

Diamond Williams

110061-WS

From: Dana Rudolf [DRudolf@RSBattorneys.com]
Sent: Wednesday, April 27, 2011 4:34 PM
To: Filings@psc.state.fl.us
Cc: Martin Friedman
Subject: Docket 110061-WS; Application for authority to transfer assets and Certificate Nos. 517-W and 450-S of Service Management Systems, Inc. to Aquarina Utilities, Inc. in Brevard County

Attachments: PSC Clerk 05 (Response to Deficiencies and RAI).ltr.pdf

- a) Martin S. Friedman, Esquire
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766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
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- b) Docket No. 110061-WS
Application for Authority to Transfer the Assets of Service Management Systems, Inc.,
and Certificate Nos. 517-W and 450-S to Aquarina Utilities, Inc. in Brevard County,
Florida
- c) Aquarina Utilities, Inc.
- d) 20 pages
- e) Response to Staff's First Deficiency and RAI letter dated March 29, 2011

DOCUMENT NUMBER-DATE

02899 APR 27 =

FPSC-COMMISSION CLERK

4/28/2011

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

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Please Respond to the Lake Mary Office

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April 27, 2011

VIA E-FILING

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Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 110061-WS; Application for authority to transfer assets and Certificate Nos. 517-W and 450-S of Service Management Systems, Inc. to Aquarina Utilities, Inc., in Brevard County
Our File No.: 45052.01

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Aquarina Utilities, Inc. (the "Utility") to Staff's first deficiency and request for additional information letter dated March 29, 2011.

Deficiencies

1. Address of Seller. Rule 25-30.037(2)(a), Florida Administrative Code (F.A.C.), requires the application to contain the complete name and address of the seller. The address provided in the application matches the Service Management Systems, Inc. (SMS) receiver's address that is on file with the Florida Public Service Commission (PSC or Commission), but not the address of the seller, FL-Service Management, LLC, as shown on page 8 of the Purchase and Sale Agreement (Agreement). Also, a Regulatory Assessment Fee (RAF) notice that was mailed by the PSC to the receiver's 826 Creel Street address in Melbourne, Florida in February 2011 was returned to the PSC as undeliverable and unable to forward.

- A. Please provide the current name and address of the seller.
- B. Please provide the current name and address of the receiver.

RESPONSE:

DOCUMENT NUMBER-DATE

02899 APR 27 =

FPSC-COMMISSION CLERK

- A. FL-Service Management, LLC
Principal Address:
15 South 20th Street, Suite 1503
Birmingham, AL 35233

Mailing Address:
Post Office Box 10566
AL-BL-CH-NIA
Birmingham, AL 35296

- B. Dennis Basile
444 South Babcock Street
Melbourne, FL 32901

2. Financing of the Purchase and Additional Funding. Rule 25-30.037(2)(i), F.A.C., requires the application to contain a statement describing the financing of the purchase. Further, Rule 25-30.037(2)(k), F.A.C., requires the application to contain a list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility. The application only states that the purchase will be financed with a combination of debt and equity.

A. Please provide more specific information about the debt and equity, such as the sources and amounts of debt acquired and equity used for the purchase.

B. Please indicate whether the buyer is relying on other entities for funding, and if so, please provide the required additional information.

RESPONSE:

A. There was no debt acquired by the Buyer for the purchase. The purchase price was paid in cash with equity from the shareholders.

B. The Buyer is not relying on any other entity for funding. All funding is by contributions of shareholders.

3. **Financial Ability.** Rule 25-30.037(2)(j), F.A.C., requires in part that the application include a showing of the buyer's financial ability to provide service. The application indicates that a pro forma balance sheet of the buyer will be filed as Late Filed Exhibit B and that the personal financial statement of the majority shareholders of the buyer will be provided upon request. Please provide financial information to demonstrate that the buyer has the financial ability to provide service.

RESPONSE: Attached is a Pro-Forma Financial Statement. Buyer's shareholders maintain sufficient funds for provision of repairs and maintenance service.

4. **Federal Income Tax Returns.** Rule 25-30.037(2)(o), F.A.C., requires the application to contain a statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if tax returns have not been obtained, a statement from the buyer detailing steps taken to obtain the returns. Please provide the required information.

RESPONSE: The Seller and Receiver do not have copies of tax returns of the prior owners since the property was acquired through foreclosure.

5. **Regulatory Assessment Fees.** Pursuant to Rule 25-30.037(2)(r), F.A.C., the application contains a statement that there are no outstanding RAFs due, and that the seller will be responsible for all RAFs through closing. However, as of the date of this letter, the Commission's records show that SMS is delinquent on paying its 2010 RAFs that were due on January 3, 2011. Please provide additional information regarding the payment of the 2010 and 2011 RAFs due through closing date, including when the 2010 RAFs will be paid, whether the seller or receiver is responsible for submitting the payment, and whether the seller would be willing to pay the 2011 RAFs owed through closing at this time rather than waiting until the July 30, 2011 due date.

RESPONSE: Seller or Receiver are responsible for payment of Regulatory Assessment fees due prior to purchase by Buyer.

Additional Information

1. Contract for Sale – Debt of Utility. Rule 25-30.037(2)(h), F.A.C., requires that the contract for sale shall provide for the disposition, where applicable, of certain items including debt of the utility. Although the application contains a statement that there is no debt of the seller that there must be disposed of in association with the transfer, the Agreement includes reference to a loan that SMS obtained from the Florida Department of Environmental Protection (DEP) State Revolving Fund (SRF) (Agreement, Item 3 – Assumption of Obligations, page 3). Please provide an update on the status of the DEP SRF loan, including the status of the utility upgrades or improvements being financed through that loan.

RESPONSE:

A. DEP/State Revolving Fund Loan: Seller/Receiver is responsible for payment of SRF up to and including the December 2010 payment; Buyer will assume the balance of SRF loan (June 2011 forward) and will keep it current. The balance due on the SRF loan after December 2010 payment is made is \$99,860.75. (Funding No. 050101, Sponsor currently Service Management Systems, Inc.)

With regard to the manner in which the SRF monies were applied to the utility, the Buyer has no documentation or knowledge of how those funds were spent.

B. Siemens Financing: Buyer has already paid off remaining balance on loan for reverse osmosis system.

C. Generator Loan: Seller/Receiver paid remaining balance on loan for generator.

D. Florida Power & Light: \$12,161 deposit paid

2. Condition of Systems. Pursuant to Rule 25-30.037(2)(p), F.A.C., the application includes a statement that after reasonable investigation, the buyer has determined that the systems being acquired appear to be in satisfactory condition and in substantial compliance with all applicable standards set by the DEP. However, in January 2011, the DEP issued a letter regarding the recent Compliance Sampling Inspection for

the wastewater facility. This letter noted that at the time of the inspection, two blowers located at the aeration basin, and the clarifier drive skimmer unit were not installed or operational at the facility. The letter also stated that these deficiencies were noted in previous Noncompliance Letter OCD-C-WW-10-0028 dated January 28, 2010. Please verify if the noted equipment has been repaired/installed, and if so, give the date of completion. If not, please provide an update on the status of the repairs and expected completion date.

RESPONSE:

List of Completed and Contracted Repairs:

- a. W/W blowers installed, new computer controls for blowers, protective building erected over blowers and timed lighting installed (>\$2,500, March 2011)
- b. Lower arm (scraper) of clarifier repaired and working January 2011
- c. Skimmer arm contracted for reproduction and installation; pump ordered Repairs and upgrade to be completed by end of May 2011.
- d. Inspection and estimate prepared for complete restoration and upgrade of wastewater plant (April 2011).
- e. Pump motors replaced and variable speed drive installed for non-potable system. (\$18,000 paid in full, March 2011)
- f. Lift stations upgraded with new wiring, motors and signal devices. (\$2,000 paid in full, March 2011)
- g. New wiring and auto-call system currently being installed for R/O plant (\$14,500 estimate, ETC 1 May 2011)
- h. New transducer installed for non-potable water tank (April 2011)
- i. John Deere Gator provided for maintenance work (\$4,500, March 2011)
- j. Check valves installed for non-potable system (April 2011)

3. Notice of Application. Pursuant to Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, F.A.C., the application contains an affidavit that the actual notice of the application was given to the entities on the list provided by the Commission. However, Exhibit E of the application does not include the list of entities that were mailed a notice. Please provide the list of entities referenced in the affidavit in Exhibit E.

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
April 27, 2011
Page 6

RESPONSE: Enclosed is an Amended Affidavit of Mailing correcting that omission.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/der
Enclosures

cc: Mr. Reginald J. Burge (w/enclosures) (via e-mail)
Mr. Kevin Burge (w/enclosures) (via e-mail)
Kelly Sullivan, Esquire (w/enclosures)
Mr. James I. Minnes (w/enclosures)

Regulated Plant Accounting

Robert F. Dodrill Sr. CPA
2307 Amherst Ave. Orlando, Florida 32804-5401
Phone 407-843-9060 Cell 321-217-6407 FAX 407-843-0890

December 7, 2010

Mr. Reginald Burge
Laniger Enterprises of America
2340 NE Dixie Highway
Jensen Beach, Florida 34957

To the Operating Group of Aquarina Utilities

Per your request, I have projected the following 2011 thru 2013 operating statements of Aquarina Utilities based on the 2006 through 2009 Florida Public Service Commission Annual Reports of Service Management Systems, Inc. (A Florida utility corporation with FPSC Water and Wastewater Certificates numbered 517-W and 450-S respectively).

These projections are in an informative format similar to that used by the Florida Public Service Commission and are the representations of the Management of Aquarina Utilities. I have not audited or reviewed the underlying reports and proforma adjustments and accordingly, can not express opinion or any form of assurance on them. Note: Corrections were made to the 2009 Annual Report prior to the mechanics of projection.

These projections contain proforma adjustments and estimates made by the Management and the Operating Group of Aquarina Utilities which differ from generally accepted accounting principles. This information is not designed for those who are not informed about such differences.

I am not independent with respect to Aquarina Utilities

Thank you very much,

Robert F. Dodrill, Sr.

ACCT NUMBER	DESCRIPTION	TOTAL B-SEWER	10 Mo Totdate											
			2006	2007	2008	2009	2010	2010	2011	2011	2012	2012	2013	
HOME														
OPERATING REVENUE		1,292,094	131,628	136,880	143,119	143,781	124,670	149,604	0	151,848	0	154,126	0	156,438
OPERATING EXPENSES		1,125,883	136,066	172,801	139,390	147,117	0	140,492	1,000	123,972	1,200	127,135	1,200	135,509
ACTUAL OPER. INCOME		166,211	-4,438	-35,921	3,729	-3,336	124,670	9,112	-1,000	27,876	-1,200	26,990	-1,200	20,928
(AVAILABLE FOR DEBT SERVICE)							XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
DEBT SERVICE							XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	25,000	XXXXXXXXXX	25,000	XXXXXXXXXX	25,000
(AVAILABLE AFTER DEBT SERVICE)							XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	2,876	XXXXXXXXXX	1,990	XXXXXXXXXX	-4,072
Authorized NOI @ 12.03%		3,400	0	0	0	0	0	0	1,000	0	1,200	0	1,200	0
Authorized Rate of Return		8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%	8.78%
Authorized Rate Base 2003		158,306	0	0	0	0	0	0	0	0	0	0	0	0
Current Rate Base (2004) >>		145,298	-28,543	-28,543	-28,543	-28,543	XXXXXXXXXX	-28,543	XXXXXXXXXX	-28,543	XXXXXXXXXX	-28,543	XXXXXXXXXX	-28,543
Average R/ R on Cur RB =		12.4%	186.6%	125.8%	-13.1%	11.7%	XXXXXXXXXX	-31.9%	XXXXXXXXXX	-97.7%	XXXXXXXXXX	-94.6%	XXXXXXXXXX	-73.3%
=====														
REVENUE (Direct entry)									Index Increase	Index Increase	Index Increase			
522 Residential Rev		1,292,214	131,628	136,880	143,119	143,901	124,670	149,604	0	151,848	0	154,126	0	156,438
Less Billing Credit														
Guaranteed Revenue		-120	0	0	0	-120	0	0	0	0	0	0	0	0
Late Charges		0	0	0	0	0	0	0	0	0	0	0	0	0
RAF		5,923.26	6,159.80	6,440.36	6,470.15	6,610.15	6,732.18	0.00	6,833.18	0.00	6,935.88	0.00	7,038.70	
TOTAL REVENUE		1,292,094	131,628	136,880	143,119	143,781	124,670	149,604	0	151,848	0	154,126	0	156,438
Total NonMisc Rev		1,292,214												034
RAF Payable		58,144.21							Index incr 1.5%					
O & M EXPENSES														
		A37-093	DO NOT INPUT EXPENSES DIRECTLY HERE CTL-G A-84					DO NOT INPUT EXPENSES DIRECTLY HERE CTL-G A-84						
701 Sal Employees		300,117	53,379	35,041	36,306	19,391	0	52,000	0	32,000	0	34,000	0	38,000
703 Sal Officers		0	0	0	0	0	0	0	0	0	0	0	0	0
704 Employee Benefits		24,224	4,373	2,817	386	-352	0	0	0	5,000	0	5,500	0	6,500
710 Purchased Treatment			0	0	0	0	0	0	0	0	0	0	0	0
711 Sludge Removal		18,000	0	0	0	0	0	0	0	4,000	0	6,000	0	8,000
715 Purchased Power		193,001	24,000	19,208	24,133	24,660	0	23,000	1,000	24,000	1,000	25,000	1,000	26,000
716 Fuel for power Production			188	287	340	342	0	0	0	0	0	0	0	0
718 Chemicals		43,066	9,051	9,411	8,911	8,293	0	4,000	0	800	200	1,000	200	1,200

720 Materials	111,652	7,927	53,177	3,719	17,829	0	0	0	7,000	0	10,000	0	12,000
731 Contract - Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0
732 Contract - Accounting	26,034	1,116	2,872	2,546	0	0	6,500	0	6,000	0	4,000	0	3,000
733 Contract - Legal	34,517	0	1,333	17,553	7,231	0	5,000	0	1,000	0	1,200	0	1,200
734 Contract- Mgt Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
735 Contract - Testing	7,123	0	0	0	1,423	0	0	0	1,800	0	1,900	0	2,000
736 Contract - Other	76,285	6,613	6,916	11,952	21,804	0	10,000	0	5,000	0	6,000	0	8,000
741 Rents Build / Realty	0	0	0	0	0	0	0	0	0	0	0	0	0
742 Rents Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
750 Trans Exp	4,280	1,033	880	650	1,717	0	0	0	0	0	0	0	0
756 Insurance - Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0
757 Insurance - Gen Liability	26,444	2,853	3,853	3,738	0	0	4,000	0	4,000	0	4,000	0	4,000
758 Insurance - Work Comp	988	0	0	988	0	0	0	0	0	0	0	0	0
759 Insurance - Other	4,232	0	0	0	4,232	0	0	0	0	0	0	0	0
760 Advertising Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
766 Regulatory Exp	1,993	1,993	0	0	0	0	0	0	0	0	0	0	0
767 Regulatory Comm. Exp	3,331	0	0	0	3,331	0	0	0	0	0	0	0	0
770 Bad Debt Expense	0	3	-3	0	0	0	0	0	0	0	0	0	0
775 Miscellaneous	56,130	10,205	7,037	4,706	7,182	0	10,000	0	10,000	0	5,000	0	2,000
Operation & Maintenance Total	931,417	122,734	142,829	115,928	117,083	0	114,500	1,000	100,600	1,200	103,600	1,200	111,900
A95-O110							avg		avg		avg		avg
403 Depreciation Exp.	205,694	23,742	24,020	24,020	31,064	0	25,712	0	25,712	0	25,712	0	25,712
403 CIAC Amortization	-140,520	-16,442	-17,486	-17,932	-18,400	0	-17,565	0	-17,565	0	-17,565	0	-17,565
							%		%		%		%
408.5 Taxes Other Exp - RAF	52,534	5,923	6,159	6,441	6,470	0	6,732	0	6,833	0	6,936	0	7,040
408.6 Taxes Other Exp - R/E	67,833	109	17,279	8,364	8,300		8,513		8,392		8,453		8,423
408.7 Taxes Other Exp - Other	7,789	0		2,569	2,600		2,600						
409 Income Tax Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSE	173,837	136,066	172,801	139,390	147,117	0	140,492	1,000	123,972	1,200	127,135	1,200	135,509

AQUARINA UTILITIES - Projected Cash Flow

WASTEWATER

Description of Accounts	2011		2012		2013
REVENUE	\$151,848	(1)	\$154,126	(1)	\$156,438
O and M Expenses	100,600		103,600		111,900
Depreciation	25,712		25,712		25,712
Amortization	-17,565		-17,565		-17,565
Regulatory Fee	6,833	(2)	6,936	(2)	7,040
Taxes Other R/E	6,392		6,453		6,423
Taxes Other - Other	2,000		2,000		2,000
TOTAL OPERATING EXP	123,972		127,136		135,510
OPERATING INCOME (AVAIL FOR DEBT SERVICE)	27,876		26,990		20,928
DEBT SERVICE	25,000	(3)	25,000	(3)	25,000
(AFTER DEBT SERVICE)	\$2,876		\$1,990		-\$4,072
					Rate Case Needed

- (1) Revenue increasing by Index filing with Florida PSC
(2) Regulatory Fee of 4.5% of revenue to FPSC
(3) Debt Service of \$50,000 split 50/50 Water/Sewer

See Associated Letter

H45

NUMBER	DESCRIPTION	TOTAL B-WATER	10 Mo ToDate										2013	
			2006	2007	2008	2009	2010	2010	2011 adjs	2011	2012 adjs	2012		2013 adjs
			HOME											
OPERATING INCOME		\$2,224,804	\$263,994	\$248,300	\$236,503	\$220,233	\$210,563	\$252,675	\$3,790	\$256,465	\$3,847	\$260,312	\$3,905	\$264,217
OPERATING EXPENSES		2,043,666	250,573	296,077	316,226	270,995	XXXXXXXX	213,979	1,000	222,132	1,050	227,205	1,050	241,381
ACTUAL OPER. INCOME		-7,869	13,421	-48,777	-79,723	-50,762	XXXXXXXX	38,696	XXXXXXXX	34,333	XXXXXXXX	33,107	XXXXXXXX	22,836
(AVAILABLE FOR DEBT SERVICE)							XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX
DEBT SERVICE							XXXXXXXX	XXXXXXXX	XXXXXXXX	25,000	XXXXXXXX	25,000	XXXXXXXX	25,000
(AVAILABLE AFTER DEBT SERVICE)							XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX
Authorized NOI @ 10.47%		0	0	0	0	0	0	0	0	0	0	0	0	0
To Date														
Authorized Rate of Return		10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%	10.47%
Current Rate Base (20XX) >>		68,582	509,082	430,585	359,487	289,215	289,215	289,215	0	289,215	0	289,215	0	289,215
Achieved V														
Rate of Return =		-2.53%	2.64%	-11.56%	-22.18%	-17.55%	XXXXXXXX	0.00%	0.00%	XXXXXXXX	0.00%	11.45%	8.00%	7.90%
=====														
REVENUE (Direct entry)									Index Increase	Index Increase	Index Increase			
461 Primary Revenue		2,224,804	263,994	248,300	236,503	220,233	210,563	252,675	3,790	256,465	3,847	260,312	3,905	264,217
Less: Billing Credit														
\$7.32 Misc. Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
Late Charges		0	0	0	0	0	0	0	0	0	0	0	0	0
RAF			11,876.72	11,173.00	10,842.84	9,916.49	8,473.34	11,376.39	176.66	11,648.83	173.11	11,714.34	173.71	11,889.75
TOTAL REVENUE		2,224,804	263,994	248,300	236,503	220,233	210,563	252,675	3,790	256,465	3,847	260,312	3,905	264,217
		2,224,804												
O & M EXPENSES														
601 Sal Employees		399,393	53,379	70,042	70,400	39,532	0	52,000	0	36,000	0	38,000	0	40,000
603 Sal Officers		0	0	0	0	0	0	0	0	0	0	0	0	0
604 Employee Benefits		35,150	8,744	5,634	772	0	0	0	0	6,000	0	6,500	0	7,500
610 Purched Water		0	0	0	0	0	0	0	0	0	0	0	0	0
615 Purched Power		394,164	48,000	40,995	54,348	49,249	0	48,148	1,000	49,148	1,000	50,148	1,000	51,148
616 Fuel for power		4,052	376	574	680	0	0	543	0	543	50	593	50	643
618 Chemicals		64,274	18,758	16,376	17,812	685	0	1,443	0	2,200	0	2,400	0	2,800
620 Materials		124,521	15,736	30,336	38,368	2,081	0	4,000	0	6,000	0	12,000	0	16,000
631 Contract - Engineering		0	0	0	0	0	0	0	0	0	0	0	0	0
632 Contract - Accounting		48,305	2,232	5,744	6,367	14,462	0	6,500	0	6,000	0	4,000	0	3,000
633 Contract - Legal		32,272	0	2,666	15,606	0	0	5,000	0	2,000	0	3,000	0	4,000

634 Contract - Mgt Fee	82,976	0	0	0	56,976	0	0	0	6,000	0	8,000	0	12,000	
635 Contract - Testing	18,145	0	0	0	6,545	0	4,000	0	3,000	0	2,000	0	2,600	
636 Contract - Other	99,852	13,760	15,659	17,801	6,832	0	10,000	0	12,000	0	12,000	0	12,000	
641 Rents Build / Realty	0	0	0	0	0	0	0	0	0	0	0	0	0	
642 Rental of Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	
650 Trans Exp	8,511	2,066	1,760	1,300	3,385	0	0	0	0	0	0	0	0	
656 Insurance - Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	0	
656 Insurance - Gen Liab	51,874	5,706	7,706	9,762	8,725	0	7,975	0	4,000	0	4,000	0	4,000	
656 Insurance - Work Com	1,976	0	0	1,976	0	0	0	0	0	0	0	0	0	
656 Insurance Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
660 Advertising Exp	0	0	0	0	0	0	0	0	0	0	0	0	0	
666 Reg. Rate Case Exp	3,986	3,986	0	0	0	0	0	0	0	0	0	0	0	
667 Regulatory Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
670 Bad Debt Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	
675 Miscellaneous	128,061	20,241	12,074	9,171	25,575	0	10,000	0	20,000	0	15,000	0	16,000	
Operation & Maintenance Total	1,497,532	192,984	211,606	244,363	213,847	0	149,609	1,000	152,891	1,050	157,641	1,050	171,491	-1,497,532
403 Depreciation Exp.	543,519	62,323	65,661	65,588	69,947	0	70,000	0	70,000	0	70,000	0	70,000	
403 CIAC Amortization	-199,223	-16,832	-24,923	-26,234	-28,234	0	-25,000	0	-25,000	0	-26,000	0	-27,000	
408.1 Taxes Other Exp - RAF	96,124	11,890	11,175	10,643	9,910	0	11,370	0	11,541	0	11,714	0	11,890	
408.2 Taxes Other Exp - R/E	96,029	218	34,558	16,728	5,525	0	8,000	0	10,000	0	11,000	0	12,000	
408.3 Taxes Other Exp - P/R	13,688	0	0	5,138	0	0	0	0	2,700	0	2,850	0	3,000	
409 Income Tax Exp.	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL OPERATING EXPENSE	1,931,951	250,573	298,077	316,226	270,995	0	213,979	1,000	222,132	1,050	227,205	1,050	241,381	

Estimated

P110

AQUARINA UTILITIES - Projected Cash Flow

WATER

Description of Accounts	2011		2012		2013
REVENUE	\$256,465	(1)	\$260,312	(1)	\$264,217
O and M Expenses	152,891		157,641		171,491
Depreciation	70,000		70,000		70,000
Amortization	-25,000		-26,000		-27,000
Regulatory Fee	11,541	(2)	11,714	(2)	11,890
Taxes Other R/E	10,000		11,000		12,000
Taxes Other - Other	2,700		2,850		3,000
TOTAL OPERATING EXP	222,132		227,205		241,381
OPERATING INCOME (AVAIL FOR DEBT SERVICE)	34,333		33,107		22,836
DEBT SERVICE	25,000	(3)	25,000	(3)	25,000
(AFTER DEBT SERVICE)	\$9,333		\$8,107		-\$2,164
					Rate Case Needed

- (1) Revenue increasing by Index filing with Florida PSC
(2) Regulatory Fee of 4.5% of revenue to FPSC
(3) Debt Service of \$50,000 split 50/50 Water/Sewer

See Associated Letter

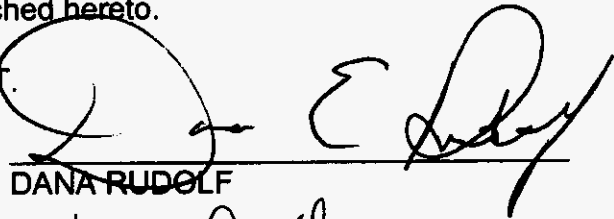
H45

**AMENDED
AFFIDAVIT OF MAILING**
(to include list omitted from original Affidavit)

STATE OF FLORIDA
COUNTY OF SEMINOLE


Before me, the undersigned authority, authorized to administer oaths and take acknowledgments, personally appeared DANA RUDOLF, who, after being duly sworn on oath, did depose on oath and say that she is the secretary of Martin S. Friedman, attorney for Aquarina Utilities, Inc., and that on the 25th of February, 2011, she did send by U.S. Mail a copy of the notice attached hereto to each of the utilities, governmental bodies, agencies, or municipalities, in accordance with the list provided by the Florida Public Service Commission, which is also attached hereto.

FURTHER AFFIANT SAYETH NAUGHT.



DANA RUDOLF

Sworn and subscribed to before me this 27th day of April, 2011, by Dana Rudolf, who is personally known to me or who has provided _____ as identification.



Notary Public - STATE OF FLORIDA
Print Name: _____
My Commission Expires: _____



EXHIBIT "E"

**NOTICE OF APPLICATION FOR TRANSFER UTILITY ASSETS
AND WATER AND WASTEWATER CERTIFICATES**

NOTICE IS HEREBY given on the 25th day of February, 2011, pursuant to Section 367.071, Florida Statutes, of the Application for Transfer of the Utility Assets of Service Management Systems, Inc., and Certificate Nos. 517-W and 450-S to Aquarina Utilities, Inc., providing water and wastewater service to the following described territory in Brevard County, Florida:

WATER SERVICE AREA

A PORTION OF SECTIONS 25, 35 AND 36 TOWNSHIP 29 SOUTH, RANGE 38 EAST, SECTION 31, TOWNSHIP 29 SOUTH, RANGE 39 EAST, SECTION 1, TOWNSHIP 30 SOUTH, RANGE 38 EAST AND SECTION 6, TOWNSHIP 30 SOUTH, RANGE 39 EAST, BREVARD COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGIN AT THE SOUTHWEST CORNER OF SAID SECTION 25 AND RUN N00°19'34"W ALONG THE WEST LINE OF SAID SECTION 25 A DISTANCE OF 1327.58 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 25; THENCE RUN S88°30'24"E ALONG NORTH LINE OF THE SOUTH 1/2 OF THE SOUTH 1/2 OF SECTION 25 A DISTANCE OF 2634 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE ATLANTIC OCEAN; THENCE RUN SOUTHERLY ALONG SAID MEAN HIGH WATER LINE THROUGH SAID SECTIONS 25, 36, 31 AND 6 A DISTANCE OF 12127 FEET MORE OR LESS TO THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 6; THENCE RUN N88°48'45"W ALONG THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SECTION 6 A DISTANCE OF 1524 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE INDIAN RIVER; THENCE RUN NORTHERLY ALONG THE MEAN HIGH WATER LINE OF THE INDIAN RIVER AND MULLET CREEK 16336 FEET MORE OR LESS TO THE NORTH LINE OF SAID SECTION 35; THENCE RUN S88°22'47"E ALONG THE NORTH LINE OF SECTION 35 A DISTANCE OF 982 FEET MORE OR LESS TO THE POINT OF BEGINNING.

WASTEWATER SERVICE AREA

A PORTION OF SECTIONS 25, 26, 35 AND 36 TOWNSHIP 29 SOUTH, RANGE 38 EAST, AND SECTION 31, TOWNSHIP 29 SOUTH, RANGE 39 EAST, BREVARD COUNTY, FLORIDA BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGIN AT THE WEST 1/4 CORNER OF SAID SECTION 25 AND RUN N00°18'50"W ALONG THE WEST LINE OF SAID SECTION 25 A DISTANCE OF 1340.83 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTH 1/2 OF SAID SECTION 25; THENCE RUN S88°31'07"E ALONG NORTH LINE OF THE SOUTH 1/2 OF THE NORTH 1/2 OF SECTION 25 A DISTANCE OF 1351 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE ATLANTIC OCEAN; THENCE RUN SOUTHERLY ALONG SAID

MEAN HIGH WATER LINE THROUGH SAID SECTIONS 25, 36, AND 31 A DISTANCE OF 9203 FEET MORE OR LESS TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 36; THENCE RUN N88°23'42"W ALONG SAID LINE AND THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SECTION 36 A DISTANCE OF 790 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE INDIAN RIVER; THENCE RUN NORTHERLY ALONG THE MEAN HIGH WATER LINE OF THE INDIAN RIVER AND MULLET CREEK 8315 FEET MORE OR LESS TO THE SOUTH LINE OF SAID SECTION 26; THENCE RUN S88°22'47"E ALONG THE SOUTH LINE OF SAID SECTION 26 A DISTANCE OF 982 FEET TO THE COMMON CORNER OF SAID SECTIONS 25, 26, 35 AND 36; THENCE RUN ALONG THE WEST LINE OF SAID SECTION 25 N00°19'34"W 1327.58 TO THE SOUTHEAST CORNER OF GOVERNMENT LOT 3 OF SAID SECTION 26; THENCE RUN N88°30'25"W ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 3 A DISTANCE OF 1276 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF MULLET CREEK; THENCE RUN NORTHERLY ALONG THE MEAN HIGH WATER LINE OF MULLET CREEK 1903 FEET MORE OR LESS TO THE NORTH LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 26; THENCE RUN S88°31'12"E ALONG THE NORTH LINE OF THE SOUTHEAST 1/4 OF SECTION 26 A DISTANCE OF 2431 MORE OR LESS TO THE POINT OF BEGINNING.

Any objections to the Application must be made in writing and filed with the Commission Clerk, Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, no later than 30 days from the date of this Notice, with a copy to Martin S. Friedman, Esquire, Rose, Sundstrom & Bentley, LLP, 766 N. Sun Drive, Suite 4030, Lake Mary, Florida 32746. The objection must state the grounds for the objection with particularity.

AQUARINA UTILITIES, INC.

**LIST OF WATER AND WASTEWATER UTILITIES IN BREVARD COUNTY
(VALID FOR 60 DAYS)
02/23/2011 - 04/23/2011**

UTILITY NAME

MANAGER

BREVARD COUNTY

AQUA UTILITIES FLORIDA, INC. (WU879)
2228 CAPITAL CIRCLE N.E., SUITE 1A
TALLAHASSEE, FL 32308-4306

TROY RENDELL
(850) 575-8500

COLONY PARK UTILITIES, INC. (SU288)
6786 MANGROVE DRIVE
MERRITT ISLAND, FL 32953-6849

MICHAEL ABRAMOWITZ
(321) 453-1400

EAST CENTRAL FLORIDA SERVICES, INC. (WU643)
4550 DEER PARK ROAD
ST. CLOUD, FL 34773

JAMES B. PAYNE
(407) 957-6651

FARMTON WATER RESOURCES LLC (WU859)
1625 OSTEEN MAYTOWN ROAD
OSTEEN, FL 32764-9632

F. MARSHALL DETERDING
(850) 877-6555

NORTHGATE PROPERTIES, INC. (WS172)
3277 FIRST AVENUE
MIMS, FL 32754-3134

LESTER GROOMS
(321) 267-0144

SERVICE MANAGEMENT SYSTEMS, INC. (WS571)
826 CREEL STREET
MELBOURNE, FL 32935-5992

DENNIS BASILE
(321) 751-1200

**LIST OF WATER AND WASTEWATER UTILITIES IN BREVARD COUNTY
(VALID FOR 60 DAYS)
02/23/2011 - 04/23/2011**

UTILITY NAME

MANAGER

GOVERNMENTAL AGENCIES

CLERK, BOARD OF COUNTY COMMISSIONERS, BREVARD COUNTY
P. O. BOX 999
TITUSVILLE, FL 32781-0999

DEP CENTRAL DISTRICT
3319 MAGUIRE BLVD., SUITE 232
ORLANDO, FL 32803-3767

EAST CENTRAL FLORIDA PLANNING COUNCIL
631 NORTH WYMORE ROAD, SUITE 100
MAITLAND, FL 32751

MAYOR, CITY OF CAPE CANAVERAL
P. O. BOX 326
CAPE CANAVERAL, FL 32920-0326

MAYOR, CITY OF COCOA
603 BREVARD AVENUE
COCOA, FL 32922-7807

MAYOR, CITY OF COCOA BEACH
UTILITIES DIRECTOR
P. O. BOX 322430
COCOA BEACH, FL 32932-2430

MAYOR, CITY OF INDIAN HARBOUR BEACH
2055 SOUTH PATRICK DRIVE
INDIAN HARBOUR BEACH, FL 32937-4447

MAYOR, CITY OF MELBOURNE
900 EAST STRAWBRIDGE AVENUE
MELBOURNE, FL 32901-4739

MAYOR, CITY OF PALM BAY
120 MALABAR ROAD, S.E.
PALM BAY, FL 32907-3009

MAYOR, CITY OF ROCKLEDGE
1600 HUNTINGTON LANE
ROCKLEDGE, FL 32955-2617

MAYOR, CITY OF SATELLITE BEACH
565 CASSIA BLVD.
SATELLITE BEACH, FL 32937-3197

**LIST OF WATER AND WASTEWATER UTILITIES IN BREVARD COUNTY
(VALID FOR 60 DAYS)
02/23/2011 - 04/23/2011**

UTILITY NAME

GOVERNMENTAL AGENCIES

MANAGER

MAYOR, CITY OF TITUSVILLE
P. O. BOX 2806
TITUSVILLE, FL 32781-2806

MAYOR, CITY OF WEST MELBOURNE
2285 MINTON ROAD
WEST MELBOURNE, FL 32904-4916

MAYOR, TOWN OF INDIALANTIC
216 FIFTH AVENUE
INDIALANTIC, FL 32903-3199

MAYOR, TOWN OF MALABAR
2725 MALABAR ROAD
MALABAR, FL 32950-1427

MAYOR, TOWN OF MELBOURNE BEACH
507 OCEAN AVENUE
MELBOURNE BEACH, FL 32951-2523

MAYOR, TOWN OF MELBOURNE VILLAGE
555 HAMMOCK ROAD
MELBOURNE VILLAGE, FL 32904-2513

MAYOR, TOWN OF PALM SHORES
5030 PAUL HURTT LANE
PALM SHORES, FL 32940-7200

ST. JOHNS RIVER WTR. MANAGEMENT DISTRICT
P.O. BOX 1429
PALATKA, FL 32178-1429

**LIST OF WATER AND WASTEWATER UTILITIES IN BREVARD COUNTY
(VALID FOR 60 DAYS)
02/23/2011 - 04/23/2011**

UTILITY NAME

STATE OFFICIALS

MANAGER

OFFICE OF PUBLIC COUNSEL
111 WEST MADISON STREET
SUITE 812
TALLAHASSEE, FL 32399-1400

OFFICE OF COMMISSION CLERK
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850