

**Howard E. Adams**  
Attorney at LawPhone: (850) 222-3533  
Fax: (850) 222-2126  
gene@penningtonlaw.com

April 21, 2016

**Via Hand Delivery**Ms. Carlotta S. Stauffer  
Director of Office of Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Fla. 32399-0850**Re: Application of Commercial Utilities for  
Amendment of Certificate for Extension of Territory**

Dear Ms. Stauffer:

Please find enclosed for filing, an Application for Amendment of Certificate for Extension of Territory, by Commercial Utilities, A Division Of Grace And Company. A fee for filing this application has been hand delivered to the Clerk's office. Also hand delivered is a system map for filing in this docket.

Please find attached also a draft public notice for publication in a newspaper of general circulation in Duval County. I have drafted this in two different forms, a short form and a long form for review by staff. In addition, please consider this a formal request for the commission to provide, pursuant to Sect. 367.045, Fla. Statutes, and pursuant to Rule 25-30.030, Fla. Admin. Code, the list of parties to be noticed with this information. Upon receipt of this list, a notice will be mailed to the governmental, county, municipal and private parties as well as to all customers pursuant to the requirements of the statute.

Please let me know if you have questions or if our office can be of further assistance in this filing.

Sincerely,

A handwritten signature in blue ink that reads 'Howard E. Adams' with a stylized flourish at the end.

Howard E. Adams  
Atty. No. 322210  
Pennington P. A.  
215 South Monroe Street, 2<sup>nd</sup> Floor  
P.O. Box 10095  
Tallahassee, Fla. 32302-2095  
[Gene@penningtonlaw.com](mailto:Gene@penningtonlaw.com)  
Phone 850-222-3533; Fax (850) 224-2126  
Attorneys for Commercial Utilities

## Notice of Application for an Extension of Wastewater Service Area

Notice is hereby given this \_\_\_ day of April 2016, pursuant to Sect. 367.045(2), Florida Statutes, of the Application of Commercial Utilities, Inc., a division of Grace and Company, Inc., of its intent to apply to the Florida Public Service Commission for an extension of its service area to provide wastewater service to property in Jacksonville/Duval County, Florida, more particularly described as follows:

THOSE LANDS DESCRIBED AS A PART OF SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, LYING SOUTH OF AND ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF NORMANDY BOULEVARD (A 100-FOOT RIGHT-OF-WAY AS NOW ESTABLISHED) BETWEEN LANE AVENUE AND ELLIS ROAD ; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Parcel 1.

Generally described as Krystal Restaurant, 5814 Normandy Blvd., Jacksonville, Fla.; and

Parcel 2.

Generally described as Church's Fried Chicken, 5870 Normandy Blvd., Jacksonville, Fla.

For a complete description of the territory to be added, please contact Commercial Utilities, Inc., 865 South Lane Avenue, Jacksonville, FL 32205-4420, Telephone (904) 781-0970.

Any objections to the application must be made in writing and filed with the Director, Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Fla. 32399-0850, no later than 30 days from the date of this notice. A copy of the objection should be forwarded to Howard E. Adams, Pennington P.A., P.O. Box 10095, Tallahassee, FL 32302-2095. The objection must state the grounds for the objection with particularity.

Notice of Application for an Extension of Wastewater Service Area

Notice is hereby given this \_\_\_ day of April 2016, pursuant to Sect. 367.045(2), Florida Statutes, of the Application of Commercial Utilities, Inc., a division of Grace and Company, Inc., of its intent to apply to the Florida Public Service Commission for an extension of its service area to provide wastewater service to property in Jacksonville/Duval County, Florida, more particularly described as follows:

General Description:

THOSE LANDS DESCRIBED AS A PART OF SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE COMMENCE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EASTERLY LINE OF SAID SECTION 24, 31.19 FEET TO THE POINT OF BEGINNING. FROM THE POINT OF BEGINNING THUS DESCRIBED RUN SOUTH 72 DEGREES 27 MINUTES 20 SECONDS WEST, 186.29 FEET; RUN

THENCE NORTH 19 DEGREES 39 MINUTES 03 SECONDS WEST, 182.0 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF NORMANDY BOULEVARD (A 100-FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); RUN THENCE IN AN EASTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT-OF-WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 253.79 FEET TO A POINT WHERE SAID SOUTHERLY RIGHT-OF-WAY LINE INTERSECTS THE EASTERLY LINE OF SAID SECTION 24, THE BEARING OF THE AFORESAID MENTIONED CHORD BEING NORTH 71 DEGREES 54 MINUTES 57 SECONDS EAST; RUN THENCE SOUTH 0 DEGREES 43 MINUTES WEST ALONG SAID EASTERLY LINE OF SECTION 24, 194.04 FEET TO THE POINT OF BEGINNING; and

THOSE LANDS DESCRIBED AS A TRACT OF LAND LYING IN SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FOR POINT OF REFERENCE COMMENCE AT AN IRON PIPE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EAST LINE OF SAID SECTION 24, A DISTANCE OF 223.05 FEET TO AN IRON PIPE ON THE SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD (BEING A 100 FOOT RIGHT OF WAY AS NOW ESTABLISHED);

RUN THENCE SOUTH 71 DEGREES 22 MINUTES 10 SECONDS WEST, A DISTANCE OF 429.22 FT. TO AN IRON PIPE SET ON SAID SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD FOR THE POINT OF BEGINNING.

FROM THE POINT OF BEGINNING THUS DESCRIBED RUN IN A WESTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT OF WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 160.0 FEET, THE BEARING OF THE AFOREMENTIONED CHORD BEING SOUTH 70 DEGREES 00 MINUTES 40 SECONDS WEST;

RUN THENCE SOUTH 19 DEGREES 48 MINUTES 50 SECONDS EAST, A DISTANCE OF 160.0 FEET;

RUN THENCE NORTH 70 DEGREES 00 MINUTES 40 SECONDS EAST, A DISTANCE OF 160.0 FEET;

RUN THENCE NORTH 19 DEGREES 48 MINUTES 50 SECONDS WEST, A DISTANCE OF 160.0 FEET TO THE POINT OF BEGINNING.

For a complete description of the territory to be added, please contact Commercial Utilities, Inc., 865 South Lane Avenue, Jacksonville, FL 32205-4420, Telephone (904) 781-0970.

Any objections to the application must be made in writing and filed with the Director, Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Fla. 32399-0850, no later than 30 days from the date of this notice. A copy of the objection should be forwarded to Howard E. Adams, Pennington P.A., P.O. Box 10095, Tallahassee, FL 32302-2095. The objection must state the grounds for the objection with particularity.

**APPLICATION FOR AMENDMENT OF CERTIFICATE  
(EXTENSION, QUICK TAKE EXTENSION, OR DELETION)**

**(Pursuant to Section 367.045, Florida Statutes, and  
Rule 25-30.036, Florida Administrative Code)**

To: **Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850**

The undersigned hereby makes application for amendment of Water Certificate No. \_\_\_\_\_ and/or Wastewater Certificate No. 164-S to add  or delete  territory located in Duval County, Florida, and submits the following information:

Please check the type of amendment being requested. Based upon the type of amendment requested, please complete the following parts of the application. Where specific items are listed, only those items need to be completed under that part.

- Extension: Complete Parts I, II, V, and VI
- Quick Take: Complete Parts I, II (only items B-1, 2, 4, 6 and D-1, 2, 3), III, V, and VI
- Deletion: Complete Parts I, II (only items D-1, 2, 3), IV, V, and VI

**PART I APPLICANT INFORMATION**

- A) Contact Information for Utility. The utility's certificated name, address, telephone number, Federal Employer Identification Number, and if applicable, fax number, e-mail address, and website address. The utility's name should reflect the business and/or fictitious name(s) registered with the Department of State's Division of Corporations:

Commercial Utilities/ A Division of Grace & Company, Inc.

Utility Name

865 South Lane Avenue

Office Street Address

Jacksonville

Florida

32205-4420

City

State

Zip Code

Same

Mailing Address (if different from Street Address)

City	State	Zip Code
(904) 781 - 0970		(904) 571 - 7126
Phone Number		Fax Number
<b>59-0906107</b>		
Federal Employer Identification Number		
<b>Anne Lee &lt;incgrace@aol.com&gt;</b>		
E-Mail Address		
<b>N/A</b>		
Website Address		

- B) The contact information of the authorized representative to contact concerning this application:

**Howard E. "Gene" Adams**

Name		
<b>Pennington P.A., P. O. Box 10095</b>		
Mailing Address		
<b>Tallahassee</b>	<b>Florida</b>	<b>32302-2095</b>
City	State	Zip Code
(850) 222 - 3533		(850) 222 - 2126
Phone Number		Fax Number
<b>gene@penningtonlaw.com</b>		
E-Mail Address		

**PART II**

**TERRITORY AMENDMENT**

Part II should be completed as follows based upon the type of amendment requested.

Extension: Complete all items under Part II

Quick Take Extension: Only need to complete items B-1, 2, 4, 6 and D-1, 2, 3.

Deletion: Only need to complete items D-1, 2, 3.

**A) NEED FOR SERVICE IN THE PROPOSED AREA**

- 1) Exhibit A-1 - The number of customers currently being served and proposed to be served, by customer class and meter size, including a description of the types of customers anticipated to be served, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial.

See attached Page S-11 from the most recent annual report of the utility showing the current 40 customers of the utility and the meter size of each customer. All current customers are commercial accounts. The proposed additional customers are two currently operating restaurants as commercial customers.

The restaurants are requesting service through 2-inch force mains which will be served through 2-inch meters.

- 2) Exhibit A-2 - Provide a copy of all requests from service from property owners or developers in areas not currently served.
- 3) Exhibit N/A - Provide a copy of the current land use designation of the proposed service territory as described in the local comprehensive plan at the time the application is filed. If the proposed development will require a revision to the comprehensive plan, describe the steps taken and to be taken to facilitate those changes, including changes needed to address the proposed need for service.
- 4) Exhibit N/A - Provide a statement of any known land use restrictions, such as environmental restrictions imposed by governmental authorities.

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**B) TERRITORY DESCRIPTION, MAPS, FACILITIES, AND TECHNICAL ABILITY**

- 1) Exhibit N/A - If the utility is planning to build a new water or wastewater treatment plant to serve the proposed territory, provide documentation of the utility's right to access and continued use of the land upon which the new utility treatment facilities that will serve the proposed territory will be located. This documentation shall be in the form of a recorded warranty deed, recorded quit claim deed accompanied by title insurance, recorded lease such as a 99-year lease, or recorded easement. The applicant may submit an unrecorded copy of the instrument granting the utility's right to access and continued use of the land upon which the utility treatment facilities are or will be located, provided the applicant files a recorded copy within the time prescribed in the order granting the amendment to the certification of authorization.

- 2) Exhibit B-2 - Provide a legal description of the territory proposed to be served in the format prescribed in Rule 25-30.029, F.A.C. In addition, if the extension of territory is adjacent to existing territory, provide one complete legal description of the resulting territory including both existing and expanded portions.
- 3) Exhibit B-3 - Provide a detailed system map showing the proposed lines and treatment facilities, with the territory proposed to be served plotted thereon, consistent with the legal description provided in B-1 above. If the territory to be served is adjacent to the utility's existing territory, provide a complete map showing both existing and expanded territories. The map shall be of sufficient scale and detail to enable correlation with the description of the territory.
- 4) Exhibit B-3 - Provide an official county tax assessment map or other map showing township, range, and section, with a scale such as 1" = 200' or 1" = 400', with the proposed territory plotted thereon, consistent with the legal description provided in B-1 above.
- 5) Exhibit B-4 - Provide a statement describing the capacity of the existing lines, the capacity of the existing treatment facilities, and the design capacity of the proposed extension.

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- 6) Exhibit N/A - Provide a copy of all current permits issued by the Department of Environmental Protection (DEP) and by the water management district.
- 7) Exhibit N/A - Provide a copy of the most recent DEP and/or county health department sanitary survey, compliance inspection report, and secondary water quality standards report.
- 8) Exhibit N/A - Provide a copy of all correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years.



**C) FINANCIAL ABILITY**

- 1) Exhibit C-1 - Provide a detailed statement regarding the proposed method of financing the construction and the projected impact on the utility's capital structure.

See additional information regarding contributions in aid of construction by the customers requesting service provided in the Utility Service Agreement, Exhibit A-2.

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- 2) Exhibit C-2 - Provide a statement regarding the projected impact of the extension on the utility's monthly rates and service availability charges.

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**D) PROPOSED TARIFF AND RATE INFORMATION**

- 1) Exhibit D-1 - Provide a tariff containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, F.A.C. See Rule 25-30.036, F.A.C., for information about water and wastewater tariffs that are available and may be completed by the applicant and included in the application.

- 2) Exhibit D-2 - Provide the number of the most recent order of the Commission establishing or changing the applicant's rates and charges.

Docket # 100326-SU, Order No. PSC-11-0138-PAA-SU, February 28, 2011

Copy Attached

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- 3) Exhibit D-3 - An affidavit that the utility has tariffs and annual reports on file with the Commission.

**PART III                    QUICK TAKE EXTENSION ADDITIONAL INFORMATION**

- A) Exhibit \_\_\_\_ - Provide a written statement that the proposed new territory includes a maximum of 25 equivalent residential connections within such territory at the time the territory is at buildout. In addition, the statement should include a description of the types of customers anticipated to be served by the extension, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, or commercial.

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- B) Exhibit \_\_\_\_ - Provide a written statement that upon investigation:

- 1) There is no other utility in the area of the proposed territory that is willing and capable of providing reasonably adequate service to the new territory.

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- 2) The person(s) or business(es) requesting water or wastewater service have demonstrated to the utility that service is necessary because: (Check all that apply)

- (a) a private well has been contaminated or gone dry ,  
(b) a septic tank has failed , or  
(c) service is otherwise not available .

**PART IV                    TERRITORY DELETION ADDITIONAL INFORMATION**

- A) Exhibit \_\_\_\_ - Provide a statement specifying the reasons for the proposed deletion of territory.

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- B) Exhibit \_\_\_\_ - Provide a legal description of the territory proposed to be deleted in the format prescribed in Rule 25-30.029, F.A.C., along with a complete legal description of the remaining territory.



Exhibit A-1

UTILITY NAME: Commercial Utilities, Division of Grace and Company, Inc

**YEAR OF REPORT**

December 31, 2015

SYSTEM NAME / COUNTY : \_\_\_\_\_

**CALCULATION OF THE WASTEWATER SYSTEM METER EQUIVALENTS**

WATER METER SIZE (a)	TYPE OF WATER METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF WATER METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0		0
5/8"	Displacement	1.0		0
3/4"	Displacement	1.5	6	9
1"	Displacement	2.5	12	30
1 1/2"	Displacement or Turbine	5.0	8	40
2"	Displacement, Compound or Turbine	8.0	11	88
3"	Displacement	15.0	1	15
3"	Compound	16.0		0
3"	Turbine	17.5		0
4"	Displacement or Compound	25.0	2	50
4"	Turbine	30.0		0
6"	Displacement or Compound	50.0		0
6"	Turbine	62.5		0
8"	Compound	80.0		0
8"	Turbine	90.0		0
10"	Compound	115.0		0
10"	Turbine	145.0		0
12"	Turbine	215.0		0
Total Wastewater System Meter Equivalents				<u>232</u>

**CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS**

Provide a calculation used to determine the value of one wastewater equivalent residential connection (ERC).

Use one of the following methods:

(a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

(b) If no historical flow data are available, use:

$$ERC = ( \text{Total SFR gallons treated (Omit 000)} / 365 \text{ days} / 280 \text{ gallons per day} )$$

For wastewater only utilities:

Subtract all general use and other non residential customer gallons from the total gallons treated.

Divide the remainder (SFR customers) by 365 days to reveal single family residence customer gallons per day.

**NOTE:** Total gallons treated includes both treated and purchased treatment.

ERC Calculation:  
 The total number of customers or total volume of fluid passing through the wastewater collection system has not changed significantly from prior years' annual reports.

## Exhibit A-2

Commercial Utilities received a request from the Jacksonville Electric Authority to serve two restaurants along Normandy Boulevard. The owners of these restaurants, Church's Chicken and Krystal, have entered into a Utility Service Agreement, a draft copy of which has been attached to the application. A copy of the fully executed agreement will be filed in the docket when received. In addition, this service was requested by the Jacksonville Electric Authority and the Jacksonville Environmental and Compliance Department due to operational deficiencies with the current system providing services to the two restaurants. A copy of correspondence from both agencies is attached.

21 West Church Street  
Jacksonville, Florida 32202-3139

December 14, 2015



**VIA ELECTRONIC AND U.S. MAIL**

Anne Lee, President  
Commercial Utilities  
865 Lane Avenue S., Suite 1  
Jacksonville, Florida 32205  
[incgrace@aol.com](mailto:incgrace@aol.com)

ELECTRIC

Re: Expansion of Service Area  
5814 and 5870 Normandy Boulevard  
Jacksonville, Florida

WATER

SEWER

Dear Ms. Lee,

On behalf of JEA, I am writing to you in regards to your company's intent to apply for an expansion of service area with the Florida Public Service Commission. The application is to expand your service area to allow central wastewater treatment for two parcels of land located at 5814 Normandy Boulevard and 5870 Normandy Boulevard, where a Krystal Restaurant and a Church's Fried Chicken Restaurant are located, respectively.

JEA does not object to your company's application. Historically, there have been operational deficiencies with the current system that provides wastewater treatment for these two properties (a package treatment plant operated by an adjacent property owner). The proposed connections to your company's wastewater treatment system will help to eliminate future potential wastewater violations in this area of Jacksonville.

Please do not hesitate to contact me if you need any further information for your application.

JEA

A handwritten signature in blue ink, appearing to read 'Todd D. Mackey', is written over a horizontal line.

Todd D. Mackey  
Manager, Development

c: Gene Adams, Esq. ([gene@penningtonlaw.com](mailto:gene@penningtonlaw.com))  
Brenna Durden, Esq. ([bdurden@llw-law-.com](mailto:bdurden@llw-law-.com))



ENVIRONMENTAL AND COMPLIANCE DEPARTMENT



November 30, 2015

**VIA ELECTRONIC AND U.S. MAIL**

Anne Lee, President  
Commercial Utilities  
865 Lane Avenue S., Suite 1  
Jacksonville, Florida 32205  
[incgrace@aol.com](mailto:incgrace@aol.com)

Re: Expansion of Service Area  
5814 and 5870 Normandy Boulevard  
Jacksonville, Florida

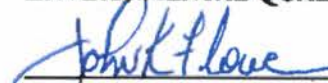
Dear Ms. Lee,

On behalf of the City of Jacksonville, I am writing to you in regards to your company's intent to apply for an expansion of service area with the Florida Public Service Commission. The application is to expand your service area to allow central wastewater treatment for two parcels of land located at 5814 Normandy Boulevard and 5870 Normandy Boulevard, where a Krystal Restaurant and a Church's Fried Chicken Restaurant are located, respectively.

The City of Jacksonville supports your company's application. Historically, there have been operational deficiencies with the current system that provides wastewater treatment for these two properties (a package treatment plant operated by an adjacent property owner). The proposed connections to your company's wastewater treatment system will help to eliminate future potential wastewater violations in this area of Jacksonville.

Please do not hesitate to contact me if you need any further information for your application.

CITY OF JACKSONVILLE  
ENVIRONMENTAL QUALITY DIVISION

  
\_\_\_\_\_  
John K. Flowe, P.E.  
Water Branch Manager

c: Gene Adams, Esq. ([gene@penningtonlaw.com](mailto:gene@penningtonlaw.com))  
Brenna Durden, Esq. ([bdurden@llw-law-.com](mailto:bdurden@llw-law-.com))

**UTILITY SERVICE AGREEMENT  
FOR CONSTRUCTION OF  
WASTEWATER SYSTEM EXTENSIONS**

This AGREEMENT is made and entered into by and between COMMERCIAL UTILITIES, INC., a Florida corporation, whose address is 865 S. Lane Avenue, Jacksonville, Florida 32205 ("Utility") and THE KRYSTAL COMPANY, a Tennessee corporation, whose address is 1455 Lincoln Parkway East, Suite 600, Dunwoody, Georgia 30346 ("Krystal") and RHC ASSOCIATES, a New York Partnership, whose address is c/o Robert Berry, Esq., 4996 Foote Road, Medina, Ohio 44256 ("RHC") (RHC and Krystal, collectively "Developers"). This Agreement shall be effective as of the latest date on which the parties or their representatives, as indicated below, have signed it.

WHEREAS, Krystal owns or otherwise controls a leasehold interest in certain land (the "Krystal Property") in Duval County, Florida, more particularly described in **Exhibit A** to this Agreement; and

WHEREAS, RHC owns certain land (the "RHC Property") in Duval County, Florida, more particularly described in **Exhibit B** to this Agreement; and

WHEREAS, Developers desire Utility to provide to the Krystal Property wastewater service for a projected average daily flow of 1,200 gallons per day and to provide to the RHC Property wastewater service for a projected average daily flow of 1,200 gallons per day (hereinafter collectively the "Wastewater Service"); and

WHEREAS, Utility is willing to provide such Wastewater Service upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained Developers and Utility hereby agree as follows:



1. Developers shall, at the sole cost and expense of Developers:

A. Construct or cause to be constructed such mains, services, laterals, lift stations, force mains, fire hydrants and other facilities as may be necessary for Utility to provide such service to the Krystal and RHC Properties, as generally shown on that certain Preliminary Engineering Conceptual Plan dated August 6, 2015 and prepared by Mittauer & Associates, attached as **Exhibit C** to this Agreement ("Project").

B. Construct or cause to be constructed certain portions of the Project outside the Krystal and RHC Properties as generally described in **Exhibit D** to this Agreement.

2. Developers shall pay all Project costs of any kind to construct the Project and as necessary for Utility to provide the Wastewater Service, including without limitation, the costs and fees to expand Utility's territory to include the Krystal and RHC Properties, as shown on **Exhibit E**, Estimate of Costs to Expand Territory, attached to this Agreement, and shall secure and pay any fees for such permits and easements as may be required; provided, however, Utility agrees that it will be the applicant for any permits or approvals if so required by any applicable regulatory agency, such as the Florida Department of Transportation. In such event, Developers shall provide Utility with a draft form of application and attachments thereto for its review and approval prior to submittal.

3. No construction shall be commenced until plans and specifications for the Project have been submitted to and approved in writing by Utility and other agencies or permitting authorities having jurisdiction.

4. Developers or their authorized representative shall notify Utility in writing before commencing construction. Failure of Developers or their authorized representative to provide timely notice before commencement of construction, as required, may be considered as a breach of this Agreement.

5. All work related to the construction of the Project shall be subject to inspection by Utility. Employees, consulting engineers, and agents of Utility may, at any reasonable time during or after construction, enter upon the Properties for the purpose of inspecting such facilities. Any work done prior to proper notification or without appropriate inspection is subject to rejection.

6. Upon completion of construction of the Project, the engineer that prepared the approved plans and specifications shall, at Developers' expense, certify the Project as to conformity with the approved plans and specifications and provide copies of the Project plan drawings indicating the final, as-built record of construction including location references. Also, prior to the Project being placed into service, Developers shall provide or cause to be provided to Utility additional documentation including but not limited to easements, warranties, dedications, and bills of sale, for all equipment and personal property as applicable.

7. Ownership and maintenance responsibility for the completed facilities shall be in accordance with **Exhibit F** to this Agreement. Prior to Utility providing the Wastewater Service , Developers shall provide appropriate easements, if any, and any real or personal property transfers for all facilities that are described in **Exhibit F** for Utility ownership and maintenance.

8. Upon determination by Utility that the Project has been constructed by Developers in accordance with the approved plans and specifications, Utility shall accept ownership and maintenance responsibility or acknowledge satisfactory completion of construction of the Project and thereafter, provide the Wastewater Service, in compliance with all federal, state and local regulations, to the RHC and Krystal Properties. For facilities not being transferred to Utility, Developers shall provide the name, address, phone number and

other contact information for the person or agency responsible for the maintenance of the facilities.

9. No building shall be connected to Utility's system until such time as Utility acknowledges satisfactory completion of construction, all testing and certification by Utility or regulatory authorities is complete and until all applicable rates, fees and charges have been paid to Utility. If for any reason Wastewater Service is established to the Krystal or RHC Property prior to the receipt of all documentation necessary to meet the requirements herein, such Wastewater Service shall be considered temporary and limited to a period of ninety days. Failure of Developers to provide the necessary documentation for their respective Property within this period may result in discontinuance of Wastewater Service to that Property until such documentation is provided.

10. Upon acceptance of any facility by Utility, such facility, together with all permits, easements, warranties, engineering drawings, as built drawings, and other matters in connection therewith shall be delivered to Utility.

11. Developers hereby warrant the new facilities to be free of defects in material, workmanship and design for one (1) year after the acceptance or acknowledgment of completion thereof. Any such defect appearing within one (1) year after acceptance shall be promptly corrected by Developers. Developer also warrants the facilities are free from all liens of contractors, material sub-contractors and suppliers of material and or labor who might have acquired an interest in the facilities by supplying of materials or labor or otherwise.

12. Utility's review and approval of any documents, such as plans, permits, applications, specifications, drawings and reports, and any other obligation of Utility, such as conducting investigations and tests, shall be promptly and timely completed no later

than five (5) calendar days from the date of request by Developers or Developers' engineer. In the event written approval (or alternatively, rejection with stated reasons and needed corrections) is not provided to Developers or their engineer, or an inspection/testing is not completed, within said time period, then approval shall be deemed to have been granted by Utility and Developers may proceed as if full approval had been provided in writing and all inspections and testing had been approved by Utility. Time is of the essence.

13. Krystal and RHC agree to operate and maintain the completed wastewater facilities located on their respective Property, as described in **Exhibit F** attached hereto, in compliance with all federal, state and local codes and requirements and agree to allow Utility access as required to inspect their respective facilities for compliance with those requirements. Krystal and RHC, each, agree to work cooperatively with Utility to resolve any wastewater flow problems, blockages or other problems which may develop from improper maintenance, failure of grease traps or other system maintenance issues of said wastewater facilities located on their respective Property. Excessive maintenance costs or failure of Utility's system caused by failure of maintenance by Krystal or RHC of their respective wastewater facilities may result in Utility seeking reimbursement for additional costs from Krystal or RHC, as may be applicable.

14. Developers hereby release and agree to hold harmless, indemnify, protect, and defend Utility, its members, officers, employees and agents from any and all claims, damages, actions or causes of action relating to the planning, design, and construction of the Project, or relating to any denial by the Florida Department of Environmental Protection or other authority of any permit to provide the Wastewater Service to their

respective Properties, except for such claims, damages, actions or causes of action arising out of the negligence or willful misconduct of Utility.

15. This Agreement may not be amended except by a writing executed by Developers and by Utility. All documents necessary for the implementation of this Agreement, including all permits, engineering design and construction contracts, plans and specifications for the Project as and when approved and filed with Utility are a part of this Agreement and incorporated herein by reference.

16. The laws of the State of Florida shall govern this Agreement.

17. Whenever any party desires to give notice to another, it must be given by written notice, sent by certified United States mail with return receipt requested, or other mail courier service, addressed to the party for whom it is intended, at the place specified as the place for giving of notice; the place for giving of notice shall remain until it shall have been changed by written notice in compliance with the provisions of this paragraph. For the present, the parties designate the following as the respective places for the giving of notice, to wit:

**FOR COMMERCIAL UTILITIES, INC.:**

Ms. Anne Lee  
Commercial Utilities Inc.  
c/o Grace and Company  
865 South Lane Avenue  
Jacksonville, FL 32205-4420

*With a copy to:*

Howard E. (Gene) Adams, Esq.  
Pennington, PA  
215 S. Munroe Street, Suite 200  
Tallahassee, FL 32301

**FOR KRYSTAL:**

Sloane S. Perras, Chief Legal Officer  
The Krystal Company  
1455 Lincoln Parkway E., Suite 600  
Dunwoody, GA 30346

*With a copy to:*  
Brenna M. Durden, Esq.  
Lewis, Longman & Walker, P.A.  
245 Riverside Avenue, Suite 150  
Jacksonville, FL 32202

**FOR RHC:**  
RHC Associates  
c/o Robert Berry, Esq.  
4996 Foote Road  
Medina, OH 44256

*With a copy to:*  
Brenna M. Durden, Esq.  
Lewis, Longman & Walker, P.A.  
245 Riverside Avenue, Suite 150  
Jacksonville, FL 32202

Notice so addressed and sent by certified mail with return receipt requested or other mail service shall be deemed given when it is deposited with the mailing service.

18. The execution of this Agreement by Utility shall not be construed as a precedent for the acceptance by Utility of other potable water, reclaimed water and/or other wastewater facilities constructed or to be constructed by Developers or others, on other properties.

19. No substance other than Domestic Wastewater, as such term is defined by the Florida Department of Environmental Protection, or a successor agency with jurisdiction over same (the "FDEP"), shall be placed into the wastewater system and delivered to Utility. Should any discharge to the wastewater system not meet Domestic Wastewater criteria as set forth by the FDEP, RHC or Krystal, as applicable, or any subsequent owner in interest, shall become subject to Utility's Industrial Pretreatment Standards as said standards exist at that time and a separate agreement shall be required for Utility to provide such service.

IN WITNESS WHEREOF, the parties have caused these presents to be executed on the day and year so indicated.

THE KRYSTAL COMPANY

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

RHC ASSOCIATES

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

COMMERCIAL UTILITIES, INC.

Dwight H. Grace  
Witness

Katli Conlitt  
Witness

By Ann G. Lee  
Name: Ann G. Lee  
Title: President  
Date: 3/23/2016

**EXHIBIT A**

**DESCRIPTION OF KRYSTAL PROPERTY  
5814 NORMANDY BLVD, JACKSONVILLE, FL**

The Duval County Property Appraiser's Real Estate Parcel Number for the Krystal Property is 007563-0040.



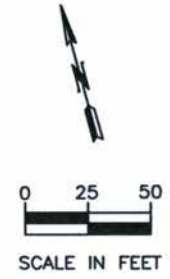
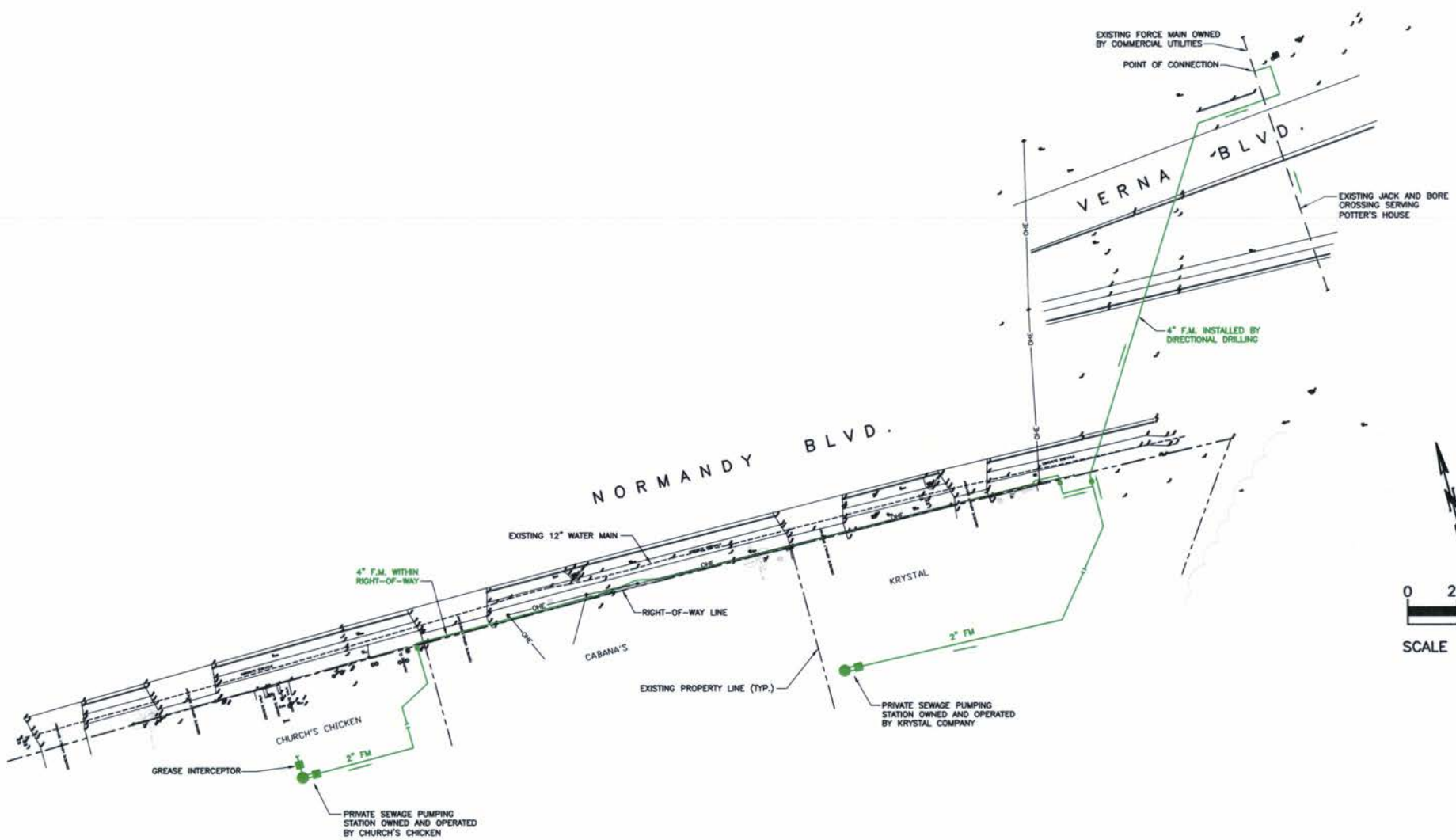
**EXHIBIT B**


**DESCRIPTION OF RHC PROPERTY  
5870 NORMANDY BLVD, JACKSONVILLE, FL**

The Duval County Property Appraiser's Real Estate Parcel Number for the RHC Property is 007563-0010.

**EXHIBIT C**  
**CONCEPTUAL PLAN**

McCAD Files\Krystal Col\1401011\Survey\Survey.dwg, 8/7/2015 9:20:28 AM



 <b>MITTAUER &amp; ASSOCIATES, INC.</b> CONSULTING ENGINEERS 580-1 WELLS ROAD, ORANGE PARK, FLORIDA 32073 TEL. (904) 278-0030 FAX. (904) 278-0840 FLORIDA CA. NO. 6569	DESIGNER: <u>HEX</u>	<b>KRYSTAL COMPANY/RHC ASSOCIATES</b> Connection to Commercial Utilities Preliminary Engineering Conceptual Plan Duval County, Florida	<b>Exhibit 1</b>  Project No. 1401-01-2
	DRAWN: <u>GAR</u>		
	PROJECT MANAGER: <u>HEX</u>		
	DATE: <u>8/8/2015</u>		

## **EXHIBIT D**

### **OFFSITE IMPROVEMENTS**

Developers intend to construct the following wastewater facilities outside the boundaries of the Krystal and RHC Properties. Developers or their engineer have confirmed that the proposed facilities are located in public rights-of-way or, if not, Developers shall, prior to construction, acquire a permanent easement or access agreement in Utility's favor sufficient for the long term operation, maintenance and repair of the facilities by Utility.

#### **Description of Offsite Facilities:**

All facilities shown on the Conceptual Plan (Exhibit C) that are not located on either the RHC Property or the Krystal Property.

## **EXHIBIT F**

### **OWNERSHIP & MAINTENANCE RESPONSIBILITY**

It is the intent of Developers and Utility that the ownership and maintenance responsibility for the wastewater facilities to be constructed for this Project will be as follows after final completion or acceptance.

#### Utility

Upon completion of construction and provision by Developers of all appropriate completion documents, the following described facilities will be accepted for ownership, maintenance and operation by Utility:

All facilities as shown on the approved Plans that are not located on the Krystal Property or on the RHC Property.

#### Krystal

Upon completion of construction and provision by Developers of all appropriate completion documents, the following described facilities will be retained for ownership, maintenance and operation by Krystal or its successor:

All facilities as shown on the approved Plans located on the Krystal Property

Ownership and contact information for these facilities will be as follows:

Owner's Name: The Krystal Company  
Owner's Address: 5814 Normandy Boulevard, Jacksonville, FL 32205  
Contact Person: Larry Griffith  
Daytime Phone No.: 478-960-0328  
Emergency Contact No.: 478-960-0328

#### RHC

Upon completion of construction and provision by Developers of all appropriate completion documents, the following described facilities will be retained for ownership, maintenance and operation by RHC or its successor:

All facilities as shown on the approved Plans located on the RHC Property

Ownership and contact information for these facilities will be as follows:

Owner's Name: RHC Associates  
Owner's Address: 200 Second Avenue S., #402, St. Petersburg, FL 33701  
Contact Person: Gerald Dayley  
Daytime Phone No.: 949-858-9716  
Emergency Contact No.: 949-500-2952

## Exhibit B-2

### Legal Description of Territory Proposed to be Served

#### Legal Description:

##### Parcel 1:

THOSE LANDS DESCRIBED AS A PART OF SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE COMMENCE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EASTERLY LINE OF SAID SECTION 24, 31.19 FEET TO THE POINT OF BEGINNING. FROM THE POINT OF BEGINNING THUS DESCRIBED RUN SOUTH 72 DEGREES 27 MINUTES 20 SECONDS WEST, 186.29 FEET; RUN

THENCE NORTH 19 DEGREES 39 MINUTES 03 SECONDS WEST, 182.0 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF NORMANDY BOULEVARD (A 100-FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); RUN THENCE IN AN EASTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT-OF-WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 253.79 FEET TO A POINT WHERE SAID SOUTHERLY RIGHT-OF-WAY LINE INTERSECTS THE EASTERLY LINE OF SAID SECTION 24, THE BEARING OF THE AFORESAID MENTIONED CHORD BEING NORTH 71 DEGREES 54 MINUTES 57 SECONDS EAST; RUN THENCE SOUTH 0 DEGREES 43 MINUTES WEST ALONG SAID EASTERLY LINE OF SECTION 24, 194.04 FEET TO THE POINT OF BEGINNING;

Also more generally described as Krystal Restaurant, 5814 Normandy Blvd., Jacksonville, Fla.

And:

##### Parcel 2:

THOSE LANDS DESCRIBED AS A TRACT OF LAND LYING IN SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FOR POINT OF REFERENCE COMMENCE AT AN IRON PIPE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EAST LINE OF SAID SECTION 24, A DISTANCE OF 223.05 FEET TO AN IRON PIPE ON THE SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD (BEING A 100 FOOT RIGHT OF WAY AS NOW ESTABLISHED);

RUN THENCE SOUTH 71 DEGREES 22 MINUTES 10 SECONDS WEST, A DISTANCE OF 429.22 FT. TO AN IRON PIPE SET ON SAID SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD FOR THE POINT OF BEGINNING.

FROM THE POINT OF BEGINNING THUS DESCRIBED RUN IN A WESTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT OF WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH

AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 160.0 FEET, THE BEARING OF THE AFOREMENTIONED CHORD BEING SOUTH 70 DEGREES 00 MINUTES 40 SECONDS WEST;

RUN THENCE SOUTH 19 DEGREES 48 MINUTES 50 SECONDS EAST, A DISTANCE OF 160.0 FEET;

RUN THENCE NORTH 70 DEGREES 00 MINUTES 40 SECONDS EAST, A DISTANCE OF 160.0 FEET;

RUN THENCE NORTH 19 DEGREES 48 MINUTES 50 SECONDS WEST, A DISTANCE OF 160.0 FEET TO THE POINT OF BEGINNING.

Also more generally described as Church's Fried Chicken, 5870 Normandy Blvd., Jacksonville, Fla.

## Exhibit B-3

A map showing the current service territory and the proposed territory to be added is provided electronically along with the filing. A paper copy of the map in 36" X 24" format is also provided for review by staff and is filed with the Clerk along with the filing fee for inclusion in the docket.



## Exhibit B-4

### Wastewater System Capacity

The existing Commercial Utilities Wastewater Collection/Transmission System consists of laterals, gravity sewers and lift stations/force mains and are adequately sized to accommodate all existing wastewater flows generated within their Region of Certification. Commercial Utilities will be increasing their Region of Certification to include (2) new wastewater connections: Krystal Restaurant and Church's Chicken Restaurant.

Anticipated Wastewater Flows per the engineering firm representing Krystal's and Church's Chicken are as follows:

Krystal Restaurant - 1,200 gpd

Church's Chicken Restaurant - 1,200 gpd

Pursuant to the latest filed annual report for 2015, on Page S-13 attached, the system currently processes 232 ERCs. The system has the capacity to handle up to 310 ERCs. This amount of additional flow is within the ERC maximum system capacity limits.

The existing sewerage owned and operated by Commercial Utilities is adequately sized to accommodate the additional wastewater flows generated by Krystal Restaurant and Church's Chicken Restaurant.

The Commercial Utilities Wastewater System collects wastewater from within their region of Certification and conveys these flows to the Jacksonville Electric Authority wastewater transmission system where the wastewater is treated at a JEA owned Regional Treatment Facility. JEA has indicated, via correspondence included, that they have no objection to allowing the (2) new restaurant connections into their system.

Exhibit B-4

**YEAR OF REPORT**  
December 31, 2015

UTILITY NAME: Commercial Utilities, Division of Grace and Company, Inc

SYSTEM NAME / COUNTY : \_\_\_\_\_

**OTHER WASTEWATER SYSTEM INFORMATION**

Furnish information below for each system. A separate page should be supplied where necessary.

1. Present number of ERCs\* now being served \_\_\_\_\_ 232
2. Maximum number of ERCs\* which can be served \_\_\_\_\_ 310
3. Present system connection capacity (in ERCs\*) using existing lines \_\_\_\_\_ 310
4. Future connection capacity (in ERCs\*) upon service area buildout \_\_\_\_\_ 310
5. Estimated annual increase in ERCs\* \_\_\_\_\_ 2
6. Describe any plans and estimated completion dates for any enlargements or improvements of this system  
No additional development anticipated at this time beyond current number of ERC's being served
7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known. \_\_\_\_\_
8. If the utility does not engage in reuse, has a reuse feasibility study been completed? \_\_\_\_\_ N/A  
 If so, when? \_\_\_\_\_
9. Has the utility been required by the DEP or water management district to implement reuse? \_\_\_\_\_ No  
 If so, what are the utility's plans to comply with this requirement? \_\_\_\_\_ N/A
10. When did the company last file a capacity analysis report with the DEP? \_\_\_\_\_ N/A
11. If the present system does not meet the requirements of DEP rules:
  - a. Attach a description of the plant upgrade necessary to meet the DEP rules. \_\_\_\_\_
  - b. Have these plans been approved by DEP? \_\_\_\_\_
  - c. When will construction begin? \_\_\_\_\_
  - d. Attach plans for funding the required upgrading. \_\_\_\_\_
  - e. Is this system under any Consent Order with DEP? \_\_\_\_\_
12. Department of Environmental Protection ID # \_\_\_\_\_ PWS-ID2160226

\* An ERC is determined based on the calculation on S-11.

## Exhibit C-1

Commercial Utilities, Division of Grace & Company, Inc has been the owner and operators of this treatment plant for the past 41 years. The owners have the financial ability to continue adequate and efficient service to our customers.

Childress Lee handles the day to day operation of the plant and has an excellent reputation and been in business 6+ years. AA Septic Tank & Metro Rooter handle all sludge removal and is available night and day for our service needs. Ron Bongiovanni of Anchor Engineering and Gene Adams of Pennington PA. will handle all of our engineering, permitting, applications and government needs.

Exhibit C-2

The proposed method of financing the new construction would be as follows :

I.) Loan	\$	0
2.) Investment		0
3.) CIAC		2 new customers will fund the entire amount of \$103,300

**Additional Investment by Commercial Utilities, Division of Grace & Company, Inc**

1. Planning, Feasibility Analysis, Due Diligence, Preliminary Regulatory Review, Preliminary County Discussions, and Organizational Costs.

- a.) Pennington P.A. \$10,000
- b.) Ross Hughes & Associates CPA;s LLLP \$900
- c.) L D Bradley Land Surveyors \$1,000.
- d.) Anchor Engineering of Florida, Inc PE Project overview \$4,400.

Expended over the 3 months of 2016.

2. Special Purpose Survey, Permit Fees, Engineering, Install 330+/- feet 4 inch main within right of way, 4 inch direction drill 200+/- feet, plus overhead, insurance, and contingency.

Terms and Conditions, FPSC Certificate Expansion Application.

- a.) Mittauer & Associates, Inc \$90,000

Invested from 1/1 through 3/31/2016

Total Commercial Utilities, Division of Grace & Company, Inc investment over 3 months is \$106,300.

It is anticipated that without an objection to the certificate expansion application approximately \$106,300 will have been invested by Commercial Utilities, Division of Grace & Company, Inc for the above items.

## Exhibit C 2-- Estimated Construction Costs

### Construction Costs:

4-inch force main within right-of-way	
330 ± LF	\$25,000
4-inch direction drill, 200 LF	\$10,000
Connection to Commercial Utilities	\$10,000
Subtotal	\$45,000
General Conditions 10%	\$4,500
Mobilization/Bond/Insurance, 5%	\$2,250
Contingency, 10%	\$4,500
Construction Total	\$56,250

### Non-Construction Costs:

Special Purpose Survey	\$17,000
Permit Fees	\$5,000
Engineering	\$11,500
Non-Construction Total	\$33,500

Total Project Cost \$89,750

Say \$90,000

Please understand that these are estimated costs – exact costs will be known later.

Exhibit C-3

The extension and improvements will have the following effect.

Billings	Year	Description
\$ 0	2015	Existing
5,299	2016	estimated 9 months 2016
7,065	2017	Full 12 months of billings
7,065	2018	same as 2017
7,065	2019	same as 2017
7,065	2020	same as 2017
7,065	2021	same as 2017

Estimated monthly bill of \$294.38 each for both customers.

EXHIBIT D-1

COMMERCIAL UTILITIES  
A DIVISION OF GRACE & COMPANY, INC.

SECOND REVISED SHEET NO. 3.1  
CANCELS FIRST REVISED SHEET NO. 3.1

WASTEWATER TARIFF  
(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVED

A PORTION OF LAND LYING IN SECTION 24, TOWNSHIP 2 SOUTH, RANGE 25 EAST, AND IN SECTION 19, TOWNSHIP 2 SOUTH, RANGE 26 EAST, DUVAL COUNTY, FLORIDA AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGIN AT THE INTERSECTION OF THE EASTERLY RIGHT OF WAY LINE OF LANE AVENUE WITH THE SOUTHERLY LIMITED ACCESS RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10; THENCE EASTERLY ALONG SAID SOUTHERLY LIMITED ACCESS RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF ELLIS ROAD; THENCE SOUTHERLY ALONG SAID WESTERLY RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF RAMONA BOULEVARD; THENCE WESTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 14431, PAGE 1628 AS RECORDED IN THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA; THENCE SOUTHERLY ALONG SAID NORTHERLY PROLONGATION AND ALONG THE WESTERLY LINE THEREOF TO THE NORTHERLY RIGHT OF WAY LINE OF AKRA AVENUE; THENCE WESTERLY ALONG SAID NORTHERLY RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE WESTERLY LINE OF BUENOS AIRES AS RECORDED IN PLAT BOOK 12 PAGE 45 OF SAID CURRENT PUBLIC RECORDS; THENCE SOUTHERLY ALONG SAID WESTERLY LINE TO THE SOUTHWEST CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 11600, PAGE 1075 OF SAID CURRENT PUBLIC RECORDS; THENCE WESTERLY TO IT'S INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 3030, PAGE 743 OF SAID CURRENT PUBLIC RECORDS; THENCE SOUTHERLY ALONG SAID NORTHERLY PROLONGATION AND ALONG THE WESTERLY LINE THEREOF TO THE SOUTHWEST CORNER THEREOF; THENCE EASTERLY ALONG THE SOUTHERLY LINE THEREOF AND THE EASTERLY PROLONGATION THEREOF TO THE WESTERLY RIGHT OF WAY LINE OF SAID ELLIS ROAD; THENCE SOUTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE THEREOF TO IT'S INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD; THENCE SOUTHWESTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE THEREOF TO IT'S INTERSECTION WITH THE EASTERLY RIGHT OF WAY LINE OF LANE AVENUE; THENCE NORTHERLY ALONG THE EASTERLY RIGHT OF WAY LINE THEREOF TO IT'S INTERSECTION WITH THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 7182, PAGE 796 OF SAID CURRENT PUBLIC RECORDS. THENCE WESTERLY ALONG SAID EASTERLY PROLONGATION AND ALONG THE SOUTHERLY LINE THEREOF AND THE SOUTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 10274, PAGE 2132 OF SAID CURRENT PUBLIC RECORDS TO THE SOUTHWEST CORNER THEREOF; THENCE NORTHERLY ALONG THE WESTERLY LINE THEREOF TO THE NORTHWEST CORNER THEREOF; THENCE WESTERLY ALONG THE NORTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 9907, PAGE 1961 OF SAID CURRENT PUBLIC

(Continued to Sheet No. 3.2)  
COMMERCIAL UTILITIES

Anne G. Lee  
President, Commercial Utilities

## WASTEWATER TARIFF

(Continued from Sheet No. 3.1)

RECORDS TO IT'S INTERSECTION WITH THE EASTERLY RIGHT OF WAY LINE OF GRANDVILLE ROAD; THENCE NORTHEASTERLY ALONG THE EASTERLY RIGHT OF WAY LINE THEREOF TO IT'S POINT OF TERMINATION; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF THOSE LANDS DESCRIBED OFFICIAL RECORDS VOLUME 3927, PAGE 349 OF SAID CURRENT PUBLIC RECORDS TO THE SOUTHWEST CORNER THEREOF; THENCE NORTHERLY ALONG THE WESTERLY LINE THEREOF TO THE NORTHWEST CORNER THEREOF; THENCE EASTERLY ALONG THE NORTHERLY LINE THEREOF TO THE SOUTHEAST CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 11263, PAGE 514 OF SAID CURRENT PUBLIC RECORDS; THENCE NORTHERLY ALONG THE EASTERLY LINE THEREOF AND THE NORTHERLY PROLONGATION THEREOF TO IT'S INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF SAID RAMONA BOULEVARD; THENCE WESTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE THEREOF TO THE SOUTHWEST CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 10174, PAGE 2280 OF SAID CURRENT PUBLIC RECORDS ; THENCE NORTHERLY ALONG THE WESTERLY LINE THEREOF TO IT'S INTERSECTION WITH SAID SOUTHERLY LIMITED ACCESS RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10; THENCE EASTERLY ALONG SAID SOUTHERLY LIMITED ACCESS RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE WESTERLY RIGHT OF WAY LINE OF SAID LANE AVENUE; THENCE NORTHERLY ALONG THE WESTERLY RIGHT OF WAY LINE THEREOF TO IT'S INTERSECTION WITH THE NORTHERLY LIMITED ACCESS RIGHT OF WAY LINE OF SAID INTERSTATE HIGHWAY 10; THENCE SOUTHWESTERLY ALONG SAID LIMITED ACCESS RIGHT OF WAY LINE TO IT'S INTERSECTION WITH THE SOUTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 12059, PAGE 1065 OF SAID CURRENT PUBLIC RECORDS; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF AND THE SOUTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 12067, PAGE 2131 OF SAID CURRENT PUBLIC RECORDS TO THE SOUTHWEST CORNER THEREOF; THENCE NORTHERLY ALONG THE WESTERLY LINE THEREOF AND THE NORTHERLY PROLONGATION THEREOF TO IT'S INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF STUART AVENUE; THENCE WESTERLY ALONG THE NORTHERLY RIGHT OF WAY LINE THEREOF TO THE SOUTHWEST CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 13770, PAGE 1003 OF SAID CURRENT PUBLIC RECORDS; THENCE NORTHERLY ALONG THE WESTERLY LINE THEREOF TO THE NORTHWEST CORNER THEREOF; THENCE EASTERLY ALONG THE NORTHERLY LINE THEREOF AND THE NORTHERLY LINE OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 11295, PAGE 675 OF SAID CURRENT PUBLIC RECORDS AND ALONG THE EASTERLY PROLONGATION THEREOF TO IT'S INTERSECTION WITH THE EASTERLY RIGHT OF WAY LINE OF SAID LANE AVENUE; THENCE SOUTH ALONG THE EASTERLY RIGHT OF WAY LINE THEREOF TO IT'S INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY LINE OF SAID STUART AVENUE; THENCE EASTERLY ALONG THE SOUTHERLY RIGHT OF WAY LINE THEREOF TO THE NORTHEAST CORNER OF THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 10281, PAGE 77 OF SAID CURRENT PUBLIC RECORDS; THENCE SOUTHERLY ALONG THE EASTERLY LINE THEREOF TO THE SOUTHEASTERLY CORNER

(Continued to Sheet 3.3)



WASTEWATER TARIFF  
(Continued from Sheet No. 3.2)

THEREOF; THENCE WESTERLY ALONG THE SOUTHERLY LINE THEREOF TO ITS INTERSECTION WITH THE SAID EASTERLY RIGHT OF WAY LINE OF SAID LANE AVE; THENCE SOUTHERLY ALONG THE EASTERLY RIGHT OF WAY LINE THEREOF TO THE POINT OF BEGINNING. TOGETHER WITH THOSE LANDS DESCRIBED IN OFFICIAL RECORDS VOLUME 8483, PAGE 928 OF SAID CURRENT PUBLIC RECORDS. THE DEED IS IN THE FORM OF A COPY OF THE OFFICIAL RECORDS AND ARE ATTACHED HERETO AS ORIGINAL SHEET NO. 3.4, 3.5, AND 3.6.

TOGETHER WITH THOSE LANDS DESCRIBED AS A PART OF SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF REFERENCE COMMENCE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EASTERLY LINE OF SAID SECTION 24, 31.19 FEET TO THE POINT OF BEGINNING. FROM THE POINT OF BEGINNING THUS DESCRIBED RUN SOUTH 72 DEGREES 27 MINUTES 20 SECONDS WEST, 186.29 FEET; RUN THENCE NORTH 19 DEGREES 39 MINUTES 03 SECONDS WEST, 182.0 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF NORMANDY BOULEVARD (A 100-FOOT RIGHT-OF-WAY AS NOW ESTABLISHED); RUN THENCE IN AN EASTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT-OF-WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 253.79 FEET TO A POINT WHERE SAID SOUTHERLY RIGHT-OF-WAY LINE INTERSECTS THE EASTERLY LINE OF SAID SECTION 24, THE BEARING OF THE AFORESAID MENTIONED CHORD BEING NORTH 71 DEGREES 54 MINUTES 57 SECONDS EAST; RUN THENCE SOUTH 0 DEGREES 43 MINUTES WEST ALONG SAID EASTERLY LINE OF SECTION 24, 194.04 FEET TO THE POINT OF BEGINNING;

TOGETHER WITH THOSE LANDS DESCRIBED AS A TRACT OF LAND LYING IN SECTIONS 24 AND 25, TOWNSHIP 2 SOUTH, RANGE 25 EAST, DUVAL COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

FOR POINT OF REFERENCE COMMENCE AT AN IRON PIPE AT THE SOUTHEAST CORNER OF SAID SECTION 24 AND RUN NORTH 0 DEGREES 43 MINUTES EAST ALONG THE EAST LINE OF SAID SECTION 24, A DISTANCE OF 223.05 FEET TO AN IRON PIPE ON THE SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD (BEING A 100 FOOT RIGHT OF WAY AS NOW ESTABLISHED);

RUN THENCE SOUTH 71 DEGREES 22 MINUTES 10 SECONDS WEST, A DISTANCE OF 429.22 FT. TO AN IRON PIPE SET ON SAID SOUTHERLY RIGHT OF WAY LINE OF NORMANDY BOULEVARD FOR THE POINT OF BEGINNING.

FROM THE POINT OF BEGINNING THUS DESCRIBED RUN IN A WESTERLY DIRECTION ALONG THE ARC OF A CURVE IN SAID SOUTHERLY RIGHT OF WAY LINE, SAID CURVE BEING CONCAVE TO THE SOUTH AND HAVING A RADIUS OF 12,177.66 FEET, A CHORD DISTANCE OF 160.0 FEET, THE BEARING OF THE AFOREMENTIONED CHORD BEING SOUTH 70 DEGREES 00 MINUTES 40 SECONDS WEST;

(Continued to Sheet 3.4)

COMMERCIAL UTILITIES  
A DIVISION OF GRACE & COMPANY, INC.

FIRST REVISED SHEET NO. 3.4  
CANCELS ORIGINAL SHEET NO. 3.4

WASTEWATER TARIFF  
(Continued from Sheet No. 3.3)

RUN THENCE SOUTH 19 DEGREES 48 MINUTES 50 SECONDS EAST, A DISTANCE OF  
160.0 FEET;

RUN THENCE NORTH 70 DEGREES 00 MINUTES 40 SECONDS EAST, A DISTANCE OF  
160.0 FEET;

RUN THENCE NORTH 19 DEGREES 48 MINUTES 50 SECONDS WEST, A DISTANCE OF  
160.0 FEET TO THE POINT OF BEGINNING.

Anne G. Lee  
President, Commercial Utilities

(Continued to Sheet No. 3.5)  
COMMERCIAL UTILITIES  
A DIVISION OF GRACE & COMPANY, INC.

ORIGINAL SHEET NO. 3.5

WASTEWATER TARIFF  
(Continued from Sheet No. 3.4)

Anne G. Lee  
President, Commercial Utilities

(Continued to Sheet No. 3.6)  
COMMERCIAL UTILITIES  
A DIVISION OF GRACE & COMPANY, INC.

ORIGINAL SHEET NO. 3.6

WASTEWATER TARIFF  
(Continued from Sheet No. 3.5)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in Duval County by Commercial Utilities, Division of Grace & Co., Inc.	DOCKET NO. 100326-SU ORDER NO. PSC-11-0138-PAA-SU ISSUED: February 28, 2011
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The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
EDUARDO E. BALBIS  
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING INCREASE IN RATES AND CHARGES  
AND  
FINAL ORDER GRANTING TEMPORARY RATES IN THE EVENT OF PROTEST

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the granting of temporary rates in the event of protest, the four year rate reduction, and proof of adjustment of books and records, is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BACKGROUND

Commercial Utilities, Division of Grace & Company, Inc., (Commercial or Utility) is a Class C wastewater-only provider with facilities located in the City of Jacksonville. Commercial serves 43 wastewater general service customers. The Utility was issued Certificate Nos. 219-W and 164-S on June 4, 1975. According to Commercial's 2009 Annual Report, gross revenues were \$246,308, and operating expenses were \$280,961.

The Utility's last staff-assisted rate case was in Docket No. 910766-WS, which resulted in Order No. PSC-93-0233-FOF-WS.<sup>1</sup> Commercial's water certificate was canceled by Order

<sup>1</sup> See Order No. PSC-93-0233-FOF-WS, issued February 12, 1993, in Docket No. 910766-WS, In re: Application for a staff-assisted rate case in Duval County by Commercial Utilities, Division of Grace & Company, Inc.

DOCUMENT NUMBER-DATE

01307 FEB 28 =

FPSC-COMMISSION CLERK

No. PSC-97-0094-FOF-WU,<sup>2</sup> issued January 27, 1997. All water service is now provided by the City of Jacksonville.

We have jurisdiction over the subject matter of this case pursuant to Section 367.0814, Florida Statutes (F.S.).

## DECISION

### QUALITY OF SERVICE

Pursuant to Rule 25-30.433(1), Florida Administrative Code (F.A.C.), we must determine the overall quality of service provided by a utility by evaluating three separate components of wastewater operations. These components are the quality of the utility's product, the operating condition of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. We review comments or complaints received from customers as part of our quality of service evaluation.

#### Quality of Utility's Product and Operational Condition of the Plant

Commercial owns the wastewater collection system used to serve 43 general service customers near the intersection of I-10 and I-295 in Jacksonville. Bulk wastewater treatment service is provided by Jacksonville Electric Authority (JEA). On August 10, 2009, JEA's Environmental and Compliance Department, Environmental Quality Division, issued a consent order to the Utility. The consent order found that property owned by the Utility was unlawfully diverting wastewater away from a septic tank/drain field system, resulting in an unlawful discharge of wastewater to surface waters that exceeded water quality standards. The Utility was allowed to pay a portion of the required fine and to install electronic monitoring systems at three lift stations in lieu of payment of the balance of the fine. On November 3, 2009, the consent order was closed because the Utility had complied with all of the provisions in the consent order. We therefore find that the quality of the Utility's product and the condition of the facilities shall be considered satisfactory.

#### Customer Satisfaction

The Consumer Activity Tracking System reflected one customer complaint in the last three years which has been closed. In addition, a customer meeting was held on December 8, 2010, in Jacksonville, Florida, at which only our staff and representatives of the Utility were present. No customers attended the meeting. We find that the Utility's attempt to address customer satisfaction shall be considered satisfactory.

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<sup>2</sup> See Order No. PSC-97-0094-FOF-WU, issued January 27, 1997, in Docket No. 961268-WU, In re: Request for change in regulatory status and cancellation of Certificate No. 219-W in Duval County by Commercial Utilities, Division of Grace and Company, Inc.

Quality of Service Summary

The Utility's product, the operating condition of the facilities, and customer satisfaction are all satisfactory. Therefore, we find that the overall quality of service for Commercial is satisfactory.

USED AND USEFUL

Commercial has a network of collection systems consisting of polyvinyl chloride and clay lines with three lift stations. The Utility purchases bulk wastewater treatment from JEA. The Utility has had minimal growth in the last five years. According to the criteria established in our Rule 25-30.432, F.A.C., it appears that the system is built out. Therefore, we find that the collection system shall be considered 100 percent used and useful. There is no evidence of a problem with infiltration and inflow.

RATE BASE

The appropriate components of the Utility's rate base include utility plant in service (UPIS), contributions-in-aid-of-construction (CIAC), accumulated depreciation, amortization of CIAC, amortization of intangible plant, and working capital.

Our staff selected a test year ended June 30, 2010, for this rate case. The Utility's rate base was last established by Order No. PSC-93-0233-FOF-WS.<sup>3</sup> A summary of each component and our adjustments follows:

Utility Plant in Service: Commercial recorded \$524,655 in UPIS. We have reclassified plant additions totalling \$36,930 to the appropriate plant accounts from miscellaneous expenses. In addition, we have increased Account No. 361 - Collection Sewers Gravity, by \$74,399 to reflect the appropriate balance. Commercial also included intangible plant in UPIS, and consistent with the Utility's last rate case, we have reclassified intangible plant of \$105,677 to its own account. Commercial provided an invoice for \$4,487 for wastewater service line upgrades completed outside of the test year. It also provided an estimate of \$40,131 to replace 434 lineal feet of 8-inch sewer main and install 3 new manholes, and an estimate of \$21,335 to rehabilitate 10 existing manholes as pro forma additions. Based on an invoice provided by the Utility, we find that the cost of \$4,487 for wastewater service line upgrades is supported by the appropriate documentation and therefore it shall be included in this rate case. However, the amounts for remaining pro forma additions shall not be included because the work will not be completed within 24 months of the test year. Finally, we have made an averaging adjustment of \$20,709 to UPIS. Based on the above, we approve the following adjustments:

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<sup>3</sup> See Order No. PSC-93-0233-FOF-WS, p. 4.

Table 3-1

<u>Adjustment Description</u>	<u>Wastewater</u>
1. To reclassify plant addition to Acct. No. 354 from misc. expenses.	\$1,410
2. To reclassify plant addition to Acct. No. 360 from misc. expenses.	28,548
3. To reclassify plant addition to Acct. No. 389 from misc. expenses.	5,457
4. To reclassify plant addition to Acct. No. 361 from misc. expenses.	1,515
5. To reflect the appropriate balance in Account No. 361.	74,399
6. To reclassify to Intangible Plant.	(105,677)
7. To reflect pro forma plant addition.	4,487
8. To reflect averaging adjustment.	<u>(20,709)</u>
Total	<u>(\$10,569)</u>

Our net adjustment to UPIS is a decrease of \$10,569. Our approved UPIS balance is \$514,086.

Non-Used and Useful Plant: As discussed above, Commercial's wastewater system is 100 percent used and useful, and therefore, a non-U&U adjustment is not necessary.

Intangible Plant: By Order No. PSC-93-0233-PAA-WS, we established balances of \$343,080 and \$12,694 for intangible plant and accumulated amortization of intangible plant, respectively, as of June 30, 1992. Order No. PSC-93-0233-PAA-WS states, at page 5:

Intangible Plant

We transferred into this category all costs related to the wastewater interconnection that cannot be considered tangible plant, but does represent investment by the Utility. This includes a \$50,000 fee to hook into the City's lift stations, a \$287,204 impact fee charged by the city at the time of the interconnection, and \$5,876 in street repairs associated with construction of the force main.

The \$55,876 in hook-up and street repair costs were actual costs incurred and paid by Commercial during its last rate proceeding. The \$287,204 impact fee, which included a 12 percent interest rate, was a negotiated fee between JEA and Commercial that was never finalized in a written contract. The Utility commenced making monthly payments of \$4,121 to JEA in September 1992 which it identified as a monthly capacity fee. On July 11, 1997, Commercial notified JEA that its pending connection with a new wastewater customer violated the existing verbal agreement between it and JEA. Subsequent negotiations with JEA failed to resolve the issue. In August 1997, Commercial unilaterally voided its obligations under the agreement and ceased making capacity fee payments to JEA as of September 1997. On January 12, 2000, the unresolved capacity fee dispute arose again when the City of Jacksonville, on behalf of JEA, threatened to withhold its approval of building permits for the construction of a new Home Depot that was to be connected to Commercial's wastewater system. The issue was abated on June 2, 2000, when Commercial agreed to place \$25,000 into an interest bearing escrow account



pending the final resolution of its dispute with JEA. The capacity fee dispute has remained unchanged since that time.

The following chart summarizes the principal paid by Commercial and the corresponding years paid:

Table 3-2

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>Total</u>
January		1,300	1,465	1,650	1,860	2,095	
February		1,313	1,479	1,667	1,878	2,116	
March		1,326	1,494	1,683	1,897	2,137	
April		1,339	1,509	1,700	1,916	2,159	
May		1,352	1,524	1,717	1,935	2,180	
June	55,876	1,366	1,539	1,734	1,954	2,202	
July		1,380	1,555	1,752	1,974	2,224	
August		1,393	1,570	1,769	1,994	<u>2,247</u>	
September	1,249	1,407	1,586	1,787	2,014		
October	1,261	1,421	1,602	1,805	2,034		
November	1,274	1,436	1,618	1,823	2,054		
December	<u>1,287</u>	<u>1,450</u>	<u>1,634</u>	<u>1,841</u>	<u>2,075</u>		
	<u>\$60,947</u>	<u>\$16,483</u>	<u>\$18,574</u>	<u>\$20,929</u>	<u>\$23,584</u>	<u>\$17,362</u>	<u>\$157,878</u>

Since Commercial and JEA are in dispute over the amount of the impact fees, Commercial should not earn a return on the uncertain impact fees. Therefore, we have not included interest in the calculation of intangible plant. We shall only recognize the principal paid of \$157,878. We have reclassified \$105,677 of intangible plant recorded in UPIS, and we have increased intangible plant by \$52,201 to reflect the appropriate balance. We have calculated \$99,225 for accumulated amortization of intangible plant as of the test year end, and we find that amortization expense in the amount of \$5,847 is appropriate. These amounts are based on the actual principal payments and the 27-year service life contained in our order mentioned above. We approve intangible plant of \$157,878.

Contribution in Aid of Construction: Commercial did not record any CIAC. In Commercial's last rate proceeding, we established a CIAC balance of \$15,440. Commercial initially posted the ordered balance. However, in 2004, Commercial wrote off the CIAC balance of \$15,440. No explanation was provided for the write-off. We shall increase CIAC by \$15,440 to reflect the appropriate balance.

Accumulated Depreciation: Commercial recorded a balance for accumulated depreciation of \$356,185. We have calculated accumulated depreciation using the prescribed rates set forth in Rule 25-30.140, F.A.C. By that calculation, the amount of accumulated depreciation is \$224,475. As a result, we have decreased this account by \$131,710. We have also decreased this account by \$8,089 to reflect an averaging adjustment. These adjustments result in accumulated depreciation of \$216,386.

Amortization of Intangible Plant: As discussed above, we find that amortization of intangible plant shall be \$99,225.

Amortization of CIAC: Commercial did not record any amortization of CIAC. We have increased this account by \$9,365 to reflect our amortization of CIAC calculation, and we have decreased the account by \$234 to reflect an averaging adjustment. The net adjustments to this account result in Amortization of CIAC of \$9,131.

Working Capital Allowance: Working capital is defined as the investor-supplied funds necessary to meet operating expenses or going-concern requirements of the utility. Consistent with Rule 25-30.433(2), F.A.C., we find that the one-eighth of the O&M expense formula shall be used for calculating working capital allowance. Applying this formula, we approve a working capital allowance of \$27,554, based on O&M of \$220,433.

Rate Base Summary: Based on the forgoing, we find that the appropriate test year rate base is \$377,598. Rate base is shown on Schedule No. 1-A. Adjustments to rate base are shown on Schedule No. 1-B.

#### RATE OF RETURN

According to Audit Finding 7, Commercial's capital structure for the test year consists of the following:

Table 4-1

<u>Account Description</u>	<u>Balance</u>
Accounts Payable-Commercial Utilities	\$220,325
Accounts Payable-Grace Brothers	430,500
Equity	<u>1,113,017</u>
Total	<u>\$1,763,842</u>

These balances are based on cash flow exchanges between related parties and Commercial's shareholders. There are no documents to support the liability that describe the terms, obligations or repayment of debt. Under this circumstance, we have treated such amounts as contributed capital in prior rate cases and included the amounts as equity.<sup>4</sup>

<sup>4</sup> See Order Nos. PSC-05-0621-PAA-WU, issued June 6, 2005, in Docket No. 041145-WU, In re: Application for staff-assisted rate case in Pasco County by Holiday Utility Company, Inc.; PSC-09-0618-PAA-WS, issued September 11, 2009, in Docket No. 080709-WS, In re: Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.; and PSC-10-0681-PAA-WU, issued November 15, 2010, in Docket No. 090414-WU, In re: Application for staff-assisted rate case in Polk County by Pinecrest Ranches, Inc.

We have reconciled Commercial's capital structure with our approved rate base. Consistent with our most recent approved leverage formula, the appropriate rate of return on equity (ROE) is 8.82 percent.<sup>5</sup> We approve an ROE of 8.82 percent with a range of 7.82 percent to 9.82 percent, and an overall rate of return of 8.78 percent. The ROE and overall rate of return are shown on Schedule No. 2.

#### TEST YEAR REVENUE

Commercial recorded test year wastewater revenue of \$246,308. Commercial calculates and bills its customers for wastewater service based on monthly water consumption billing reports provided by JEA. Using test year billing analysis, we have calculated revenues of \$244,798 as the appropriate test year revenue. This results in a decrease of \$1,510 to Commercial's recorded test year revenues. Test year revenue is shown on Schedule No. 3-A, and the adjustment is shown on Schedule No. 3-B.

#### OPERATING EXPENSE

Commercial recorded operating expenses of \$317,612, for the test year ended June 30, 2010. We have reviewed the test year O&M expenses, and we have examined the canceled checks and other supporting documentation. We have determined that several adjustments to the Utility's operating expenses are appropriate, as summarized below:

Purchased Wastewater Treatment (710) – Commercial recorded \$98,214 in this account. The Utility purchases bulk wastewater treatment from JEA. In October 2009, JEA increased the bulk wastewater service rates it charges. We shall annualize this account to reflect JEA's increase in bulk wastewater service rates, which results in annualized purchased wastewater treatment expenses of \$112,685. Accordingly, we shall increase this account by \$14,471 to reflect the annualized effect of the increased rates. We find that total purchased wastewater treatment expense for the test year is \$112,685.

Contractual Services - Professional (731) – Commercial recorded \$600 in this account. This amount includes 4 invoices totaling \$150 for the Utility's accounting firm to prepare and compile quarterly financial statements. Commercial also asked to include the annual report preparation fee in this rate case. We find it appropriate to increase contractual services – professional by \$2,500 for an invoice from the same accounting firm referenced above to prepare the Utility's annual report. Contractual services – professional expense for the test year is \$3,100.

Contractual Services - Other (736) – Commercial recorded \$145,811 in this account. The Utility included \$130,655 for overhead allocated from the parent company. After reviewing the salary information provided by the Utility, we find that the appropriate overhead allocation shall be \$7,000 per month (\$84,000 annually). This amount includes \$5,000 per month for the payroll of two of the parent company's employees and \$2,000 per month for the Utility's office space,

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<sup>5</sup> See Order No. PSC-10-0401-PAA-WS, issued June 19, 2010, in Docket No. 100006-WS, In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

including property taxes, and office supplies in a building owned by the parent company. Commercial provided no other information regarding overhead costs. Accordingly, we shall reduce contractual services – other by \$46,655. Commercial included \$15,156 in this account for repairs and monthly maintenance fees. Based on invoices provided by the Utility, the annual cost of monthly maintenance service for 3 lift stations is \$5,220. However, the Utility only recorded \$4,785 for this service. We find that it is appropriate to increase this account by \$435. We shall also increase contractual services – other by \$675 for sewer line repairs that were incurred during the test year but not included. The annual cost to monitor the Utility's 3 lift stations is \$1,924, but the Utility only recorded \$1,122 of this amount. Therefore, we shall increase contractual services – other by \$802. We find that the total amount of expenses for contractual services – other for the test year shall be \$101,068.

Regulatory Commission Expense (765) – Commercial recorded \$2,377 in this account. This amount reflects 3 invoices for consulting and legal services to prepare for this rate case proceeding. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the customer meeting and notices of final rates in this case to its customers. The cost of these notices amounted to \$38 for postage expense, \$30 for printing expense, and \$4 for envelopes for a total of \$72. Commercial also paid a \$1,000 rate case filing fee. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a four-year period. Based on the above, we approve total rate case expense of \$3,449, which amortized over four years is \$862. We have therefore reduced the appropriate regulatory commission expense balance by \$1,515.

Miscellaneous Expense (675) – Commercial recorded \$38,781 in this account. We have decreased this expense by \$36,930 to reclassify miscellaneous expenses that should have been capitalized. We will also increase miscellaneous expense by \$18 to include an invoice for office services that was not included in the test year. The total adjustment for miscellaneous expenses is a decrease of \$36,912. We approve the amount of \$1,869 for miscellaneous expense for the test year.

Operation and Maintenance Expense (O&M) Summary – Total adjustments to O&M expense result in a decrease of \$66,199. This represents a reduction of approximately 23 percent of the Utility's O&M expenses recorded in the test year. We approve the amount of \$220,433 for O&M expense for the test year. O&M expenses are shown on Schedule No. 3-C.

Depreciation Expense (Net of Related Amortization of CIAC) – Commercial recorded \$19,425 in this account. Using the prescribed rates set forth in Rule 25-30.140, F.A.C., we determined that test year depreciation is \$16,923, and we made an adjustment to decrease depreciation expense by \$2,502. We also decreased amortization of CIAC by \$489 based on composite rates. This results in a net depreciation expense for the test year of \$16,434.

Intangible Plant Amortization Expense – As discussed above, we find that intangible plant amortization expense is \$5,847 for the test year.

Taxes Other Than Income (TOTI) – Commercial recorded \$11,555 in this account for regulatory assessment fees (RAFs). Based on our approved test year revenues, the Utility's RAFs should be

\$11,016. Therefore, we decreased this account by \$539 to reflect the appropriate RAFs. As discussed above, we increased revenues by \$44,069 to reflect the change in revenue required to cover expenses and allow the recommended return on investment. As a result, TOTI shall be increased by \$1,983 to reflect RAFs of 4.5 percent on the change in revenues. Accordingly, the TOTI expense is \$12,999 for the test year.

Income Tax – Commercial did not have any income tax expense for the test year because Commercial is a Chapter S Corporation, and the tax liability is passed on to the owner’s personal tax returns. Accordingly, we did not make an adjustment to this account.

Operating Expense Summary – Our adjustments to Commercial's recorded test year operating expenses results in total operating expenses of \$255,714. Operating expenses are shown on Schedule No. 3-A, and adjustments are shown on Schedule No. 3-B.

REVENUE REQUIREMENT

Commercial shall be allowed an annual increase of \$44,069 (or 18 percent). This will allow Commercial the opportunity to recover its expenses and earn an 8.78 percent return on its investment. The calculation is as follows:

	<u>Wastewater</u>
Adjusted Rate Base	\$377,598
Rate of Return	x .0878
Return on Rate Base	\$33,153
Adjusted O&M Expense	220,433
Depreciation Expense (Net)	16,434
Amortization	5,847
Taxes Other Than Income	12,999
Income Taxes	0
Revenue Requirement	\$288,867
Less Test Year Revenues	244,798
Annual Increase	\$44,069
Percent Increase/(Decrease)	18%

### APPROPRIATE RATES

Excluding miscellaneous service revenues, the approved rates shall be designed to produce revenue of \$288,867.

We approve a continuation of the BFC/uniform gallonage charge rate structure for Commercial's general service customers, and we have applied an 18 percent across-the-board increase to the Utility's existing rates.

The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. The approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on and after the effective date of the new rates. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Based on the foregoing, the appropriate wastewater rates are shown on Schedule No. 4.

### RATE CASE EXPENSE

Section 367.0816, F.S., requires that rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in the rates. The reduction shall reflect the removal of revenues associated with the amortization of rate case expense, the associated return in working capital, and the gross-up for RAFs, which is \$913. Using the Utility's current revenues, expenses, capital structure and customer base the reduction in revenues will result in rate decreases as shown on Schedule No. 4.

Commercial shall be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. Commercial shall also file a proposed customer notice setting forth the lower rates and the reason for the reduction.

If Commercial files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

### CUSTOMER DEPOSITS AND NON-SUFFICIENT FUNDS FEES

Currently, Commercial has a tariff for customer deposits, but the tariff does not state a specific charge for customer deposits. The Utility does not have an existing tariff for non-

sufficient funds fees. By letter dated, July 29, 2010, the Utility requested a revision to the current tariff to collect customer deposits and non-sufficient funds fees.

Customer Deposits

The purpose of customer deposits is to establish credit with the utility. Deposits are to be paid by new Utility customers. Rule 25-30.311, F.A.C., provides guidelines for collecting, administering, and refunding customer deposits. The rule also authorizes customer deposits to be calculated using an average monthly bill for a two-month period. We approve the following schedule to calculate the appropriate customer deposit:

<u>Meter Size</u>	<u>Wastewater Deposit</u>
5/8" x 3/4"	2 x average bill
All over 5/8" x 3/4"	2 x average bill

After a customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the Utility shall refund the customer's deposit pursuant to Rule 25-30.311(5), F.A.C. The Utility shall pay interest on customer deposits pursuant to Rule 25-30.311(4), F.A.C.

The Utility shall file revised tariff sheets which are consistent with the our decision memorialized in this Order. Our staff shall have administrative authority to approve the revised tariff sheets upon verification that the tariffs are consistent with our decision. If revised tariff sheets are filed and approved, the customer deposit shall become effective for connections made on or after the stamped approval date of the revised tariff sheets.

Non-Sufficient Funds (NSF) Fees

Section 367.091, F.S., requires that we approve a utility's rates, charges, and customer service policies. Commercial has requested to collect NSF fees in accordance with Section 832.08(5), 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 832.08(5), the following fees 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,
- 4) or five percent of the face amount of the check, whichever is greater.

We approve Commercial's request to amend the Utility's customer deposits tariff and establish NSF fees pursuant to Section 832.08(5), F.S. Approval of NSF fees is consistent with our prior decisions.<sup>6</sup>

The Utility shall file revised tariff sheets and a proposed customer notice consistent with our decision herein. The approved customer deposits and NSF fees shall not be implemented until our staff has reviewed the tariffs and notice, and the notice has been received by the customers. This notice may be combined with the notice regarding amortization of rate case expense. The tariffs shall become effective for services rendered on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C.

#### TEMPORARY RATES IN THE EVENT OF A PROTEST

This Order provides for an increase in rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, we approve the rates established herein as temporary rates. Commercial shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C.

Commercial shall be authorized to collect the temporary rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of \$29,428. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) The Commission approves the rate increase; or
- 2) If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect, and,

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<sup>6</sup> See Order Nos. PSC-10-0168-PAA-SU, issued March 23, 2010, in Docket No. 090182-SU, In re: Application for increase in wastewater rates in Pasco County by Ni Florida, LLC.; and PSC-08-0831-PAA-WS, issued December 23, 2008, in Docket No. 070680-WS, In re: Application for staff-assisted rate case in Pasco County by Orangewood Lakes Services, Inc.; and PSC-97-0531-FOF-WU, issued May 9, 1997, in Docket No. 960444-WU, In re: Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc., at p.20.



- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) No monies in the escrow account may be withdrawn by the Utility without the express approval of the Commission;
- 2) The escrow account shall be an interest bearing account;
- 3) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 4) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;
- 5) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 6) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 7) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments;
- 8) The Commission Clerk must be a signatory to the escrow agreement; and
- 9) The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

Commercial shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Commercial shall file reports with the Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total

amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund.

PROOF OF ADJUSTMENTS

To ensure that the Utility adjusts its books in accordance with our decision, Commercial shall provide proof, within 90 days of the final order issued in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application for increase in the wastewater rates of Commercial Utilities, Division of Grace & Co., Inc. is approved as set forth in the body of this Order. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that the schedules and attachments to this Order are incorporated by reference herein. It is further

ORDERED that the Utility shall file revised wastewater tariff sheets and a proposed customer notice to reflect the approved wastewater rates shown on Schedule 4. It is further

ORDERED that the tariffs shall be approved upon our staff's verification that the tariffs are consistent with our decision herein. It is further

ORDERED that the approved rates shall be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that the approved wastewater rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers as set forth in the body of this Order. It is further

ORDERED that the Utility shall provide proof of the date notice was given no less than ten days after the date of the notice. It is further

ORDERED that the wastewater rates shall be reduced as shown on Schedule No. 4 to remove rate case expense, grossed-up for regulatory assessment fees, which rate case expense is being amortized over a four-year period. It is further

ORDERED that the decrease in rates shall become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility shall file revised tariffs and a proposed customer notice setting forth the lower rates

and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. It is further

ORDERED that if the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase or decrease, and for the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that the Utility's request to modify its customer deposit tariff and establish a Non-Sufficient Funds (NSF) fee is approved. The NSF fee shall be established 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. The NSF fee shall be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates shall not be implemented until staff has approved the proposed customer notice. The Utility shall provide proof of the date the notice was given within 10 days after the date of the notice. It is further

ORDERED that pursuant to Section 367.0814(7), F.S., the rates approved herein shall be approved for the Utility on a temporary basis, subject to the refund provisions set forth in the body of this Order, in the event of a protest filed by a party other than the Utility. It is further

ORDERED that prior to implementation of any temporary rates, the Utility shall provide appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of \$29,428 for wastewater. Alternatively, the Utility may establish an escrow agreement with an independent financial institution. It is further

ORDERED that irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C. It is further

ORDERED that the Utility shall maintain a record of the amount of the bond and the amount of revenues that are subject to refund. It is further

ORDERED that after any temporary rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the Commission's Division of Economic Regulation no later than the 20<sup>th</sup> of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The reports shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the

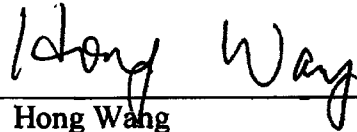
close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed when our staff has approved the revised tariff sheets and customer notices, the Utility has sent the notices to its customers, and our staff has received proof that the customers have received notice within 10 days after the date of the notice. Once our staff has verified all of the above actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 28th day of February, 2011.

ANN COLE  
Commission Clerk

By:



\_\_\_\_\_  
Hong Wang  
Chief Deputy Commission Clerk

(SEAL)

MCB

**NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW**

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 21, 2011.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.			SCHEDULE NO. 1-A
TEST YEAR ENDED 6/30/10			DOCKET NO. 100326-SU
SCHEDULE OF WASTEWATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	ADJUST. TO UTIL. BAL.	BALANCE PER COMMISSION
1. UTILITY PLANT IN SERVICE	\$524,655	(\$10,569)	\$514,086
2. LAND & LAND RIGHTS	0	0	0
3. INTANGIBLE PLANT	0	157,878	157,878
4. NON-USED AND USEFUL COMPONENTS	0	0	0
5. CIAC	0	(15,440)	(15,440)
6. ACCUMULATED DEPRECIATION	(356,185)	139,799	(216,386)
7. AMORTIZATION OF INTANGIBLE PLANT	0	(99,225)	(99,225)
8. AMORTIZATION OF CIAC	0	9,131	9,131
9. WORKING CAPITAL ALLOWANCE	0	<u>27,554</u>	<u>27,554</u>
10. WASTEWATER RATE BASE	<u>\$168,470</u>	<u>\$209,128</u>	<u>\$377,598</u>

**COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.**  
**TEST YEAR ENDED 6/30/10**  
**ADJUSTMENTS TO RATE BASE**

**SCHEDULE NO. 1-B**  
**DOCKET NO. 100326-SU**

**WASTEWATER**

**UTILITY PLANT IN SERVICE**

1. To reclassify plant addition to Acct. No. 354 from misc. expenses.	\$1,410
2. To reclassify plant addition to Acct. No. 360 from misc. expenses.	28,548
3. To reclassify plant addition to Acct. No. 389 from misc. expenses.	5,457
4. To reclassify plant addition to Acct. No. 361 from misc. expenses.	1,515
5. To reflect the appropriate balance in Account No. 361	74,399
6. To reclassify to Intangible Plant.	(105,677)
7. To reflect pro forma plant addition.	4,487
8. To reflect averaging adjustment.	<u>(20,709)</u>
Total	<u>(\$10,569)</u>

**INTANGIBLE PLANT**

1. To reclassify Intangible Plant from UPIS.	\$105,677
2. To reflect appropriate Intangible Plant balance.	<u>52,201</u>
Total	<u>\$157,878</u>

**CIAC**

To reflect unrecorded CIAC.	<u>(\$15,440)</u>
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**ACCUMULATED DEPRECIATION**

1. To reflect accumulated depreciation per Rule 25-30.140, F.A.C.	\$131,710
2. To reflect averaging adjustment.	<u>8,089</u>
Total	<u>\$139,799</u>

**AMORTIZATION OF INTANGIBLE PLANT**

To reflect the appropriate balance.	<u>(\$99,225)</u>
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**AMORTIZATION OF CIAC**

1. To reflect the appropriate balance.	\$9,365
2. To reflect averaging adjustment.	<u>(234)</u>
Total	<u>\$9,131</u>

**WORKING CAPITAL ALLOWANCE**

To reflect 1/8 of test year O&M expenses.	<u>\$27,554</u>
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COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC. TEST YEAR ENDED 6/30/10 SCHEDULE OF CAPITAL STRUCTURE							SCHEDULE NO. 2 DOCKET NO. 100326-SU		
CAPITAL COMPONENT	PER UTILITY	SPECIFIC ADJUSTMENTS	BALANCE BEFORE PRO RATA ADJUSTMENTS	PRO RATA ADJUSTMENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST	
1. COMMON STOCK	\$0	\$0	\$0						
2. RETAINED EARNINGS	0	0	0						
3. PAID IN CAPITAL	0	0	0						
4. OTHER COMMON EQUITY	<u>1,763.842</u>	<u>0</u>	<u>1,763.842</u>						
5. TOTAL COMMON EQUITY	<u>\$1,763.842</u>	<u>\$0</u>	<u>\$1,763.842</u>	<u>(\$1,393,294)</u>	<u>\$370,548</u>	<u>98.13%</u>	<u>8.82%</u>	<u>8.65%</u>	
6. LONG TERM DEBT	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%	
7. OTHER LONG TERM DEBT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	
8. TOTAL LONG TERM DEBT	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>			
9. CUSTOMER DEPOSITS	<u>7,050</u>	<u>0</u>	<u>7,050</u>	<u>0</u>	<u>7,050</u>	<u>1.86%</u>	<u>7.00%</u>	<u>0.13%</u>	
10. TOTAL	<u>\$1,770.892</u>	<u>\$0</u>	<u>\$1,770.892</u>	<u>(\$1,393,294)</u>	<u>\$377,598</u>	<u>100.00%</u>		<u>8.78%</u>	
RANGE OF REASONABLENESS						<u>LOW</u>	<u>HIGH</u>		
RETURN ON EQUITY						<u>7.82%</u>	<u>9.82%</u>		
OVERALL RATE OF RETURN						<u>7.80%</u>	<u>9.76%</u>		



COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.  
 TEST YEAR ENDED 6/30/10  
 SCHEDULE OF WASTEWATER OPERATING INCOME

	TEST YEAR PER UTILITY	STAFF ADJUSTMENTS	STAFF ADJUSTED TEST YEAR	ADJUST. FOR INCREASE	REVENUE REQUIREMENT
1. OPERATING REVENUES	<u>\$246,308</u>	<u>(\$1,510)</u>	<u>\$244,798</u>	<u>\$44,069</u> 18.00%	<u>\$288,867</u>
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$286,632	(\$66,199)	\$220,433	\$0	\$220,433
3. DEPRECIATION (NET)	19,425	(2,991)	16,434	0	16,434
4. INTANGIBLE PLANT AMORTIZATION EXPENSE	0	5,847	5,847	0	5,847
5. TAXES OTHER THAN INCOME	11,555	(539)	11,016	1,983	12,999
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7. TOTAL OPERATING EXPENSES	<u>\$317,612</u>	<u>(\$63,881)</u>	<u>\$253,731</u>	<u>\$1,983</u>	<u>\$255,714</u>
8. OPERATING INCOME/(LOSS)	<u>(\$71,304)</u>		<u>(\$8,933)</u>		<u>\$33,153</u>
9. WASTEWATER RATE BASE	<u>\$168,470</u>		<u>\$377,598</u>		<u>\$377,598</u>
10. RATE OF RETURN	<u>(42.32%)</u>		<u>(2.37%)</u>		<u>8.78%</u>

**COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.**  
**TEST YEAR ENDED 6/30/10**  
**ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 3-B**  
**DOCKET NO. 100326-SU**  
**PAGE 1 of 2**

**WASTEWATER**

**OPERATING REVENUES**

1. To adjust the Utility's revenues to audited test year amount. **(\$1,510)**

**OPERATION AND MAINTENANCE EXPENSES**

1. Purchased Wastewater Treatment (710)  
To reflect increase in bulk wastewater service rates. **\$14,471**

2. Contractual Services - Professional (731)  
To reflect the Annual Report preparation fee. **\$2,500**

3. Contractual Services - Other (736)  
a. To reflect the appropriate management fee. **(\$46,655)**  
b. To reflect the appropriate cost of lift station maintenance. **435**  
c. To reflect sewer line repairs. **675**  
d. To reflect the appropriate cost to monitor the Utility's lift stations. **802**  
Subtotal **(\$44,743)**

4. Regulatory Commission Expenses (765)  
To reflect four-year amortization of rate case expense. **(\$1,515)**

5. Miscellaneous Expense (775)  
a. To capitalize and reclassify expense to UPIS. **(\$36,930)**  
b. To include invoice for office services. **18**  
Subtotal **(\$36,912)**

**TOTAL OPERATION & MAINTENANCE ADJUSTMENTS **(\$66,199)****

**COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.**  
**TEST YEAR ENDED 6/30/10**  
**ADJUSTMENTS TO OPERATING INCOME**

**SCHEDULE NO. 3-B**  
**DOCKET NO. 100326-SU**  
**PAGE 2 of 2**

**WASTEWATER**

**1. DEPRECIATION EXPENSE**

- |  |                  |
|--|------------------|
| a. To reflect test year depreciation calculated per Rule 25-30.140, F.A.C. | (\$2,502)        |
| b. To reflect Accumulated Amortization of CIAC.                            | (489)            |
| Total  | <u>(\$2,991)</u> |

**2. INTANGIBLE PLANT AMORTIZATION EXPENSE**

- |   |                |
|---|----------------|
| To reflect the appropriate intangible plant amortization exp. | <u>\$5,847</u> |
|---|----------------|

**3. TAXES OTHER THAN INCOME**

- |                              |                |
|------------------------------|----------------|
| To reflect appropriate RAFs. | <u>(\$539)</u> |
|------------------------------|----------------|

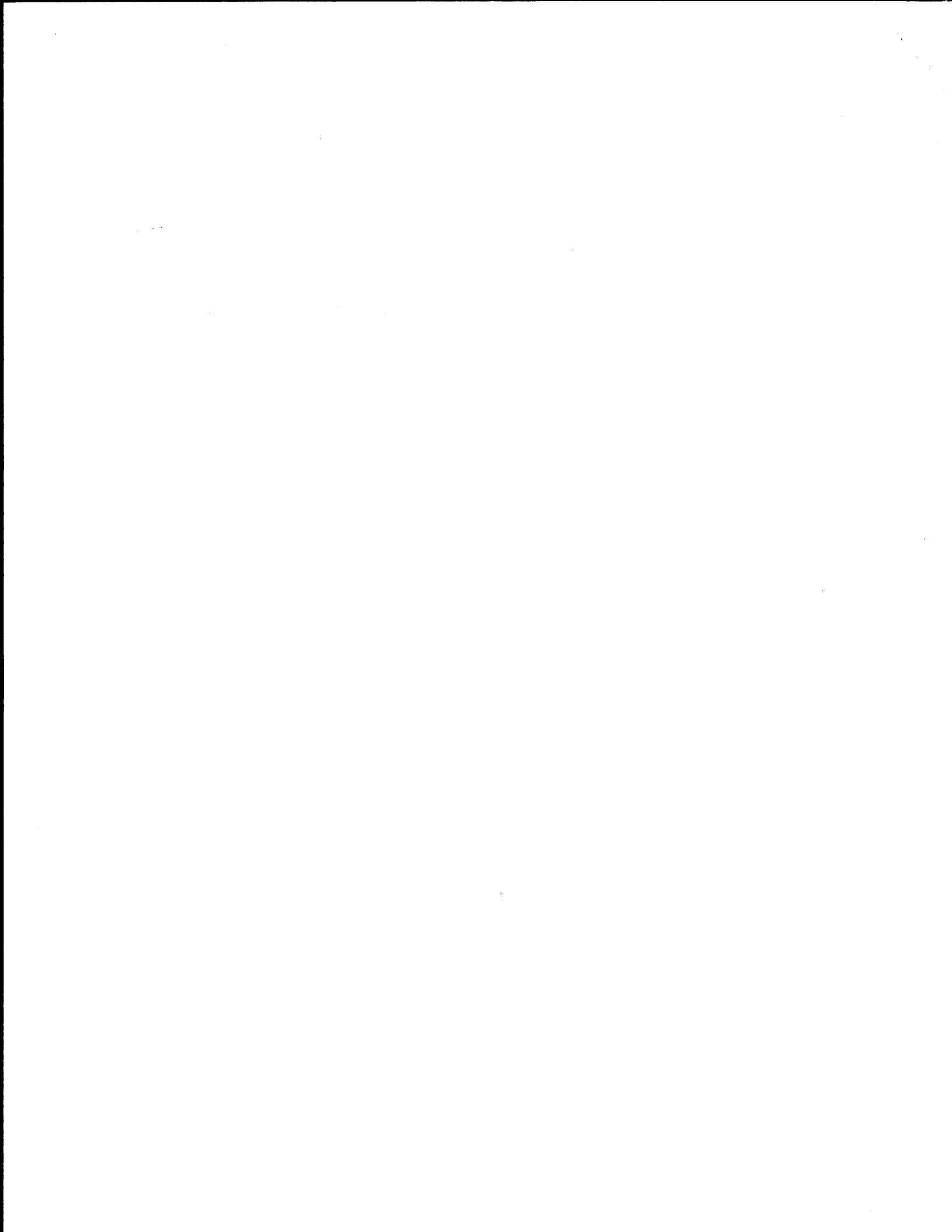
**COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.****SCHEDULE NO. 3-C****TEST YEAR ENDED 6/30/10****DOCKET NO. 100326-SU****ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE**

	<b>TOTAL PER UTILITY</b>	<b>ADJUST- MENT</b>	<b>TOTAL PER COMMISSION</b>
(701) SALARIES AND WAGES - EMPLOYEES	\$0	\$0	\$0
(703) SALARIES AND WAGES - OFFICERS	0	0	0
(704) EMPLOYEE PENSIONS AND BENEFITS	0	0	0
(710) PURCHASED SEWAGE TREATMENT	98,214	14,471	112,685
(711) SLUDGE REMOVAL EXPENSE	0	0	0
(715) PURCHASED POWER	849	0	849
(716) FUEL FOR POWER PRODUCTION	0	0	0
(718) CHEMICALS	0	0	0
(720) MATERIALS AND SUPPLIES	0	0	0
(730) CONTRACTUAL SERVICES - BILLING	0	0	0
(731) CONTRACTUAL SERVICES - PROFESSIONAL	600	2,500	3,100
(735) CONTRACTUAL SERVICES - TESTING	0	0	0
(736) CONTRACTUAL SERVICES - OTHER	145,811	(44,743)	101,068
(740) RENTS	0	0	0
(750) TRANSPORTATION EXPENSE	0	0	0
(755) INSURANCE EXPENSE	0	0	0
(765) REGULATORY COMMISSION EXPENSES	2,377	(1,515)	862
(770) BAD DEBT EXPENSE	0	0	0
(775) MISCELLANEOUS EXPENSES	38,781	(36,912)	1,869
	<u>\$286,632</u>	<u>(\$66,199)</u>	<u>\$220,433</u>

**COMMERCIAL UTILITIES, DIVISION OF GRACE & COMPANY, INC.**  
**TEST YEAR ENDED 6/30/10**  
**MONTHLY WASTEWATER RATES**

**SCHEDULE NO. 4**  
**DOCKET NO. 100326-SU**

	<b>UTILITY'S EXISTING RATES</b>	<b>COMMISSION APPROVED RATES</b>	<b>4-YEAR RATE REDUCTION</b>
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size:			
5/8"x3/4"	\$27.54	\$32.50	\$0.10
3/4"	\$71.49	\$84.36	\$0.26
1"	\$107.26	\$126.57	\$0.40
1-1/2"	\$143.02	\$168.77	\$0.53
2"	\$228.81	\$270.00	\$0.84
3"	\$457.61	\$539.99	\$1.69
4"	\$715.05	\$843.77	\$2.64
Gallage Charge per 1,000 gallons	\$3.71	\$4.38	\$0.01



**EXHIBIT D-3**  
**AFFIDAVIT OF TARIFFS AND ANNUAL REPORTS ON FILE**  
**WITH FLORIDA PUBLIC SERVICE COMMISSION**

I, Anne G. Lee, applicant for the attached Waste Water Application for Amendment for Extension of Certificated Territory, do solemnly swear or affirm that Commercial Utilities, a Division of Grace and Company, has on file with the Florida Public Service Commission, tariffs for its rates and charges and also has filed annual reports with the Commission regarding operation of the utility. I further hereby solemnly affirm that the facts as stated herein are true and correct and that said statements of fact constitute a complete statement of the matter to which they relate.

BY: Anne G. Lee  
Applicant's Signature

Anne                      G.                      Lee  
Applicant's Name (Typed)

President, Commercial Utilities,  
A Division of Grace & Co.  
Applicant's Title

Subscribed and sworn to before me this 18<sup>th</sup> day in the month of April

In the year of 2016 by Anne G. Lee who is personally known to me

\_\_\_\_\_, Or produced identification FL DL

Type of Identification Produced

Alexandra Zapata James  
Notary Public's Signature



Alexandra Zapata James  
State of Florida  
My Commission Expires 08/05/2018  
Commission No. FF 135276

\_\_\_\_\_  
Print, Type or Stamp Commissioned  
Name of Notary Public