance	(6) Supporting Schedule(s)
		Average Balance Per Books	Utility Adjustments				
1	Utility Plant in Service	153,190,867	34,294,255	(A)		187,485,122	A-6, A-3
2							
3	Utility Land & Land Rights	510,063	46,750	(A)	(27,496)	529,317	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)	(7,984,328)	(D)		(75,104,928)	A-10, A-3
10							
11	Less: CIAC	(37,475,393)	270,445	(E)	(9,345)	(37,214,293)	A-12, A-3
12							
13	Accumulated Amortization of CIAC	29,588,418	(3,115,484)	(E)	(7,048)	26,465,886	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	-	2,618,196	(G)	311,986	2,930,182	A-17, A-3
22							
23	Total Rate Base	93,386,364	11,296,168		268,097	104,950,629	

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

Florida Public Service Commission
Schedule: A-3 - REVISED 2
Page 1 of 4

Preparer: Deborah Swain

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Wastewater
1	(A) Utility Plant		
2	(1) Allocations of Common Plant between Systems		
3	303.5/353.7 Land & Land Rights	(46,750)	46,750
4	304.5/354.7 Structures & Improvements	(8,197,187)	8,197,187
5	340.5/390.7 Office Furn & Eqpt	(6,079,404)	6,079,404
6	341.5/391.7 Transportation Eqpt Wtr	(2,195,401)	2,195,401
7	342.5/392.7 Stores Equipment	(14,011)	14,011
8	343.5/393.5 Tools, Shop & Garage Equipment	(582,543)	582,543
9	344.5/394.7 Laboratory Equipment	(105,445)	105,445
10	345.5/395.7 Power Operated Equipment	(413,368)	413,368
11	346.5/396.7 Communication Equipment	(535,242)	535,242
12	347.5/397.7 Miscellaneous Equipment	(200,368)	200,368
13	348.5/398.7 Other Plant	(58,411)	58,411
14	Total Allocations of common Plant between systems	(18,428,130)	18,428,130
15			
16	(2) Sandalhaven - to reclass EWD		
17	389.1 Intangible Plant		2,232,909
18	398.7 Other Tangible Plant		(2,232,909)
19	Total Reclass of EWD	-	-
20			
21	(3) Pro Forma Adjustments		
22	(a) Plant Additions		
23	304.3 Structures & Improvements - WTP	4,976,443	
24	307.2 Wells & Springs	2,854,872	
25	310.2 Power Generation Equipment	5,373,366	
26	320.3 Water Treatment Equipment	6,121,322	
27	331.4 Transm. & Distribution Mains	3,793,521	
28	334.4 Meters	20,615,599	
29	346.5 Communication Equipment	244,173	
30	354.4 Structures & Improvements		1,020,618
31	360.2 Collection Sewers - Force		12,706,745
32	361.2 Collection Sewers - Gravity		2,831,759
33	361.2 Collection Sewers - Manholes		304,103
34	381.4 Plant Sewers		280,367
35	389.6 Other Plant Reclaim Water Dist		159,747
36	391.7 Vehicles		573,587
37	Total Pro Forma Additions Adjustments	43,979,298	17,876,927
38			
39	(b) Plant Retirements		
40	304.3 Structures & Improvements - WTP	(47,510)	
41	310.2 Power Generation Equipment	(678,793)	
42	320.3 Water Treatment Equipment	(656,470)	
43	331.4 Transm. & Distribution Mains	(438,095)	
44	334.4 Meters	(496,885)	
45	354.4 Structures & Improvements		(121,410)
46	360.2 Collection Sewers - Force		(1,551,812)
47	361.2 Collection Sewers - Gravity		(290,829)
48	Total Pro Forma Retirements Adjustments	(2,317,753)	(1,964,052)
49			
50	Total Proforma Adjustments to Utility Plant in Service	41,661,545	15,912,875
51			
52	Total Adjustments to Utility Plant in Service	23,233,415	34,341,005
53			
54	(B) Non-Used & Useful Plant (A-7)		(140,657)
55			
56	(C) Construction Work in Progress		
57	To remove from rate base average adjusted construction work in process balance	(10,702,753)	(14,693,009)
58			
59	Total Construction Work in Progress Adjustments	(10,702,753)	(14,693,009)

Schedule of Adjustments to Rate Base

Florida Public Service Commission

Company: Sunshine Water Services Company

Schedule: A-3

Docket No.:20240068-WS

Page 2 of 4

Test Year Ended: December 31, 2023

Interim [] Final [X]

Preparer: Deborah Swain

Historic [X] Projected []

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Wastewater
1	(D) Accumulated Depreciation		
2	1. <u>Test Year Adjustments</u>		
3	(a) Allocations of Common Plant between Systems		
4	304.5/354.7 Structures & Improvements	(2,518,474)	2,518,474
5	340.5/390.7 Office Furn & Eqpt	(5,400,012)	5,400,012
6	341.5/391.7 Transportation Eqpt Wtr	(1,642,132)	1,642,132
7	342.5/392.7 Stores Equipment	3,242	(3,242)
8	343.5/393.5 Tools, Shop & Garage Equipment	(680,733)	680,733
9	344.5/394.7 Laboratory Equipment	(49,007)	49,007
10	345.5/395.7 Power Operated Equipment	(30,573)	30,573
11	346.5/396.7 Communication Equipment	(243,459)	243,459
12	347.5/397.7 Miscellaneous Equipment	12,057	(12,057)
13	348.5/398.7 Other Plant	227,210	(227,210)
14		<u>(10,321,881)</u>	<u>10,321,881</u>
15			
16	(b) To correct over-amortization of Sandalhaven intangible plant (EWD) 389.1		
17	13 month avg balance, 40 year amortization rate		983,201
18	Per Books		(2,327,750)
19	Adjustment to AD account 389.1 for over-amortization	-	(1,344,550)
20			
21	(c) To reclassify Summertree well retirement entry		
22	301.1 Balance remaining charged to AD Organization cost	(442,749)	
23	307.2 Balance should have been charged to AD Wells and Springs	442,749	
24	Total Adjustment for reclassification of AD - Wells and Springs	-	-
25			
26	Total Adjustments to Test Year Accumulated Depreciation	<u>(10,321,881)</u>	<u>8,977,332</u>
27			
28	2 <u>Proforma Adjustments</u>		
29	<u>Pro-Forma Adjustments</u>		
30	(ca To annualize accumulated depreciation for test year additions		
31	301.1 Organization	43	
32	304.2 Structures & Improvements	(361)	
33	305.2 Collect. & Impound. Reservoirs	894	
34	307.2 Wells & Springs	418	
35	309.2 Supply Mains	12,679	
36	310.2 Power Generation Equipment	1,487	
37	311.2 Pumping Equipment	461	
38	304.3 Structures & Improvements	2,072	
39	311.3 Pumping Equipment - WTP	16,645	
40	320.3 Water Treatment Equipment	1,467	
41	339.3 Other Plant & Misc. Equipment	4,868	
42	304.4 Structures & Improvements	2,755	
43	311.4 Electric Pumping Equipment - T&D	(168)	
44	330.4 Distr. Reservoirs & Standpipes	194	
45	331.4 Transm. & Distribution Mains	24,282	
46	333.4 Services	20,670	
47	334.4 Meters & Meter Installations	16,971	
48	335.4 Hydrants	3,250	
49	336.4 Backflow Prevention Devices	349	
50	339.4 Other Plant & Misc. Equipment	70	
51	304.5 Structures & Improvements	980	
52	340.5 Office Furniture & Equipment	11,025	
53	341.5 Transportation Equipment	32,672	
54	342.5 Stores Equipment	159	
55	343.5 Tools, Shop & Garage Equipment	500	
56	344.5 Laboratory Equipment	772	
57	345.5 Power Operated Equipment	8,908	
58	346.5 Communication Equipment	20,801	
59	(continued next page)		

Schedule of Adjustments to Rate Base

Florida Public Service Commission

Company: Sunshine Water Services Company

Schedule: A-3 - REVISED 2

Docket No.:20240068-WS

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Test Year Ended: December 31, 2023

Docket No.:20240068-WS

Interim [] Final [X]

Preparer: Deborah Swain

Historic [X] Projected []

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Wastewater
1	(a) To annualize accumulated depreciation for test year additions (continued)		
2	347.5 Miscellaneous Equipment	2,837	
3	348.5 Other Tangible Plant	93	
4	351.1 Organization		161
5	354.2 Structures & Improvements		145
6	355.2 Power Generation Equipment - Collection Plt		1,677
7	360.2 Force Mains		68,975
8	361.2 Collection Sewers - Gravity		67,173
9	362.2 Special Collecting Structures		902
10	363.2 Services to Customers		1,508
11	364.2 Flow Measuring Devices		1,741
12	389.2 Other Plant & Misc. Equipment		6,308
13	354.3 Structures & Improvements		24,239
14	355.3 Power Generation Equipment - Pumping Plt		12,690
15	370.3 Receiving Wells		3
16	371.3 Pumping Equipment		16,567
17	354.4 Structures & Improvements		18,688
18	355.4 Power Generation Equipment - Treatment Plt		322
19	380.4 Treatment & Disposal Equipment		3,088
20	381.4 Plant Sewers		1,974
21	382.4 Outfall Sewer Lines		171
22	389.4 Other Plant & Misc. Equipment		8,674
23	354.5 Structures & Improvements		6,669
24	371.5 Pumping Equipment		1,451
25	374.5 Reuse Distribution Reservoirs		46
26	380.5 Treatment & Disposal Equipment		491
27	381.5 Plant Sewers		783
28	389.5 Other Plant & Misc. Equipment		4
29	366.6 Reuse Services		4,605
30	367.6 Reuse Meters & Meter Installations		431
31	371.6 Pumping Equipment		236
32	375.6 Reuse Transmission & Distribution System		7,521
33	354.7 Structures & Improvements		912
34	390.7 Office Furniture & Equipment		10,251
35	391.7 Transportation Equipment		30,377
36	392.7 Stores Equipment		148
37	393.7 Tools, Shop & Garage Equipment		465
38	394.7 Laboratory Equipment		718
39	395.7 Power Operated Equipment		8,282
40	396.7 Communication Equipment		19,340
41	397.7 Miscellaneous Equipment		2,638
42	398.7 Other Tangible Plant		87
43	Total Annualized Accumulated Depreciation Adjustment	187,796	330,459
44			
45	(b) To adjust accumulated depreciation for pro forma additions		
46	304.3 Structures & Improvements - WTP	155,763	
47	307.2 Wells & Springs	95,067	
48	310.2 Power Generation Equipment	268,668	
49	320.3 Water Treatment Equipment	278,520	
50	331.4 Transm. & Distribution Mains	88,389	
51	334.4 Meters	1,030,780	
52	346.5 Communication Equipment	24,417	
53	354.4 Structures & Improvements		31,945
54	360.2 Collection Sewers - Force		423,135
55	361.2 Collection Sewers - Gravity		62,865
56	361.2 Collection Sewers - Manholes		10,127
57	381.4 Plant Sewers		8,019
58	389.6 Other Plant Reclaim Water Dist		8,882
59	391.7 Vehicles		95,617
60	Total Accumulated Depreciation for Pro Forma Additions	1,941,605	640,589

Schedule of Adjustments to Rate Base

Florida Public Service Commission

Company: Sunshine Water Services Company

Schedule: A-3 - REVISED 2

Docket No.:20240068-WS

Page 4 of 4

Test Year Ended: December 31, 2023

Docket No.:20240068-WS

Interim [] Final [X]

Preparer: Deborah Swain

Historic [X] Projected []

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Wastewater
1	(c) Plant Retirements		
2	304.3 Structures & Improvements - WTP	(47,510)	
3	310.2 Power Generation Equipment	(678,793)	
4	320.3 Water Treatment Equipment	(656,470)	
5	331.4 Transm. & Distribution Mains	(438,095)	
6	334.4 Meters	(496,885)	
7	354.4 Structures & Improvements		(121,410)
8	360.2 Collection Sewers - Force		(1,551,812)
9	361.2 Collection Sewers - Gravity		(290,829)
10	Total Accumulated Depreciation for Pro Forma Retirements	(2,317,753)	(1,964,052)
11			
12	Total Proforma Adjustments to Accumulted Depreciation	(188,352)	(993,004)
13			
14	Total Accumulated Depreciation Adjustments	(10,510,234)	7,984,328
15			
16	(E) Contributions in Aid of Construction / Amortization		
17	1. <u>Adjust over-amortization of CIAC - ORDER NO. PSC-2017-0361-FOF-WS</u>		
18	Lake Placid - Tap Fees	(5,360)	(41,020)
19	Mid County - General Plant		(661,494)
20	Sanlando - Pump Structure		(507,248)
21	Sanlando - Treatment Structure		(957,683)
22	Sanlando - Gravity Mains		(677,594)
23		(5,360)	(2,845,039)
24	2. <u>Retirement of Proforma Contributed Plant</u>		
25	334.4 Meters	(267,850)	
26	360.2 Collection Sewers - Force		(181,166)
27	361.2 Collection Sewers - Gravity		(89,279)
28	Total Retirement of Contributed Plant	(267,850)	(270,445)
29			
30	3. <u>Amortization on Retirement of Proforma Contributed Plant</u>		
31	334.4 Meters	(267,850)	
32	360.2 Collection Sewers - Force		(181,166)
33	361.2 Collection Sewers - Gravity		(89,279)
34	Total Amortization on Retirement of Proforma Contributed Plant	(267,850)	(270,445)
35			
36	(F) Acquisition Adjustments /Accumulated Amortization		
37	To remove acquisition Adjustments from Rate Base		
38			
39	Acquisition Adjustments	(1,292,816)	-
40			
41	Accum. Amort. of Acq. Adjustments	(114,806)	-
42			
43	(G) Working Capital Adjustment Per Schedule A-17	1,746,445	2,618,196
44			
45	OPC Adjustments (corrected per D Destefano)		
46	Defer & Amortize Legal Expenses- Working Capital		
47	2022 - 2024 Costs to defer	411,356	382,462
48	One year amortization	(82,271)	(76,492)
49	Adjustment to Working Capital	329,085	305,969
50			
51	AUDIT ADJUSTMENTS		
52	Finding 3 Accrued Revenues (Working Capital)		
53	Balance per MFRs	213,140	267,030
54	Revised 13 month average	207,123	273,047
55	Adjustment to Working Capital	(6,017)	6,017
56			
57	Finding 4 Misc Revenues reclassified to CIAC		
58	CIAC Adjustment - Additional	(10,050)	(9,345)
59			
60	Finding 6 AD various asset accounts (wastewater) - additional		(7,048)
61			
62	Finding 7 Land		
63	Land 303.5 / 353.7	(29,570)	(27,496)
64			
65	TOTAL Rate Base Adjustments	283,448	268,097

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 2
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	Additional Adjustments (Rebuttal)	(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	(2,233)	22,918,286	5,095,019	(A) 28,013,305	(534,280)	27,479,024	19.9%	B-4, B-3
2											
3	Operation & Maintenance	12,536,020	743,783	(246,505)	13,033,297		(B) 13,033,297	6,993	13,040,290		B-5, B-3
4											
5	Depreciation, net of CIAC Amort.	2,572,862	1,996,212	-	4,569,073		(C) 4,569,073		4,569,073		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	361,850		2,296,845	229,276	(E) 2,526,121	(24,043)	2,502,079		B-15, B-3
10											
11	Provision for Income Taxes	1,112,778	(919,256)		193,522	1,233,222	(F) 1,426,744	(131,092)	1,295,652		C-1, C-2, B-3
12											
13	OPERATING EXPENSES	18,156,655	2,229,339	(246,505)	20,139,488	1,462,498	21,601,986	(148,142)	21,453,844		
14											
15	NET OPERATING INCOME	4,375,521	(1,840,995)	244,272	2,778,797	3,632,521	6,411,319	(386,139)	6,025,180		
16											
17											
18	RATE BASE	61,906,291	23,374,358	283,448	85,564,097		85,564,097				
19											
20											
21	RATE OF RETURN	7.07 %			3.25 %		7.493 %				

Note:

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

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 [X]
Historic [X] or Projected []

Schedule: B-2 - REVISED 2
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	Additional Adjustments (Rebuttal)	(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	(2,077)	29,617,000	4,682,873	(A)	34,299,872	B-4, B-3
2									
3	Operation & Maintenance	14,655,194	970,541	(292,844)	15,332,891		(B)	15,332,891	B-6, B-3
4									
5	Depreciation, net of CIAC Amort.	5,374,706	970,157	16,229	6,361,092		(C)	6,361,092	B-14, B-3
6									
7	Amortization	-	223,805		223,805	-	(D)	223,805	
8									
9	Taxes Other Than Income	2,218,669	338,807		2,557,476	210,729	(E)	2,768,205	B-15, B-3
10									
11	Provision for Income Taxes	1,034,613	(418,149)		616,464	1,133,465	(F)	1,749,929	C-1, C-2, B-3
12									
13	OPERATING EXPENSES	23,283,182	2,085,161	(276,615)	25,091,727	1,344,194		26,435,921	
14									
15	NET OPERATING INCOME	4,993,408	(742,674)	274,538	4,525,272	3,338,679		7,863,951	
16									
17									
18	RATE BASE	93,386,364	11,296,168	268,097	104,950,629			104,950,629	
19									
20									
21	RATE OF RETURN	5.35 %			4.31 %			7.493 %	

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim Final
Historic or Projected

Florida Public Service Commission
Schedule: B-3 - REVISED 2
Page 1 of 7
Docket No.:20240068-WS
Preparer: Deborah Swain

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	(A) Adjustments to Revenues		
2	<u>Test Year Revenues</u>		
3	(1) Test Year Revenues net of Unbilled Revenues & Other Adjustments		
4	Total Revenues per B4 prior to adjustments	22,532,175	28,276,590
5	(a) To remove Accrued Revenues per B4	(715,273)	(79,153)
6	(b) To remove AFPI		(38,529)
7	(c) To remove Guaranteed Revenue		(8,903)
8	Adjustment to Test Year Revenues	(715,273)	(126,586)
9			
10	Test Year Adjusted Revenues prior to Annualizing Revenues	21,816,903	28,150,004
11			
12	(2) Annualized Revenue		
13	To calculate test year revenues based on current rates		
14	Annualized water/sewer revenues per Schedule E-2	22,920,518	29,619,077
15	Test Year Adjusted Revenues net of Adjustments above	21,816,903	28,150,004
16	Adjustment required to annualize revenues	1,103,616	1,469,073
17			
18	<u>Pro-Forma Adjustments</u>		
19	(3) Revenue Increase		
20	Increase in revenue required by the Utility to realize the rate of return per Schedule D-1	5,095,019	4,682,873
21			
22	Total Adjustments to Revenues	5,483,362	6,025,360
23			
24	(B) Adjustments to Operations & Maintenance (O&M) Expenses		
25	<u>Test Year Adjustments</u>		
26	(1) 618/718 Chemicals		
27	Per Books (B-5, B-6)	(745,493)	(693,127)
28	Per dosage	679,489	689,724
29	To allocate chemical expense based on usage	(66,004)	(3,403)
30			
31	(2) Excess Unaccounted for Water: Labrador 3.3%, Lake Placid 9.3%, Orangewood 8.7%,		
32	Summertree 4.5%, Golden Hills .9%, Little Wekiva 1.4%, Bear Lake 5.3%, Four Lakes 11.2%		
33	610 Purchased Water	(6,062)	
34	615 Purchased Power	(1,605)	
35	618 Chemicals	(1,146)	
36	Total EUW Adjustments	(8,813)	-
37			
38	(3) Excess Infiltration & Inflow (Ravenna Park 41.27%)		
39	710 Purchased Wastewater		(112,436)
40	715 Purchased Power		(931)
41	718 Chemicals		-
42	Total I&I Adjustments	-	(113,367)
43			
44	(4) 636/736 Lobbying Expenses removed (\$55,187)	(28,598)	(26,589)
45			
46	(5) 675/775 Lobbying Expenses removed from NAWC Dues (\$2,118.50)	(1,098)	(1,021)
47			
48	(6) 666/766 Regulatory Commission Expense - Rate Case Amortzation		
49	Allowed ORDER NO. PSC-2021-0206-FOF-WS (2019 Rate Case)	96,267	89,504
50	Less: Per Books	(91,801)	(85,353)
51	To remove test year rate case expense per books	4,465	4,152
52			
53	Total Test Year Adjustments to O&M	(100,047)	(140,229)

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim Final
Historic or Projected

Florida Public Service Commission
Schedule: B-3 - REVISED
Page 2 of 7
Docket No.:20240068-WS
Preparer: Deborah Swain

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	<u>Pro-Forma Adjustments</u>		
2	(1) 610/710 Purchased Water/Sewer Adjustment to Annualize Rate Increases		
3	Tierre Verde		
4	City of St. Petersburg Increase 10/1/2023 Jan - Sep gls 95,640 x (\$5,907-\$5,623 x 25% surcharge)		33,952
5	Oakland Park W		
6	Altamonte Springs increase 10/31/2023 Jan - Oct gls 3,124 x (\$5.06-\$4.94)	375	
7	Oakland Park W		
8	Altamonte Springs increase 10/31/2023 Jan - Oct gls 694 x (\$5.19-\$5.06)	90	
9	Ravenna Park		
10	City of Sanford Increase 10/1/2023 Jan - Sep gls 22,238 x (\$9.00-\$8.73)		6,004
11	Base Facility Chg (\$883.31-\$856.09) x 9 months		245
12	Weathersfield		
13	Altamonte Springs Increase 10/31/2023 Jan - Oct gls 40,920 x (\$4.15-\$4.05)		4,092
14	Summertree		
15	Pasco County Increase 10/31/2023 Jan - Oct gls W: 31,446 x (\$4.06-\$4.00), S: 24,371 x (\$6.29-\$6.08)	1,887	5,118
16	Orangewd Buen		
17	Pasco County Increase 10/31/2023 Jan - Oct gls 3,752 x (\$6.29-\$6.08)		788
18	Vista WisBar		
19	Crescent Heights		
20	Orlando Utility Commission Increase 10/1/2023 Jan - Sep gls 18,567 x (\$1.94-\$1.83)	2,042	
21	Davis Shores		
22	Base Facility Chg (\$273.91-\$262.30) x 9 months Orange County Utilities Increase 10/1/2023 Jan - Sep gls 3523 x (\$1.86-\$1.81)	104	
23		176	
24	Total Adjustment to 610/710	4,675	50,199
25			
26	(2) 710 Purchased Sewer Adjustment to Annualize EWD charges for 2023 (Sandalhaven)		
27	Average usage 2020 - 2021 (50676, 50421)		50,548
28	Usage 2023 (per F-2)		17,742
29	Proforma adjusted additional usage		32,806
30	Times gallonage rate of \$7.49		245,389
31			
32	(3) Amortization of rate case expense per Schedule B-10		
33	666/766 Adjustments for Deferred Costs - Pro Forma Adjustment	87,574	81,433
34			
35	(4) Other Pro-Forma Adjustments		
36	711 Sludge Hauling		
37	To reflect change in cost from sludge hauling contractor		27,388
38	618 Chemicals		
39	Increased cost of sodium hypochlorite: Despinar WTP, Wekiva WTP/WWTP and Penn Brooke WTP/WWTP	42,758	44,848
40	634 / 734 Contractual Services - Mgt/Corp/Reg		
41	To adjust allocations	(92,462)	(85,968)
42	636 / 736 Contractual Services - Other		
43	Credit card processing fees currently pd by users, projected \$386,919	200,501	186,418
44	656 / 756 Insurance - Vehicle	4,916	3,105
45	657 / 757 Insurance - General Liability	43,448	35,941
46	658 / 758 Insurance - Workman's Comp.	(13,130)	(13,203)
47	659 / 759 Insurance - Other	62,124	49,212
48	675 AMI cellular service and subscriptions	45,080	
49	775 Sewer Rodding Cost - To reflect change in cost from sewer rodding contractor		9,071
50	Total Other Pro-Forma Adjustments	293,235	256,811
51			

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim [] Final [X]
Historic [X] or Projected []

Florida Public Service Commission
Schedule: B-3 - REVISED
Page 3 of 7
Docket No.:20240068-WS
Preparer: Deborah Swain

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	(5) Adjustment to Salaries and Benefits		
2	(a) To adjust Salary & Benefits expected 2024 employees and Salaries		
3	601,603 / 701,703 Salaries & Wages - Employees		
4	Total Salaries per Proforma Estimate	3,068,554	2,853,420
5	Less Per Books 2023	(2,618,792)	(2,434,840)
6	Proforma Adjustment	449,762	418,580
7	604 / 704 Employee Pensions & Benefits		
8	Total Benefits per Proforma Estimate	796,436	740,522
9	Less Per Books 2023	(733,703)	(682,165)
10	Proforma Adjustment	62,733	58,357
11			
12	(6) Repression Adjustment to reduce expenses	2.6558%	
13	610 Purchased Water	(6,087)	
14	615 Purchased Power	(28,910)	
15	618 Chemicals	(19,151)	
16	Repression Adjustment	(54,148)	
17			
18	Total Pro Forma Adjustments to O&M	843,830	1,110,770
19			
20	Total Adjustments to O&M Expenses	743,783	970,541
21			
22	(C) Adjustments to Depreciation Expense:		
23	<u>Test Year Adjustments</u>		
24	(1) To reclassify amortization of early retirements to amortization expense		
25	307.2 Wells & Springs- amortization per books	(46,704)	
26	354.4 Struct& Improve-WWTP: amort per books		(115,670)
27		(46,704)	(115,670)
28	(2) To correct over-amortization of Sandalhaven intangible plant (EWD), an move to correct account		
29	398.7 Per Books (10 year life)		(223,291)
30	389.1 Per PSC-2017-0361-FOF-WS (40 year life)		55,823
31		-	(167,468)
32			
33	(3) Nonused and Useful Depreciation (B-14)		
34	389.1 Other Plant & Misc. Equipment		(32,132)
35	354.4 Structures & Improvements		(78)
36	355.4 Power Generation Equipment - Treatment Plt		-
37	380.4 Treatment & Disposal Equipment		(1,948)
38	381.4 Plant Sewers		-
39	382.4 Outfall Sewer Lines		-
40	Total Nonused and Useful Adjustment to Depreciation Expense	-	(34,158)
41			
42	(4) Nonused and Useful Amortization of CIAC (B-14)		19,406
43			
44	(5) Adjust over-amortization of CIAC - ORDER NO. PSC-2017-0361-FOF-WS		
45	Lake Placid - Tap Fees	1,134	1,970
46	Mid County - General Plant		49,983
47	Sanlando - Gravity Lines, Pumping Plant, Treatment Plant		298,964
48	Total over-amortization of CIAC	1,134	350,917
49			
50	Total Test Year Adjustments to Depreciation Expense	(45,571)	53,026
51			
52	<u>Pro-Forma Adjustments</u>		
53	(1) To annualize depreciation expense for assets placed in service during the test year		
54	301.1 Organization	43	
55	304.2 Structures & Improvements	(361)	
56	305.2 Collect. & Impound. Reservoirs	894	
57	307.2 Wells & Springs	418	
58	309.2 Supply Mains	12,679	
59	310.2 Power Generation Equipment	1,487	
60	311.2 Pumping Equipment	461	
61	304.3 Structures & Improvements	2,072	
62	Continued on next page		

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim [] Final [X]
Historic [X] or Projected []
Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Florida Public Service Commission
Schedule: B-3 - REVISED
Page 4 of 7
Docket No.:20240068-WS
Preparer: Deborah Swain

Line No.	Description	Water	Wastewater
1	To annualize depreciation expense for assets placed in service during the test year (continued)		
2	311.3 Pumping Equipment - WTP	16,645	
3	320.3 Water Treatment Equipment	1,467	
4	339.3 Other Plant & Misc. Equipment	4,868	
5	304.4 Structures & Improvements	2,755	
6	311.4 Electric Pumping Equipment - T&D	(168)	
7	330.4 Distr. Reservoirs & Standpipes	194	
8	331.4 Transm. & Distribution Mains	24,282	
9	333.4 Services	20,670	
10	334.4 Meters & Meter Installations	16,971	
11	335.4 Hydrants	3,250	
12	336.4 Backflow Prevention Devices	349	
13	339.4 Other Plant & Misc. Equipment	70	
14	304.5 Structures & Improvements	980	
15	340.5 Office Furniture & Equipment	11,025	
16	341.5 Transportation Equipment	32,672	
17	342.5 Stores Equipment	159	
18	343.5 Tools, Shop & Garage Equipment	500	
19	344.5 Laboratory Equipment	772	
20	345.5 Power Operated Equipment	8,908	
21	346.5 Communication Equipment	20,801	
22	347.5 Miscellaneous Equipment	2,837	
23	348.5 Other Tangible Plant	93	
24	351.1 Organization		161
25	354.2 Structures & Improvements		145
26	355.2 Power Generation Equipment - Collection Plt		1,677
27	360.2 Force Mains		68,975
28	361.2 Collection Sewers - Gravity		67,173
29	362.2 Special Collecting Structures		902
30	363.2 Services to Customers		1,508
31	364.2 Flow Measuring Devices		1,741
32	389.2 Other Plant & Misc. Equipment		6,308
33	354.3 Structures & Improvements		24,239
34	355.3 Power Generation Equipment - Pumping Plt		12,690
35	370.3 Receiving Wells		3
36	371.3 Pumping Equipment		16,567
37	354.4 Structures & Improvements		18,688
38	355.4 Power Generation Equipment - Treatment Plt		322
39	380.4 Treatment & Disposal Equipment		3,088
40	381.4 Plant Sewers		1,974
41	382.4 Outfall Sewer Lines		171
42	389.4 Other Plant & Misc. Equipment		8,674
43	354.5 Structures & Improvements		6,669
44	371.5 Pumping Equipment		1,451
45	374.5 Reuse Distribution Reservoirs		46
46	380.5 Treatment & Disposal Equipment		491
47	381.5 Plant Sewers		783
48	389.5 Other Plant & Misc. Equipment		4
49	354.6 Structures & Improvements		4,605
50	366.6 Reuse Services		431
51	367.6 Reuse Meters & Meter Installations		236
52	371.6 Pumping Equipment		7,521
53	375.6 Reuse Transmission & Distribution System		912
54	354.7 Structures & Improvements		10,251
55	390.7 Office Furniture & Equipment		30,377
56	391.7 Transportation Equipment		148
57	393.7 Tools, Shop & Garage Equipment		465
58	394.7 Laboratory Equipment		718
59	395.7 Power Operated Equipment		8,282
60	396.7 Communication Equipment		19,340
61	397.7 Miscellaneous Equipment		2,638
62	398.7 Other Tangible Plant		87
63	Total annualize depreciation expense	187,796	330,459

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim [] Final [X]
Historic [X] or Projected []
Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Florida Public Service Commission
Schedule: B-3 - REVISED 2
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Docket No.:20240068-WS
Preparer: Deborah Swain

Line No.	Description	Water	Wastewater
1	(2) Additional Depreciation Expense for Pro Forma Plant Additions		
2	304.3 Structures & Improvements - WTP	155,763	
3	307.2 Wells & Springs	95,067	
4	310.2 Power Generation Equipment	268,668	
5	320.3 Water Treatment Equipment	278,520	
6	331.4 Transm. & Distribution Mains	88,389	
7	334.4 Meters	1,030,780	
8	346.5 Communication Equipment	24,417	
9	354.4 Structures & Improvements		31,945
10	360.2 Collection Sewers - Force		423,135
11	361.2 Collection Sewers - Gravity		62,865
12	361.2 Collection Sewers - Manholes		10,127
13	381.4 Plant Sewers		8,019
14	389.6 Other Plant Reclaim Water Dist		8,882
15	391.7 Vehicles		95,617
16	Total Depreciation Expense for Pro Forma Additions	1,941,605	640,589
17			
18	(3) Reduction to Depreciation Expense for Plant Retirements		
19	304.3 Structures & Improvements - WTP	(1,487)	
20	310.2 Power Generation Equipment	(33,940)	
21	320.3 Water Treatment Equipment	(17,139)	
22	331.4 Transm. & Distribution Mains	(10,208)	
23	334.4 Meters	(24,844)	
24	354.4 Structures & Improvements - Treatment		(3,800)
25	360.2 Collection Sewers - Force		(51,675)
26	361.2 Collection Sewers - Gravity		(6,456)
27	380.4 Treatment & Disposal Equipment		
28	Total Depreciation Expense for Pro Forma Retirements	(87,618)	(61,932)
29			
30	Total Proforma Adjustments to Depreciation Expense	2,041,783	909,116
31			
32	<u>Amortization on Retirement of Proforma Contributed Plant</u>		
33	360.2 Collection Sewers - Force		6,033
34	361.2 Collection Sewers - Gravity		1,982
35	Total Amortization on Retirement of Proforma Contributed Plant	-	8,015
36			
37	Total Pro Forma Adjustments	2,041,783	917,131
38			
39	Total Adjustments to Depreciation Expenses	1,996,212	970,157
40	<u>Test Year Adjustments</u>		
41	(1) To reclassify amortization of early retirements from depreciation expense		
42	307.2 Wells & Springs - amortization per order	46,750	
43	354.4 Struct& Improve-WWTP: amort per order		223,805
44	Total Adjustment to Amortization Expense	46,750	223,805
45			

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim Final
Historic or Projected

Florida Public Service Commission
Schedule: B-3 - REVISED 2
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Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	(E) Taxes Other Than Income (TOTI)		
2	Test Year Adjustments		
3	Regulatory Assessment Fees (RAF)		
4	(a) Calculate RAFs based on Adjusted Test Year Revenues		
5	Test Year Adjusted Revenues	21,816,903	28,150,004
6	(b) Calculate RAFs for Annualized Revenues		
7	Annualized Revenues Adjustment	1,103,616	1,469,073
8	Total Test Year Adjusted Revenues	22,920,518	29,619,077
9	RAF Rate	4.5%	4.5%
10	Adjusted Test Year RAF	1,031,423	1,332,858
11	Book RAFs	1,027,823	1,289,703
12	Total Test Year Adjustments to TOTI	3,600	43,155
13	Pro Forma Adjustments		
14	(1) Payroll Taxes		
15	Payroll Taxes for 2024 employees and salaries	255,019	237,136
16	Test year payroll taxes	(213,246)	(198,267)
17	Total payroll tax adjustment	41,772	38,869
18	(2) Property Taxes		
19	(a) Total Test Year Taxable Plant Additions	4,736,085	8,852,143
20	Total taxable Plant 12/31/2022	103,599,140	116,152,847
21	Overall % Taxable Plant Additions in test year	0.0457	0.0762
22	Increase in ad valorem taxes for Pro Forma Plant Additions	28,590	50,186
23			
24	(b) Nonused and useful (Wastewater only)		
25	Total Net Tangible Plant (A-2)		112,380,194
26	Total Nonused and Useful Net Plant (A-7)		731,125
27	Overall % Nonused and Useful		0.65%
28	Total property taxes (B-15) x % Nonused and useful	-	(5,665)
29			
30	(c) Total Eligible Net Proforma Plant Additions	22,359,710	16,486,019
31	Millage rate (composite based on county)	13.4117543641	13.4117543641
32	Less discount for early payment (4%)	(0.5365)	(0.5365)
33	Net of discount for early payment (4%)	12.8753	12.8753
34	Increase in ad valorem taxes for Pro Forma Plant Additions	287,888	212,262
35			
36	(3) Regulatory Assessment Fees (RAF)		
37	Calculate RAFs on Additional Revenues Requested		
38	Additional Revenues Requested	5,095,019	4,682,873
39	RAF Rate	4.5%	4.5%
40	Pro Forma Adjustment to RAF	229,276	210,729
41			
42	Total Pro Forma Adjustments to TOTI	587,526	506,381
43			
44	Total Adjustments to TOTI	591,126	549,536
45	(F) Provision for Income Taxes		
46	(1) Adjustment to reflect current income taxes expense for test year		
47	Income Tax Per Books	1,112,778	1,034,613
48	Test Year Current Income Tax per C-2	193,522	616,464
49		Adjustment to reflect current income tax	\$ (919,256) \$ (418,149)
50			
51	(2) To calculate additional taxes due to requested revenue adjustments	1,233,222	1,133,465
52			
53	Proforma Adjustments to Provision for Income Taxes	313,966	715,316
54			
55	Total Provision for Income Taxes	1,426,744	1,749,929

Schedule of Adjustments to Operating Income
Company: Sunshine Water Services Company
Test Year Ended: December 31, 2023
Interim Final
Historic or Projected

Florida Public Service Commission
Schedule: B-3 - REVISED 2
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Docket No.:20240068-WS
Preparer: Deborah Swain

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
1	(A) Adjustments to Revenues - Requested Revenues		
2	To reduce requested increase to 19.9%	(534,280)	
3			
4	(B) Adjustments to Operations & Maintenance (O&M) Expenses		
5	Repression Adjustment to expenses due to reduced revenue increase	-0.3430%	
6	610 Purchased Water	786	
7	615 Purchased Power	3,734	
8	618 Chemicals	2,473	
9	Repression Adjustment	6,993	
10			
11	(E) Taxes Other Than Income (TOTI)		
12	To reduce Regulatory Assessment Fee due to reduced requested increase	(24,043)	
13			
14	(F) Provision for Income Taxes		
15	To reduce Income Tax Expense due to reduced requested revenue increase	(131,092)	
16			
17	OPC TESTIMONY ADJUSTMENTS		
18	Revenue Adjustment		
19	Annualize miscellaneous revenues	7,817	7,268
20	Expense Adjustments		
21	Chamber of Commerce	(7,612)	(7,077)
22	Charitable contributions	(10,490)	(9,754)
23	Sewer maintenance	-	(29,879)
24	DEP Penalty removed	(165,188)	(153,584)
25	Subtotal OPC expense adjustments	(183,290)	(200,294)
26			
27	TY Legal Expenses to be Deferred	(188,927)	(175,657)
28	TY Amortization expense	82,271	76,492
29	Total TY Deferred Expense Adjustment	(106,656)	(99,164)
30			
31			
32	AUDIT ADJUSTMENTS		
33	Finding 4 - Miscellaneous Revenues		
34	Reclass miscellaneous Revenues to CIAC	(10,050)	(9,345)
35			
36	Finding 6 AD / Depreciation Expense		
37	403 - Various reclassifications		16,229
38			
39	Finding 9 Various Expenses corrected		
40	Accts 631 / 731	27,465	25,535
41	Accts 633 / 733	18,392	17,100
42	Accts 736	-	(45)
43	Acct 635	(2,415)	-
44	Acct 735	-	260
45	Acct 735	-	(467)
46	Total Finding 9 adjustments	43,442	42,383
47			
48	REPRESSION ADJUSTMENT		
49	Repression Adjustment to Expenses		
50	710 Purchased Sewage Treatment		(13,459)
51	711 Sludge Removal Expense		(5,517)
52	715 Purchased Power		(11,464)
53	718 Chemicals		(5,331)
54	Total reduction to expenses due to repression		(35,770)

Reconciliation of Total Income Tax Provision

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: C-1 - REVISED 2
 Page 1 of 1
 Preparer: Deborah Swain

Explanation: Provide a reconciliation between the total operating income tax provision and the currently payable income taxes on operating income for the test year.

Line No.	Description	Ref.	Total Per Books	Utility Adjustments	Utility Adjusted	Water	Sewer
1	Current Tax Expense	C-2	\$ 2,995,961	\$ 49,220	\$ 3,045,181	\$ 1,426,744	\$ 1,749,929
2							
3	Deferred Income Tax Expense	C-5	452,419	(452,419)	-		
4							
5	ITC Realized This Year	C-7					
6							
7	ITC Amortization	C-7	2,356	(2,356)	-		
8	(3% ITC and IRC 46(f)(2))						
9							
10	Parent Debt Adjustment	C-8					
11							
12	Total Income Tax Expense		\$ 3,450,736	\$ (405,555)	\$ 3,045,181	\$ 1,426,744	\$ 1,749,929

Supporting Schedules: C-2, C-5, C-7, C-8
 Recap Schedules: B-1, B-2

State and Federal Income Tax Calculation - Current Water

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: C-2 - REVISED 2
Page 1 of 2
Preparer: Deborah Swain

Explanation: Provide the calculation of state and federal income taxes for the test year. Provide detail on adjustments to income taxes and investment tax credits generated.

Line No.	Total Per Books	Test Year Adjustments	Test Year Adjusted	Pro Forma Adjustments	Pro Forma Adjusted
			Water		
1	\$ 4,375,521	\$ (1,840,995)	\$ 2,778,797	\$ 3,632,521	\$ 6,411,319
2	1,112,778	(919,256)	193,522	1,233,222	1,426,744
3					
4	5,488,299	(2,760,252)	2,972,319	4,865,743	7,838,063
5	1,126,663	1,082,107	2,208,770	-	2,208,770
6					
7	4,361,636	(3,842,359)	763,549	4,865,743	5,629,293
8					
9	Schedule M Adjustments:				
10	(615,478)	615,478	-	-	-
11	(1,141,467)	1,141,467	-	-	-
12					
13	(1,756,945)	1,756,945	-	-	-
14					
15	6,118,581	(5,599,304)	763,549	4,865,743	5,629,293
16					
17					
18	6,118,581	(5,599,304)	763,549	4,865,743	5,629,293
19	336,522	(307,962)	41,995	267,616	309,611
20					
21					
22					
23	336,522	(307,962)	41,995	267,616	309,611
24					
25	5,782,059	(5,291,342)	721,554	4,598,127	5,319,682
26	0.21	0.21	0.21	0.21	0.21
27	1,214,232	(1,111,182)	151,526	965,607	1,117,133
28					
29	1,221	(1,221)	-	-	-
30					
31	1,213,011	(1,109,961)	151,526	965,607	1,117,133
32					
33	Summary:				
34	336,522	(307,962)	41,995	267,616	309,611
35	1,213,011	(1,109,961)	151,526	965,607	1,117,133
36					
37	\$ 1,549,533	\$ (1,417,923)	\$ 193,521	\$ 1,233,223	\$ 1,426,744

Supporting Schedules: B-1, C-3, C-4, C-5, C-8
Recap Schedules: C-1

State and Federal Income Tax Calculation - Current Wastewater

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: C-2 - REVISED 2
Page 2 of 2
Preparer: Deborah Swain

Explanation: Provide the calculation of state and federal income taxes for the test year. Provide detail on adjustments to income taxes and investment tax credits generated.

Line No.	Total Per Books	Test Year Adjustments	Test Year Adjusted	Pro Forma Adjustments	Pro Forma Adjusted
	Wastewater				
1	\$ 4,993,408	\$ (742,674)	\$ 4,525,272	\$ 3,338,679	\$ 7,863,951
2	1,034,613	(418,149)	616,464	1,133,465	1,749,929
3					
4	6,028,021	(1,160,823)	5,141,736	4,472,144	9,613,880
5	1,381,934	1,327,510	2,709,444	-	2,709,444
6					
7	4,646,087	(2,488,333)	2,432,292	4,472,144	6,904,436
8					
9	Schedule M Adjustments:				
10	(754,928)	754,928	-	-	-
11	(310,419)	310,419	-	-	-
12					
13	(1,065,348)	1,065,348	-	-	-
14					
15	5,711,435	(3,553,681)	2,432,292	4,472,144	6,904,436
16					
17					
18	5,711,435	(3,553,681)	2,432,292	4,472,144	6,904,436
19	314,129	(195,452)	133,776	245,968	379,744
20					
21					
22					
23	314,129	(195,452)	133,776	245,968	379,744
24					
25	5,397,306	(3,358,229)	2,298,516	4,226,176	6,524,692
26	0.21	0.21	0.21	0.21	0.21
27	1,133,434	(705,228)	482,688	887,497	1,370,185
28					
29	1,135	(1,135)	-	-	-
30					
31	1,132,299	(704,093)	482,688	887,497	1,370,185
32					
33	Summary:				
34	314,129	(195,452)	133,776	245,968	379,744
35	1,132,299	(704,093)	482,688	887,497	1,370,185
36					
37	\$ 1,446,428	\$ (899,545)	\$ 616,464	\$ 1,133,465	\$ 1,749,929

Supporting Schedules: B-2, C-3, C-4, C-5, C-8
Recap Schedules: C-1

Schedule of Interest In Tax Expense Calculation

Florida Public Service Commission
 Schedule: C-3 - REVISED 2
 Page 1 of 1
 Preparer: Deborah Swain
 Supporting Schedules: D-1, C-8
 Recap Schedule: C-2

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

Explanation: Provide the amount of interest expense used to calculate income taxes on Schedule No. C-2. Explain any changes in interest expense in detail giving amount of change and reason for change. If the basis for allocating interest used in the tax calculation differs from the basis used in allocating current income taxes payable, the differing bases should be clearly identified.

Line No.	Description	Total Per Books	Utility Adjustments*	Utility Adjusted	Water	Wastewater
1	Interest on Long-Term Debt					
2						
3	Amortization of Debt Premium,					
4	Disc. and Expense Net					
5						
6	Interest on Short-Term Debt/Deposits	6,413	340,264	346,677	155,692	190,985
7						
8	Other Interest Expense - Long Term Debt	3,872,589	698,948	4,571,537	2,053,078	2,518,459
9						
10	AFUDC	(1,370,406)	1,370,406	-		
11						
12	ITC Interest Synchronization					
13	(IRC 46(f)(2) only - See below)		-	-	-	-
14						
15	Total Used For Tax Calculation	\$ 2,508,597	\$ 2,409,617	\$ 4,918,214	\$ 2,208,770	\$ 2,709,444
16						
17						
18	* Adjustment to calculate interest per capital structure in Schedule D1.					
19						
20						
21						
22	Calculation of ITC Interest Synchronization Adjustment					
23	ONLY for Option 2 companies (See Sch. C-8, pg. 4)					
24						
25					Total Weighted Cost	Debt Only Weighted Cost
26	<u>Balances From Schedule D-1</u>	<u>Amount</u>	<u>Ratio</u>	<u>Cost</u>		
27						
28	Long-Term Debt	\$ -	This Schedule is not applicable			
29						
30	Short-Term Debt	-				
31						
32	Preferred Stock	-				---
33						
34	Common Equity	-	-	-	-	---
35						
36	Total	\$ -	\$ -	\$ -	\$ -	\$ -