

**CLASS "C"**

**WATER AND/OR WASTEWATER UTILITIES**

(Gross Revenue of Less Than \$150,000 Each)

**ANNUAL REPORT**

OF

**GEM ESTATES UTILITIES, INC.**

Exact Legal Name of Respondent

**563-W**

Certificate Number(s)

Submitted To The

**STATE OF FLORIDA**

**RECEIVED**

**SEP 20, 1999**

Florida Public Service Commission  
Division of Water and Wastewater



**PUBLIC SERVICE COMMISSION**

FOR THE

**YEAR ENDED DECEMBER 31, 19<sub>98</sub>**

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DIVISION OF  
WATER AND SEWER  
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**MAGNUS FLAWS & COMPANY, P.A.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**BARNETT PLAZA**

**101 EAST KENNEDY BOULEVARD**

**SUITE 2550**

**POST OFFICE BOX 944**

**TAMPA, FLORIDA 33601**

**MAGNUS FLAWS, JR., C.P.A.**  
**LAWRENCE R. FLAWS, C.P.A.**  
**JOSEPH R. STEINMAN, C.P.A.**  
**CARLTON CUNNINGHAM, C.P.A.**

**MEMBERS A.I.C.P.A., F.I.C.P.A.**  
**TEL.: (813) 223-2711**  
**FAX: (813) 228-9920**

**STATEMENT REGARDING 1998 ANNUAL REPORT OF  
GEM ESTATES UTILITIES, INC.**

As previously discussed with PSC, this Utility has had a change of management earlier in 1999.

Most of the records needed to prepare a complete report are either lost or not able to be located. Accordingly, preparation of this report was done from prior reports, certain records that were located, and estimates.

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# REPORT OF

**GEM ESTATES UTILITIES, INC.**  
(EXACT NAME OF UTILITY)

P.O. Box 2016 Zephyrhills, Florida 33539 Mailing Address	Zephyrhills, Florida Street Address	Pasco County
Telephone Number 813-788-5463	Date Utility First Organized	04/06/93

Check the business entity of the utility as filed with the Internal Revenue Service:

☐ Individual ☐ Sub Chapter S Corporation ☒ 1120 Corporation ☐ Partnership

Name, Address and phone where records are located: 101 E. Kennedy Blvd., Suite 2550  
Tampa, Florida 33602

Name of subdivisions where services are provided: Gem Estates Mobile Home Park

## CONTACTS:

Name	Title	Principle Business Address	Salary Charged Utility
Person to send correspondence: Hollis J. Malberg	President	P.O. Box 2016 Zephyrhills, FL 33539	
Person who prepared this report: Magnus Flaws, Jr.	C.P.A.	P.O. Box 944 Tampa, FL 33601	
Officers and Managers: Hollis J. Malberg	President	P.O. Box 2016 Zephyrhills, FL 33539	\$ -0-
			\$
			\$
			\$
			\$

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principle Business Address	Salary Charged Utility
Hollis J. Malberg as Trustee of the Marjorie Cahill Trust	50% Trust beneficiary	P.O. Box 2016 Zephyrhills, FL 33539	\$ -0-
			\$
			\$
			\$
			\$
			\$

# **FINANCIAL SECTION**



UTILITY NAME: GEM ESTATES UTILITIES, INC.YEAR OF REPORT  
DECEMBER 31, 1998

## INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
Gross Revenue:					
Residential _____		\$ 12,434	\$ N/A	\$ N/A	\$ 12,434
Commercial _____		_____	_____	_____	_____
Industrial _____		_____	_____	_____	_____
Multiple Family _____		_____	_____	_____	_____
Guaranteed Revenues _____		_____	_____	_____	_____
Other (Specify) _____		_____	_____	_____	_____
Total Gross Revenue _____		\$ 12,434	\$ _____	\$ _____	\$ 12,434
Operation Expense (Must tie to pages W-3 and S-3)	W-3 S-3	\$ 15,000	\$ _____	\$ _____	\$ 15,000
Depreciation Expense _____	F-5	638	_____	_____	638
CIAC Amortization Expense _____	F-8	_____	_____	_____	_____
Taxes Other Than Income _____	F-7	1,200	_____	_____	1,200
Income Taxes _____	F-7	_____	_____	_____	_____
Total Operating Expense		\$ 16,838	\$ _____	\$ _____	\$ 16,838
Net Operating Income (Loss)		\$ ( 4,404)	\$ _____	\$ _____	\$ ( 4,404)
Other Income:					
Nonutility Income _____		\$ _____	\$ _____	\$ _____	\$ _____
_____		_____	_____	_____	_____
Other Deductions:					
Miscellaneous Nonutility Expenses _____		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expense _____		_____	_____	_____	_____
_____		_____	_____	_____	_____
_____		_____	_____	_____	_____
Net Income (Loss)		\$ ( 4,404)	\$ _____	\$ _____	\$ ( 4,404)

Estimated - Complete records not available. F-3

UTILITY NAME: GEM ESTATES UTILITIES, INC.YEAR OF REPORT  
DECEMBER 31, 1998

## COMPARATIVE BALANCE SHEET

ACCOUNT NAME	Reference Page	Current Year	Previous Year
<b>Assets:</b>			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 27,998	\$ 24,741
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-3	(13,421)	(12,783)
Net Utility Plant -----		\$ 14,577	\$ 11,958
Cash -----		65	1,006
Customer Accounts Receivable (141) -----			
Other Assets (Specify): -----			
-----			
-----			
Total Assets -----		\$ -----	\$ -----
<b>Liabilities and Capital:</b>			
Common Stock Issued (201) -----	F-6	1,000	1,000
Preferred Stock Issued (204) -----	F-6	10,643	10,643
Other Paid in Capital (211) -----	F-6		
Retained Earnings (215) -----	F-6		
Proprietary Capital (Proprietary and partnership only) (218) -----	F-6		
Total Capital -----		\$ -----	\$ -----
Long Term Debt (224) -----	F-6	\$ 17,500	\$ -----
Accounts Payable (231) -----			
Notes Payable (232) -----			
Customer Deposits (235) -----			
Accrued Taxes (236) -----			
Other Liabilities (Specify) -----		40,000	
Stockholder Loan -----			
-----			
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8		
Total Liabilities and Capital -----		\$ -----	\$ -----

F-4

Estimated - complete records not available.

UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant in Service (101)_____	\$ 27,998	\$ _____	\$ _____	\$ 27,998
Construction Work in Progress (105)_____	_____	_____	_____	_____
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant_____	\$ 27,998	\$ _____	\$ _____	\$ 27,998

ACCUMULATED DEPRECIATION (A/D) AND CIAC AMORTIZATION OF UTILITY PLANT

Account 108	Water	Wastewater	A/D & CIAC AM Other Than Reporting Systems	Total
Balance First of Year_____	\$ 12,783	\$ _____	\$ _____	\$ 12,783
<b>Add Credits During Year:</b>				
Accruals charged to depreciation account_____	\$ 638	\$ _____	\$ _____	\$ 638
Salvage_____	_____	_____	_____	_____
Other Credits (specify)_____	_____	_____	_____	_____
Total Credits_____	\$ 638	\$ _____	\$ _____	\$ 638
<b>Deduct Debits During Year:</b>				
Book cost of plant retired_____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal_____	_____	_____	_____	_____
Other debits (specify)_____	_____	_____	_____	_____
Total Debits_____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year_____	\$ 13,421	\$ _____	\$ _____	\$ 13,421



UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

CAPITAL STOCK ( 201 - 204 )

	Common Stock	Preferred Stock
Par or stated value per share _____	1.00	_____
Shares authorized _____	1,000	_____
Shares issued and outstanding _____	1,000	_____
Total par value of stock issued _____	1,000	_____
Dividends declared per share for year _____	None	_____

RETAINED EARNINGS ( 215 )

	Appropriated	Un- Appropriated
Balance first of year _____	\$ _____	\$ _____
Changes during the year (Specify): _____ _____ _____	_____ _____ _____	_____ _____ _____
Balance end of year _____	\$ _____	\$ _____

PROPRIETARY CAPITAL ( 218 )

	Proprietor Or Partner	Partner
Balance first of year _____	\$ _____	\$ _____
Changes during the year (Specify): _____ _____ _____	_____ _____ _____	_____ _____ _____
Balance end of year _____	\$ _____	\$ _____

LONG TERM DEBT ( 224 )

Description of Obligation (Including Nominal Date of Issue and Date of Maturity):	Interest		Principal per Balance Sheet Date
	Rate	# of Pymts	
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
Total _____			\$ _____



UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

**CONTRIBUTIONS IN AID OF CONSTRUCTION ( 271 )**

(a)	Water (b)	Wastewater (c)	Total (d)
1) Balance first of year_____	\$ _____	\$ _____	\$ _____
2) Add credits during year_____	\$ _____	\$ _____	\$ _____
3) Total_____	_____	_____	_____
4) Deduct charges during the year_____	_____	_____	_____
5) Balance end of year_____	_____	_____	_____
6) Less Accumulated Amortization_____	_____	_____	_____
7) Net CIAC_____	\$ _____	\$ _____	\$ _____

**ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)**

Report below all developers or contractors agreements from which cash or property was received during the year.		Indicate "Cash" or "Property"	Water	Wastewater
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
Sub-total_____			\$ _____	\$ _____
Report below all capacity charges, main extension charges and customer connection charges received during the year.				
Description of Charge	Number of Connections	Charge per Connection		
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Credits During Year (Must agree with line # 2 above.)_____			\$ _____	\$ _____

**ACCUMULATED AMORTIZATION OF CIAC**

	Water	Wastewater	Total
Balance First of Year_____	\$ _____	\$ _____	\$ _____
Add Credits During Year_____	_____	_____	_____
Deduct Debits During Year_____	_____	_____	_____
Balance End of Year (Must agree with line #6 above.)_____	\$ _____	\$ _____	\$ _____

**\*\* COMPLETION OF SCHEDULE REQUIRED ONLY IF AFUDC WAS CHARGED DURING YEAR \*\***

UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

Not Applicable

**SCHEDULE "A"**

**SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (1)**

Class of Capital (a)	Dollar Amount (b)	Percentage of Capital (c)	Actual Cost Rates (d)	Weighted Cost [ c x d ] (e)
Common Equity	\$ _____	_____ %	_____ %	_____ %
Preferred Stock	_____	_____ %	_____ %	_____ %
Long Term Debt	_____	_____ %	_____ %	_____ %
Customer Deposits	_____	_____ %	_____ %	_____ %
Tax Credits - Zero Cost	_____	_____ %	0.00 %	_____ %
Tax Credits - Weighted Cost	_____	_____ %	_____ %	_____ %
Deferred Income Taxes	_____	_____ %	_____ %	_____ %
Other (Explain)	_____	_____ %	_____ %	_____ %
Total	\$ _____	100.00 %		_____ %

(1) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

**APPROVED AFUDC RATE**

Current Commission approved AFUDC rate: \_\_\_\_\_ %  
Commission Order approving AFUDC rate: \_\_\_\_\_





**WATER  
OPERATING  
SECTION**

UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 198\*

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	\$	\$	\$	\$
302	Franchises				743
303	Land and Land Rights	743			151
304	Structures and Improvements	151			
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				6,738
307	Wells and Springs	6,738			
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				8,438
311	Pumping Equipment	5,181	3,257		142
320	Water Treatment Equipment	142			
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Lines	8,519			8,519
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
339	Other Plant and Miscellaneous Equipment	3,267			3,267
340	Office Furniture and Equipment				
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	Total Water Plant	\$ 24,741	\$ 3,257	\$	\$ 27,998

## ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

Acct. No. (a)	Account (b)	Average Service Life in Years (c)	Average Salvage In Percent (d)	Depr. Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accum. Depr. Balance End of Year (f+g-h=i) (i)
304	Structures and Improvements	40	%	%	\$ 96	\$	\$ 4	\$ 100
305	Collecting and Impounding Reservoirs		%	%				
306	Lake, River and Other Intakes		%	%				
307	Wells and Springs	40	%	%	3,486		168	3,654
308	Infiltration Galleries & Tunnels		%	%				
309	Supply Mains		%	%				
310	Power Generating Equipment		%	%				
311	Pumping Equipment	40	%	%	3,747		171	3,918
320	Water Treatment Equipment	40	%	%	142		-0-	142
330	Distribution Reservoirs & Standpipes		%	%				
331	Trans. & Dist. Mains	40	%	%	4,863		213	5,076
333	Services		%	%				
334	Meter & Meter Installations		%	%				
335	Hydrants		%	%				
339	Other Plant and Miscellaneous Equipment	40	%	%	449		82	531
340	Office Furniture and Equipment		%	%				
341	Transportation Equipment		%	%				
342	Stores Equipment		%	%				
343	Tools, Shop and Garage Equipment		%	%				
344	Laboratory Equipment		%	%				
345	Power Operated Equipment		%	%				
346	Communication Equipment		%	%				
347	Miscellaneous Equipment		%	%				
348	Other Tangible Plant		%	%				
	Totals				\$ 12,783	\$	\$ 636	\$ 13,421 *

\* This amount should tie to Sheet F-5.



UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

**WATER OPERATION AND MAINTENANCE EXPENSE**

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees	\$
603	Salaries and Wages - Officers, Directors, and Majority Stockholders	
604	Employee Pensions and Benefits	
610	Purchased Water	
615	Purchased Power	
616	Fuel for Power Production	
618	Chemicals	
620	Materials and Supplies	
630	Contractual Services:	
	Operator and Management	
	Testing	
	Other	
640	Rents	
650	Transportation Expense	
655	Insurance Expense	
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	
670	Bad Debt Expense	
675	Miscellaneous Expenses	
	Total Water Operation And Maintenance Expense	\$ 15,000 * (A)
	* This amount should tie to Sheet F-3.	

**WATER CUSTOMERS**

Description (a)	Type of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Year (d)	End of Year (e)	
5/8"	D	1.0			
3/4"	D	1.5			
1"	D	2.5			
1 1/2"	D,T	5.0			
2"	D,C,T	8.0			
3"	D	15.0			
3"	C	16.0			
3"	T	17.5			
4"	D,C	25.0			
4"	T	30.0			
6"	D,C	50.0			
6"	T	62.5			
Other (Specify):					
Unmetered Customers			220	220	
Total			220	220	

\*\* D = Displacement  
C = Compound  
T = Turbine

(A) Estimated; records not available.

UTILITY NAME: GEM ESTATES UTILITIES, INC.YEAR OF REPORT  
DECEMBER 31, 1998SYSTEM NAME: GEM ESTATES UTILITIES, INC.

## PUMPING AND PURCHASED WATER STATISTICS

	Water Purchased For Resale (Omit 000's)	Finished Water From Wells (Omit 000's)	Recorded Accounted For Loss Through Line Flushing Etc. (Omit 000's)	Total Water Pumped And Purchased (Omit 000's) [ (b)+(c)-(d) ]	Water Sold To Customers (Omit 000's)
(a)	(b)	(c)	(d)	(e)	(f)
January		*		*	Not
February		147		147	individually
March		215		215	metered
April		289		289	
May		291		291	
June		278		278	
July		157		157	
August		149		149	
September		91		91	
October		217		217	
November		196		196	
December		*		*	
Total for Year					

If water is purchased for resale, indicate the following:

Vendor

Point of delivery

If water is sold to other water utilities for redistribution, list names of such utilities below:

## MAINS (FEET)

Kind of Pipe (PVC, Cast Iron, Coated Steel, etc.)	Diameter of Pipe	First of Year	Added	Removed or Abandoned	End of Year
PVC, PR 160	4"	1,821			1,821
PVC, PR 160	3"	952			952
PVC, PR 160	2 1/4"	2,116			2,116
PVC, PR 160	2"	5,047			5,047
PVC, SCH 40	3/4"	336			336

\* Data not available.

UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

SYSTEM NAME: GEM ESTATES UTILITIES, INC.

**WELLS AND WELL PUMPS**  
(If Available)

(a)	(b)	(c)	(d)	(e)
Year Constructed _____	03/02/72	07/10/73	10/20/81	_____
Types of Well Construction and Casing _____	Galvanized Pipe T & C	Galvanized W/Bl Casing	Cement W/ Black Casing	_____
Depth of Wells _____	160 Ft.	210 Ft.	300 Ft.	_____
Diameters of Wells _____	4"	6"	6"	_____
Pump - GPM _____	N/A	175 GPM	10 HP	_____
Motor - HP _____	5 HP	10 HP	10 HP	_____
Motor Type * _____	_____	252,000 GPD	_____	_____
Yields of Wells in GPD _____	_____	ORIGINAL	UPGRADE	_____
Auxiliary Power _____	ORIGINAL	_____	_____	_____

\* Submersible, centrifugal, etc.

**RESERVOIRS**

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete) _____	Pneumatic	_____	_____	_____
Capacity of Tank _____	3,000 Gal.	_____	_____	_____
Ground or Elevated _____	Ground	_____	_____	_____

**HIGH SERVICE PUMPING** N/A

(a)	(b)	(c)	(d)	(e)
<b>Motors</b>				
Manufacturer _____	_____	_____	_____	_____
Type _____	_____	_____	_____	_____
Rated Horsepower _____	_____	_____	_____	_____
<b>Pumps</b>				
Manufacturer _____	_____	_____	_____	_____
Type _____	_____	_____	_____	_____
Capacity in GPM _____	_____	_____	_____	_____
Average Number of Hours Operated Per Day _____	_____	_____	_____	_____
Auxiliary Power _____	_____	_____	_____	_____

UTILITY NAME: GEM ESTATES UTILITIES, INC.YEAR OF REPORT  
DECEMBER 31, 1998

## SOURCE OF SUPPLY

List for each source of supply ( Ground, Surface, Purchased Water etc. )			
Gals. per day of source	<u>252,000 GPD</u>		
Type of Source	<u>Shallow Well</u>		

## WATER TREATMENT FACILITIES

List for each Water Treatment Facility:			
Type	<u>Well #1 Chlorination</u>	<u>Well #2 Chlorination</u>	
Make			
Gals. per day capacity	<u>N/A</u>	<u>N/A</u>	
High service pumping			
Gallons per minute			
Reverse Osmosis			
Lime Treatment			
Unit Rating			
Filtration			
Pressure Sq. Ft.			
Gravity GPD/Sq. Ft.			
Disinfection			
Chlorinator			
Ozone			
Other			
Auxiliary Power			

## OTHER WATER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

- Present ERCs \* now being served 96
- Maximum ERCs \*\* that system can efficiently serve 720
- Present system connection capacity (in ERC's) using existing lines -0-
- Future connection capacity (in ERC's) upon service area buildout
- Estimated annual increase in ERCs \*
- List fire fighting facilities and capacities (including number of fire hydrants) None
- List percent of certificated area where service connections are installed (total for each county)  
100%
- What is the current need for system upgrading and/or expansion? None
- What are plans for future system upgrading and/or expansion? None
- Have questions 8 and 9 been discussed with an engineer? (if so, state name and address)  
No
- Has an application for a construction permit been filed with the DEP? (if so, explain)
- Department of Environmental Protection ID #  
Water Management District ID #

\* ERC = ( Total Gallons Sold / 365 days ) / 350 Gallons Per Day

\*\* Total Plant Capacity / 350 gallons



**WASTEWATER  
OPERATING  
SECTION**

# **WASTEWATER OPERATING SECTION**

**Note:** This utility is a water only service; therefore, Pages S-1 through S-6 have been omitted from this report.

UTILITY NAME: GEM ESTATES UTILITIES, INC.

YEAR OF REPORT  
DECEMBER 31, 1998

## CERTIFICATION OF ANNUAL REPORT

I HEREBY CERTIFY, to the best of my knowledge and belief:

YES ☒ NO ☐

1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission in Rule 25-30.115 (1), Florida Administrative Code.

YES ☐ NO ☒

2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.

YES ☐ NO ☒

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility.

YES ☒ NO ☐

4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct, and complete for the period for which it represents.

(A)

### Items Certified

1. ☒ 2. ☐ 3. ☐ 4. ☒

Holly Malkey  
(signature of chief executive officer of the utility)

1. ☒ 2. ☐ 3. ☐ 4. ☒

Holly Malkey  
(signature of chief financial officer of the utility)

- \* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

(A) See attached letter.