

Shawna Senko

From: Joseph Gabay <jgabay@uswatercorp.net>
Sent: Friday, February 07, 2014 11:38 AM
To: Filings@psc.state.fl.us
Cc: Vickie Penick
Attachments: 2014 Sunny Hills Proforma PSC .pdf

Commission Clerk

Please find attached Sunny Hills Utility Company 2014 Pro Forma – 16 pages.
The file includes the Pro Forma (13pg.), Buyer Closing Documents (1pg.) and Cover Letter (2pg.).
Thank you.

Joseph G. Gabay
Utilities Controller
U.S. Water Services Corporation



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Sunny Hills Util Co

System Pruchased for less than 50% of Rate Base - Impacted by NBV 20% Rule.

Cost of Capital: Purchase Price, CIP Additions

Sunny Hills Utility
Capital and R&R

	2013	2014	2015	2016	2017	2018	2019
Totals	\$ 1,500	\$ 381,736	\$ 722,236	\$ 109,236	\$ 50,236	\$ 35,236	\$ 24,236

Point weighting scale Priority

County	Site	Type	1 = High 2 = Medium 3 = low	CIP / R&R	Problem	Solution	Regulatory Mandate (M) or Enhancem ent (E)	Complete, In Progress	2013	2014	2015	2016	2017	2018	2019
Washington	Sunny Hills	W		R&R	Demolish existing lime softening plant equipment and takage	Demolish old system	E			\$ 50,000					
Washington	Sunny Hills	W		R&R	Well #1 requires an iron removal system.	Install an Iron removal system	M		\$ 150,000	\$ 150,000					
Washington	Sunny Hills	W		R&R	Existing generator has numerous needed repairs to the generator and the motor	Replace generator and fuel tank	M		\$ 80,000						
Washington	Sunny Hills	W		R&R	Misc. Building improvements	Replace roof, doors and windows to prevent further deterioration of the building and equipment inside	E		\$ 30,000	\$ 15,000	\$ 15,000				
Washington	Sunny Hills	W		R&R	Water Meter Replacement, Customer; The water meters are 10 years old and need to be replaced and or tested per FPSC rules	Replace approximately 56 Meters, 10% each year (56 meters annually)	M		\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236	\$ 5,236
Washington	Sunny Hills	W		R&R	Distribution Repair: Miscellaneous Distribution replacement of pipes and valves	Emergency Replacements not identified	M		\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Washington	Sunny Hills	W		R&R	Misc. electrical and plumbing improvements	Parts and supply items not identified in CIP			\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Washington	Sunny Hills	W		CIP	Replace In-line booster pump based on system modeling	Install bin-line booster pump	M			\$ 175,000					
Washington	Sunny Hills	W		R&R	Building structure repair for HSP building, well #1 building	Repair/ Replace roof, doors and windows to prevent further deterioration of the building and equipment inside	M		\$ 20,000	\$ 20,000	\$ 20,000				
Washington	Sunny Hills	W		R&R	Building structure repair for Well No 4 building	Repair roof, doors and windows to prevent further deterioration of the building and equipment inside	E		\$ 7,500	\$ 7,500					
Washington	Sunny Hills	W		CIP	Existing chlorine injection point needs to be relocated to improved process operation on HSP for Well # 1	Relocate chlorine injection point to HSP discharge piep improve treatment in the distribution system	M	\$ 1,500	\$ -						
Washington	Sunny Hills	W		R&R	Replace generator housing due to extensive corrosion	Replace housing	E			\$ 5,000					
Washington	Sunny Hills	W		R&R	Replace existing Automatic Transfer Switch (ATS) on emergency generator	Replace ATS due to erratic operation.	E		\$ 15,000						
Washington	Sunny Hills	W		R&R	Flushing Activities for Well # 5	Install 3 Automatic flush valves due to the low flows in this system	E		\$ 4,000	\$ 4,000	\$ 4,000				
Washington	Sunny Hills	W		R&R	Miscellaneous Building improvements for Well # 5	Repair doors, windows etc.	E		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	
Washington	Sunny Hills	W		CIP	Hydraulic modeling of the distribution system.	Install data loggers, engineering, CAD drawings	E		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000			
Washington	Sunny Hills	S		CIP	Existing treatment plant needs replacement due to age and corrosion	replace 0.050 MGD Treatment plant	M			\$ 225,000					
Washington	Sunny Hills	S		CIP	Lift Station improvements	Pump and piping replacements	M	\$ -	\$ 20,000	\$ 15,500	\$ 15,000				
Washington	Sunny Hills	S		R&R	Collection System Miscellaneous Replacements	Unidentified Force Main and collection system improvements/replacements	M		\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
		S		R&R	Fenceline repairs and clean vegetation from fenceline	Clean fenceline	E		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000		
		S		R&R	Building repairs	Repair doors, windows etc.	E		\$ 5,000	\$ 5,000	\$ 5,000				

WTR	\$ 1,500	\$ 342,736	\$ 462,736	\$ 75,236	\$ 36,236	\$ 21,236	\$ 20,236
WW	\$ -	\$ 39,000	\$ 259,500	\$ 34,000	\$ 14,000	\$ 14,000	\$ 4,000
	\$ 1,500	\$ 381,736	\$ 722,236	\$ 109,236	\$ 50,236	\$ 35,236	\$ 24,236

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT
2014

**SCHEDULE OF CURRENT COST OF CAPITAL
CONSISTENT WITH THE METHODOLOGY USED IN THE LAST RATE PROCEEDING (1)**

CLASS OF CAPITAL (a)	DOLLAR AMOUNT (2) (b)	PERCENTAGE OF CAPITAL (c)	ACTUAL COST RATES (3) (d)	WEIGHTED COST (e x d) (e)
Common Equity Purch Price + New CIP	\$ 393,236	100.00%	8.74%	8.74%
Preferred Stock	0	0.00%	_____	0.00%
Long Term Debt	0	0.00%	_____	0.00%
Customer Deposits	0	0.00%	_____	0.00%
Tax Credits - Zero Cost	0	0.00%	_____	0.00%
Tax Credits - Weighted Cost	0	0.00%	_____	0.00%
Deferred Income Taxes	0	0.00%	_____	0.00%
Other (Explain)	0	0.00%	_____	0.00%
Total	\$ <u>393,236</u>	<u>100.00%</u>		<u>8.74%</u>

(1) If the utility's capital structure is not used, explain which capital structure is used.

(2) Should equal amounts on Schedule F-6, Column (g).

(3) Mid-point of the last authorized Return On Equity or current leverage formula if none has been established.

Must be calculated using the same methodology used in the last rate proceeding using current annual report year end amounts and cost rates.

APPROVED RETURN ON EQUITY

Current Commission Return on Equity:	_____
Commission order approving Return on Equity:	_____

APPROVED AFUDC RATE

COMPLETION ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR

Current Commission Approved AFUDC rate:	_____
Commission order approving AFUDC rate:	_____

If any utility capitalized any charge in lieu of AFUDC (such as interest only), state the basis of the charge, an explanation as to why AFUDC was not charged and the percentage capitalized.

AQUA UTILITIES FLORIDA
 NBV SUMMARY
 AS OF 2/28/13

BUYER	major_location	WATER								NBV-Water	
		101-UPIS	108-AD	106-CCNC	108-AD	105-CWIP	114-UPAA	115-AA	271-GIAC		272-AA
BREVARD	Kingswood	21,440.93	4,816.31						(288.79)	(87.46)	16,423.29
	Oakwood	77,671.39	26,263.61	184.13	4.11				(7,513.60)	(1,388.27)	45,462.47
HIGHLANDS	Lake Josephine	2,094,983.47	277,623.89						(347,588.31)	(198,859.52)	1,668,630.79
	Leisure Lakes	894,703.12	170,370.24	313.34	0.09				(156,728.28)	(101,931.07)	669,848.92
	Sebring Lakes	721,466.65	137,774.52						(334,164.70)	(143,784.89)	393,312.32
PALM BEACH	Lake Osborne Est	265,904.02	144,357.41						(21,028.89)	(20,572.36)	121,090.08
SUMTER	Jumper Creek Manor	513,041.91	119,910.94				(197,095.00)	(28,508.95)	(157,236.00)	(26,508.73)	93,817.65
	The Woods	492,503.62	171,721.37						(90,582.76)	(91,619.93)	321,819.42
WASHINGTON	Sunny Hills	4,082,577.48	1,621,469.44						(692,445.60)	(174,457.00)	1,943,119.44
Grand Total		9,164,292.59	2,674,307.73	497.47	4.20	-	(197,095.00)	(28,508.95)	(1,807,576.93)	(759,209.23)	5,273,524.38

2.30%
56,605.48
4,717.12

1.00%
(1,619.27)
(134.94)

See Woods to Right

Rate Base (2/28/13)	As of 2/28/13	accounts for only 1 month		Rate Base (3/28/13)			
		-2.30%	(-1%)				
SYSTEM	Initial Balance	1 month Depr	1 month Amortiz	Balance as of:			
Brevard (both):	\$ 61,885.76	\$ (118.61)	\$ 51.57	\$ 61,818.72	\$ (1,423.37)	\$ 618.86	
		\$ -	\$ -		\$ -	\$ -	
HC Waterworks (W)	\$ 2,731,792.03	\$ (5,235.93)	\$ 2,276.49	\$ 2,728,832.59	\$ (62,831.22)	\$ 27,317.92	
HC Waterworks (W)	\$ 67,812.33	\$ (129.97)	\$ 56.51	\$ 67,738.87	\$ (1,559.68)	\$ 678.12	
Total:	\$ 2,799,604.36	\$ (5,365.91)	\$ 2,333.00	\$ 2,796,571.46	\$ (64,390.90)	\$ 27,996.04	
		\$ -	\$ -		\$ -	\$ -	
Lake Osborne:	\$ 121,090.08	\$ (232.09)	\$ 100.91	\$ 120,958.90	\$ (2,785.07)	\$ 1,210.90	
		\$ -	\$ -		\$ -	\$ -	
Sumter (Both - W)	\$ 415,637.07	\$ (796.64)	\$ 346.36	\$ 415,186.80	\$ (9,559.65)	\$ 4,156.37	
Sumter (Both - WW)	\$ 144,826.48	\$ (277.58)	\$ 120.69	\$ 144,669.58	\$ (3,331.01)	\$ 1,448.26	
Total:	\$ 560,463.55	\$ (1,074.22)	\$ 467.05	\$ 559,856.38	\$ (12,890.66)	\$ 5,604.64	
		\$ -	\$ -		\$ -	\$ -	
Sunny Hills (W):	\$ 1,943,119.44	\$ (3,724.31)	\$ 1,619.27	\$ 1,941,014.39	\$ (44,691.75)	\$ 19,431.19	\$ (25,260.55)
Sunny Hills (WW):	\$ 136,772.12	\$ (262.15)	\$ 113.98	\$ 136,623.95	\$ (3,145.76)	\$ 1,367.72	\$ (1,778.04)
	\$ 2,079,891.56	\$ (3,986.46)	\$ 1,733.24	\$ 2,077,638.34	\$ (47,837.51)	\$ 20,798.92	\$ (27,038.59)
		\$ -	\$ -		\$ -	\$ -	
Grand Total:	\$ 5,622,935.31	\$ (10,777.29)	\$ 4,685.78	\$ 5,616,843.80	\$ (129,327.51)	\$ 56,229.35	

WASTEWATER										
101-UPIS	108-AD	106-CCNC	108-AD	105-CWIP	114-UPAA	115-AA	271-CIAC	272-AA	NBV-Wastewater	Grand Total
									-	16,423.29
									-	45,462.47
386,655.71	274,502.38						(278,949.85)	(234,608.85)	-	1,668,630.79
									67,812.33	737,661.25
									-	393,312.32
									-	121,090.08
407,199.33	100,924.96				(106,165.00)	(15,356.36)	(221,828.00)	(47,380.80)	41,018.53	134,836.18
192,984.26	101,315.24			14,461.11			(65,285.33)	(62,963.15)	103,807.95	425,627.37
763,118.33	621,795.61						(6,976.96)	(2,426.36)	136,772.12	2,079,891.56
77,243,735.27	34,496,787.52	36,025.10	762.70	388,286.39	(156,525.00)	(53,455.08)	(22,579,379.93)	(12,920,911.90)	349,410.93	5,622,935.31
2.30%	2.30%						1.00%			
3,250.42	3,250.42						(1,367.72)			
270.87	270.87						(113.98)			

Negative Acquisition Adjustments

- 1 Rule:** (3) Negative Acquisition Adjustments. If the purchase price is **greater than 80 percent** of net book value, a negative acquisition adjustment will not be included in rate base. When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to subparagraph (4)(b)1. or (4)(b)2. below.
- Amortization if Greater than 50%:** 1. If the purchase price is **greater than 50 percent of net book value**, the negative acquisition adjustment shall be amortized over a 7-year period from the date of issuance of the order approving the transfer of assets. In this case, the negative acquisition adjustment shall not be recorded on the books for ratemaking purposes or used for any earnings review unless the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or 367.0822, F.S., that will be effective during the amortization period.
- Amortization if Less than 50%:** 2. If the purchase price is **50 percent of net book value or less**, the negative acquisition adjustment shall be amortized from the date of issuance of the order approving the transfer of assets as follows:
 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7-year period; and
 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining life of the assets.

Sunny Hills (3) Paid Less Than 50% Rate Base

Purchase Price less than 50% of Net Rate Base		Historical	2013 9 mos	2014	2015	2016	2017	2018	2019	
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Rate Base:	\$ 1,943,119	4,082,577.48	\$ 1,943,119	\$ 1,900,665	\$ 2,188,032	\$ 2,593,544	\$ 2,611,498	\$ 2,590,424	\$ 2,554,334	6 yrs 9 mos
Purchase Pric	\$ 9,500 0.49%			\$ 344,236	\$ 462,736	\$ 75,236	\$ 36,236	\$ 21,236	\$ 20,236	
Total Plant			\$ 1,943,119	\$ 2,244,901	\$ 2,650,768	\$ 2,668,780	\$ 2,647,734	\$ 2,611,660	\$ 2,574,570	
Recognized Rate Base:		(1,616,752.32)	\$ (42,454)	\$ (56,869)	\$ (57,224)	\$ (57,282)	\$ (57,310)	\$ (57,326)	\$ (57,341)	
Rate Base:	\$ 1,943,119		\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	
Neg. Acqui Adj	\$ 1,544,996		\$ 82,768	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	
Amortization over 7 years			\$ 19,312	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	
Amortization over life of assets			\$ 457,750	\$ 434,907	\$ 721,919	\$ 1,127,373	\$ 1,145,299	\$ 1,124,210	\$ 1,088,104	
Net										
ROR			\$ 40,007.34	\$ 38,010.88	\$ 63,095.72	\$ 98,532.41	\$ 100,099.18	\$ 98,255.92	\$ 95,100.30	
Total Cumulative Acc Acq Adj				\$ 238,187	\$ 374,294	\$ 510,400	\$ 646,507	\$ 782,614	\$ 918,721	
Annual Acqui Adj Amort Net Started 3/29/13			\$ 102,080	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	
CIAC		(692,445.60)								
Annual CIAC Adj			(1,214.45)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	
Total Cumulative CIAC Adj		174,591.94	175,806.39	177,425.65	179,044.92	180,664.19	182,283.45	183,902.72	185,521.99	
Net CIAC		(517,853.66)	(516,639.21)	(515,019.95)	(513,400.68)	(511,781.41)	(510,162.15)	(508,542.88)	(506,923.61)	

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT
2014

COMPARATIVE OPERATING STATEMENT

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	2014 YEAR * (e)	WATER SCHEDULE W-3 * (f)	WASTEWATER SCHEDULE S-3 * (g)	OTHER THAN REPORTING SYSTEMS (h)
	UTILITY OPERATING INCOME						
400	Operating Revenues	F-3(b)	\$ _____	\$ 382,976	282,262	100,714	\$ _____
469,530	Less: Guaranteed Revenue and AFPI	F-3(b)					
Net Operating Revenues			\$ 0	\$ 382,976	282,262	100,714	\$ 0
401	Operating Expenses	F-3(b)	\$ _____	\$ 359,328	262,293	97,055	\$ _____
403	Depreciation Expense:	F-3(b)	\$ _____	\$ 61,420	56,869	4,550	_____
	Less: Amortization of CIAC	0		(2,987)	(1,619.27)	(1,367.72)	
Net Depreciation Expense			\$ 0	\$ 58,433	55,250	3,183	\$ 0
406	Amortization of Utility Plant Acquisition A	F-3(b)		145,702	136,107	9,595	
407	Amortization Expense (Other than CIAC)	F-3(b)		(145,702)	(136,107)	(9,595)	
408	Taxes Other Than Income	W/S-3		77,954	57,454	20,500	
409	Current Income Taxes	W/S-3					
410.1	Deferred Federal Income Taxes	W/S-3					
410.11	Deferred State Income Taxes	W/S-3					
411.1	Provision for Deferred Income Taxes - Cre	W/S-3					
412.1	Investment Tax Credits Deferred to Future	W/S-3					
412.11	Investment Tax Credits Restored to Operat	W/S-3					
Utility Operating Expenses			\$ 0	\$ 495,714	374,997	120,718	\$ 0
Net Utility Operating Income			\$ 0	\$ (112,739)	(92,735)	(20,004)	\$ 0
469,530	Add Back: Guaranteed Revenue and AFPI	F-3(b)					
413	Income From Utility Plant Leased to Others						
414	Gains (losses) From Disposition of Utility Property						
420	Allowance for Funds Used During Construction						
Total Utility Operating Income [Enter here and on Page F-3(c)]			\$ 0	\$ (112,739)	(92,735)	(20,004)	\$ 0

* For each account, Column e should agree with Columns f, g and h on F-3(b)

* Total of Schedules W-3 / S-3 for all rate groups.

SUNNY HILLS
Proposed Operating Budget
Revision: 1/10/14

FY - 2014		SUNNY HILLS 2014	WTR	WW
USAN's				
400	System Revenues			
461	Water Revenues:	\$ 271,471.36	\$ 271,471.36	
522	Wastewater Revenues:	\$ 99,593.15		\$ 99,593.15
461	Other Fees	\$ 7,736.65	\$ 7,736.65	
	Index Wtr for 2014 = Estimated 1.5% (April thru Dec)	\$ 3,054.05	\$ 3,054.05	
	Index WW for 2014 = Estimated 1.5% (April thru Dec)	\$ 1,120.42		\$ 1,120.42
	Total Utility Revenues:	\$ 382,975.64	\$ 282,262.06	\$ 100,713.57
			73.70%	26.30%
	Operating Expenses:			
636	USW O & M Customer Service & Billing - Water	\$ 199,536.95	\$ 199,536.95	
	<i>USW O & M Customer Service & Billing - Water w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 3,142.71	\$ 3,142.71	
736	USW O & M Customer Service & Billing - Wastewater (Jan -Mar 2014)	\$ 75,371.90		\$ 75,371.90
	<i>USW O & M Customer Service & Billing - Wastewater w/ Est. CPI Increase of 2.1% from Apr 2014 -Mar 2015 per contract</i>	\$ 1,187.11		\$ 1,187.11
603	Officer Salaries	\$ 14,400.00	\$ 10,613.14	\$ 3,786.86
618/718	Chemicals	\$ 4,017.00	\$ 2,960.62	\$ 1,056.38
711	Sludge	\$ 1,500.00		\$ 1,500.00
670/770	Bad Debt (Est 2% of Rev)	\$ 7,659.51	\$ 5,645.24	\$ 2,014.27
610/710	Purchase Water		\$ -	
615/715	Purchased Power	\$ 29,904.33	\$ 22,040.20	\$ 7,864.13
657	Insurance	\$ 2,000.00	\$ 1,474.05	\$ 525.95
640/740	Rents (land, etc.		\$ -	
675.4	Sunshine Locates	\$ 120.00	\$ 120.00	\$ -
6758	Misc. Expenses (Includes Minor Repairs)	\$ 13,181.40	\$ 9,715.00	\$ 3,466.40
675.1	SCADA/Phones	\$ 996.00	\$ 734.08	\$ 261.92
813	Office Supplies for the Utility	\$ 250.73	\$ 250.73	
801	Bank Fees	\$ 60.00	\$ 60.00	\$ -
419.1	Interest Cost	\$ -	\$ 0	\$ 0
630/730	Legal	\$ 3,000.00	\$ 3,000.00	
630/730	Professional Fees (Accounting Costs)	\$ 3,000.00	\$ 3,000.00	
	Total Direct Operating Expenses	\$ 359,327.64	\$ 262,292.71	\$ 97,034.93
	Net Operating Revenues Before Other Deductions	\$ 23,648.00	\$ 19,969.35	\$ 3,678.65

	Allowances for Other Deductions:							
666/766	FPSC Fee:		\$ 17,233.90	\$ 12,701.79	\$ 4,532.11			
	Property Taxes:		\$ 60,720.00	\$ 44,752.07	\$ 15,967.93			
	Total Other Cost:		\$ 77,953.90	\$ 57,453.86	\$ 20,500.04			
	Total Net Operating Funds:		\$ (54,305.90)	\$ (37,484.51)	\$ (16,821.39)			
	ROR 8.74% (20% Rule 2014 CIP)	\$ 393,236.00	\$ 40,673.20	\$ 38,010.88	\$ 2,662.32			
	Working Capital 1/8 of O&M Exp	\$ 44,915.95	\$ 3,925.65	\$ 2,865.55	\$ 1,060.11			
	Net Requirements		\$ (98,904.76)	\$ (78,360.94)	\$ (20,543.82)			
403.1/.2	Depreciation/ RESET BY 20% Rule		\$ 61,419.82	\$ 56,869.40	\$ 4,550.42			
334 & 330's	CIP & Meter Change Out		\$ 381,736.00	\$ 342,736.00	\$ 39,000.00			
	Minor Repairs Included in Misc Exp							

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT
2014

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	WASTEWATER UTILITY (e)	
101	Utility Plant In Service	0	\$ 4,426,813	\$ 802,118	5,228,932
	Less:				0
	Nonused and Useful Plant (1)				0
108	Accumulated Depreciation 13 & '14	0	(1,716,076)	(629,055)	(2,345,131)
110	Accumulated Amortization	0	0	0	0
271	Contributions in Aid of Construction	0	(692,446)	(6,977)	(699,423)
252	Advances for Construction	0			0
Subtotal			\$ 2,018,292	\$ 166,087	2,184,379
	Add:				0
272	Accumulated Amortization of Contributions in Aid of Construction	0	177,426	4,706	182,132
Subtotal			\$ 2,195,718	\$ 170,793	2,366,510
	Plus or Minus:				0
114	Acquisition Adjustments (2)	0	(1,544,996)	(108,918)	(1,653,913)
115	Accumulated Amortization of Acquisition Adjustments (2)	0	238,187	16,791	254,978
	Working Capital Allowance (3)		32,787	12,129	44,916
	Other (Specify):				0
					0
					0
					0
					0
RATE BASE			\$ 921,696	\$ 90,796	1,012,491
NET UTILITY OPERATING INCOME			\$ (92,735)	\$ (20,004)	(112,739)
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			-10.06%	-22.03%	-11.13%

Rule 25-30.371

Negative Acquisition Adjustments

- 1 Rule:** (3) Negative Acquisition Adjustments. If the purchase price is **greater than 80 percent** of net book value, a negative acquisition adjustment will not be included in rate base. When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to subparagraph (4)(b)1. or (4)(b)2. below.
- Amortization if Greater than 50%:** 1. If the purchase price is **greater than 50 percent of net book value**, the negative acquisition adjustment shall be amortized over a 7-year period from the date of issuance of the order approving the transfer of assets. In this case, the negative acquisition adjustment shall not be recorded on the books for ratemaking purposes or used for any earnings review unless the purchaser files for a rate increase pursuant to Section 367.081(2), 367.0814, 367.0817 or 367.0822, F.S., that will be effective during the amortization period.
- Amortization if Less than 50%:** 2. If the purchase price is **50 percent of net book value or less**, the negative acquisition adjustment shall be amortized from the date of issuance of the order approving the transfer of assets as follows:
 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7-year period; and
 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining life of the assets.

SUNNY HILLS WW (3) Paid Less Than 50% Of Rate Base

Purchase Price equal to or less than 80% of Net Rate Base Assumptions: (Purchase Price of US Water)		Historical	2013 9 mos	2014	2015	2016	2017	2018	2019	6 yrs 9 mos
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Rate Base: \$	136,772	763,118.33	\$ 136,772	\$ 134,334	\$ 168,784	\$ 415,083	\$ 434,750	\$ 433,806	\$ 432,894	
Purchase Pric \$	500		\$ 500	\$ 39,000	\$ 259,500	\$ 34,000	\$ 14,000	\$ 14,000	\$ 4,000	
	0.37%									
Recognized Rate Base: (US Water)										
Rate Base: \$	136,772									
Neg. Acqui Adj	\$ 108,918									
Net Rate Bas	\$ 27,854									
Net Plant in Service			\$ 136,772	\$ 173,334	\$ 428,284	\$ 449,083	\$ 448,750	\$ 447,806	\$ 436,894	
CIP Additions										
Total Plant										
Depreciation Expense		(622,066.48)	\$ (2,438)	\$ (4,550)	\$ (13,200)	\$ (14,334)	\$ (14,943)	\$ (14,912)	\$ (14,549)	
Neg Acqui Adju			\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	\$ 108,918	
Amortization over 7 years			\$ 5,835	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	\$ 7,780	
Amortization over life of assets			\$ 1,361	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	\$ 1,815	
Net			\$ 32,613	\$ 30,461	\$ 56,261	\$ 301,427	\$ 320,484	\$ 319,572	\$ 319,023	
ROR			\$ 2,850.37	\$ 2,662.32	\$ 4,917.20	\$ 26,344.73	\$ 28,010.28	\$ 27,930.58	\$ 27,882.63	
Total Cumulative Acc Acq Adj				\$ 16,791	\$ 26,387	\$ 35,982	\$ 45,577	\$ 55,172	\$ 64,767	
Annual Acqui Adj Amort Net Started 3/29/13			\$ 7,196	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	\$ 9,595	
CIAC		(6,976.96)								
Annual CIAC Adj			(1,025.79)	(1,367.72)	(1,367.72)	(903.34)	-	-	-	
Total Cumulative CIAC Adj		2,312.38	3,338.17	4,705.90	6,073.62	6,976.96	-	-	-	
Net CIAC		(4,664.58)	(3,638.79)	(2,271.06)	(903.34)	(0.00)	-	-	-	

Negative Acquisition Adjustments

- 1 Rule:** (3) Negative Acquisition Adjustments. If the purchase price is **greater than 80 percent** of net book value, a negative acquisition adjustment will not be included in rate base. When the purchase price is equal to or less than 80 percent of net book value, a negative acquisition adjustment shall be included in rate base and will be equal to 80 percent of net book value less the purchase price. Amortization of a negative acquisition adjustment shall be pursuant to subparagraph (4)(b)1. or (4)(b)2. below.
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- Amortization if Less than 50%:** 2. If the purchase price is **50 percent of net book value or less**, the negative acquisition adjustment shall be amortized from the date of issuance of the order approving the transfer of assets as follows:
 a. 50 percent of the negative acquisition adjustment shall be amortized over a 7-year period; and
 b. 50 percent of the negative acquisition adjustment shall be amortized over the remaining life of the assets.

Sunny Hills (3) Paid Less Than 50% Rate Base

Purchase Price less than 50% of Net Rate Base		Historical	2013 9 mos	2014	2015	2016	2017	2018	2019	
Rate Base:	\$1,943,119		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Purchase Price:	\$ 9,500	4,082,577.48	\$ 1,943,119	\$ 1,900,665	\$ 2,188,032	\$ 2,593,544	\$ 2,611,498	\$ 2,590,424	\$ 2,554,334	6 yrs 9 mos
	0.49%			\$ 344,236	\$ 462,736	\$ 75,236	\$ 36,236	\$ 21,236	\$ 20,236	
Recognized Rate Base:			\$ 1,943,119	\$ 2,244,901	\$ 2,650,768	\$ 2,668,780	\$ 2,647,734	\$ 2,611,660	\$ 2,574,570	
Rate Base:	\$1,943,119	(1,616,752.32)	\$ (42,454)	\$ (56,869)	\$ (57,224)	\$ (57,282)	\$ (57,310)	\$ (57,326)	\$ (57,341)	
Neg. Acqui Adj	\$1,544,996		\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	\$ 1,544,996	
Amortization over 7 years	\$ 82,768		\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	\$ 110,357	
Amortization over life of assets	\$ 19,312		\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	\$ 25,750	
Net	\$ 398,124		\$ 457,750	\$ 434,907	\$ 721,919	\$ 1,127,373	\$ 1,145,299	\$ 1,124,210	\$ 1,088,104	
ROR			\$ 40,007.34	\$ 38,010.88	\$ 63,095.72	\$ 98,532.41	\$ 100,099.18	\$ 98,255.92	\$ 95,100.30	
Total Cumulative Acc Acq Adj				\$ 238,187	\$ 374,294	\$ 510,400	\$ 646,507	\$ 782,614	\$ 918,721	
Annual Acqu Adj Amort Net Started 3/29/13			\$ 102,080	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	\$ 136,107	
CIAC		(692,445.60)								
Annual CIAC Adj			(1,214.45)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	(1,619.27)	
Total Cumulative CIAC Adj		174,591.94	175,806.39	177,425.65	179,044.92	180,664.19	182,283.45	183,902.72	185,521.99	
Net CIAC		(517,853.66)	(516,639.21)	(515,019.95)	(513,400.68)	(511,781.41)	(510,162.15)	(508,542.88)	(506,923.61)	

UTILITY NAME:

Sunny Hills Util Co

YEAR OF REPORT
2014

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
Total Utility Operating Income [from page F-3(a)]			\$ 0	\$ (112,739)
OTHER INCOME AND DEDUCTIONS				
415	Revenues-Merchandising, Jobbing, and Contract Deductions		\$ _____	\$ _____
416	Costs & Expenses of Merchandising Jobbing, and Contract Work		_____	_____
419	Interest and Dividend Income		_____	_____
421	Nonutility Income		_____	_____
426	Miscellaneous Nonutility Expenses		_____	_____
Total Other Income and Deductions			\$ 0	\$ 0
TAXES APPLICABLE TO OTHER INCOME				
408.2	Taxes Other Than Income		\$ _____	\$ _____
409.2	Income Taxes		_____	_____
410.2	Provision for Deferred Income Taxes		_____	_____
411.2	Provision for Deferred Income Taxes - Credit		_____	_____
412.2	Investment Tax Credits - Net		_____	_____
412.3	Investment Tax Credits Restored to Operating Income		_____	_____
Total Taxes Applicable To Other Income			\$ 0	\$ 0
INTEREST EXPENSE				
427	Interest Expense	0	\$ _____	\$ 0
428	Amortization of Debt Discount & Expens	0	_____	0
429	Amortization of Premium on Debt	0	_____	0
Total Interest Expense			\$ 0	\$ 0
EXTRAORDINARY ITEMS				
433	Extraordinary Income		\$ _____	\$ _____
434	Extraordinary Deductions		_____	_____
409.3	Income Taxes, Extraordinary Items		_____	_____
Total Extraordinary Items			\$ 0	\$ 0
NET INCOME			\$ 0	\$ (112,739)

Explain Extraordinary Income:

BUYER CLOSING STATEMENT

File Number: 13-097

Name of Buyer: Sunny Hills Utility Company, a Florida corporation

Name of Seller: Aqua Utilities Florida, Inc., a Florida corporation

Property: Water and Sewer Utility Systems and all associated easements and appurtenances

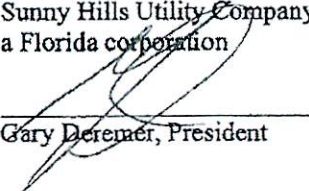
Settlement Agent: Booth & Cook, P.A.
Place of Settlement: 7510 Ridge Road, Port Richey, FL 34668

Settlement Date: March 28, 2013

PURCHASE PRICE	\$10,000.00
Down Payment to Seller	\$0.00
Record Quit Claim Deed transferring real property	\$35.50
Record Bill of Sale	\$18.50
Record Assignment of Easements	\$44.00
Prorate taxes, 1/1/13 through 3/27/13 (\$1,958.36/yr for 86 days)	(\$461.82)
Prorate tangible taxes, 1/1/13 through 3/27/13 (\$62,530.63/yr)	(\$14,733.52)
Attorney fees to Booth & Cook, P.A.	\$1,750.00
Title search, examination and owner policy - waived by Buyer	\$0.00
Surveys - waived by Buyer	\$0.00
Wire funds tendered from Buyer on March 28, 2013	(\$10,000.00)
BALANCE DUE TO BUYER:	(\$13,347.34)

RECEIVED A TRUE COPY OF ABOVE AND HEREBY APPROVE AND CERTIFY IT CORRECT.

Sunny Hills Utility Company,
a Florida corporation



Gary Deremer, President

SUNNY HILLS UTILITY COMPANY

February 3, 2014

Office of Commission Clerk
FPSC
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Sunny Hills – Certificate No's 501-W & 435-S
System Docket: 130172-WS

- 1) No Assets were assumed at sale; Liability of CIAC assumed by buyer. No other liabilities assumed.
- 2) All considerations between seller and buyer are listed within the purchase agreement.
- 3) These items are outlined in the contract. All developer agreements have been provided to the buyer.
- 4) To our knowledge there is no individual tax return regarding this utility system. Previous owner combined the tax filings with other business filings and did not file separately for this utility.

Additional Information:

- 1) Previously submitted.
- 2) Please accept the attached submitted proformas 2014-2016 as requested.
- 3) Purchase price totals \$10,000 – please note attached closing statement indicating wire for same was received. Bill of Sale shows a minimum exchange of funds which is typical on most Bill of Sale documents. The \$90,313 hand written on the recorded documents – is a number written in by the respective county staff at the time of recording in reference to their internal county records.

We are hopeful that the submitted documents are in keeping with the requests.

5320 Captains Court, New Port Richey, FL 34652
Mailing: 4939 Cross Bayou Boulevard, New Port Richey, FL 34652
Tel: 727-848-8292 Fax: 727-848-7701

Page 2 of 2
Sunny Hills/PSC
02/03/2013

We look forward to hearing further from the Commission. Please do not hesitate to contact us should further clarification be needed.

Respectfully Submitted,

Gary Deremer – electronic Filing

Gary Deremer
President

s/Gary Deremer

xc: Carl Smith
V. Penick
Joseph Gabay

Enc.