

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: June 24, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Doehling, M. Watts) *TB*
Division of Accounting and Finance (Bennett, Norris) *ALM*
Division of Economics (Bruce, Hudson) *JGH*
Office of the General Counsel (Schrader) *JSC*

RE: Docket No. 20190195-WS – Application for transfer of water and wastewater systems of Regency Utilities, Inc., and transfer of Certificate Nos. 641-W and 551-S to Duval Waterworks, Inc., in Duval County.

AGENDA: 07/07/20 – Regular Agenda – Proposed Agency Action - Except for Issue 1 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Polmann

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 28, 2019, Duval Waterworks, Inc. (DWI or Buyer) filed an application with the Florida Public Service Commission (Commission) for transfer of Certificate Nos. 641-W and 551-S from Regency Utilities, Inc. (Regency or Seller) in Duval County and a request for late payment and non-sufficient funds (NSF) charges. Regency is a Class C utility which operates the on-site water delivery, wastewater collection, and fire protection systems providing service to Regency Square Mall (Mall) in Jacksonville, Florida. Water and wastewater treatment is provided by JEA. Regency serves approximately 71 water and 56 wastewater general service customers, all of which are tenants of the Mall. In its 2019 Annual Report, Regency reported annual gross revenues of \$172,281 and a net operating loss of (\$37,372).

The Commission granted Regency water and wastewater certificates to serve the Mall in 1975.¹ The certificates were amended twice to extend Regency's service territory to the area surrounding the Mall.² On April 10, 2001, Regency and JEA closed on a transaction whereby Regency transferred its water and wastewater treatment facilities to JEA. Regency transferred all of its service territory to JEA in the transaction except for the Mall, which JEA declined to serve directly. By Order No. PSC-02-0060-FOF-WS, the Commission approved the transfer.³ Because Regency would thereafter be reselling water and wastewater services as a reseller exempt pursuant to Section 367.022(8), Florida Statutes (F.S.), the Order also canceled Regency's certificates.

On February 26, 2008, Regency filed an application for water and wastewater certificates and authorization to charge rates in excess of the purchase price. In its petition, Regency stated that it could no longer support its operations while billing customers at the same rates for water and wastewater services, it pays to purchase the services from JEA. The Commission approved the certification on September 22, 2008, and Regency was issued Certificate Nos. 641-W and 551-S.⁴

On September 6, 2019, Regency and DWI executed an Asset Purchase Agreement whereby DWI purchased the water and wastewater assets of Regency. The closing of this transaction occurred on September 30, 2019.

This recommendation addresses the transfer of the water and wastewater system and DWI's request to increase the late payment charge and establish NSF charges. The Commission has jurisdiction pursuant to Sections 367.071, and 367.091 F.S.

¹ Order No. 6448, issued January 9, 1975, in Docket Nos. 1974425-W and 1974426-S, *In re: Application of Regency Utilities, Inc., for certificates to operate a water and sewer utility in Duval County, Fla.*

² Order No. 8045, issued November 16, 1977, in Docket Nos. 19770504-WS, *In re: Application of Regency Utilities, Inc., for amendment of Water Certificate No. 197-W and Sewer Certificate No. 143-S in Duval County, Florida. Section 367.061, Florida Statutes*; and Order No. 9518, issued September 3, 1980, in Docket No. 19800151-WS, *In re: Application of Regency Utilities, Inc., for amendment of Water Certificate No. 197-W and Sewer Certificate No. 143-S in Duval County, Florida.*

³ Order No. PSC-02-0060-FOF-WS, issued January 8, 2002, in Docket Nos. 20010986-WS, *In re: Notice of sale of assets of Regency Utilities, Inc. in Duval County to Jacksonville Electric Authority, and request for cancellation of Certificate Nos. 197-W and 143-S.*

⁴ Order No. PSC-08-0061-PAA-WS, issued September 22, 2008, in Docket Nos. 20080113-WS, *In re: Application for certificates to provide water and wastewater service in Duval County by Regency Utilities Inc.*

Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 641-W and 551-S in Duval County from Regency to DWI, be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 641-W and 551-S 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 certificate and should be retained by the Buyer. The existing rates 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.). DWI should be responsible for filing annual reports and paying Regulatory Assessment Fees (RAFs) for 2020 and all future years. (Doehling, M. Watts, Bruce, Bennett)

Staff Analysis: On October 28, 2019, DWI filed an application for the transfer of Certificate Nos. 641-W and 551-S from Regency to DWI in Duval County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to DWI occurred on September 30, 2019, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

DWI provided notice of the application pursuant to 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 service territory which is appended to this recommendation as Attachment A. As a reseller, Regency does not own any treatment facilities for which it needs access. However, DWI did provide a copy of the ground lease agreement which was transferred to DWI on September 26, 2019, as evidence that DWI has rights to long-term use of the land upon which the fire protection pumping system and storage tank are located pursuant to Rule 25-30.037(2)(s), F.A.C.

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. The Seller refunded all customer deposits as a credit to the customers' final bill from the Seller before the sale.⁵ There are no developer agreements or customer advances that must be disposed of with regard to the transfer. According to the purchase agreement, the total purchase price of the assets is \$60,000. According to the Buyer, the sale took place on September 30, 2019, subject to Commission approval, pursuant to Section 367.071(1), F.S.

⁵ Document No. 01390-2020, filed March 13, 2020, Final Audit Report.

Facility Description and Compliance

Regency is a consecutive system that purchases bulk water and wastewater service from JEA and provides water, wastewater, and fire protection services to the Mall. JEA delivers treated water to a master meter, which is then channeled into the distribution system for use by customers in the Mall. Wastewater from Regency's collection systems are delivered to JEA's lift station for treatment. Regency operates and maintains the water distribution and wastewater collection systems. Regency does not hold any permits from the Florida Department of Environmental Protection or the Florida Department of Health as Regency does not have a water or wastewater treatment plant.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. DWI's application states that its President, Gary Deremer, has over 30 years of Florida-related water and wastewater industry experience with previous private utility ownership of five utility systems. Also, Mr. Deremer is a major shareholder in 17 water and wastewater utilities regulated by the Commission and has three other certificates of transfer pending before the Commission. Further, the application indicates that Mr. Deremer has secured the services of U.S. Water Services Corporation (U.S. Water) to provide contract operating service, as well as, billing and collection services. Staff reviewed the personal financial statements of DWI's primary shareholder, which is Mr. Deremer.⁶ Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

Regency's rates were last approved in a staff-assisted rate case.⁷ The rates were subsequently amended by five price indexes and a four-year rate reduction, as required by Section 367.0816, F.S., in 2012. Regency's existing miscellaneous service charges were approved in Docket No. 20080113-WS⁸ and are shown on Schedule Nos. 1-A and 1-B, which are appended to this recommendation. DWI has requested to revise the existing late payment charge, which is discussed in Issue 4, and to add NSF charges, which is discussed in Issue 5. 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 Regency's existing rates and charges remain in effect, except the late payment charge and NSF charges, until a change is authorized by this Commission.

⁶ Document No. 02841-2020 (Confidential), filed May 29, 2020, in Docket No. 20190195-WS.

⁷ Order No. PSC-12-0436-PAA-WS, issued August 24, 2012, in Docket No. 20110282-WS, *In re: Application for staff-assisted rate case in Duval County by Regency Utilities, Inc.*

⁸ Order No. PSC-08-0611-PAA-WS, issued September 22, 2008, in Docket No. 20080113-WS, *In re: Application for certificate to operate water utility in Duval County by Regency Utilities, Inc.*

Regulatory Assessment Fees and Annual Report

Staff has verified that Regency is current with respect to annual reports and regulatory assessment fees (RAFs) through December 31, 2019. DWI will be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Conclusion

Based on the foregoing, staff recommends the transfer of the water and wastewater systems and Certificate Nos. 641-W and 551-S 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 certificate and should be retained by the Buyer. The existing rates 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. DWI should be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Date: June 24, 2020

Issue 2: What is the appropriate net book value for DWI's water and wastewater system for transfer purposes?

Recommendation: For transfer purposes, the net book value (NBV) is \$125,116 for the water system and \$20,577 for the wastewater system as of September 30, 2019. Within 90 days of the date of the final order, DWI 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 DWI's 2020 Annual Report when filed. (Bennett)

Staff Analysis: Rate base was last established as of August 24, 2012. 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 and working capital. The NBV has been updated to reflect balances as of September 30, 2019.

Utility Plant in Service (UPIS)

In its application for transfer, the Buyer reflected a UPIS balance of \$1,168,266 for water and \$62,315 for wastewater. Staff reviewed UPIS additions and has increased UPIS by \$14,470 for water to reflect plant additions. There have been no additions to the wastewater system. Therefore, staff recommends that Regency's UPIS balance as of September 30, 2019, should be \$1,182,736 for water and \$62,315 for wastewater.

Land

In Order No. PSC-2012-0436-PAA-WS, the Commission established the value of DWI's land to be \$0 for both water and wastewater, as DWI is a reseller and does not own any land. DWI has not subsequently purchased any land since the Commission issued that order. Therefore, staff recommends a land balance of \$0 for both water and wastewater.

Accumulated Depreciation

Regency's general ledger reflected an accumulated depreciation balance of \$1,168,266 for water and \$42,298 for wastewater as of September 30, 2019. Staff calculated the appropriate accumulated depreciation balances, pursuant to Rule 25-30.140, F.A.C., to be \$1,057,620 for water and \$41,738 for wastewater. As a result, accumulated depreciation should be decreased by \$110,646 for water and \$560 for wastewater.

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

As of September 30, 2019, Regency's general ledger reflected a fully amortized CIAC balance of \$21,980 for water and \$30,260 for wastewater. Staff reviewed the CIAC balances and has no adjustments. Therefore, staff recommends a CIAC balance of \$21,980 for water and \$30,260 for wastewater, and accumulated amortization CIAC balance of \$21,908 for water and \$30,260 for wastewater, as of September 30, 2019.

Net Book Value

Regency's general ledger reflected a NBV of \$0 for water and \$20,017 for wastewater. Based on the adjustments discussed above, staff recommends a NBV of \$125,116 for the water system and \$20,577 for the wastewater system. Staff's recommended NBV and adjustments, as described above are shown on Schedule Nos. 2-A, 2-B, and 2-C, which are appended to this recommendation.

Conclusion

Based on the above, staff recommends that the NBV of DWI for transfer purposes is \$125,116 for water and \$20,577 for wastewater, as of September 30, 2019. 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 the DWI's 2020 Annual Report.

Issue 3: Should an acquisition adjustment be recognized for ratemaking purposes?

Recommendation: Yes. Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$48,567 for the water system and \$7,987 for the wastewater system should be recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$24,283 for the water system and \$3,994 for the wastewater system, should be amortized over a seven-year period and the remaining 50 percent should be amortized over the remaining life of the assets. (Bennett)

Staff Analysis: An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. Rule 25-30.0371(2) F.A.C., further states that a positive acquisition adjustment shall not be included in rate base absent proof of extraordinary circumstances. Positive acquisition adjustments, if approved increase rate base. With respect to negative acquisition adjustments, Rule 25-30.0371(3), F.A.C., states that a negative acquisition adjustment is not to be included in rate base if the purchase price is greater than 80 percent of the NBV. If the purchase price is equal to or less than 80 percent of the NBV, a negative acquisition adjustment shall be included in rate base equal to 80 percent of the NBV, less the purchase price. Negative acquisition adjustments reduce rate base. Pursuant to Rule 25-30.0371(4)(b)2, F.A.C., if the purchase price is equal to or less than 50 percent of the NBV, then 50 percent of the negative acquisition adjustment is amortized over a seven-year period and 50 percent amortized over the remaining life of the assets, beginning with the date of the issuance of the order approving the transfer of assets. Regency estimates the remaining life of the assets to be 3 years for the water system and 26 years for the wastewater system.

The calculation of DWI’s acquisition adjustment is shown in Table 3-1. Regency indicated that it allotted the purchase price of \$60,000 based on the relative ratio of water and wastewater to Regency’s overall NBV.

Table 3-1

Calculation of Negative Acquisition Adjustment		
	<u>Water</u>	<u>Wastewater</u>
NBV as of September 30, 2019	\$125,116	\$20,577
80% of NBV	100,093	16,462
Purchase Price	<u>51,526</u>	<u>8,474</u>
Negative Acquisition Adjustment	<u>\$48,567</u>	<u>\$7,987</u>

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., the Commission should recognize a negative acquisition adjustment of \$48,567 for the water system and \$7,987 for the wastewater system for ratemaking purposes as of September 30, 2019. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$24,283 for the water system and \$3,994 for the wastewater system, should be amortized over a seven-year period. The remaining 50 percent should be amortized over the remaining life of the assets, which is 3 years for the water system and 26 years for the wastewater system.

Issue 4: Should DWI's request to revise the existing late payment charge to \$6.50 be approved?

Recommendation: Yes. DWI's request to revise the existing late payment charge to \$6.50 should be approved. DWI should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), 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 customers. DWI should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bruce)

Staff Analysis: DWI is requesting a \$6.50 late payment charge to recover the cost of labor, supplies, postage, and RAFs associated with processing late payment notices. DWI's current late payment charge is \$5.00. DWI is requesting \$6.50 for its late payment charge, which is consistent with recent Commission practice and the charge is consistent with that charged by other utilities managed by U.S. Water.⁹ The purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing delinquent accounts solely upon those who are cost causers. 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.

DWI calculated the actual costs for its late payment charges to be \$8.07. DWI indicated that it will take approximately 15 minutes per account to research, compile, and produce late notices. The delinquent customer accounts will be processed by the administrative contract employee, which results in labor cost of \$7.00 (\$28.00 x 0.25hr). This is consistent with prior Commission decisions where the Commission has allowed 10-15 minutes per account per month for the administrative labor associated with processing delinquent customer accounts.¹⁰ However, \$8.07 would be the highest late payment charge amongst all other water and wastewater utilities regulated by the Commission.¹¹ Therefore, DWI is requesting a charge of \$6.50, consistent with recent Commission decisions. DWI's calculation for its actual costs associated with a late payment charge is shown in Table 4-1.

⁹ Order No. PSC-2018-0334-PAA-WU, issued June 28, 2018, in Docket No. 20170155-WU, *In re: Application for grandfather water certificate in Leon County and application for pass through increase of regulatory assessment fees, by Seminole Waterworks, Inc.*

¹⁰ Order Nos. PSC-2020-0086-PAA-WU, issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*; PSC-16-0041-TRF-WU, issued January 25, 2016, in Docket No. 20150215-WU, *In re: Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions, the Ellison Park Subdivision and the Lake Region Paradise Island Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.* and PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

¹¹ Order Nos. PSC-14-0105-TRF-WS, issued February 20, 2014, in Docket No. 20130288-WS, *In re: Request for approval of late payment charge in Brevard County by Aquarina Utilities, Inc.*; PSC-15-0535-PAA-WU, issued November 19, 2015, in Docket No. 20140217-WU, *In re: Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.*; and PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

Table 4-1
Late Payment Charge Cost Justification

Activity	Cost
Labor	\$7.00
Supplies	\$0.22
Postage	<u>\$0.49</u>
Markup for RAFs	<u>\$0.36</u>
Total Cost	<u>\$8.07</u>

Source: Utility's cost justification documentation

Conclusion

Based on the above, DWI's request to implement a \$6.50 late payment charge should be approved. DWI should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until after staff has approved the proposed customer notice and the notice has been received by customers. DWI should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 5: Should DWI be authorized to collect Non-Sufficient Funds Charges?

Recommendation: Yes. DWI should be authorized to collect NSF charges. DWI should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved NSF charges. The approved charges should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. DWI should provide proof of noticing within 10 days of rendering its approved notice. (Bruce)

Staff Analysis: Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. Staff recommends that DWI should be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- (1) \$25, if the face value does not exceed \$50;
- (2) \$30, if the face value exceeds \$50 but does not exceed \$300;
- (3) \$40, if the face value exceeds \$300; or
- (4) 5 percent of the face amount of the check, whichever is greater.

Conclusion

Approval of NSF charges is consistent with prior Commission decisions.¹² Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of the ratepayers. As such, DWI should be authorized to collect NSF charges. DWI should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved NSF charges. The approved charges should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. DWI should provide proof of noticing within 10 days of rendering its approved notice.

¹² Order Nos. PSC-2020-0086-PAA-WU, issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*; PSC-2018-0334-PAA-WU, issued June 28, 2018, in Docket No. 20170155-WU, *In re: Application for grandfather water certificate in Leon County and application for pass through increase of regulatory fees, by Seminole Waterworks, Inc.*; PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 20140030-SU, *In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.*; and PSC-13-0646-PAA-WU, issued December 5, 2013, in Docket No. 20130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

Issue 6: Should this docket be closed?

Recommendation: Yes. 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 done 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 done pursuant to Rule 25-30.4345, F.A.C.

Duval Waterworks, Inc.
Water and Wastewater Service Territory
Duval County

Township 2 South, Range 27 East

Sections 13 and 24

A part of Sections 13 and 24, Township 2 South, Range 27 East, Duval County, Florida, more particularly described as follows: Commence at the Northeasterly corner of said Section 24; thence South 89°41'10" West, along the Northerly line of said Section 24, 1150.02 feet to the Westerly right of way line of Monument Road (as established for a width of 100 feet) and the POINT OF BEGINNING; thence South 00°18'50" East, along said Westerly right of way line, 431.02 feet to its intersection with the Northerly right of way line of the Arlington Expressway; thence South 83°17'50" West, along said Northerly right of way line, 690.41 feet to the point of a curve to the right, said curve being concave Northerly and having a radius of 5679.65 feet; thence continue along said Northerly right of way line along and around said curve an arc distance of 1574.52 feet; thence continue along said right of way line North 00°18'50" West, 33.45 feet to a curve concave Northeasterly and having a radius of 5646.65 feet; thence continue along said Northerly right of way line along and around said curve an arc distance of 556.44 feet to the point of a compound curve to the right, said curve being concave Northeasterly and having a radius of 4366.66 feet; thence continue along said Northerly right of way of line along and around said curve an arc distance of 879.22 feet; thence North 64°05'10" West, 98.48 feet; thence North 10°28'24" East, 136.95 feet to its intersection with a curve concave Southeasterly and having a radius of 1527.02 feet; thence Northeasterly along and around said curve an arc distance of 773.14 feet; thence North 45°24'31" East, 263.23 feet to its intersection with the Southerly right of way line of Regency Square Boulevard; thence North 89°45'21" East, along said Southerly right of way line, 1737.82 feet; thence South 01°31'15" East, 325.58 feet; Thence North 89°41'10" East, 1383.45 feet to its intersection with the aforementioned Westerly right of way line of Monument Road; thence South 00°10'50" East, along said Westerly right of way, 690 feet to the POINT OF BEGINNING.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Duval Waterworks, Inc.

pursuant to

Certificate Number 641-W

to provide water service in Duval 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-08-0612-PAA-WS	9/22/08	20080113-WS	Original Certificate
*	*	20190195-WS	Transfer of Certificate

* Order Number and date to be provided at time of issuance.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Duval Waterworks, Inc.

pursuant to

Certificate Number 551-S

to provide wastewater service in Duval 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-08-0612-PAA-WS	9/22/08	20080113-WS	Original Certificate
*	*	20190195-WS	Transfer of Certificate

* Order Number and date to be provided at time of issuance.

**Duval Waterworks, Inc.
Monthly Water Rates**

General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$31.41
3/4"	\$47.12
1"	\$78.53
1 1/2"	\$157.05
2"	\$251.28
3"	\$502.56
4"	\$785.25
6"	\$1,570.50

Charge Per 1,000 gallons \$3.08

Private Fire Protection Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$2.62
3/4"	\$3.93
1"	\$6.54
1 1/2"	\$13.09
2"	\$20.94
3"	\$41.88
4"	\$65.44
6"	\$130.88

Initial Customer Deposits

General Service

5/8" x 3/4" \$263.00

Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	\$30.00	\$40.00
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00

**Duval Waterworks, Inc.
Monthly Wastewater Rates**

General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$26.54
3/4"	\$39.81
1"	\$66.35
1 1/2"	\$132.70
2"	\$212.32
3"	\$424.64
4"	\$663.50
Charge Per 1,000 gallons	\$7.04

Initial Customer Deposits

General Service

5/8" x 3/4"	\$158.00
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Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$30.00	\$40.00
Normal Reconnection Charge	\$30.00	\$40.00
Violation Reconnection Charge	\$30.00	\$40.00
Premises Visit Charge (in lieu of disconnection)	\$30.00	\$40.00

Duval Waterworks, Inc.
Schedule of Net Book Value as of September 30, 2019

Water System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff</u>
Utility Plant in Service	\$1,168,266	\$14,470	\$1,182,736
Land & Land Rights	-	-	-
Accumulated Depreciation	(1,168,266)	110,646	(1,057,620)
CIAC	(21,980)	-	(21,980)
Amortization of CIAC	<u>21,980</u>	-	<u>21,980</u>
Total	<u>\$0</u>	<u>\$125,116</u>	<u>\$125,116</u>

Wastewater System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff</u>
Utility Plant in Service	\$62,315	\$-	\$62,315
Land & Land Rights	-	-	-
Accumulated Depreciation	(42,298)	560	(41,738)
CIAC	(30,260)	-	(30,260)
Amortization of CIAC	<u>30,260</u>	-	<u>30,260</u>
Total	<u>\$20,017</u>	<u>\$560</u>	<u>\$20,577</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of September 30, 2019**

Explanation	Amount	
	Water	Wastewater
Utility Plant in Service		
To reflect appropriate amount of utility plant in service	<u>\$14,470</u>	<u>\$-</u>
Accumulated Depreciation		
To reflect appropriate amount of accumulated depreciation	<u>\$110,646</u>	<u>\$560</u>
Total Adjustments to Net Book Value as of September 30, 2019	<u>\$125,616</u>	<u>\$20,577</u>

Duval Waterworks, Inc.
Schedule of Staff's Recommended Account Balances as of September 30, 2019

Water System

<u>Account</u>			<u>Accumulated</u>
<u>No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Depreciation</u>
301	Organization	\$25,000	(\$7,031)
304	Structures & Improvements	286,285	(263,144)
307	Wells & Springs	195,402	(174,523)
309	Supply Mains	17,670	(11,162)
310	Power Generation Equipment	59,807	(59,807)
311	Pumping Equipment	192,697	(185,396)
320	Water Treatment Equipment	15,818	(15,818)
330	Distribution Reservoirs	153,890	(115,814)
331	Transmission & Distribution Mains	25,372	(19,990)
333	Services	148,540	(142,682)
334	Meters & Meter Install	51,095	(51,095)
335	Hydrants	10,787	(10,786)
340	Office Furniture & Equipment	<u>373</u>	<u>(373)</u>
	Total	<u>\$1,182,736</u>	<u>(\$1,057,620)</u>

Wastewater System

<u>Account</u>			<u>Accumulated</u>
<u>No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Depreciation</u>
351	Organization	\$25,000	(\$7,031)
361	Collection - Sewers Gravity	30,260	(30,260)
363	Meters	6,682	(4,074)
390	Office Furniture & Equipment	<u>373</u>	<u>(373)</u>
	Total	<u>\$62,315</u>	<u>(\$41,738)</u>