

## Crystal Card

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**From:** Amy Williams <awilliams@uswatercorp.net>  
**Sent:** Monday, December 09, 2013 2:02 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** HC Waterworks, Inc. ~ Docket No. 130175-WS  
**Attachments:** HCWW Ltr. 10-01-13 Docket #130175-WS App of Transfer.pdf  
  
**Importance:** High

FPSC,

Please allow this submission on behalf of HC Waterworks, Inc. in regards to Docket No. 130175-WS.

Any questions or concerns please feel free to contact my office directly at (727) 848-8292 ext. 239

Thank You,

*Amy N. Williams*

**Enterprise Systems - Accounting Admin**

*U.S. Water Services Corporation*

*4939 Cross Bayou Blvd.*

*New Port Richey, FL 34652-3434*

P: (727) 848-8292 ext. 239

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# HC WATERWORKS, INC.

October 31, 2013

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

RE: FPSC Letter Dated October 1, 2013 Concerning Docket No. 130175-WS Application for Approval of Transfer – Deficiency Letter in Response to Our Letter Dated: August 26, 2013

Ms. Cole:

Below are the responses to Mr. Tom Ballinger's Letter:

Deficiencies:

- 1: The Utility has not assumed any non-regulated operations or entities.
- 2: There are no considerations between the parties as it relates to any obligations.
- 3: There were no guaranteed revenue contracts or developer agreements.
- 4: The utility has taken steps to acquire the income tax returns from Aqua. Aqua has agreed to provide these returns upon approval of transfer. The Utility is in agreement.

Additional Information:

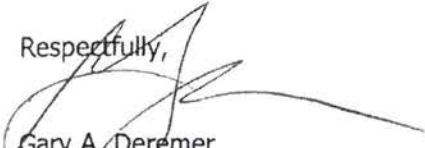
1. Schedules:

Schedule 1.1(d). There was no Scheduled 1.1(d). This letter will serve as Buyer shall not assume any obligations of Seller under any contract, agreement, commitment, lease, certificate, order, notice, permit or other instrument, whether oral, written, express or implied.

2. Other:

Attached is the 3-year budget requested:

Respectfully,



Gary A. Dereemer  
President HC Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

**HC WATERWORKS**  
**Proposed Operating Proforma**  
**Revision: 6/3/13**  
**2013-2015**

|   | 04/01/13-03/31/14                     | 04/01/14-03/31/15                     | 04/01/15-03/31/16                     |                          |  |
|---|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------|--|
|   | Sebring / Lake<br>Josephine / Leisure | Sebring / Lake<br>Josephine / Leisure | Sebring / Lake<br>Josephine / Leisure | Total for all categories |  |
| <b>System Revenues</b>                                |                                       |                                       |                                       |                          |  |
| Water Revenues:                                       | \$ 423,128.00                         | \$ 427,782.41                         | \$ 432,488.01                         | \$ 1,283,398.42          |  |
| Wastewater Revenues:                                  | \$ 117,318.00                         | \$ 118,608.50                         | \$ 119,913.19                         | \$ 355,839.69            |  |
| Other Revenues:                                       | \$ 10,958.00                          | \$ 10,958.00                          | \$ 10,958.00                          | \$ 32,874.00             |  |
| Index on WTR/WST Revenues (Aqua 2012):                | \$ 5,404.46                           | \$ 5,463.91                           | \$ 5,524.01                           | \$ 16,392.38             |  |
| Index = 1.1%  | \$ 6,004.36                           | \$ 6,070.40                           | \$ 6,137.18                           | \$ 18,211.94             | Note: 1.1% Utilized as Annual Index        |
| Proposed Rate Increase                                | \$ -                                  | \$ -                                  | \$ -                                  | \$ -                     |  |
| <b>Total Utility Revenues:</b>                        | <b>\$ 562,812.82</b>                  | <b>\$ 568,883.22</b>                  | <b>\$ 575,020.40</b>                  | <b>\$ 1,706,716.43</b>   |  |
| <b>Operating Expenses:</b>                            |                                       |                                       |                                       | \$ -                     |  |
| USW O & M Customer Service & Billing - Water          | \$ 196,709.82                         | \$ 201,037.44                         | \$ 205,460.26                         | \$ 603,207.52            | Anticipate CPI 2.2% Annually               |
| USW O & M Customer Service & Billing - Wastewater     | \$ 57,679.37                          | \$ 58,948.32                          | \$ 60,245.18                          | \$ 176,872.87            | Anticipate CPI 2.2% Annually               |
| Officer Salaries                                      | \$ 18,000.00                          | \$ 18,000.00                          | \$ 18,000.00                          | \$ 54,000.00             |  |
| Chemicals   | \$ 19,625.11                          | \$ 19,625.11                          | \$ 19,625.11                          | \$ 58,875.33             |  |
| Sludge  | \$ 15,645.00                          | \$ 15,645.00                          | \$ 15,645.00                          | \$ 46,935.00             |  |
| Bad Debt  | \$ 11,256.26                          | \$ 11,377.66                          | \$ 11,500.41                          | \$ 34,134.33             | Estimated - Trends with Revenue            |
| Purchase Water  | \$ -                                  | \$ -                                  | \$ -                                  | \$ -                     |  |
| Purchased Power                                       | \$ 57,320.19                          | \$ 59,039.80                          | \$ 60,810.99                          | \$ 177,170.98            | Anticipated Annual Increase of 3% Annually |
| Insurance   | \$ 3,000.00                           | \$ 3,000.00                           | \$ 3,000.00                           | \$ 9,000.00              |  |
| Rents (land, etc.)                                    | \$ -                                  | \$ -                                  | \$ -                                  | \$ -                     |  |
| Sunshine Locates                                      | \$ 500.00                             | \$ 500.00                             | \$ 500.00                             | \$ 1,500.00              |  |
| Misc. Expenses  | \$ 5,628.13                           | \$ 5,688.83                           | \$ 5,750.20                           | \$ 17,067.16             | Estimated - Trends with Revenue            |
| SCADA/Phones  | \$ 1,800.00                           | \$ 1,800.00                           | \$ 1,800.00                           | \$ 5,400.00              |  |
| <b>Total Direct Operating Expenses</b>                | <b>\$ 387,163.87</b>                  | <b>\$ 394,662.15</b>                  | <b>\$ 402,337.15</b>                  | <b>\$ 1,184,163.18</b>   |  |
| <b>Net Operating Revenues Before Other Deductions</b> | <b>\$ 175,648.94</b>                  | <b>\$ 174,221.06</b>                  | <b>\$ 172,683.25</b>                  | <b>\$ 522,553.25</b>     |  |
|   |                                       |                                       |                                       | \$ -                     |  |

**HC WATERWORKS**  
**Proposed Operating Proforma**  
**Revision: 6/3/13**  
**2013-2015**

|   | 04/01/13-03/31/14                     | 04/01/14-03/31/15                     | 04/01/15-03/31/16                     |                          |
|---|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------|
|   | Sebring / Lake<br>Josephine / Leisure | Sebring / Lake<br>Josephine / Leisure | Sebring / Lake<br>Josephine / Leisure | Total for all categories |
| <b>Allowances for Other Deductions:</b>       |                                       |                                       |                                       | \$ -                     |
| Legal   | \$ 3,000.00                           | \$ 3,000.00                           | \$ 3,000.00                           | \$ 9,000.00              |
| FPSC Fee:                                     | \$ 25,326.58                          | \$ 25,599.74                          | \$ 25,875.92                          | \$ 76,802.24             |
| Other Taxes:                                  | \$ 29,950.00                          | \$ 29,950.00                          | \$ 29,950.00                          | \$ 89,850.00             |
| Assumed Ad Valorem Tax deduction              | \$ -                                  | \$ -                                  | \$ -                                  | \$ -                     |
| Bank Fees                                     | \$ 50.00                              | \$ 50.00                              | \$ 50.00                              | \$ 150.00                |
| Intrest Cost                                  | \$ 34,800.00                          | \$ 34,800.00                          | \$ 34,800.00                          | \$ 104,400.00            |
| Federal Accounting                            | \$ 2,500.00                           | \$ 2,500.00                           | \$ 2,500.00                           | \$ 7,500.00              |
| <b>Total Cost:</b>                            | <b>\$ 95,626.58</b>                   | <b>\$ 95,899.74</b>                   | <b>\$ 96,175.92</b>                   | <b>\$ 287,702.24</b>     |
|   |                                       |                                       |                                       | \$ -                     |
|   |                                       |                                       |                                       | \$ -                     |
| <b>Total Available Funds:</b>                 | <b>\$ 80,022.36</b>                   | <b>\$ 78,321.32</b>                   | <b>\$ 76,507.33</b>                   | <b>\$ 234,851.01</b>     |
|   |                                       |                                       |                                       | \$ -                     |
| Less Estimated Depreciation/R & R Replacement | \$ -                                  | \$ -                                  | \$ -                                  | \$ -                     |
| Net Operations                                | <b>\$ 80,022.36</b>                   | <b>\$ 78,321.32</b>                   | <b>\$ 76,507.33</b>                   | <b>\$ 234,851.01</b>     |

Prior to Depreciation and Possible CIP

Pending PSC Adj

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