

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: January 24, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis, King)
Division of Accounting and Finance (Frank, Norris)
Division of Economics (Bruce)
Office of the General Counsel (Schrader)

Handwritten notes:
POE
BO
ALM
KS
TCS

RE: Docket No. 20170174-SU – Application for transfer of assets of exempt utility, amendment of Certificate No. 465-S, and petition for partial variance or waiver of Rule 25-30.030(5)(b), F.A.C. by Utilities, Inc. of Florida.

AGENDA: 02/05/19 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: Brown, Polmann, Clark

PREHEARING OFFICER: Polmann

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 9, 2017, Utilities, Inc. of Florida (UIF or Buyer) filed an application for transfer of assets of exempt utility Barrington Estates Property Holdings Homeowners' Association, Inc. (Barrington Estates HOA) to UIF, amendment of Certificate No. 465-S, and petition for partial variance or waiver of Rule 25-30.030(5)(b), Florida Administrative Code (F.A.C.). The Barrington Estates wastewater system (Utility) currently serves 148 wastewater customers in Lake County. Customers currently receive water service from UIF.

The Barrington Estates HOA system was bought from Centennial Bank who acquired it in a foreclosure proceeding to assure wastewater service to the members of the Barrington Estates

HOA. UIF is a Class A water and wastewater utility currently serving approximately 34,000 water and/or wastewater customers throughout 27 systems in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties.¹ UIF is a wholly owned subsidiary of Utilities, Inc., and its rates and charges were last approved by the Florida Public Service Commission (Commission) in Docket No. 20160101-WS.²

On October 11, 2017, the Commission granted UIF partial variance or waiver of Rule 25-30.030(5)(b), F.A.C., for notice to be provided to all customers and property owners within its existing service area. This partial waiver was granted by the Commission due to the minimal amount of customers that would be added to UIF's system.³ Further, the Barrington Estates HOA system is not connected to any of UIF's existing wastewater systems and would not affect the current customers' quality of service or rates.

The proposed additional service territory is intended to serve solely the Barrington Estates HOA area, which is near the City of Clermont's (Clermont) service area. On September 21, 2017, Clermont filed an objection to the application for transfer of assets of exempt utility and for amendment of Certificate 465-S. This was resolved via an amendment⁴ to a Settlement Agreement that UIF and Clermont finalized in a previous docket.⁵ On September 17, 2018, Clermont issued a notice of withdrawal of its objection to application for transfer of assets of exempt utility and for amendment of Certificate 465-S by UIF.

This recommendation addresses the amendment of Certificate No. 465-S, the transfer of the wastewater system from Barrington Estates HOA to UIF, the net book value (NBV) of the wastewater system at the time of the transfer, the need for an acquisition adjustment, and implementation of UIF's rates to the Utility. The Commission has jurisdiction pursuant to Sections 367.045, 367.071 and 367.091, Florida Statutes (F.S.).

¹ Document No. 06847-2017.

² Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

³ Order No. PSC-2017-0387-PAA-SU, issued October 11, 2017.

⁴ Document No. 07846-2017.

⁵ Order No. PSC-05-0523-FOF-WS, issued May 13, 2005, in Docket No. 20020907-WS, *In re: Application for amendment of Certificate Nos. 496-W and 465-S to extend water and wastewater service areas in Lake County by Lake Utility Services, Inc.*

Discussion of Issues

Issue 1: Should the transfer of Barrington Estates HOA wastewater system, an exempt entity in Lake County, to Utilities, Inc. of Florida and amendment of Certificate No. 465-S be approved?

Recommendation: Yes. The transfer of the Barrington Estates HOA wastewater system and amendment of Certificate No. 465-S, to include the territory as described in Attachment A, is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's amended certificate and should be retained by the Buyer. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C., as modified by the Commission pursuant to Order No. PSC-2017-0387-PAA-SU. UIF should be responsible for filing all future annual reports and Regulatory Assessment Fees (RAFs) subsequent to the date of closing. (Wooten, Bruce, Frank)

Staff Analysis: On August 9, 2017, UIF filed an application for transfer of assets to UIF of a currently exempt utility and amendment of Certificate No. 465-S in Lake County. The application is in compliance with Section 367.071, F.S., Section 367.045, F.S., Rule 25-30.036, F.A.C., Application for Amendment to Certificate of Authorization to Extend or Delete Service Area and Rule 25-30.037, F.A.C., Application for Authority to Transfer. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030(5)(b), F.A.C., Notice of Application and of Customer Meeting and Noticing. Adequate service territory maps and territory descriptions have also been provided. The application contains a description of the wastewater service territory of the currently exempt utility which is appended to this recommendation as Attachment A.

Noticing, Territory, and Land Ownership

UIF provided notice of the application pursuant to Section 367.071, F.S. and Rule 25-30.030(5)(b), F.A.C., however Rule 25-30.030(5)(b), F.A.C. was partially waived by the Commission regarding the requirement that the notice be provided to all customers and property owners within its existing service area.⁶ In lieu of noticing all of its customers by mail, UIF was ordered to place a staff-approved notice of its application on its website for 30 days, which UIF has satisfied. This notice also provided 30 days for customers to file an objection to the transfer. Clermont objected to the transfer on October 11, 2017, which was resolved by a Settlement Agreement⁷ between Clermont and UIF. No other objections were received and the time for filing objections has expired.

The application contains a description of the wastewater service territory which is appended to this recommendation as Attachment A. The application contains a copy of a Utility and Water Treatment Facilities easement that was executed on October 16, 2012, as evidence that the Applicant owns or has rights to long-term use of the land upon which the wastewater treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C.

⁶ Order No. PSC-2017-0387-PAA-SU, issued October 11, 2017.

⁷ Document No. 07846-2017.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i), and (j), 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. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Barrington Estates HOA that must be disposed of with regard to the transfer. According to the Purchase Agreement, the total purchase price for the assets is \$270,000. According to the Buyer, the closing date of the sale will take place 30 days after the date of the consummating order for this docket. The consummating order is scheduled to be filed on March 22, 2019. Therefore, the closing date will be April 21, 2019, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The wastewater treatment plant (WWTP) is an extended aeration sewage treatment plant with reuse of two rapid infiltration basins permitted by the Florida Department of Environmental Protection (DEP) at 49,000 gallons per day based on the annual average daily flow. Chlorine disinfection is applied in a chlorine contact chamber. The collection system is composed of 4- and 8-inch polyvinyl chloride (PVC) pipes and there is a single lift station with two submersible pumps in the service area. The last compliance evaluation inspection of the facility was conducted on March 23, 2016 by DEP. There was one deficiency that was corrected; therefore, the system appears to be in compliance with DEP rules.

Technical and Financial Ability

Pursuant to Rules 25-30.037(2)(l), and (m), F.A.C., the application contains statements describing the technical and financial ability of UIF to provide service to the proposed service area. The application states that UIF is a Class A water and wastewater utility currently serving approximately 34,000 water and/or wastewater customers throughout 27 systems in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties. UIF has been operating as a Commission regulated utility in Florida since 1975 and is the largest investor-owned water and wastewater utility in Florida.

The Buyer is a Class A utility that owns and operates multiple water and wastewater systems. Staff reviewed the financial statements of UIF for this docket. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Regulatory Assessment Fees and Annual Reports

Because the Buyer is acquiring a non-regulated utility, there are no annual reports or RAFs on file for this system. The Buyer will be responsible for filing annual reports and paying RAFs for 2019 and all future years.

Conclusion

Staff recommends the transfer of the Barrington Estates HOA wastewater system and amendment of Certificate No. 465-S, to include the territory as described in Attachment A, is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's amended certificate and should be retained by the Buyer. The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C., as modified by the Commission pursuant to Order No. PSC-2017-0387-

Docket No. 20170174-SU
Date: January 24, 2019

Issue 1

PAA-SU. UIF should be responsible for filing all future annual reports and RAFs subsequent to the date of closing.

Issue 2: What is the appropriate net book value for the Barrington Estates HOA wastewater system for transfer purposes?

Recommendation: The net book value of the wastewater system for transfer purposes is \$277,549 as of April 21, 2019. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, UIF should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in UIF's 2019 Annual Report when filed. (Frank, Wooten)

Staff Analysis: Rate base has not previously been established for the Utility. 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 used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of April 21, 2019. Staff's recommended NBV, as described below, is shown on Schedule No. 1.

Utility Plant in Service (UPIS)

The Utility's application reflected a UPIS balance of \$543,142. Barrington Estates HOA is a non-regulated company and thus did not maintain its books and records according to the National Association of Regulatory Utility Commissioners uniform system of accounts (NARUC USOA). Further, Barrington Estates HOA purchased the utility system from Centennial Bank after a foreclosure proceeding, therefore original cost records are not available. On July 12, 2018, UIF filed documentation supporting the original cost of the Barrington Estates HOA wastewater collection system. This original cost documentation included original invoices for the components involved in the wastewater system which totaled \$425,041, excluding the WWTP and Lift Station.⁸ The Utility did not possess the original cost documentation for the WWTP and Lift Station for the July filing, but contacted the manufacturer to obtain the documentation. On September 18, 2018, UIF provided the original cost invoices for the WWTP and Lift Station, which totaled an additional \$230,200.⁹ Staff reviewed all original cost documents and verified the NARUC USOA account numbers.

According to the original cost analysis, the Utility had a UPIS balance of \$655,241, as of December 31, 2008. Staff recalculated UPIS since 2008 to reflect all additions and retirements as of April 21, 2019. Staff calculated the appropriate UPIS balance to be \$660,805. As a result, UPIS should be increased by \$117,663 (\$660,805 - \$543,142) to reflect a UPIS balance of \$660,805, as of April 21, 2019.

Land

The Utility's application reflected a land balance of \$0, as of April 21, 2019. Therefore, staff recommends a balance for land of \$0, as of April 21, 2019.

Accumulated Depreciation

The Utility's application reflected an accumulated depreciation balance of \$181,617. Based on the original cost analysis and depreciation Rule 25-30.140, F.A.C., staff calculated an accumulated depreciation balance of \$279,577, as of December 31, 2008. Staff recalculated

⁸ Document No. 04666-2018.

⁹ Document No. 06129-2018.

accumulated depreciation of plant since 2008, including plant additions and retirements, to reflect accumulated depreciation as of April 21, 2019. Staff calculated the appropriate accumulated depreciation balance to be \$277,592. As a result, accumulated depreciation should be increased by \$95,975 to reflect an accumulated depreciation balance of \$277,592 (\$181,617 + \$95,975), as of April 21, 2019.

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

As mentioned above, Barrington Estates HOA is a non-regulated company and thus did not maintain its books and records according to the NARUC USOA. As a result, no CIAC was recorded. Barrington Estates HOA purchased the utility system from Centennial Bank after a foreclosure proceeding. Because Barrington Estates HOA is comprised of all of the Utility's customers, staff believes the system should be considered 100 percent contributed. Based on its original cost analysis, staff calculated a CIAC balance of \$655,241 and an accumulated amortization of CIAC balance of \$279,577.

In an effort to be consistent with the Commission's decision in the 2000 transfer of Utilities, Inc. of Eagle Ridge, UIF has requested that its investment in the system be used to offset the CIAC balance.¹⁰ In most transfers, the sales transaction is outside the control of the customers of the utility and generally only benefits the utility and its shareholders. However, this transfer, like the transfer in Eagle Ridge, is unique in that the customers of the Utility are also the owners of the Utility. Therefore, due to the specific and unique facts in this case, and consistent with the Commission's decision in Eagle Ridge, staff recommends that the purchase price of \$270,000 be used to offset the imputed CIAC of \$655,241 to reflect the fact that the customers have been reimbursed a portion of their investment in the Utility. This results in a net CIAC balance of \$385,241 (\$270,000 - \$655,241). Therefore, staff recommends a CIAC balance of \$385,241, and an accumulated amortization of CIAC balance of \$279,577, as of April 21, 2019.

Net Book Value

The Utility's application reflected a NBV of \$361,525. Based on the adjustments described above, staff recommends a NBV of \$277,549, as of April 21, 2019. Staff's recommended NBV and the NARUC USOA balances for UPIS and accumulated depreciation as of April 21, 2019, are shown on Schedule No. 1.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. With respect to negative acquisition adjustments, Rule 25-30.0371, F.A.C., states that no negative acquisition adjustment shall be included in rate base if the purchase price is greater than 80 percent of the NBV. The Utility and its assets were purchased for \$270,000. As mentioned

¹⁰ Order No. PSC-01-1792-PAA-SU, issued September 5, 2001, in Docket No. 20001820-SU, *In re: Application for transfer of wastewater utility facility in Lee County from Cross Creek of Fort Myers Community Association, Inc., a not-for-profit Florida Corporation, to Utilities, Inc. of Eagle Ridge, holder of Certificate No. 369-S, and for amendment of Certificate No. 369-S to include additional territory.*

above, staff recommends that the appropriate NBV is \$277,549. Because the purchase price of \$270,000 is greater than 80 percent of NBV (\$222,039), no acquisition adjustment is required. As such, staff recommends that no negative acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV of the wastewater system for transfer purposes is \$277,549 as of April 21, 2019. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in UIF's 2019 Annual Report when filed.

Issue 3: Should the Commission approve UIF's request to implement its consolidated monthly wastewater rates and charges for Barrington Estates?

Staff Recommendation: Yes. The Commission should, consistent with the Purchase Agreement, approve UIF's request to implement its consolidated monthly wastewater rates and miscellaneous service charges as shown on Schedule No. 2 for the Utility. The approved rates and charges should be effective for the Utility for service rendered after the order becomes final, the sale of Barrington Estates' wastewater system is final, and the Barrington Estates HOA homeowners have been noticed of the approved rates and charges. The notice should be approved by staff prior to publication and the Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis:

Currently, the Barrington Estates HOA owns its wastewater system, which is operated by UIF. The water service is provided by UIF. The Barrington Estates homeowners pay quarterly HOA fees of \$246.50, which includes \$89.86 for wastewater service (\$29.95 monthly). Barrington Estates HOA has no general service customers. In its application, UIF is requesting that its consolidated monthly wastewater rates and miscellaneous service charges be implemented for the Barrington Estates homeowners as reflected in the contract for the purchase of Barrington Estates wastewater system. The wastewater rates consist of a base facility charge of \$25.93 and gallonage charge of \$4.15 per 1,000 gallons with an 8,000 gallon cap. In the past, the Commission has approved several amendments wherein the acquiring utility implemented its rates for an acquired utility.¹¹ In support of its request to implement its consolidated rates, UIF states: (1) the HOA agreed to pay the consolidated wastewater rates approved by the Commission; (2) revenues are revenue neutral; therefore, the customers will not be subsidizing nor be subsidized by the other UIF customers because the consolidated rates are consistent with the purchase price; and (3) the revenues produced by applying the consolidated rate structure will also result in UIF's currently authorized rate of return.

According to UIF, under the Barrington Estates HOA fees, the revenues generated for wastewater service were approximately \$53,200 per year. Based on average consumption of the homeowners, approximately \$81,145 of revenues will be generated annually with the implementation of the consolidated monthly wastewater rates.¹² The Utility indicated that the revenues under its consolidated rates will cover the additional operating costs (operation and maintenance, depreciation, and taxes) and allow UIF to earn its authorized rate of return on the acquired system. Staff will monitor UIF's revenues for any potential overearnings as a result of

¹¹ Order No. PSC-1997-0929-FOF-WS, issued August 4, 1997, in Docket No. 19970210-WS, *In re: Application by United Water Florida, Inc. for amendment of Certificates Nos. 236-W and 179-S and for limited proceeding to adjust rates in St. Johns County*; Order No. PSC-93-1480-FOF-WS, issued October 11, 1993, in Docket No. 19930204-WS, *In re: Application for Amendment of Certificates Nos. 236-W and 179-S and for a Limited Proceeding to adjust rates in St. Johns County by Jacksonville Suburban Utilities Corporation*; Order No. 23111, issued June 25, 1990, in Docket No. 19891110-WS; *In re: Application for transfer of Certificate Nos. 475-W and 411-S from St. Johns North Utility Corp. to Jacksonville Suburban Utilities Corp. and for a limited proceeding to adjust rates.*

¹² The customer's average consumption is approximately 5,000 gallons per month.

the additional revenues. If there is a determination of potential overearnings, staff can recommend initiation of an investigation for the Commission.

The Barrington Estates HOA development is essentially built out except for a parcel of property for which there are no current plans for development.¹³ There are no approved service availability charges for this system and UIF has no plans to interconnect the Barrington Estates wastewater system to its closest wastewater treatment plant. Therefore, if there is additional development in the service area in the future, the Utility will need Commission approval to implement service availability charges.

Conclusion

Based on the above, staff recommends that the Commission should, consistent with the Purchase Agreement, approve UIF's request to implement its consolidated monthly wastewater rates and miscellaneous service charges as shown on Schedule No. 2 for the Utility. The approved rates and charges should be effective for the Utility for service rendered after the order becomes final, the sale of Barrington Estates' wastewater system is final, and the Barrington Estates HOA homeowners have been noticed of the approved rates and charges. The notice should be approved by staff prior to publication and the Utility should provide proof of the date notice was given within 10 days of the date of the notice.

¹³ Currently, the Barrington Estates HOA uses 60 percent of the capacity of the wastewater treatment plant. Centennial Bank has reserved 40 percent of the capacity of the wastewater treatment plant for potential future developments.

Issue 4: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and proof that appropriate noticing has been completed pursuant to Rule 25-30.4345, F.A.C. (Schrader)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and proof that appropriate noticing has been completed pursuant to Rule 25-30.4345, F.A.C.

Utilities, Inc. Of Florida
Wastewater Territory Description
Lake County

Lake County, Florida, Village Lakeland

Sections 14 and 23, Township 28 South, Range 24 East

A PARCEL OF LAND LOCATED IN SECTIONS 11 AND 14. TOWNSHIP 23 SOUTH, RANGE 25 EAST OF LAKE COUNTY, FLORIDA. BEING MORE PARTICULARLY DESCRIBED AS:

BEGINNING AT THE SOUTHWEST CORNER OF THE SOUTHWEST 1/4 OF SECTION 11, TOWNSHIP 23 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA: THENCE RUN N 00° 48' 18" E ALONG THE WEST LINE OF SAID SOUTHWEST 1/4, A DISTANCE OF 1311.35 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 11: THENCE RUN S 89° 43' 28" E ALONG SAID NORTH LINE, A DISTANCE OF 660.94 FEET TO A POINT ON THE EAST LINE OF THE WEST 1/2 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 11: THENCE RUN S 00° 47' 02" W ALONG SAID EAST LINE. A DISTANCE OF 656.57 FEET TO A POINT ON THE NORTH LINE OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 11: THENCE RUN S 89° 38' 46" E ALONG SAID NORTH LINE. A DISTANCE OF 628.18 FEET TO A POINT ON THE EAST LINE OF SAID SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4; THENCE RUN S 00° 45' 46" W ALONG SAID EAST LINE. A DISTANCE OF 657.43 FEET TO A POINT ON THE SOUTH LINE, OF SAID SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4; THENCE RUN N 89° 34' 05" W ALONG SAID SOUTH LINE. A DISTANCE OF 628.41 FEET TO A POINT ON THE EAST LINE OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 14, TOWNSHIP 23 SOUTH, RANGE 25 EAST: THENCE RUN S 00° 55' 45" W ALONG SAID EAST LINE. A DISTANCE OF 678.12 FEET TO A POINT: THENCE LEAVING SAID EAST LINE RUN N 89° 11' 42" W. A DISTANCE OF 184.93 FEET; THENCE RUN N 72° 01' 37" W, DISTANCE OF 52.33 FEET; THENCE RUN N 89° 11' 42" W. A DISTANCE OF 240.00 FEET; THENCE RUN S 73° 38' 12" W, A DISTANCE OF 52.33 FEET; THENCE N 89° 11' 42" W, A DISTANCE OF 136.26 FEET TO A POINT ON THE WEST LINE OF THE NORTHWEST 1/4 OF SECTION 14, TOWNSHIP 23 SOUTH, RANGE 25 EAST; THENCE RUN N 00° 54' 43" E ALONG SAID WEST LINE. A DISTANCE OF 673.82 FEET TO THE POINT OF BEGINNING.

Utilities, Inc. Of Florida
Wastewater Territory Description
Lake County, Florida Village Lakeland

Sections 14 and 23, Township 23 South, Range 25 East

A portion of Section 14, Township 23 South, Range 25 East, Lake County, Florida, being described as follows:

BEGIN at the southwest corner of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14; thence run N $00^{\circ}54'43''$ E, along the west line of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14, a distance of 649.14 feet to a point on the south line of BARRINGTON ESTATES PHASE I, according to the plat thereof, as recorded in Plat Book 62, Pages 46 through 49, Public Records of Lake County, Florida; thence run easterly along the southerly line of said BARRINGTON ESTATES PHASE I the following courses and distances; run S $89^{\circ}11'42''$ E, a distance of 136.26 feet; thence run N $73^{\circ}38'12''$ E, a distance of 52.33 feet; thence run S $89^{\circ}11'42''$ E, a distance of 240.00 feet; thence run S $72^{\circ}01'37''$ E, a distance of 52.33 feet; thence run S $89^{\circ}11'42''$ E, a distance of 184.93 feet to a point on the east line of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14; thence run S $00^{\circ}55'45''$ W, along the east line of the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14, a distance of 644.55 feet to a point on the south line of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14; thence run N $89^{\circ}35'33''$ W, along the south line of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 14, a distance of 661.02 feet to the POINT OF BEGINNING.

Containing 9.92 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
 Utilities Inc. of Florida
 Pursuant to
 Certificate Number 465-S**

To provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, 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>
15967	4/8/1986	860131-WS	Original Certificate
24283	3/25/1991	900957-WS	Original Certificate
PSC-92-1328-FOF-WS	11/16/1992	920900-WS	Amendment
PSC-93-0194-FOF-WS	2/9/1993	920588-WS	Transfer Certificate & Territory Correction
PSC-94-0116-FOF-WS	1/31/1994	931000-WS	Amendment
PSC-99-0164-FOF-WS	1/26/1999	980958-WS	Transfer of Majority Org. Control
PSC-99-0884-FOF-WS	5/3/1999	990195-WS	Amendment
PSC-00-1657-PAA-WS	9/18/2000	000430-WS	Amendment
PSC-01-0066-FOF-WS	1/9/2001	001652-WS	Correction
PSC-01-2316-FOF-WS	11/27/2001	010887-WS	Transfer of Majority Org. Control
PSC-02-1658-FOF-WS	11/26/2002	020695-WS	Name Change Merger
PSC-03-1000-PAA-WS	9/5/2003	030236-WS	Transfer of Certificate
PSC-04-0966-FOF-WS	10/5/2004	040371-WS	Amendment
PSC-05-0523-FOF-WS	5/13/2005	020907-WS	Amendment
PSC-06-0094-FOF-WS	2/9/2006	050499-WS	Transfer of Majority Org. Control
PSC-06-1065-FOF-WS	12/26/2006	020907-WS	Correction
PSC-09-0302-FOF-WS	5/6/2009	090034-WS	Quick-Take Amendment
PSC-12-0497-FOF-WS	9/27/2012	090034-WS	Transfer of Majority Org. Control
PSC-16-0143-FOF-WS	4/12/2016	150235-WS	Reorganization/Name Change
*	*	20170174-SU	Amendment

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

Barrington Estates Wastewater System Schedule
Wastewater System
Schedule of Net Book Value as of April 21, 2019

Description	Balance Per Utility	Adjustments	Staff Recommended
Utility Plant in Service	\$543,142	\$117,663 A	\$660,805
Land & Land Rights	0	0	0
Accumulated Depreciation	(181,617)	(95,975) B	(277,592)
CIAC	0	(385,241) C	(385,241)
Amortization of CIAC	<u>0</u>	<u>279,577</u> D	<u>279,577</u>
Total	<u>\$361,525</u>	<u>(\$83,976)</u>	<u>\$277,549</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of April 21, 2019
Wastewater System**

Explanation	Amount
A. Utility Plant in Service (UPIS) To reflect appropriate amount of UPIS.	<u>\$117,663</u>
B. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$95,975)</u>
C. Contributions-in-Aid-of-Construction (CIAC) To reflect appropriate amount of CIAC.	<u>(\$385,241)</u>
D. Accumulated Amortization of CIAC To reflect appropriate amount of accumulated amortization of CIAC.	<u>\$279,577</u>
Total Adjustments to Net Book Value as of March 20, 2019.	<u>(\$83,976)</u>

**Barrington Estates
Wastewater System
Schedule of Staff Recommended Account Balances as of April 21, 2019**

Account			Accumulated
No.	Description	UPIS	Depreciation
354	Structures and Improvements	\$36,820	(\$9,945)
360	Collection Sewers - Force	66,801	(24,058)
361	Collection Sewers - Gravity	229,082	(55,001)
363	Service to Customers	30,960	(8,803)
371	Pumping Equipment	9,625	(4,037)
380	Treatment and Disposal Equipment	232,698	(136,700)
389	Other Plant and Misc. Equipment	43,040	(27,269)
398	Other Tangible Plant	<u>11,779</u>	<u>(11,779)</u>
	Total	<u>\$660,805</u>	<u>(\$277,592)</u>

**Utilities, Inc. of Florida
 Monthly Wastewater Rates**

	Barrington Estates Rates	UIF's Existing Rates
<u>Residential Service</u>		
Base Facility Charge – All Meter Sizes	\$29.95	\$25.93
Charge per 1,000 gallons 8,000 gallon cap	N/A	\$4.15
<u>General Service</u>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	N/A	\$25.93
3/4"		\$38.90
1"		\$64.83
1 1/2"		\$129.65
2"		\$207.44
3"		\$414.88
4"		\$648.25
6"		\$1,296.50
8"		\$2,074.40
10"		\$3,759.85
Charge per 1,000 gallons		\$4.97

Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$89.00
Other Meter Sizes	2x Average Estimated Bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$36.77	\$45.55
Normal Reconnection Charge	\$36.77	\$45.55
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge	\$36.77	\$45.55
Late Payment Charge		\$6.54
NSF Check Charge		Pursuant to Section 68.065, F.S.