

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: May 20, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Brady, Walden, Kaproth)
Office of the General Counsel (Fleming)

RE: Docket No. 030407-WS – Application for transfer of water and wastewater facilities and Certificate No. 366-S in Levy County from Springside at Manatee, Ltd. to Par Utilities, Inc., for cancellation of Certificate No. 435-W held by Springside, and for amendment of Certificate No. 428-W held by Par.
County(ies): Levy

AGENDA: 06/01/04 – Regular Agenda – Proposed Agency Action except for Issue Nos. 1, 4, and 5 – Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\030407.RCM.DOC

Case Background

Springside at Manatee, Ltd., (Springside or utility) is a Class C water and wastewater utility serving the Springside Mobile Home community in Levy County. Springside is located in the Suwannee River Water Management District (SRWMD) which is not a water use caution area. According to its 2003 annual report, the utility had approximately 66 water and wastewater customers with combined gross revenues of \$32,466 and a combined net operating loss of \$13,619.

The utility was granted original Certificate Nos. 435-W and 366-S under the name of Springside, Inc., pursuant to Order No. 15432, issued December 9, 1985, in Docket No. 840235-WS, In Re: Application of Springside, Inc., for certificates to operate a water and sewer utility pursuant to Section 367.171, Florida Statutes. The transfer of certificates to Springside at Manatee, Ltd. was approved by Order No. 23970, issued January 8, 1991, in Docket No. 900409-

Docket No. 030407-WS

Date: May 20, 2004

WS, In Re: Application for transfer of Certificates Nos. 435-W and 366-S from Springside, Inc. to Springside at Manatee, Ltd. in Levy County.

On August 18, 1999, the owner of the utility, Mr. Kenneth Drummond, gave 60 days' notice of his intent to abandon Springside pursuant to Section 367.165, Florida Statutes. The Commission acknowledged the notice of abandonment by Order No. PSC-99-2112-FOF-WS, issued October 25, 1999, in Docket No. 991206-WS, In Re: Notice of abandonment of Springside at Manatee, Ltd. in Levy County by Mr. Kenneth Drummond. Effective November 24, 1999, the Circuit Court of the Eighth Judicial Circuit in and for Levy County, Florida (Circuit Court) appointed Mr. Lonnie Parnell as receiver for the utility. The appointment was subsequently acknowledged by the Commission in Docket No. 991206-WS by Order No. PSC-00-0088-PAA-WS, issued January 10, 2000.

On October 9, 2002, the Circuit Court issued an order transferring Springside's water and wastewater facilities to Par Utilities, Inc. (Par Utilities) and terminating the receivership upon approval by the Commission of the transfer. Par Utilities, holder of Certificate No. 428-W, is a Commission regulated water utility in Levy County which is also owned and operated by Mr. Lonnie Parnell. On April 28, 2003, an application was filed for approval of the transfer of Springside's water and wastewater facilities to Par Utilities, opening this docket.

This purpose of this recommendation is to address the transfer, rate base, acquisition adjustment, and rates and charges. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes.

Discussion of Issues

Issue 1: Should the transfer of water and wastewater facilities from Springside at Manatee, Ltd. to Par Utilities, Inc. be approved?

Recommendation: Yes. The transfer is in the public interest and should be approved. Certificate No. 366-S, held by Springside, should be transferred to Par Utilities. Certificate No. 435-W, held by Springside, should be cancelled and Certificate No. 428-W, held by Par Utilities, should be amended. The territory being transferred is described in Attachment A. The effective date of the transfer should be the date of the Commission vote. Hereinafter, Springside's annual reports and RAFs should be incorporated into the annual reports and RAFs submitted on behalf of Par Utilities, Inc. (Brady, Walden, Kaproth, Fleming)

Staff Analysis: On April 28, 2003, an application for the transfer of Springside to Par Utilities was filed with the Commission. The request for transfer was pursuant to a Circuit Court order dated October 9, 2002, which authorized the transfer of Springside's facilities to Par Utilities and termination of Springside's receivership upon Commission approval of the transfer.

The application as filed and amended is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules pertaining to an application for the sale, assignment, or transfer of certificates of authorization. The application contained the correct filing fee required by Rule 25-30.020, Florida Administrative Code. Pursuant to Rule 25-30.037(2)(t), Florida Administrative Code, the application also contained a statement that the utility's original certificates were not in the paperwork received in the abandonment and, hence, could not be returned to the Commission. The territory being transferred is described in Attachment A.

Noticing. Pursuant to Rule 25-30.030, Florida Administrative Code, the application contained the requisite proof of noticing. No objections to the application were received and the time for filing such has expired.

Sales Contract and Financing. Due to the circumstances of the transfer, there is no sales contract, purchase price, or financing for the transfer. Instead, the application contained a Circuit Court order dated October 9, 2002, in Civil Action Case No. 99-939-CA, which stated that the utility known as Springside at Manatee, Ltd. is transferred to Par Utilities, Inc. subject to subsequent approval by the Public Service Commission and that, upon that approval, the receivership is to be terminated.

Proof of Ownership. Pursuant to Rule 25-30.037(2)(q), Florida Administrative Code, the application contained recorded warranty deeds in the name of Par Utilities, Inc. for the land upon which the water and wastewater facilities are located.

Annual Reports and Regulatory Assessment Fees (RAFs). Staff has confirmed that the utility is current on annual reports and RAFs through 2003 and that there are no outstanding penalties, interest, or refunds due. Subject to Commission approval of the transfer, Springside's subsequent annual reports and RAFs, as of January 1, 2004, should be incorporated into the annual report and RAFs submitted on behalf of Par Utilities, Inc.

Books and Records. During the audit of Springside's books and records, it was learned that the receiver was not maintaining the utility's books and records in conformity with the National Association of Regulatory Utility Commissioners' (NARUC) 1996 Uniform System of Accounts (USOA) as required by Rule 25-30.115, Florida Administrative Code. Mr. Parnell was made aware of this problem and staff has verified that he is now using the NARUC system of accounts.

Environmental Compliance. Pursuant to Rule 25-30.037(2)(p), Florida Administrative Code, the application contained a statement that, after reasonable investigation, Springside appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP). Staff has contacted the DEP's Northeast District Office and the SRWMD and verified that the systems are in compliance with all permits and there are no outstanding violations.

Technical and Financial Ability. Pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, the application contained a statement indicating how the transfer is in the public interest, including a summary of the buyer's experience and showing of financial ability. According to the statement, Lonnie Parnell, current receiver for Springside and owner and operator of Par Utilities, has both water and wastewater operator licenses and more than twenty years of experience operating water and wastewater facilities. However, Mr. Parnell's wastewater license is for DEP's Class D systems. Because Springside's wastewater plant is a Class C system, Mr. Parnell uses an appropriately licensed operator for some plant operations and reporting requirements.

The application also contained a statement that Par Utilities, Inc. will fulfill the commitments, obligations, and representations of the prior owner with regard to utility matters. Staff would note that, when Mr. Parnell was appointed receiver, the water and wastewater facilities were in need of extensive repairs which Mr. Parnell quickly and efficiently corrected with his own capital. In addition, Mr. Parnell had to buy back the two lots under the water plant which had been sold by Levy County to cover the prior owner's tax lien. By his actions as receiver, Mr. Parnell has demonstrated the financial and technical ability to operate the utility facilities.

Conclusion. Based on the above, staff recommends that the transfer of the water and wastewater facilities from Springside at Manatee, Ltd. to Par Utilities, Inc. is in the public interest and should be approved. Certificate No. 366-S, held by Springside, should be transferred to Par Utilities. Certificate No. 435-W, held by Springside, should be cancelled and Certificate 428-W, held by Par Utilities, should be amended. The territory being transferred is described in Attachment A. The effective date of the transfer should be the date of Commission vote. Hereinafter, Springside's annual reports and RAFs should be incorporated into the annual reports and RAFs submitted on behalf of Par Utilities, Inc.

Issue 2: What is the rate base for Springside at Manatee, Ltd.'s water and wastewater systems at the time of the transfer?

Recommendation: The rate base is \$33,380 for the water system and \$26,397 for wastewater system as of December 31, 2003. Within 60 days of the date of the order, the utility should be required to provide a statement from the utility's accountant indicating that the utility's books have been adjusted to reflect the Commission approved rate base adjustments and balances. (Brady, Walden)

Staff Analysis: The Commission last established rate base for Springside pursuant to Order No. PSC-92-0190-FOF-WS, issued April 13, 1992, in Docket No. 910909-WS, In Re: Application for a staff assisted rate case in Levy County by Springside at Manatee, Ltd. The test year was the twelve month period ending December 31, 1990. The Circuit Court awarded the utility assets to Par Utilities by order dated October 9, 2002. However, the transfer is not to be effective until it is approved by the Commission. Therefore, staff recommends that rate base should be established as of December 31, 2003.

Utility Plant in Service (UPIS). Springside's annual reports reflected UPIS of \$93,834 and \$204,882, for water and wastewater, respectively, as of December 31, 2003. Pursuant to Order No. PSC-92-0190-FOF-WS, the water and wastewater UPIS balances as of December 31, 1990 were \$89,192 and \$189,843, respectively. The receiver had no documentation for plant additions from 1991 through his appointment as receiver on November 24, 1999. However, staff reviewed water and wastewater plant additions from November 24, 1999 through December 31, 2003, through invoices provided by Mr. Parnell. From this review, staff recommends that water and wastewater plant additions of \$13,422 and \$9,833, respectively, be recorded for the period of November 24, 1999 through December 31, 2003. As previously noted, when the utility was abandoned, both the water and wastewater plants were in need of extensive repairs which Mr. Parnell quickly and efficiently made with his own capital. Staff believes these costs, coincident with Mr. Parnell being appointed receiver, should be considered acquisition costs. (See Issue 3 for further discussion.).

In addition, staff recommends that water and wastewater retirements of \$11,150 and \$3,559, respectively, should be recorded for replacement of well pumps and lift stations from November 24, 1999 through December 31, 2003. Retirements are based on original cost, when known. When the original cost of retired assets were not identifiable, retirements were based on 75% of replacement costs. This methodology is consistent with prior Commission decisions.¹ The resulting net UPIS adjustments for water and wastewater as of December 31, 2003, are \$2,272 and \$6,274, respectively.

Staff therefore recommends that UPIS of \$91,464 and \$196,117 for water and wastewater, respectively, be included in rate base as of December 31, 2003.

Land. Pursuant to Order No. PSC-92-0190-FOF-WS, the original cost for land was \$1,522 and \$5,422 for water and wastewater, respectively. However, in 1999, Levy County sold

¹ PSC-01-1574-PAA-WS, issued July 30, 2001, Docket No. 000584-WS, In Re: Application for approval of staff-assisted rate case in Martin County by Laniger Enterprises of America, Inc., page 10.

the two lots on which the water facilities are located to recover the prior owner's outstanding property taxes. Mr. Parnell repurchased the two lots for \$6,000 per lot. The purchase of the land appears to be an arm's length transaction and the price appears to be reasonable. Therefore, staff recommends that land should be included in rate base as of December 31, 2003, at \$12,000 for water and \$5,422 for wastewater.

Accumulated Depreciation. The amount of accumulated depreciation recorded on the utility's books as of December 31, 2003, was \$23,323 and \$99,191 for water and wastewater, respectively. Pursuant to Order No. PSC-92-0190-FOF-WS, accumulated depreciation was \$17,306 and \$40,318 for water and wastewater, respectively, as of December 31, 1990.

Pursuant to Rule 25-30.140, Florida Administrative Code, the additional water and wastewater accumulated depreciation from January 1, 1991 through December 31, 2003, is \$44,759 and \$95,622, respectively. Water and wastewater accumulated depreciation should be reduced by \$11,150 and \$3,559, respectively, to reflect retirements. The resulting net accumulated depreciation adjustments for water and wastewater as of December 31, 2003, are \$33,609 and \$92,063, respectively.

Staff therefore recommends that the balance in accumulated depreciation for water and wastewater is \$50,915 and \$132,381 as of December 31, 2003.

Contributions-in-Aid-of-Construction (CIAC) and Amortization of CIAC. The amount of water and wastewater CIAC recorded on the utility's books as of December 31, 2003, was \$5,889 and \$10,269, respectively. Pursuant to Order No. PSC-92-0190-FOF-WS, as of December 31, 1990, CIAC for water and wastewater was \$10,200 and \$22,800, respectively, for 24 connections.

As noted, the receiver had no documentation for the period of January 1, 1991 through November 24, 1999. As of December 31, 2003, there were 66 connections for which staff has verified 9 connections from January 1, 2000 through December 31, 2003. Therefore, it is assumed that 33 connections were added between January 1, 1991 through December 31, 1999. However, there is no documentation regarding the amount of CIAC collected from the 33 connections. The utility's approved service availability charges include a plant capacity charge of \$325 for water, a meter installation charge of \$100, and a plant capacity charge of \$950 for wastewater. Therefore, for the 42 total connections added from January 1, 1991 through December 31, 2003, water and wastewater CIAC collections should have been \$17,850 and \$39,900, respectively, based on the utility's approved service availability charges.

However, the receiver collected and booked approximately \$500 per connection (\$250 for water and \$250 wastewater) for 9 of the 11 connections between November 24, 1999 and December 31, 2003. There was no record of the amount of CIAC for the remaining 3 connections. The reason given for not charging the Commission's approved service availability charges was that the receiver believed they were too high for the service area and would drive customers away. In addition, the receiver believed the imputation of the uncollected CIAC was inappropriate based on Rule 25-30.570, Florida Administrative Code, which states:

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of the plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

Staff believes that the above rule is not applicable in this case because the Commission had established service availability charges for this utility which the receiver chose not to collect. Staff believes that CIAC should be adjusted to reflect water and wastewater additions of \$17,850 and \$39,900 from January 1, 1991 through December 31, 2003.

Therefore, staff recommends that CIAC for water and wastewater is \$28,050 and \$62,700, respectively, as of December 31, 2003. The receiver's failure to collect the approved service availability charges is discussed further in Issue 4.

Accumulated Amortization of CIAC. The amount of water and wastewater accumulated amortization of CIAC recorded on the utility's books as of December 31, 2003, was \$3,205 and \$6,883, respectively. Pursuant to Order No. PSC-92-0190-FOF-WS, as of December 31, 1990, the accumulated amortization of CIAC for water and wastewater was \$794 and \$1,865, respectively. The additional accumulated amortization of CIAC for the period of January 1, 1991 through December 31, 2003 is \$8,087 and \$18,074 for water and wastewater, respectively.

Therefore, staff recommends that water and wastewater accumulated amortization of CIAC is \$8,881 and \$19,939, respectively, as of December 31, 2003.

Conclusion. Based on the above, staff recommends that rate base for transfer purposes is \$33,380 for the water system and \$26,397 for the wastewater system as of December 31, 2003. Schedules 1 and 2 show the calculation of water and wastewater rate base, respectively. Schedule 3 shows staff's recommended rate base adjustments. Schedules 4 and 5 show the recommended balances of UPIS and accumulated depreciation per NARUC account as of December 31, 2003. Staff also recommends that, within 60 days of the date of the order, the utility should be required to provide a statement from the utility's accountant indicating that the utility's books have been adjusted to reflect the Commission approved rate base adjustments and balances. Staff notes that rate base for transfer purposes does not include the normal rate making adjustments for used and useful or working capital.

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

Recommendation: Yes. A negative acquisition adjustment of \$12,567 should be recognized for ratemaking purposes, amortized over a five (5) year period beginning with the date of issuance of the order approving the transfer of assets. (Brady)

Staff Analysis: An acquisition adjustment is the difference between the purchase price of utility system assets to an acquiring utility and the net book value of the utility assets. Pursuant to Rule 25-30.0371(3)(b), Florida Administrative Code, if the purchase price is less than 80 percent of net book value, and uncontested, then the amount of the difference in excess of 20 percent of net book value shall be recognized for ratemaking purposes as a negative acquisition adjustment and amortized over a 5-year period from the date of issuance of the order approving the transfer of assets.

If the Commission approves staff's recommendation for Issue 2, rate base for water and wastewater as of December 31, 2003, is \$59,777. Although there was no purchase price for the utility because the assets were awarded to the receiver by the Circuit Court without any monetary consideration, Mr. Parnell did invest \$35,255 of personal funds and labor into the utility for the repurchase of land (\$12,000) and for water (\$13,422) and wastewater (\$9,833) plant upgrades. While these amounts have been included in rate base in Issue 2, staff recommends that Mr. Parnell's personal investments on behalf of the utility during the time he was receiver also be recognized as the purchase price for the purpose of determining the amount of acquisition adjustment in this case.

Therefore the amount that should be recognized for ratemaking purposes as a negative acquisition adjustment is calculated as follows:

Net Book Value as of 12/31/03	\$59,777
80% Net Book Value	47,822
Purchase Price	35,255
Negative Acquisition Adjustment	\$12,567

Based upon the above, staff recommends that a negative acquisition adjustment of \$12,567 be recognized for rate-making purposes, amortized over a five (5) year period beginning with the date of the issuance of the order approving the transfer of assets. Pursuant to Rule 25-30.0371(3)(b), Florida Administrative Code, the negative acquisition adjustment should not be recorded on the books for ratemaking purposes nor used for any earnings review unless the purchaser files for a rate increase pursuant to Sections 367.081(2), 367.0814, 367.0817, or 367.0822, Florida Statutes.

Issue 4: Should the utility's existing rates and charges be continued?

Recommendation: Yes. The existing rates and charges for the utility should be continued until authorized to change by the Commission in a subsequent proceeding. The tariff sheets reflecting the existing rates and charges should be effective for services rendered or connections made on or after the stamped approval date. (Brady)

Staff Analysis: Rule 25-9.044(1), Florida Administrative Code, provides that:

In case[s] of change of ownership or control of a utility which places the operation under a different or new utility, or when its name is changed, the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the commission).

Springside's rates and charges were established by Order No. PSC-92-0190-FOF-WS, issued April 13, 1992, in Docket No. 910909-WS, In Re: Application for a staff assisted rate case in Levy County by Springside at Manatee, Ltd. At that time, the rates would have represented a 155 percent increase for water service and a 374 increase for wastewater service. Consequently, the utility owner requested to forego any return on investment and to implement rates which excluded any recognition of management's time and office facilities. The Commission concurred and reduced rates were put into effect on May 4, 1992.

At the time of abandonment, the receiver indicated that, at a minimum, he would need the compensatory rates established by Order No. PSC-92-0190-FOF-WS to help offset utility expenses. The Commission concurred and in Order No. PSC-00-0088-PAA-WS, which acknowledged the appointment of the receiver, the Commission implemented the compensatory rates in Order No. PSC-92-0190-FOF-WS. These rates went into effect February 11, 2000, and represent the utility's existing rates and charges. Listed below are the utility's currently approved rates for potable water, irrigation water, wastewater, and service availability charges.

MONTHLY
POTABLE WATER
General and Residential Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 7.68
3/4"	11.53
1"	19.20
1 1/2"	38.40
2"	61.44
3"	122.89
4"	192.01
Charge per 1,000 gallons	\$ 2.68

MONTHLY
Irrigation Service

Charge per 1,000 gallons	\$ 1.53
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MONTHLY
WASTEWATER
General Service

<u>Meter Size</u>	<u>Base Facility Charge</u>
5/8" x 3/4"	\$ 16.08
3/4"	24.12
1"	40.19
1 1/2"	80.38
2"	128.61
3"	257.23
4"	401.92
Charge per 1,000 gallons	\$ 6.22

MONTHLY
WASTEWATER
Residential Service

<u>Base Facility Charge</u>	
All meter sizes	\$ 16.08
Charge per 1,000 gallons (10,000 maximum)	\$ 5.18

WATER AND WASTEWATER
Service Availability Fees

Plant Capacity Charges	
Water, per ERC	\$325.00
Wastewater, per ERC	950.00
Meter Installation Charge	\$100.00

Staff would note that the audit revealed that the receiver had been billing the water base facility charge at a rate of \$7.63 per customer per month instead of the Commission approved \$7.68. Based on 65 customers as of December 31, 2002, the annualized effect of the under billing was \$39.00. According to the receiver, the error resulted from bills that were misprinted

and which have now been corrected. In addition, as discussed in Issue 2, the receiver collected service availability charges of \$500 per customer instead of \$1,325. Although indicating an intent to come in later for a reduction in service availability charges, for purposes of this transfer, the receiver has not requested any change in the utility's rates and charges. Meanwhile, the receiver has indicated he will impute any uncollected portion of the utility's approved service availability charges.

Accordingly, staff recommends that pursuant to Rule 25-9.044(1), Florida Administrative Code, the utility continue operations under the existing tariff provisions and apply the approved rates and charges until authorized to change by the Commission in a subsequent proceeding. The utility has filed revised tariffs incorporating Springside's rates and charges into Par Utilities' tariffs. The tariff filing should be effective for services rendered or connections made on or after the stamped approval date.

Docket No. 030407-WS

Date: May 20, 2004

Issue 5: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Fleming)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

ATTACHMENT A

**SPRINGSIDE AT MANATEE, LTD.
Water and Wastewater Service Area
Levy County, Florida**

Township 11 South, Range 13 East
Section 25

The North 75 feet of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 25.

AND

The Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 25.

LESS

The North 790 feet of the West 760 feet of the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$, and the West 200 feet of the East 600 feet of the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the said Section 25.

SCHEDULE 1

SPRINGSIDE AT MANATEE, LTD.
 WATER RATE BASE
 DOCKET NO. 030407-WS
 AS OF DECEMBER 31, 2003

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>BALANCE as of 12/31/1990*</u>	<u>STAFF ADJUSTMENTS 01/01/91-12/31/03</u>		<u>BALANCE PER STAFF as of 12/31/03</u>
Utility Plant in Service	\$ 93,834	\$ 89,192	\$ 2,272	A	\$ 91,464
Land	1,522	1,522	10,478	B	12,000
Accumulated Depreciation	(23,323)	(17,306)	(33,609)	C	(50,915)
Contributions-in-aid-of-contributions (CIAC)	(5,889)	(10,200)	(17,850)	D	(28,050)
Accumulated Amortization of CIAC	<u>3,205</u>	<u>794</u>	<u>8,087</u>	E	<u>8,881</u>
Total Rate Base	\$69,349	\$64,002	\$(30,622)		\$ 33,380

* Order No. PSC-92-0190-FOF-WS, issued April 13, 1992, Docket No. 910909-WS, In Re: Application for a staff assisted rate case in Levy County by Springside at Manatee, Ltd.

SCHEDULE 2

SPRINGSIDE AT MANATEE, LTD.
 WASTEWATER RATE BASE
 DOCKET NO. 030407-WS
 AS OF DECEMBER 31, 2003

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>BALANCE as of 12/31/90*</u>	<u>STAFF ADJUSTMENTS 01/01/91-12/31/03</u>		<u>BALANCE PER STAFF as of 12/31/03</u>
Utility Plant in Service	\$ 204,882	\$ 189,843	\$ 6,274	A	\$ 196,117
Land	5,422	5,422	-0-		5,422
Accumulated Depreciation	(99,191)	(40,318)	(92,063)	C	(132,381)
Contributions-in-aid-of-contributions (CIAC)	(10,269)	(22,800)	(39,900)	D	(62,700)
Accumulated Amortization of CIAC	<u>6,883</u>	<u>1,865</u>	<u>18,074</u>	E	<u>19,939</u>
Total Rate Base	\$ 107,727	\$ 134,012	\$(107,615)		\$26,397

* Order No. PSC-92-0190-FOF-WS, issued April 13, 1992, Docket No. 910909-WS, In Re: Application for a staff assisted rate case in Levy County by Springside at Manatee, Ltd.

SCHEDULE 3

SPRINGSIDE AT MANATEE, LTD.
SCHEDULE OF RATE BASE ADJUSTMENTS
AS OF DECEMBER 31, 2003

	Explanation	Adjustments	
		<u>Water</u>	<u>Wastewater</u>
A	Utility-Plant-In-Service (UPIS)		
1	To record plant additions from November 24, 1999 through December 31, 2003.	\$ 13,422	\$ 9,833
2	To record plant retirements from November 24, 1999 through December 31, 2003.	<u>(11,150)</u>	<u>(3,559)</u>
	Net UPIS Adjustments.	2,272	6,274
B	Land		
1	To adjust original value to \$12,000 repurchase price.	10,478	0
C	Accumulated Depreciation		
1	To adjust accumulated depreciation from January 1, 1991 through December 31, 2003	(44,759)	(95,622)
2	To record plant retirements from November 24, 1999 through December 31, 2003.	<u>11,150</u>	<u>3,559</u>
	Net Accumulated Depreciation Adjustments.	(33,609)	(92,063)
D	Contributions-in-aid-of-Construction (CIAC)		
1	To correct CIAC balances as of December 31, 2003.	(17,850)	(39,900)
E	Accumulated Amortization of CIAC		
1	To adjust accumulated amortization of CIAC balances as of December 31, 2003.	<u>8,087</u>	<u>18,074</u>
	Total Rate Base Adjustments	<u><u>\$(30,622)</u></u>	<u><u>\$(107,615)</u></u>

SPRINGSIDE AT MANATEE, LTD.		SCHEDULE NO. 4	
STAFF RECOMMENDED 2003 YEAR-END WATER PLANT BALANCE			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
304	Structures and Improvements	\$32,941	\$ 27,057
307	Wells and Springs	978	222
311	Pumping Equipment	5,783	1,574
320	Water Treatment Equipment	1,850	715
331	Transmission & Distribution Mains	42,228	18,744
333	Services	1,560	640
334	Meters and Installation	5,920	1,922
336	Backflow Prevention Devices	204	41
Total Water Plant		<u>\$91,464</u>	<u>\$ 50,915</u>

SPRINGSIDE AT MANATEE, LTD.		SCHEDULE NO. 5	
STAFF RECOMMENDED 2003 YEAR-END WASTEWATER PLANT BALANCE			
ACCT NO.	ACCOUNT NAME	PLANT BALANCE	ACCUMULATED DEPRECIATION BALANCE
354	Structures and Improvements	\$ 2,807	\$ 310
360	Collection Sewers – Force	4,775	3,326
361	Collection Sewers – Gravity	115,423	60,950
363	Services	5,375	2,835
380	Treatment and Disposal Equipment	67,481	64,946
389	Other Miscellaneous Equipment	256	14
Total Wastewater Plant		<u>\$196,117</u>	<u>\$132,381</u>