

State of Florida



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FPSC - COMMISSION CLERK

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: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (P. Buys) *PB REIN CB ALM*
Division of Accounting and Finance (Galloway, Norris)
Division of Economics (Bruce, Hudson) *SH DH SC NYL*
Office of the General Counsel (Leathers, J. Crawford)

RE: Docket No. 150166-WU – Application for transfer of water system and Certificate No. 654-W in Lake County from Black Bear Reserve Water Corporation to Black Bear Waterworks, Inc.

AGENDA: 4/5/16 – Regular Agenda – Proposed Agency Action for Issue 2, Tariff Filing for Issue 3 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Patronis

CRITICAL DATES: 60-Day Suspension Date - Waived

SPECIAL INSTRUCTIONS: None

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Case Background

On July 13, 2015, Black Bear Waterworks, Inc. (Black Bear, Applicant, or Buyer) filed an application for the transfer of Certificate No. 654-W from Black Bear Reserve Water Corporation (Black Bear Reserve, Utility, or Seller) in Lake County. The service area is located in the St. Johns River Water Management District (SJRWMD) and is in a water resource caution area. Wastewater treatment is provided by septic tanks. According to the Utility's 2014 Annual Report, it serves approximately 292 water customers with operating revenue of \$132,589, which designates it as a Class C utility.

Docket No. 150166-WU

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Certificate No. 654-W was originally granted in 2011.¹ There have been no certification actions since that time. The rates and charges for utility service were approved when the Utility was granted its certificate.²

This recommendation addresses the transfer of the water system, the net book value of the water system at the time of transfer, the need for an acquisition adjustment, and the requested convenience charge. By email dated August 12, 2015, Black Bear waived the 60-day statutory timeframe for the Commission's decision on the proposed convenience charge as set forth in Section 367.091(6), Florida Statutes (F.S.). The Commission has jurisdiction pursuant to Sections 367.071 and 367.091, F.S.

¹Order No. PSC-11-0478-PAA-WU, issued October 24, 2011, in Docket No. 100085-WU, *In re: Application for certificate to operate water utility in Lake County by Black Bear Reserve Water Corporation.*

²Id.

Discussion of Issues

Issue 1: Should the transfer of Black Bear Reserve Water Corporation's water system and Certificate No. 654-W to Black Bear Waterworks, Inc. be approved?

Recommendation: Yes. The transfer of the water system and Certificate No. 654-W is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Seller should be responsible for all Regulatory Assessment Fees (RAFs) payable through the date of closing. The Buyer should be responsible for filing the 2015 Annual Report and all future Annual Reports, and RAFs subsequent to the date of closing. (P. Buys, Galloway, Bruce)

Staff Analysis: On July 13, 2015, Black Bear Waterworks, Inc. filed an application for the transfer of Certificate No. 654-W from Black Bear Reserve Water Corporation in Lake County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on June 30, 2015, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the Utility's water service territory, which is appended to this recommendation as Attachment A. The application contains a copy of a quit claim deed that was executed on June 29, 2015, as evidence that the Applicant owns the land upon which the water treatment facilities are located pursuant to Rule 25-30.037(2)(q), F.A.C.

Purchase Agreement and Financing

Pursuant to Rules 25-30.037(2)(g), (h) and (i), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. Subsequent to the initial application, an Amendment to the Asset Purchase Agreement (amended purchase agreement) was filed with the Commission updating the purchase price language, which is discussed below. There are no guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Black Bear Reserve that must be disposed of with regard to the transfer. However, according to the staff audit, the general ledger reflects a customer deposit balance in the amount of \$17,923 as of June 30, 2015. The application states that customer deposits were transferred to the Buyer in the amount of \$4,122, indicating an outstanding balance of \$13,801.

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On October 14, 2015, the Buyer responded to the staff audit finding stating that, upon further investigation, the Seller was not able to substantiate or reconcile the general ledger customer deposit balance, and that the Seller indicated, "the amount reflected on its books was not supported by its records." According to the response, the Seller explained that it appeared that both potable (regulated) and irrigation (non-regulated) deposits were recorded together. The Buyer further states that, since the audit's completion, the Seller has applied the appropriate amount of the customer deposit balance to the inactive accounts where customers had disconnected their service and left the water system with an outstanding balance. According to the response, the Seller has verified that the appropriate refunds to customers have been made. Based on this update from the Buyer, staff believes the outstanding customer deposits have been handled appropriately.

According to the initial purchase agreement, the total purchase price includes \$155,449, with 40 percent of this amount paid in cash at the closing. The remaining 60 percent of this amount has been paid through financing with a bank loan. The amended purchase agreement clarifies that the final purchase price will be equal to the net book value as determined by the Commission during the approval of the transfer application. The Buyer indicated that any additional amount above the \$155,449 will be financed through a bank loan. As noted, the sale took place on June 30, 2015, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The water treatment system consists of two wells with three hydropneumatic ground storage tanks with a total capacity of 36,000 gallons, and a liquid chlorination system used for disinfection. The last Florida Department of Environmental Protection (DEP) sanitary survey was conducted on September 11, 2014, and had one deficiency, which was subsequently corrected. The Utility did have a consent order with DEP in 2012, but that order and case have been closed by DEP. Therefore, the system appears to be in compliance with DEP rules.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains statements describing the technical and financial ability of the Applicant to provide service to the proposed service area. According to the application, the Buyer has considerable Florida-specific expertise in private utility ownership. The President and Vice President have over 29 and 37 years, respectively, of experience operating or owning water utilities, including a number of utilities previously regulated by the Commission. In addition, the directors are part owners of other systems regulated by the Commission, including Harbor Waterworks, Inc.,³ Lakeside Waterworks, Inc.,⁴ LP Waterworks, Inc.,⁵ Raintree Waterworks, Inc.,⁶ Brendenwood Waterworks, Inc.,⁷ Country

³Order No. PSC-12-0587-PAA-WU, issued October 29, 2012, in Docket No. 120148-WU, *In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.*

⁴Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, *In re: Application for approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.*

⁵Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, *In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.*

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Walk Utilities, Inc.,⁸ and several of the systems previously owned by Aqua Utilities Florida, Inc.⁹ The application also indicates that both the President and Vice President have controlled service delivery to more than 850 water and wastewater facilities within Florida during their careers.

The application indicates that U.S. Water Services Corporation has been providing operations and maintenance services to the previous owner since April 1, 2012. Further, the application states that U.S. Water Services Corporation has been providing customer services, billing and collections since September 1, 2013. Staff also reviewed the personal financial statements of the President and Vice President.¹⁰ Based on the above, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved in an original certificate docket in 2011.¹¹ However, the Utility had a price index that became effective on June 23, 2015. The Utility's existing rates and charges are shown on Schedule No. 2, which is attached to this recommendation. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

⁶Order No. PSC-14-0692-PAA-WU, issued December 15, 2014, in Docket No. 140121-WU, *In re: Application for approval of transfer of Certificate No. 539-W from Raintree Harbor Utilities, LLC to Raintree Waterworks, Inc. in Lake County.*

⁷Order No. PSC-14-0691-PAA-WU, issued December 15, 2014, in Docket No. 140120-WU, *In re: Application for approval of transfer of Certificate No. 339-W from Brendenwood Utilities, LLC. to Brendenwood Waterworks, Inc. in Lake County.*

⁸Order No. PSC-14-0495-PAA-WU, issued September 17, 2014, in Docket No. 130294-WU, *In re: Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.*

⁹Order Nos. PSC-14-0300-PAA-WS, issued June 11, 2014, in Docket No. 130171-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County;* PSC-14-0315-PAA-WS, issued June 13, 2014, in Docket No. 130172-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County;* PSC-14-0327-PAA-WU, issued June 25, 2014, in Docket No. 130173-WU, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach County;* PSC-14-0326-PAA-WU, issued June 25, 2014, in Docket No. 130174-WU, *In re: Application for approval of transfer of certain water facilities and Certificate No. 002-W of Aqua Utilities Florida, Inc. to Brevard Waterworks, Inc. in Brevard County;* PSC-14-0314-PAA-WS, issued June 13, 2014, in Docket No. 130175-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County;* and PSC-14-0299-PAA-WS, issued June 11, 2014, in Docket No. 130176-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to Jumper Creek Utility Company in Sumter County.*

¹⁰Documents Nos. 04366-15 and 05493-15 (Confidential), in Docket No. 150166-WU.

¹¹Order No. PSC-11-0478-PAA-WU, issued October 24, 2011, in Docket No. 100085-WU, *In Re: Application for certificate to operate water utility in Lake County by Black Bear Reserve Water Company.*

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Regulatory Assessment Fees and Annual Reports

Staff has verified that the Utility is current on the filing of Annual Reports and RAFs through December 31, 2014. The Seller will be responsible for all RAFs payable through the date of closing. The Buyer is responsible for filing the 2015 Annual Report and all future Annual Reports, and RAFs subsequent to the date of closing.

Conclusion

Based on the foregoing, staff recommends that the transfer of the water system and Certificate No. 654-W is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, F.A.C. The Seller should be responsible for all RAFs payable through the date of closing. The Buyer should be responsible for filing the 2015 Annual Report and all future Annual Reports, and RAFs subsequent to the date of closing.

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Issue 2: What is the appropriate net book value (NBV) for the water system for transfer purposes and should an acquisition adjustment be made?

Recommendation: The NBV of the water system for transfer purposes is \$285,371 as of June 30, 2015. An acquisition adjustment should not be included in rate base. To ensure that Black Bear adjusts its books in accordance with the Commission decision, it should notify the Commission, within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Utility Commissioners (NARUC), Uniform System of Accounts (USOA) accounts have been made to Black Bear's books and records. In the event Black Bear needs additional time to complete the adjustments, notice should be provided to staff within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. The adjustments should be reflected in Black Bear's 2015 Annual Report when filed. (Galloway, P. Buys)

Staff Analysis: The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for non-used and useful plant or working capital. The application reflects a proposed NBV as of June 30, 2015.

Utility Plant in Service (UPIS)

In Docket No. 100085-WU, an original cost study of the Utility's Plant in Service was performed to help the Utility complete its 2010 Annual Report. This original cost study was referenced in Order No. PSC-11-0478-PAA-WU, issued October 24, 2011. The original cost study, performed December 31, 2010, estimated a 1999 plant balance of \$1,246,025. For this docket however, with the benefit of additional invoices and records, staff determined that some of the calculations for plant accounts in the original cost study needed to be corrected. Black Bear did not dispute the corrections, which are identified below.

- The service life for NARUC Account 304: Staff's correction changed the life from 28 years to 27 years and reflects the service life set forth in Rule 25-30.140, F.A.C.
- Handy-Whitman Index: The original cost study used the Handy-Whitman Index to determine trending percentages by using the install date of the system and the test year. The author of the original cost study did not have access to the 2010 Handy-Whitman Index. Staff updated the trending percentages using the correct Handy-Whitman Index.
- Flow meters: In the original cost study, two six-inch flow meters were used instead of one six-inch and one three-inch flow meter. The replacement price for the flow meters was reduced to reflect the three-inch flow meter. It was also determined that the cost for the flow meters was included in the wrong account. Staff adjusted the affected accounts.
- The "estimated" age of the system: The original cost study used 11.5 years for the age of the system. Based on staff's initial review of the original cost study, staff believed a more accurate age for the system would have been 11 years rather than 11.5 years. After further review of the documents filed in the prior certification docket, Docket No. 100085-WU, staff and Black Bear agreed that it is reasonable to utilize 11.25 years instead of 11.5 years or 11 years.

- Storage tanks: In the original cost study, only two storage tanks were included. Based on DEP's September 11, 2014 sanitary survey, the asset list provided with the application, and the site visit by the staff auditor, staff determined the utility has three storage tanks. Therefore, the cost for the third tank was added to reflect the smaller tank not included in the original cost study.

Staff believes with these corrections, the resulting original cost, as of December 31, 1999, should be \$1,038,992.

For the test year ended June 30, 2015, the Utility's general ledger reflected a UPIS balance of \$1,494,193. Staff reviewed the general ledger, the Utility's tax returns and invoices to bring the Utility's UPIS balance from 1999 (using the corrected original cost study) forward to June 30, 2015. Staff determined the appropriate balance for UPIS as of June 30, 2015, is \$1,212,728. Staff's balance reflects a reduction to UPIS in the amount of \$281,465. Based on the adjustments above, staff recommends a UPIS balance of \$1,212,728, and this balance is shown on Schedule 1, page 1 of 3.

Land and Land Rights

The general ledger reflected a land balance of \$5,000. Additionally, land was valued at \$5,000 in the original cost study. Staff recommends land and land rights of \$5,000. Staff's recommended land balance is shown on Schedule 1, page 1 of 3.

Accumulated Depreciation

The general ledger reflected an accumulated depreciation balance of \$677,742. Staff recalculated accumulated depreciation based on the adjusted UPIS balance discussed earlier. The resulting recalculated balance for accumulated depreciation is \$571,443. This calculation results in a decrease to the Utility's balance in the amount of \$106,299 (\$677,742-\$571,443). Therefore, staff recommends an accumulated depreciation balance of \$571,443. Staff's recommended accumulated depreciation balance is shown on Schedule 1, page 1 of 3.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

The general ledger reflected balances of \$832,912 for CIAC and \$112,693 for accumulated amortization of CIAC. The staff audit report noted a discrepancy between the general ledger and the Annual Report. In its response to the audit report, Black Bear stated that the Seller indicated there was no explanation for the difference. Black Bear's response stated that both the Buyer and Seller agree that, consistent with past Commission practice, CIAC should be imputed pursuant to Rule 25-30.570, F.A.C. Without records to substantiate CIAC, staff also believes CIAC should be imputed in accordance with Rule 25-30.570, F.A.C., based on the cost of the facilities and plant attributable to the water transmission and distribution system. Using this methodology, the resulting CIAC balance is \$607,593. Accordingly, the appropriate accumulated amortization of CIAC balance based on this methodology is \$246,679. Therefore, staff has reduced CIAC by \$225,319 (\$832,912-\$607,593), and increased accumulated amortization of CIAC by \$133,986 (\$112,693-\$246,679). Staff's recommended balances for CIAC and accumulated amortization of CIAC are shown on Schedule 1, page 1 of 3.

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Net Book Value

Based on the adjustments and balances described above, staff recommends that the NBV, as of June 30, 2015, is \$285,371. Staff's recommended NBV is shown on Schedule 1, page 1 of 3, along with the NARUC USOA balances for UPIS and accumulated depreciation as of June 30, 2015.

Acquisition Adjustment

Pursuant to Rule 25-30.0371, F.A.C., an acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. According to Black Bear's application and the amended purchase agreement, the final purchase price for the Utility's assets will be equal to the NBV as established by the Commission in this proceeding. With this caveat in the amended purchase agreement, staff recommends that no acquisition adjustment be included in rate base.

Conclusion

Based on the above, staff recommends that NBV for transfer purposes is \$285,371 for the water system as of June 30, 2015. No acquisition adjustment should be included in rate base. To ensure that the Black Bear adjusts its books in accordance with the Commission decision, it should notify the Commission, within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to Black Bear's books and records. In an effort to assist Black Bear in its requirement, Schedule 1, page 3 of 3, provides a breakdown by primary account for plant and accumulated depreciation that reflects the ending balances as of June 30, 2015. In the event Black Bear needs additional time to complete the adjustments, notice should be provided to staff within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. The adjustments should be reflected in the Black Bear's 2015 Annual Report when filed.

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Issue 3: Should the Commission approve Black Bear's request to implement a convenience charge for customers who opt to pay their water bill by debit or credit card online or by telephone?

Recommendation: Yes. Black Bear's request to implement a convenience charge of \$2.60 for customers who opt to pay their water bill by debit or credit card online or by way of telephone should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. Black Bear should provide proof of the date that the notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Currently, Black Bear accepts and processes credit card payment transactions online through a website. As indicated in Black Bear's request, the payments are processed by Opus 21 Management Solutions, Black Bear's outside vendor, which utilizes its merchant with TD Bank. Black Bear has been absorbing the transaction costs, and has not passed on these costs to its customers. Therefore, Black Bear is requesting to amend its tariff sheet to include a \$2.60 convenience fee to recover the cost incurred for the bank and credit card company fee, debit or credit card processing by telephone or online, and Black Bear staff time required for processing the transactions. As required by Section 367.091, F.S., Black Bear's cost analysis breakdown for its requested charge is shown below, in table 3-1.

Table 3-1
Convenience Charge Cost Justification

Activity	Cost
Bank and credit card company fee	\$1.60
1-Transact gateway fee per transaction (Opus21)	\$.60
Telephonic processing fee (TD Bank)	\$.10
Authorization fee (TD Bank)	\$.05
Monthly telephonic account	\$.07
Accounting staff	\$.09
Clerical staff	\$.09
Total	\$2.60

Source: Utility Correspondence

The Commission recently approved a convenience charge of \$2.60 for Brevard Waterworks, Inc., LP Waterworks, Inc., and Lakeside Waterworks, Inc., among others.¹² The aforementioned utilities, as well as Black Bear, are all managed by U.S. Water Corporation and the

¹²Order Nos. PSC-15-0188-TRF-WU, issued May 6, 2015, in Docket No. 150065-WU, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Brevard County, by Brevard Waterworks, Inc.*; PSC-15-0180-TRF-WS, issued May 6, 2015, in Docket No. 150063-WS, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Highlands County by LP Waterworks, Inc.*; PSC-15-0184-TRF-WS, issued May 6, 2015, in Docket No. 150061-WS, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Lake County by Lakeside Waterworks, Inc.*

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administrative costs for the convenience charge are the same. Staff believes that Black Bear's requested convenience charge of \$2.60 is reasonable. The requested charge benefits the customers by allowing them to expand their payment options. Furthermore, this fee will insure Black Bear's remaining customers do not subsidize those customers who choose to pay using this option.

Conclusion

Based on the above, staff recommends that Black Bear's request to implement a convenience charge of \$2.60 for customers who opt to pay their water bill by debit or credit card should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. Black Bear should provide proof of the date that the notice was given within 10 days of the date of the notice.

Issue 4: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by Black Bear and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed. (Leathers)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by Black Bear and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charges has been given to customers, the docket should be administratively closed.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Black Bear Waterworks, Inc.
Pursuant to
Certificate Number 654-W**

To provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-11-0478-PAA-WU	10/24/11	100085-WU	Original Certificate
*	*	150166-WU	Transfer of Certificate

*** Order Numbers and dates to be provided at time of issuance**

**Black Bear Waterworks, Inc.
Lake County
Description of Water Territory**

Town 18 South, Range 28 East

Sections 30 and 31

A parcel of land in sections 30 and 31, Township 18 South, Range 28 East, Lake County Florida, more particularly described as follows:

Section 30: The Southwest $\frac{1}{4}$, less the West 909.26 feet; together with Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 30.

Section 31: The portion of Section 31 North of County Road 44A.

Black Bear Waterworks, Inc.

Water System

Schedule of Net Book Value as of June 30, 2015

<u>Description</u>	<u>Utility General Ledger</u>	<u>Staff Adjustment</u>	<u>Staff Recommended</u>
Utility Plant In Service	\$1,494,193	(\$281,465) (A)	\$1,212,728
Land & Land Rights	5,000	0	5,000
Accumulated Depreciation	(677,742)	106,299 (B)	(571,443)
CIAC	(832,912)	225,319 (C)	(607,593)
Amortization of CIAC	<u>112,693</u>	<u>133,986</u> (D)	<u>246,679</u>
Net Book Value	<u>\$101,232</u>	<u>\$184,139</u>	<u>\$285,371</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of June 30, 2015
Water System**

Explanation	Amount
A. UPIS To reflect appropriate amount of UPIS.	<u>(\$281,465)</u>
B. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>\$106,299</u>
C. Contributions in Aid of Construction To reflect appropriate amount of CIAC.	<u>\$225,319</u>
D. Accumulated Amortization of CIAC To reflect the appropriate amount of accumulated amortization of CIAC.	<u>\$133,986</u>
Total Adjustments to Net Book Value as of June 30, 2015.	<u>\$184,139</u>

Black Bear Waterworks, Inc.**Water System****Schedule of Staff Recommended Account Balances as of June 30, 2015**

Account			Accumulated Depreciation
No.	Description	UPIS	
304	Structures and Improvements	\$ 99,511	(\$17,760)
307	Wells and Springs	171,241	(102,620)
309	Supply Mains	17,197	(3,784)
310	Power Generation Equip.	45,252	(42,181)
311	Pumping Equip.	17,819	(14,550)
320	Water Treatment Equip.	41,838	(28,900)
330	Distribution Reservoirs	52,844	(26,112)
331	Transmission and Dist. Mains	560,038	(228,230)
333	Services	47,555	(19,525)
334	Meters and Meter Install.	54,022	(39,176)
335	Hydrants	85,618	(34,315)
339	Other Plant & Misc. Equipment	5,084	(2,034)
340	Office Furniture	11,110	(9,259)
341	Transportation Equipment	<u>3,598</u>	<u>(2,998)</u>
Total		<u>\$1,212,728</u>	<u>(\$571,443)</u>

**Black Bear Reserve Water Corporation
Monthly Water Rates**

Residential and General Service

Base Facility Charge - All Meter Sizes	\$31.44
Charge per 1,000 gallons – Residential and General Service	
0 – 5,000 gallons	\$0.00
5,001 - 10,000 gallons	\$5.89
Over 10,001 gallons	\$8.41

Initial Customer Deposits

Residential and General Service

5/8" x 3/4"	\$60.00
1 1/2"	\$80.00

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$16.00	N/A
Normal Reconnection Charge	\$16.00	N/A
Violation Reconnection Charge	\$32.00	\$64.00
Home Inspection Charge	\$32.00	N/A
Premises Visit Charge (in lieu of disconnection)	\$16.00	N/A
Late Payment Charge		\$5.00
NSF Charge	Pursuant to 68.065, Florida Statutes	

Service Availability Charges

Main Extension Charge

Per ERC	\$1,689.00
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Meter Installation Charge

5/8" x 3/4"	\$420.00
All other meter sizes	Actual Cost

Tap-in Charge

\$320.00

Backflow Prevention Test

Annual Charge	\$35.00 or less
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