

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: December 29, 2016

TO: Carlotta Stauffer, Commission Clerk

FROM: Margo Leathers, Attorney

RE: Docket No. 160065-WU - Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

Please place the attached email information received from Linda Cotherman with Palm Island Estates Association in the above referenced docket file.

Thank you.

MAL/nah

Palm Island Estates Association, Inc.
PO Box 3151
Placida, FL 33946

December 20, 2016

Office of Public Council
C/O The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

Attention: Patricia A. Christensen, J. R. Kelly

RE: Docket No. 160065-WU: Application for water rate increases by
Bocilla Utilities, Inc.

As customers of this utility we feel that the rates should be decreasing rather than increasing as requested by Bocilla Utilities. We felt for many years that we were being overcharged by Bocilla Utilities for the services and product the utility provided but were unable to protest due to the utility being under the control of Charlotte County. During the period that Bocilla Utilities operated under Charlotte County, rates were increased numerous times. These rate increases were granted without discussion or input from the consumers.

As a non-regulated PSC utility due to size, Bocilla Utilities was operated under a different set of standards developed by the owner and utilized through the years. Bocilla Utilities was originally a “developer-owned” water supplier for the owner’s building developments on the island.

Some examples of the previous Bocilla Utilities work standards are:

- Bocilla Utilities neglected to notify DEP when water connections reached the number required for additional water testing.
- Bocilla Utilities attached the water main to the new Kosinski Bridge without permits, plans or approvals.
- Bocilla Utilities got Charlotte County Building Department to issue a “stop-work” order for a home under construction because the owner had not paid a tap fee. Home had an existing permitted well and the order was rescinded.

- Bocilla Utilities interpreted the code for mandatory hookup from ‘water and sewer services’ to ‘water and/or sewer service’ and politically accomplished getting it changed in the county code. There is no sewer on the Islands.
- Bocilla Utilities routinely installed service lines from the meter box to homes without proper licenses or permits.
- For years, Bocilla Utilities did not issue boil water notices when required by law.
- Bocilla Utilities will not conduct flow tests on fire hydrants to determine if they are compliant with NFPA standards. The fire department has been instructed not to open hydrants without first contacting the Utility. See letter attached covering the fire hydrant operating procedure.
- Early stage plant additions and residential meter hookups were started or completed without proper permitting, construction, or inspections – see letters attached from residents dated 1991 to 1994.
- All in all, the answers where Bocilla Utilities states, “best business practices” or “best estimate” or “in management’s best judgement” should be seen as inappropriate and require written supporting 3rd party documentation. These are all phrases like “trust me”, which generally means actual documentation would show otherwise.

A more current example of the way Bocilla Utilities does business is the 2015 historical cost analysis. Information supplied to the Commission contains a hand drawn map of the system with dates of completion and pages of plant equipment. The Report of Utilities Estimates of Reproduction Costs and Bid Cost was done by Giffels-Webster Engineers. The Original Cost Study was done by Frank Seidman of Management and Regulatory Consultants who relied solely on the work and report of Giffels-Webster Engineers. We feel that the information provided by Andy Wickerson of Giffels-Webster Engineers is flawed and has too many inconsistencies to provide an accurate representation of costs.

It is hard to believe that Bocilla Utilities does not have any detailed information to do an estimate of cost. [Reference Friedman 11/29/16 response, items 6, 7, 8 and 9a, and 9b.] In order to properly construct the water distribution system, plans w/specifications and bids must be generated. One component of this process is a set of drawings which show and quantify the distribution system as constructed. Between Giffels-Webster, the design engineer of record, Charlotte County, which

requires drawings to issue a permit reflecting in-service dates, and Bocilla Utilities which must have the information to maintain and locate its existing facilities, full drawings or as-built drawings and information must exist. The generally accepted method to determine costs is to do a takeoff from the as-built drawings to generate accurate quantities for the cost report. Since the cost is quantity driven it is essential that the quantities are correct, and the correct item codes are used.

Reference Engineer's Estimate of Reproduction Costs, Zones 1-3 (Constructed 1991), Zone 4 (Constructed 1995) included in the Friedman 11/29/16 response to Staff and OPC questions.

Some examples of errors, problems, and analysis are:

- Item U-4 Bridge Crossing 1 (Kosinski Bridge) - A quantity of 500 LF has been included. Based on a measurement made on 12/15/15 the crossing is actually 275 LF +/-.
- Item U-5 Bridge Crossing 2 (Anne Merry Bridge). A quantity of 300 LF has been included. Based on a measurement made on 12/15/16 the crossing is actually 120 LF +/-.
- Item U-15 Connection to Existing Main - There was no connection for a directional drill "island side" in 1991.
- Item U-19 – Meters Installed - 250 EA – 1991, U-19 Meters Installed – 60 EA – 1995. Total meters installed 310 EA. Per the 1995 Annual Report of Bocilla Utilities for the Charlotte County Utility Department, page W-3 there were a total of 168 metered customers. It appears that a discrepancy of 142 installed water meters exists or an 84% variance.
- There is no small bore pipe included in the costs. The smallest diameter of distribution main is 4" PVC. We are aware that 2" small bore pipe is in service as a water main on Kettle Harbor Drive with a resultant lack of flow and pressure. When fire hydrants are opened water pressure in homes goes to zero.
- It has been assumed in the engineer's estimates that mains are 6" pipe which provide adequate flow and pressure for proper operation of fire hydrants, when in fact, some of the mains are 4" and some are 2" pipe.

Another issue is the cost associated with the unit pricing in the Reproduction Costs. What is the source of the unit price and can backup be provided? An example would be the engineer's cost estimate of \$1,000.00 to install a meter.

Bocilla Utilities, per the Freidman 12/12/16 response item 7, states a new meter installation costs \$365.00. This significantly overstates the original cost estimate. The BUI \$365.00 installation cost also includes items (meter boxes and corporation stops) that are already existing, resulting in an inflated material and labor cost. The meter boxes and the corporation stops were installed during the construction of the original distribution system.

Where we have only done a cursory review of the costs for Zones 1-4 we can assume that inconsistencies exist in the balance of the Reproduction Costs. The costs for Zone 9 - Interconnect with EWD and the Pump station provided are estimates. Since the construction was completed in 2014 we would assume that it has been paid for, invoices exist and they can be provided. This was a unit priced contract and would be paid for actual quantities installed. Final invoices will reflect the actual cost rather than using the estimates.

Bocilla Utilities has not provided an accounting of the existing water system engineering which allows an accurate estimation of construction costs. As is their 'MO', they tend to do as they please and make us or a regulatory agency prove them wrong. We feel the original cost estimate is inaccurate and overstates the value of plant and equipment.

Along this same line of thinking is the problem with the nitrification and bio-film resulting in the need for the Chloramine feed system and addition of chemicals to the processed water. We believe the nitrification and bio-film problem is from use of prior chemicals when the water plant was in operation and is inside the entire distribution system. For years when seasonal residents returned, their water was black for some time before flushing it out. Currently Bocilla Utilities has bleeder stations on the dead end lines to insure adequate flow to reduce the nitrification and bio-film issue. The original distribution system was inadequate and constructed with dead end lines which contributed to the purification problems. This additional cost is now included in the rate case and is a burden placed onto the consumers.

Bocilla Utilities has stated that they have unlimited supply and availability of water from Englewood Water. We have not seen the written agreement between Englewood Water and Bocilla Utilities or the agreement between Englewood Water and Knight Island Utilities. We request a copy of all the Englewood Water agreements be supplied for review and evaluation.

Another major issue is fire protection on the island. For years (refer to attached letters), residents and the chief of the volunteer fire department felt there was insufficient data to determine the adequacy of water and water pressure to fight a fire. Bocilla Utilities has continually refused to test the pressure in the fire hydrants, let the Charlotte County fire department test them, or provide the results of any tests done by BUI while at the same time having their engineer certify the systems meets all requirements of the state and county.

As discussed above, some of these hydrants are on 4” and 2” mains. This alone makes it impossible to meet any NFPA standards, ISO standards, county or state standards. Tragically last year two people died in a house fire on the island, partly because of the inability to get enough water fast enough to extinguish the fire. This house fire was five homes from the newly installed intracoastal crossing and on the 6” main distribution line. There are 62 fire hydrants [Reference Friedman’s 9/30/16 response item 3.b], reaching as far as 2 miles from the intracoastal tie-in. Bocilla Utilities may supply safe drinking water, but our lives are at stake if there is a fire.

We believe that adequate records have not been provided to document and substantiate the rate increase where Bocilla Utilities is requesting far more compensation and 3rd party support than is necessary for the work and service provided. While a reasonable profit is expected, the owner/director compensation and use of 3rd party support should also be reasonable and not be at the expense of the users. Users are being asked to finance items that should have been included as a normal cost of operation rather than being requested and included in this request for a rate increase.

We question some of the rational and costs Bocilla Utilities is using as a base for the increase and the evasive answers to questions asked by the PSC staff:

- Bocilla Utilities states the three Directors meet once a week to discuss utility operations. [Reference Friedman’s 11/29/16 response, item 1c]. These weekly director meetings are to “supervise, retain, evaluate, and compensate the utility officers”. Since there are only 2 officers and one does not work at the utility that leaves only Mr. Noden who is supervising himself, evaluating himself, setting his own salary, and discussing whether he (himself), the owner, is going to stay employed? The Directors also discuss weekly “the strategic function in providing the vision, mission and goals of the organization”. Bocilla Utilities only vision, mission, and goal is to provide safe potable water to the island residents – how much weekly

strategic planning can there be? Another of the Directors duties is responsibility to “develop a governance system for the business, including overall strategies and financings” – not a lot to discuss here on a weekly basis. The Directors final major duty is their fiduciary responsibility to protect the organization’s assets and the shareholder’s investment”. Not a lot to discuss weekly here either, because in Friedman’s 11/29/16 response to Staff questions item 2b, all these same responsibilities are included in Mr. Noden’s officer responsibilities. If the Board handles all these issues, why is Mr. Noden paid such a high salary – his work is 20-30% supervision of employees and 70-80% clerical. In such a small organization, it is obvious that Mr. Noden is the Board of Directors. Where are the written minutes of these important weekly Board meetings that are so vital to the organizations’ success and direction. Director’s fees are merely additional compensation without justification. These Director fees were only implemented in 2014 [Friedman’s 11/29/16 response, item 1.e.] when they would have been planning their rate increase strategy.

- The majority of the work associated with running the utility is done by staff, not including the Manager whose daily involvement is minimal. The operator is working for 2 separate utilities, one public and one private. Transparency and accountability for the public utility is missing. The designation “operator” allows Knight Island Utilities to legally operate their utility system as they have no other certified operator. This has value and should be included in the allocation of labor costs.
- The assertion that the Manager is available 24/7 for emergencies and the criteria for pay is flawed. Mr. Noden, the President, has not been present (on island) in some instances for weeks or months at a time (many of them taking extended trips to the Bahamas on his sailboat). Friedman’s 11/29/16 response to PSC Staff item 2a statement, “It is estimated that officer’s total time per month tending to Utility operations is 160-200 hours per month” [40-50 hours per week] is totally unsupported and unrealistic. The answer in item 17 states that “both the officer and certified operator are salaried so time sheets are not utilized” is a scapegoat from actual documentation. Any public utility or business that allocates labor cost and expenses between separately owned entities must properly account for all the hours or time used for allocation, whether salary or hourly. The Commission should require Bocilla Utility to do a current time study, on a daily basis for at least 6 months to justify total time worked (salaried employees) and the actual duties performed as well as the allocation of time to Knight Island Utilities, or postpone finalizing the rate increase until the study is completed. Another approach would be to depose the employees under

oath as to their duties, hours worked per day, non-utility or personal projects done on business time..

- As a comment to the hours worked by the Manager above, we offer the following - both the salaried officer and full time operator were observed replacing the decking on Mr. Noden's Point Bocilla (on island) personal residence dock last week (early Dec 2016) during normal working hours. These types of events are more regular "business as usual" than infrequent situations. It should also be noted that previous employees (2010-2011) were advised to (and did) use the Bocilla Utilities barge pass for all trips onto the island, including personal travel. If the use of the Bocilla Utilities barge pass for personal use was occurring previously, it is logical to assume the personal use of barge passes is happening currently.
- According to the Secretary of State records, Mr. Noden also operates two other active businesses, Islander Management, LLC, and Islander Management Group, LLC. Logic - If he spends any time operating his other businesses, he would not be able to work 160-200 hours per week for Bocilla Utilities.
- Bocilla Utilities has been operated without outside "help" for years. A request for additional personnel is not needed. If anything the costs of labor should be decreasing based on the utility becoming a bulk vendor and re-seller/distributor of water rather than a producer/distributor.
- For comparison, we attached the 2004 annual report filed with Charlotte County. 330 residential units were being serviced in 2004 compared to 398 in 2015. In 2004, operating only the plant on a continuing basis, there was \$9,600 in engineering services (assumed, because it is shown as other contracted services) and \$4,780 in accounting services. For the 2016 rate case increase Bocilla Utilities is requesting \$19,351 in engineering services, \$8,200 in accounting services, both of these considered as "continuing" expenses. More than double in 2016 for both categories and that is with the treatment plant shut down using the remaining system for distribution of purchased/re-sold bulk processed water. Our assumption is that the additional engineering in 2015 and 2016 is due to the establishment and set up of the new plant and should be capitalized for rate making purposes and amortized over 40 years, and not expensed currently. Only on questioning did BUI agree to reduce the engineering cost for capping the prior plant wellhead.
- Also comparing the labor costs, in 2004, Mr. Noden was paying his private for profit related party company \$50,000 in management fees, and paying total employee salaries/wages of \$42,612 which included the full time

operator, the part time helper, the part time office help, and the meter readers. There were no officer wages or director fees and no pension or benefit expenses, and there was no interconnect with Knight Island Utilities. In the 2016 rate case (11 years later), with only a 20% increase in customers (330 to 398), BUI is asking for \$104,866 in officer wages (no management fee), and \$88,061 in employee wages plus \$7,548 in pensions and benefits, plus \$10,800 in Directors fees – this relates to a 231% increase in officer/director pay and a 224% increase in employee salaries/wages and benefits. Again, this is with a 20% increase in customers over 11 years. The average annual US inflation rate from 2006 to 2016 was 2.1% annually, which extrapolates to 23.1% for the last 11 years. It is therefore unrealistic that officer, director, and employee wages and benefits should increase to this 2016 level.

- According to answers in Friedman’s 11/29/16 response, item 2.b, Mr. Noden does administrative/clerical work for 70-80% of his time or 28-30 hours per week. If he is doing clerical work when the part time employee is not present, why is the office not open, phone calls not returned, or emails not answered by him. How much clerical time does it take to handle a few accounting entries and computer input? Mr. Noden is also asking for \$4,200 in additional accounting expense to do monthly financial reporting. This is not a large company and based on the 2004 annual report basically runs itself. He cannot justify the additional 8 hours of clerical time nor the additional accounting expense he requests in the rate case.
- The additional field labor hours/cost (total \$6,045) needed for the fire hydrant exercise program and the maintenance program should not be allowed until there is adequate written documentation that the salaried employees cannot handle within their current daily responsibilities. Remember, Bocilla Utilities is a bulk purchaser/re-seller of processed water and no longer operates a plant, storage, etc.
- Reimbursement of mileage for 2015 and before was not done in accordance with IRS regulations. As stated in Friedman’s 11/29/16 responses to Staff questions, item 3.a, the “...unwise use and better business practice starting in 2016 will be for employees to turn in requests for reimbursement ... stating the why, what, where, and when of the use of personal automobiles”. The 2016 requests for personal vehicle reimbursement should be available for review and audit. We request copies of the 2016 approved employee mileage reimbursement requests to support the current 2016 mileage expense (per BUI 2016 financial statements) and a comparison of 2016 personal vehicle expense to the 2015 vehicle expense

to ensure comparability. The employee daily responsibilities and duties have not changed from 2015 to 2016 and there is still no available company vehicle (as requested in this rate case), therefore the personal vehicle expense reimbursement should be similar for both years.

We also believe that the relationship between Knight Island Utilities (KIU), a private utility and Bocilla Utilities, Inc., a public utility needs to be explored with relation to duties, costs and labor allocation. In the 12/8/16 phone meeting, there was mention of a written agreement between the two entities. This is the first time a written agreement has been discussed. The Agreement has not been supplied.

Items to be addressed:

- A copy of the written agreement needs to be supplied for review of duties, responsibilities, guaranteed revenues, allocations of expenses and services, use of Bocilla Utilities certified operator, etc.
- In order to ensure that all maintenance responsibilities, duties, costs, etc. are properly accounted for, the PSC staff should request copies of financial statements for Knight Island Utilities, as well as statements covering the operator duties, expenses, repairs & maintenance, meter reading, billing, and management & clerical duties now handled by BUI for KIU – and the related cost savings to KIU. KIU bills water to the various Home Owner Associations in the resort who in turn charges them to the residents of the HOA's. KIU is a non-profit organization. Guidestar.org shows the latest IRS 2015 form 990 information as assets of \$369,000, liabilities of \$22,633, income of \$441,447, and expenses of \$431,813. It does not show any information on salaries. Total fixed assets (assume plant) are \$90,369 compared to BUI's net plant of \$1,440,848 per the original cost study just completed. This is a significant and unreasonable difference in net plant cost for a 20 customer difference. KIU has 380 metered customers and BUI has 398 metered customers.
- As discussed earlier, the 80/20 cost allocation for labor and related burdens between Bocilla Utilities and Knight Island Utilities needs to be explored in detail. No best guess should be adequate for rate making. Written verifiable documentation is the only acceptable answer.
- Along this same line of questioning, there should be an allocation of plant assets for the entire portion of the BUI plant usage by Knight Island Utilities, including the 8" water main from the Englewood interconnect (to the pump station), the pump station, the Chloramine feed system and chemicals, the pipe and horizontal bores under the intracoastal, the island

distribution lines from the intracoastal connection to the resort and the interconnect between the utilities. In reviewing the answers to Staff questions, some of the above items were not allocated or addressed, while others were allocated on the 36/64% rate (total ERUs). We believe the allocations for each component of the system should be evaluated individually utilizing different criteria other than the total ERU percentages.

- First, the entire water system should be reviewed and evaluated to ensure the current system is adequate to supply the full capacity of water that could be required by the total ERUs usage of both utilities. Can the 8" main line supply enough water to support 1,115 residences at 300 GPD? Second, is there enough capacity to serve 1,115 ERUs using a 6" main on the island from the intracoastal crossing to the KIU interconnection since the single 6" water line also handles all water flow for Knight Island as well as Don Pedro Island? Third, can the BUI island distribution system supply enough water to support 715 (ERU's) residences at total build out with the required flow of 300 GPD? Understanding that the daily residence water usage varies significantly between midnight (low usage) and 8 am or 6 pm (high usage), can the system physically handle this high usage volume of water – plus have adequate pressure for a fire hydrant? If not, then the allocation using total ERUs is flawed and is in error, because to supply all ERUs would take additional investment in plant by BUI.
- Currently, there are approximately 22 million gallons of water used by KIU and 24 million gallons of water used by BUI on an annual basis (based on 2015 budget supplied by BUI). A more realistic allocation of BUI plant assets used by KIU and BUI would be 50/50 rather than the proposed 36/64.
- For the 8" main water supply line from Englewood Water to the pump station, if adequate in size, the 36/64 allocation may be appropriate, if inadequate, the allocated costs should be recalculated. The pump station and the Chloramine feed should be based on actual usage which is a 50/50 allocation. The chemicals used in the Chloramine feed are expensed instead of capitalized, therefore the allocation of chemical cost to KIU should be based on actual water current gallons treated for each utility, not ERUs. For the bores and pipe under the intracoastal the allocation would be closer to the 36/64 because there are 3 - 6" lines installed, and for the island distribution line which is only a 6" main, an allocation of 50/50 is more accurate. The interconnection between KIU and BUI should be allocated entirely to KIU as it would otherwise not be needed.
- The construction costs provided for the new infrastructure between Bocilla Utilities and Knight Island Utilities are estimates and not invoiced costs. Estimates should not be used in any rate case. If the facility is not

completed, it should not be included for rate case purposes until the next potential rate case. For this case the 8” main line from Englewood Water and the pump station were completed over a year ago and invoices supporting actual cost should have been provided.

- In the 2015 Budget for BUI [Friedman’s 8/25/16 response, item 16], BUI shows \$12,000 of other income from KIU (\$1,000 per month). This guaranteed revenue is excluded by BUI from the rate case. Knight Island Utilities pays a fixed fee of \$1,000 per month to Bocilla Utilities for services. A copy of the agreement will support our contention that the guaranteed monthly revenue should be included in the rate case revenues.
- There are also additional costs that should be allocated to KIU. Ferry passes, water testing, mileage reimbursement or truck expense, etc. should be allocated or charged direct to KIU. If the Operator gathers water samples daily from KIU and transports them to the lab for testing, is any cost (other than labor) allocated to this activity.
- There are inconsistencies between reporting periods from Bocilla Utilities. In the 2004 Bocilla Utilities annual report it clearly states there are 725 ERUs. In the 2015 rate case documentation it clearly states there are 715 ERUs. Answers from the 12/16/16 letter state the difference is due to instances over the past 30 years of a house being built on 2 lots and/or developments that have been re-platted to fewer lots. Why is the 2016 annual report the first time this is going to be updated to the correct amount? Can we assume there are other incorrect items in BUI annual reports from prior years?

There are many inconsistencies between the original Minimum Filing Requirements and the subsequent re-submissions which incorporate the clarifications requested by the PSC and the OPC. An area of concern is the information provided in response to the questions asked. It appears that there is no documentation to validate the responses since estimates, bids, and invoices are provided in summary with no detail or cancelled checks provided to support the information.

A significant area of concern to us as consumers is companies billing Bocilla Utilities and their relationship to Bocilla Utilities.

- Englewood Management LLC with a Tallahassee address billed Bocilla Utilities \$45,184.79 for consulting services. Who owns and operates

Englewood Management LLC, what service did they provide, and who provided it? This entity is obviously operating (billed for Florida source services) in Florida, but is not registered with the Florida Secretary of State. Is it a legal entity? We request to know who owns and operates this company including copies of cancelled checks for this invoice to see who cashed them. Prior to September 2014, an inactive company named Englewood Management Group, LLC with an Englewood address was registered, with the principal being Raymond Flischel, a director of Bocilla Utilities, Inc. Copies of Secretary of State Registrations are attached.

- If in fact, Englewood Management, LLC is proven to be owned and operated by Raymond Flischel, why is he charging airfare and mileage to come to “Don Pedro Island” to discuss the rate case? The Directors meet once a week [per Friedman’s 11/29/16 response, item 1.c] and the BUI office is in Placida, not on Don Pedro Island. We question whether there is a conflict of interest issue since he is a Director and also billing for rate case work. Obviously, there is no transparency in the transaction. Was this invoice ever paid or is it just used for the rate increase application justification?
- Islander Management Company is owned by Craig Noden. Islander Management Company bills Bocilla Utilities for barge fees, cell phone charges and miscellaneous costs. To support barge expense for BUI, invoices from Island Management Company were produced showing number of trips and cell phone expense. Since this company invoicing BUI is a related party (also owned by Craig Noden), we request copies of financial statements on Island Management Company. Financial statements and supporting invoices would allow PSC staff documents to properly validate the billing for accuracy and relevance. In Friedman’s 10/21/16 response, item 1.c, BUI states that additional clerical staff hours is required to keep track of and account for the date, who, what, why on barge passes for future rate cases. In reality, this documentation is already available as the Palm Island Transit Company includes a monthly summary for all commercial barge passes showing who, what, when for each ferry trip. We request copies of the ferry documentation furnished to Islander Management Company from Palm Island Transit Company. As for the cell phone billing, we request the cell phone bill from the phone company and the methodology and related documentation of the charges from Islander Management to BUI. We would also like knowledge of Mr. Noden’s personal use of the ferry. What type of pass does he utilize for personal trips along with supporting cancelled checks to Palm Island Transit Company?
- The rents and utilities for BUI office space at 7025-A Placida Road should be questioned. There are 5 companies with offices at this address. See

attached Secretary of State business filings. They are Islander Properties, Inc. (Robin Madden), Islander Properties Home Services, LLC (Robert Madden), Islander Management, LLC (Craig Noden), Islander Management Group, LLC (Craig Noden), and Bocilla Utilities, Inc. (Craig Noden and Julie Merry). They all currently use 7025-A Placida Rd as their business address per Secretary of State Filings. Rents and utilities are currently split 50/50 between Islander Properties, Inc. and BUI. Obviously, Islander Management, LLC is operating and billing BUI monthly, and the other 2 companies are active per the Secretary of State filings. Therefore the rents and utilities expenses requested for the BUI rate case should be limited to 20% (1 of 5 active businesses), not 50% as requested. Per the answers by BUI, the space is very limited in size (one 8' x 12' office). This is another example of statements and/or related party billings which are unreasonable, unreliable, unsupported, and inappropriate.

- There is also a question about BUI's former treatment plant and tennis courts which are located above the BUI underground storage tank. On top of the underground tank is a fenced, maintained tennis court for the private use of residents of Colony Don Pedro. The answers to Staff questions state it was a related party transaction and of no concern with no documentation. We request a letter to the Board of Directors of Colony Don Pedro requesting information on the transaction and whether there "was/or is" compensation being paid by Colony Don Pedro for use of this private amenity. In addition, we question whether BUI can tear down the tennis court with no recourse from Colony Don Pedro. This is another example of potential revenue that was not included in the rate request.

As the island develops and new houses are built, much of the new construction is larger than the older, smaller homes. Larger homes have more bedrooms and larger water needs than the smaller homes. According to the State of Florida Health and Rehabilitive Services (from 1995) the level of service requirements for potable water is to provide a minimum of 85 gallons per day, per person. Per person occupancy is based on the number of bedrooms and/or square footage. New homes built or remodeled with 3-4 bedrooms are approved for occupancy of 6 to 8 persons. This extrapolates to a minimum potable water availability of 510 to 680 GPD. According to the current (and prior) Bocilla Utilities services agreement, BUI will only guarantee 300 GPD. How can BUI continue to limit provision of water per residence to significantly below the State standards?

Timewise, the PSC staff is approaching the end of the period allowed before making a recommendation to the Commission and the Commission making a decision on the rate increase. Again, our feelings are “that there should be a rate reduction instead of a significant rate increase”. We are talking about changing from a physical plant and distribution system to a reseller/distributor of processed water.

Basic arguments put forth now and in the beginning are the use of estimates instead of actual invoices, inaccuracies in the cost study system data, inappropriate allocations of BUI plant used by KIU, inconsistent answers to Staff and OPC questions, non-forthcoming information regarding related party transactions, failure to document hours, activities, and expenses in justification of excessive salaries, directors fees, personal use of BUI assets and labor, and allocation of expenses to another private utility. Add to this the history of inappropriate incidents and actions of Bocilla Utilities discussed at the beginning of this letter and you have the realistic basis for denying this increase in total.

We still believe that the test year used in this rate case is inappropriate. With the installation of the main in 2014, and the continued problems with establishing a good quality water supply, the engineering costs as well as many others are overstated. Many of these engineering costs should be capitalized and not expensed. The 2004 BUI annual report is a great example of what a good test year should be. It shows that 2004 was a general continuing operation of a water plant and on island distribution to consumers, without start-up expenses from a complete change in water source, and the sharing of plant and distribution with an un-related private utility.

A better approach for the PSC staff may be to recommend denying this rate increase, or only supporting the interim increase, until Bocilla Utilities does an accurate study.

- The study should include the salaried employees’ time showing the actual number of hours worked daily, the activity, and the purpose including the time spent for the KIU allocation.
- An accurate written, third party verified, accounting of barge passes and mileage reimbursement (showing person, date, time, activity, and purpose) as well as other questionable expenses.
- A plant historical cost study based on a full examination and evaluation of the actual distribution plant and not a best guess (inaccurate) estimate.
- A better understanding of the routine, the continuing engineering and other contractor related requirements.

All of the study should be done in a professional manner allowing only supported, documented expenses without the use of estimates or management's best guesses.

Please let us know if you have any questions or require any further information.

Sincerely,

Ray Smith

Ray Smith, President
Palm Island Estates Association, Inc.

Detail by Entity Name

Florida Limited Liability Company
ENGLEWOOD MANAGEMENT GROUP, LLC

Filing Information

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Principal Address

105 GARLAND WAY
ENGLEWOOD, FL 33947

Mailing Address

105 GARLAND WAY
ENGLEWOOD, FL 33947

Registered Agent Name & Address

FLISCHEL, RAYMOND W
105 GARLAND WAY
ENGLEWOOD, FL 33947

Authorized Person(s) Detail**Name & Address**

Title MGR

FLISCHEL, RAYMOND W
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Annual Reports

Report Year	Filed Date
2013	01/31/2013

Document Images

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Detail by Entity Name

Florida Profit Corporation

ISLANDER MANAGEMENT COMPANY

Filing Information

Document Number J56624
FEI/EIN Number 59-2760562
Date Filed 02/12/1987
State FL
Status ACTIVE

Principal Address

R. CRAIG NODEN
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Changed: 03/29/2009

Mailing Address

R. CRAIG NODEN
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Changed: 03/29/2009

Registered Agent Name & Address

NODEN, R. C
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Name Changed: 04/17/2012

Address Changed: 08/06/1996

Officer/Director Detail

Name & Address

Title D, P

NODEN, R. C
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Title D, S

MERRY, JULIE
 7025-A PLACIDA ROAD
 ENGLEWOOD, FL 34224

Annual Reports

Report Year	Filed Date
2014	04/08/2014
2015	04/17/2015
2016	04/27/2016

Document Images

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04/17/2015 -- ANNUAL REPORT	View image in PDF format
04/08/2014 -- ANNUAL REPORT	View image in PDF format
04/29/2013 -- ANNUAL REPORT	View image in PDF format
04/17/2012 -- ANNUAL REPORT	View image in PDF format
04/19/2011 -- ANNUAL REPORT	View image in PDF format
04/14/2010 -- ANNUAL REPORT	View image in PDF format
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03/17/2008 -- ANNUAL REPORT	View image in PDF format
04/15/2007 -- ANNUAL REPORT	View image in PDF format
06/12/2006 -- ANNUAL REPORT	View image in PDF format
03/30/2005 -- ANNUAL REPORT	View image in PDF format
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03/20/2001 -- ANNUAL REPORT	View image in PDF format
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05/04/1999 -- ANNUAL REPORT	View image in PDF format
05/01/1998 -- ANNUAL REPORT	View image in PDF format
04/04/1997 -- ANNUAL REPORT	View image in PDF format
08/06/1996 -- ANNUAL REPORT	View image in PDF format
04/11/1995 -- ANNUAL REPORT	View image in PDF format

Detail by Entity Name

Florida Limited Liability Company
ISLANDER MANAGEMENT GROUP, LLC

Filing Information

Document Number L12000143846
FEI/EIN Number 46-1553287
Date Filed 11/14/2012
State FL
Status ACTIVE

Principal Address

7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Mailing Address

7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Registered Agent Name & Address

NODEN, R. CRAIG
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Authorized Person(s) Detail

Name & Address

Title MGRM

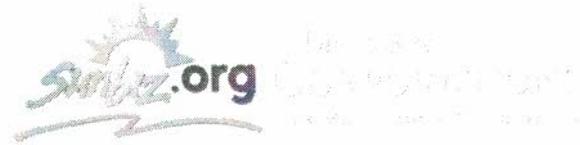
NODEN, R. CRAIG
7025-A PLACIDA ROAD
ENGLEWOOD, FL 34224

Annual Reports

Report Year	Filed Date
2014	04/08/2014
2015	04/17/2015
2016	04/27/2016

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04/08/2014 -- ANNUAL REPORT	View image in PDF format
04/29/2013 -- ANNUAL REPORT	View image in PDF format
11/14/2012 -- Florida Limited Liability	View image in PDF format



Detail by Entity Name

Florida Profit Corporation
ISLANDER PROPERTIES, INC.

Filing Information

Document Number 502070
FEI/EIN Number 59-1686313
Date Filed 04/28/1976
State FL
Status ACTIVE

Principal Address

7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Changed: 08/06/1996

Mailing Address

7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Changed: 08/06/1996

Registered Agent Name & Address

MADDEN, R F
7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Name Changed: 04/30/2007

Address Changed: 08/06/1996

Officer/Director Detail

Name & Address

Title ST

MADDEN, R F
7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Title PRES

MADDEN, ROBIN L

Detail by Entity Name

Florida Limited Liability Company
ISLANDER PROPERTIES HOME SERVICES, LLC

Filing Information

Document Number L14000101035
FEI/EIN Number 47-1246514
Date Filed 06/24/2014
State FL
Status ACTIVE

Principal Address

7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Mailing Address

7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Registered Agent Name & Address

Madden, Robert
7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Name Changed: 01/08/2016

Authorized Person(s) Detail

Name & Address

Title MGR

MADDEN, Robert
7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Title MGR

MADDEN, ROBIN L
7025-A PLACIDA RD
ENGLEWOOD, FL 34224

Annual Reports

Report Year	Filed Date
2015	04/30/2015
2016	01/08/2016

Document Images

01/08/2016 -- ANNUAL REPORT	View image in PDF format
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06/24/2014 -- Florida Limited Liability	View image in PDF format



COPY

CHARLOTTE COUNTY BOARD OF COUNTY COMMISSIONERS

CERTIFICATE NUMBER

91-001-W

Upon consideration of the record, it is hereby ORDERED that authority be and is hereby granted to

BOCILLA UTILITIES, INC.

Whose principal address is

7050 PLACIDA ROAD

ENGLEWOOD, FLORIDA 34224

to provide WATER service in accordance with CHARLOTTE COUNTY CODE 3-8

ISSUANCE OF THIS CERTIFICATE IS CONDITIONED UPON A MAXIMUM OF 400 WATER CONNECTIONS UNLESS CENTRALIZED SEWER HAS BEEN MADE AVAILABLE. THE REMOVAL OR MODIFICATION OF THIS LIMITING CONDITION SHALL BE SUBJECT TO BOARD APPROVAL, REGARDLESS OF THE CIRCUMSTANCES.

ORDER DATED NOVEMBER 12, 1991 DOCKET 90-281-W

ORDER DATED _____ DOCKET _____

ORDER DATED _____ DOCKET _____

ORDER DATED _____ DOCKET _____

BY ORDER OF THE
BOARD OF COUNTY COMMISSIONERS



February 25, 1993

Commissioner Max Farrell
Charlotte County Administrative Center
18500 Murdock Circle
Port Charlotte, Florida 33948-1049

Dear Commissioner Farrell:

I attended the workshop pertaining to mandatory sewer and water hook up - specifically mandatory or voluntary connection to Bocilla Utilities, Inc., on Knight/Don Pedro Island.

I understand your reluctance to support voluntary hook-up on the islands, but I do feel this is a unique situation for many reasons. Also, I feel that in the past, "utility companies were thought to be "God-like" and any private company that went into the utility business was perceived to be of the status of Florida Power and Light or to "Ma Bell." This, of course, is a fallacy as we in Charlotte County are finding out. Certainly, West Charlotte Utilities, Inc., and Rampart are but two of the private businesses, I mean utility companies that have not been run for the best interests of the citizens but rather for the best interests of its owners, just as any private business would.

Specifically, I would like to mention several points of concern regarding Bocilla Utilities, Inc.:

1. According to Florida Department of Environmental Regulation (FDER) records, all phases of the Bocilla Utilities, Inc., expansion of water lines was approved by FDER five or more months prior to their certificated area being approved by the Board of County Commissioners (November 12, 1991).
2. All phases were under construction before November 12, 1991.
3. Approval of part of several phases was given by FDER and residences hooked up prior to November 12, 1991.
4. All of the water lines were constructed by Bocilla Utilities, Inc., without County inspections.
5. Some residences were connected by an unlicensed company (Islander Management Company) owned by Mr. Noden (owner of Bocilla Utilities, Inc.) and without County permits or approvals. (Charlotte County requires that a master plumber make the connection after obtaining a County permit - and County inspection.)
6. Many homes were built under permits by the State of Florida Health and Rehabilitative Services for four to six occupants. The State level of service requirements for potable water is to be able to provide 85 GPD,

$$\begin{array}{rcl} \text{so - } & 85 \text{ GPD} \times 4 & = & 340 \\ & 85 \text{ GPD} \times 6 & = & 510 \end{array}$$

but, the contracts customers of Bocilla Utilities, Inc., sign state that Bocilla Utilities, Inc., will not provide more than 300 GPD.

February 25, 1993
Commissioner Max Farrell

Page 2

I would like to think that the County would be assuming some liability by mandating the residence connect to a system which had no County inspection; connections made by unlicensed contractors; and not being able to meet the level of service required by the State.

I don't believe that two wrongs make a right - referring to Commissioner Ross' statement, "Since the water lines are already there, people should hook up"!! I believe this sends the wrong message to developers.

Many other valid points were brought up at the workshop. One of the most important is that development on the bridgeless barrier islands not be encouraged for the profit of developers.

I trust you will consider all factors in your decision.

MICHELE D'AMOUR
POST OFFICE BOX 5114
GROVE CITY, FLORIDA 34224
813/697-7687

November 18, 1994

Ms Billie Messer
Florida Public Service Commission
The Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32301

Dear Ms Messer:

I am enclosing a number of documents that you had requested in regard to Bocilla Utilities. I am placing them in folders to better facilitate your use of them. The folder headings are:

1. Charlotte County Codes
2. Charlotte County Fire Department
3. Florida Department of Environmental Protection
4. Bocilla Utilities Water Service Agreement
5. Letters regarding mandatory connection

I would also like to elaborate on some of the issues I feel apply to this situation.

1. Charlotte County Code - There are many issues surrounding the certification of Bocilla Utilities, Inc. The first issue is the legality of Charlotte County issuing a certificate in direct violation of its Comprehensive Plan as amended in October, 1990. The decision was made at that time to give the bridgeless barrier islands a low priority for development if not to discourage it altogether. The Plan states "The County will not extend the full range of services outside of the Urban Service Area except for police, fire, EMS, garbage and road maintenance, where appropriate."

In Section 3-8-41 of the Charlotte County Code, the ordinance states, in part: "All existing and new residential development shall tie into a centralized sanitary sewer and potable water systems where such connections are located contiguous to the right-of-way which contains these utilities." This section of the code has been interpreted by Bocilla Utilities, Inc. as mandating connection of single-family residences not on central sewer to its central water facility. This interpretation of "connections to centralized water and sewer systems" would appear to use the alternative conjunctive "or" rather than the additive conjunctive "and". The County Utilities Department evidently realized that it should be following the ordinary meaning of "and" when it added to its Potable Water and Sewer Affidavit the language "In addition, if central water and/or sewer service are indicated as available, I agree to have a legal connection made before final inspections are made." The Utility Department recognized the problem in forcing connection to water systems without a sewer system also available. Its solution was to change the statutory language from "and" to "and/or".

Section 3-8-33 states, in part: "A utility shall extend both water and sewer service simultaneously unless granted a specific exemption by the board." No such specific exemption was ever granted by Charlotte County.

Bocilla Utilities, Inc. applied for certification, and it was granted on November 12, 1991. The certification was granted over one year after the Future Land Use Amendment regarding the extension of services outside the Urban Service Area. The actual certificate was not signed until July 27, 1994. The certificate issued by the County has two limiting conditions: 1. posting of an irrevocable letter of credit for \$21,000; and 2. limiting connections to 400 until central sewer has been made available. There is no record in the County of a letter of credit being filed. At what point did the County waive the requirement or deem that the requirement was no longer necessary. Wouldn't waiver of the requirement need some proof that the condition (security for interim rates) had been met? Does the County have the power to waive conditions of the certificate holder without a public hearing duly noticed? The certificate was contingent on the conditions which were imposed at the public hearing. The signing of the certificate in July, 1994, was a mere formalization of the order. The signing of the certificate could not change the limiting conditions.

Also, Bocilla Utilities, Inc. has never paid a regulatory fee as imposed by Sec 3-8-61. The Utilities Department has stated that no certificate had been issued, therefore, no regulatory fee was assessed. How can Bocilla Utilities claim the benefits of certification but avoid the financial obligations? Were they certificated or were they not? As a taxpayer, I object to the fiscal irresponsibility of the County in not collecting tens of thousands of dollars.

There are additional requirements imposed by Sec 3-8-61 such as audited financial statements and a five-year capital improvement program. None of these requirements have ever been met by Bocilla Utilities, Inc.

Although two rate increases were granted by the County, no documentation exists in the Utilities Department concerning these increases. According to Bocilla Utilities estimates, the entire plant and distribution lines cost no more than \$350,000, yet with an average connection fee of \$4,000 over the last several years and with 153 connections, they will have taken in over \$600,000. Their rates are double those of Rotonda Utilities which is one of the highest in the state.

2. Charlotte County Fire Department - In obtaining certification from the County, Bocilla Utilities, Inc. did not adhere to County and State regulations governing issuance of the certificate. Department of Environmental Protection Regulation 17-555.410 (2) states, in part: "It does not authorize any infringement of federal, state, or local laws or regulations. It does not eliminate the need to obtain any other federal, state, or local permits that may be required, or allow the permittee to violate any more stringent standards

established by federal or local law." Charlotte County Ordinance 91-52 states, in part: "Any...corporation...constructing, installing, or extending any new water main or mains shall notify the Fire Marshal in writing and submit any new plans for such additions for his inspection and determination that the same shall be capable of carrying the flows required by Chapter 9 of NFPA Standard 24... It goes on to state: "No building permit shall be issued by the director of the building department, and no right-of-way permit for water lines shall be issued by the director of the Land Development Department unless the Fire Marshal has approved such permits under the provisions of this chapter." None of these requirements were met by Bocilla Utilities, Inc. The building department never issued a permit. Some right-of-way permits were issued, but not for all properties. As you can see by the enclosed letter from the Assistant Fire Director, Bocilla Utilities won't even allow the Fire Department to test the flow, and, even though the ordinance states that the flow for single-family homes should be 750 GPM, in actuality, the flow is about 200 GPM. Mr Craig Noden, President of Bocilla Utilities, Inc. in the public hearing before certification asserted that he would be able to provide this service.

3. Department of Environmental Protection - Again, there are a number of issues concerning the permitting of Bocilla Utilities. The well permit number listed on the R.O. plant permit application sent to the DEP by Bocilla Utilities belongs to another utility. The well permit for Colony Don Pedro (where Bocilla Utilities well is located) was not issued until after the plant permit application was made.

In a letter dated April 6, 1987, Mr Noden requested reclassification from Community to Non-Community Water System. This request was granted. It was stated in Mr Noden's letter that "We will notify you at the time that we reach the 25 level". And it was stated in the DEP letter that "In the event that the population increases to 25 or more, this department must be notified so that system classification can be updated." However, in a letter dated January 29, 1990, from Jeffrey Gilcher, Plant Manager, Bocilla Utilities, it is stated that the "plant is averaging 5,000 gallons per day". If the plant is averaging 5,000 gallons per day, and, if the average water use is 75 gallons per person, that would amount to 67 people using the system every day. Bocilla Utilities never sent notification to the DEP, and, in fact, it wasn't until the DEP realized that the flow was at the maximum level for the entire system, that it requested updated information on the number of customers. Bocilla Utilities operated for several years without notifying DEP of its change of status.

There are also numerous discrepancies on the individual permits

concerning Existing Plant Flow, Increase in Plant Flow, Existing ERC's Approved. These documents are included for your information.

Public Service Commission

4

November 18, 1994

4. Bocilla Utilities Water Service Agreement - I am enclosing copies of three agreements of various dates. I am also enclosing the Promissory Note which prospective customers are forced to sign before they can obtain a building permit in Charlotte County. According to the promissory note, the full amount is due and payable in six months whether or not a Certificate of Occupancy is issued.

5. Letters regarding mandatory connection - There are six people who have been forced to connect to Bocilla Utilities water system. Various correspondence is enclosed concerning these connections.

The above information is offered to you as a background to the mandatory connection situation in regard to Bocilla Utilities. As you can see, there are many issues which I as a citizen of Charlotte County, as a person concerned with the environment, and as a taxpayer feel are important. But the most important fact to me is the fact that this problem could have been avoided. In statements to many of the island homeowners and members of the Palm Island Estates Homeowners' Association, Mr Craig Noden promised that hookups would never be mandated. He told us that the only reason he wanted to expand his plant was to service his own developments which run throughout the island. If we had known what he was planning, we would have protested at the original certification hearings, and, there never would have been a certification. Mr Noden knew that most of the homeowners did not want central water when he started expansion. He knew that to be profitable these homeowners would have to connect. He planned this from the beginning, and we were foolish enough to believe him. This was planned for his own personal gain, customers of the utility will pay for all of his plant and all of his expansion, and when he sells the system, he will reap all of the gain.

If you have any questions, please call me. I have more information, and I can run you through the paperwork if you would like.

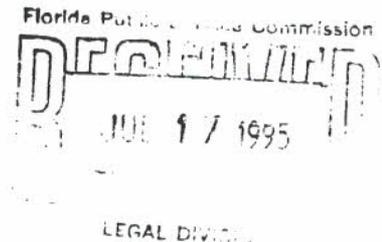
Sincerely,

Michele d'Amour

Michele d'Amour
Post Office Box 5114
Grove City, FL 34224
813/697-7687

July 14, 1995

Ms. Lila Jaber, Bureau Chief
Division of Legal Services
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



Dear Ms Jaber:

After speaking to you yesterday, I did some soul searching concerning the situation with Bocilla Utilities, Inc. I realized that there are really two basic issues which trouble me. The first is the issue of State regulation as a whole. I have found that, fundamentally, there are 3 state agencies overseeing this utility. These agencies are the Public Service Commission, the Department of Environmental Protection, and the Southwest Florida Water Management District. However, there is no agency which looks at the picture as a whole. Each agency deals only with its own interests and none is responsible for the overall view of what is happening on a very fragile barrier island. Also, **none is concerned with or bothered by the historical facts of broken promises and broken rules and regulations.**

The second issue is that of the original certification by Charlotte County. As you can see on the certificate, **the order is dated November 12, 1991. However, the certificate was not signed until July 27, 1994** because one of the conditions had not been met and, actually, was never met. During the intervening years, the Utility held itself out to be certificated when it was to the Utility's advantage, such as when it orders the Charlotte County Building Department to force new residents to connect to the Utility. However, when it was to the Utility's detriment, the Utility did not act as a certificated utility. **It is a county regulation for a Utility to file financial statements, yearly utility statements and to pay regulatory fees. The Utility has never done this.**

Obviously, there is a double standard in effect in this case. I, as a resident of Don Pedro Island, must connect to this utility even though I have a water system which was permitted by the County six years ago. However, Bocilla Utilities does not have to follow regulations in permitting and operating its plant. I must disconnect my system which is ecologically beneficial and connect to a system

which is ecologically harmful. Once again, it appears that the developers have won and the citizens have lost in the State of Florida

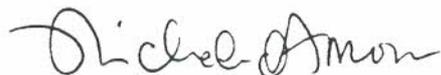
There is one other issue I would like to speak to: I am enclosing a copy of the Certificate issued by Charlotte County to Bocilla Utilities, Inc. This certificate states the following: "Issuance of this certificate is conditioned upon a maximum of 400 water connections unless centralized sewer has been made available. **The removal or modification of this limiting condition shall be subject to Board approval, regardless of the circumstances.**" This condition was placed on the Utility for a very specific environmental reason, however, when I spoke to both you and Ms Messer, I was told that this condition would not be a part of the certificate issued by the Public Service Commission. **THIS IS WRONG!** How can the Public Service Commission change a condition which "shall be subject to Board approval, regardless of the circumstances"?

Since I am unable to attend the Commission's conference on July 18, 1995, would you please read this letter to the Commissioners in my stead. I represent a group of residents of Don Pedro Island who are very bothered and upset with what has happened here and with the fact that no one in any State agency shows the least concern. I do not understand why it is the Utility's right to be grandfathered, but we, as citizens, have no rights.

Please convey my concerns to the Commissioners.

Thank you.

Sincerely,



Michele d'Amour

Enclosures: Charlotte County - July 27, 1994, Certificate #91-001-W



COUNTY OF CHARLOTTE

Charlotte County Fire and Emergency
Medical Services Department

22429 Edgewater Drive
Punta Gorda, Florida 33980 - 2016
(813) 743-1367

November 15, 1994

Ms. Linda B. Cotherman
P.O. Box 5063
Grove City, FL 34224

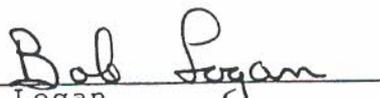
Dear Ms. Cotherman:

In response to your letter concerning Bocilla Utilities and Fire Flows, let me offer the following information:

1. County Ordinance 91-52 with an effective date of October 4, 1991 was in effect in November, 1991.
2. Copies are enclosed of the ordinance in question.
3. The same requirements are still in effect.
4. To the best of my knowledge the flows from the hydrants on the Bocilla Utilities System flow about 200 GPM. This data was relayed to us from the utilities since we were requested verbally not to flow test their hydrants.
5. Without actually flow testing a hydrant on the Bocilla System, we do not know if the system complies or not.

I hope this information will be of benefit to you. Please feel free to call if we can be of further assistance.

Sincerely,


Bob Logan
Assistant Fire Director

BL/blp
Enclosures

cc: Robert J. Lani, Director, Fire and EMS

Bocilla Utilities, Inc.

16 November 1992

Charlotte County Fire/Rescue
Firehouse #10
224-29 Edgewater Dr
Punta Gorda, FL 33980

Re: Fire Hydrants

Gentlemen:

Enclosed with this letter is a layout of the developed sections of Palm and Don Pedro Islands along with the respective fire hydrants currently installed. As you can see from this drawing, all of the developed sections of Don Pedro Island are now protected by fire hydrants. Currently about half the developed area on Palm Island is covered and the Utility is currently working on the expansion plans for additional storage and increased fire flow capability to serve the balance of the Palm Island developed area.

Bocilla Utilities was designed with many safeguards in the process and distribution system. One of these safeguards protects the 100,000 gallons of water storage located at the plant site. In the event of a water main break, the distribution pumps are designed to shut down when the line pressure falls to 20 psi. This safeguards the water storage, but unfortunately, would also shut the distribution system down in the event someone opened a fire hydrant too rapidly.

To facilitate the use of the fire hydrants on Don Pedro-Palm Island in either emergency or drill situations, the Utility has formulated the following operational plans.

Sincerely,

R. Craig Noden
President

RCN/ma
Encl
✓xc: Island Fire Brigade
c/o Jim Smeaton, President
BUI\FH1

EMERGENCY
PROCEDURE FOR FIRE HYDRANT USE

1. Contact one of the below listed authorized Bocilla Utilities personal:

Jeff Gilcher	697-2267 - Water Plant (Don Pedro)
	998-4959 - Beeper
	474-6566 - Home (Mainland)
Craig Noden	697-2000
Blackie Hunt	698-0356 - Home (Palm Island)
Sheldon Smith	697-6512 - Home (Mainland)

2. Upon notification a Bocilla Utilities employee will immediately go to the water plant and monitor Fire Department channel F2.

3. Prior to opening fire hydrant, notify Utility employee on Fire Department channel F2.

4. Open fire hydrant slowly and stay in contact with Utility plant.

5. Utility will manually run the distribution pumps to supply the greatest quantity of water possible without distribution pump shut down.

It is essential that the firemen operating the fire hydrant stay in constant communication with the Utility plant operator manning the pumps to prevent the possibility of a distribution shut down.

BUI\FHEMERGE

UTILITY NAME:

Bocilla Utilities, Inc.

YEAR OF REPORT
December 31, 2004

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

OTHER WATER SYSTEM INFORMATION

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

1. Present ERC's * the system can efficiently serve.	330
2. Maximum number of ERCs * which can be served.	430
3. Present system connection capacity (in ERCs *) using existing lines.	430
4. Future connection capacity (in ERCs *) upon service area buildout.	725
5. Estimated annual increase in ERCs *.	20
6. Is the utility required to have fire flow capacity? If so, how much capacity is required? _____	No
7. Attach a description of the fire fighting facilities.	56 Hydrants
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system. _____ NONE PLANNED	

9. When did the company last file a capacity analysis report with the DEP?	2004
10. 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? _____	
11. Department of Environmental Protection ID #	PWS 6084079
12. Water Management District Consumptive Use Permit # _____	
a. Is the system in compliance with the requirements of the CUP? _____	
b. If not, what are the utility's plans to gain compliance? _____	

* An ERC is determined based on the calculation on the bottom of Page W-13.

UTILITY NAME: Bocilla Utilities, Inc.

YEAR OF REPORT December 31, 2004
--

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

SCHEDULE OF YEAR END WATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	W-4(b)	\$ 1,579,030
	Less:		
	Nonused and Useful Plant (1)		
108	Accumulated Depreciation	W-6(b)	320,259
110	Accumulated Amortization		
271	Contributions In Aid of Construction	W-7	928,626
252	Advances for Construction	F-20	
	Subtotal		\$ 330,145
	Add:		
272	Accumulated Amortization of Contributions in Aid of Construction	W-8(a)	\$ 228,520
	Subtotal		\$ 558,665
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		
	Other (Specify):		
	WATER RATE BASE		\$ 558,665
	WATER OPERATING INCOME	W-3	\$ 49,762
	ACHIEVED RATE OF RETURN (Water Operating Income / Water Rate Base)		<u>8.91%</u>

- NOTES : (1) Estimate based on the methodology used in the last rate proceeding.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculation consistent with last rate proceeding.
 In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

UTILITY NAME: Bocilla Utilities, Inc.

YEAR OF REPORT
December 31, 2004

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REFERENCE PAGE (c)	CURRENT YEAR (d)
UTILITY OPERATING INCOME			
400	Operating Revenues	W-9	\$ 261,753
469	Less: Guaranteed Revenue and AFPI	W-9	(27,148)
Net Operating Revenues			\$ 234,605
401	Operating Expenses	W-10(a)	\$ 164,134
403	Depreciation Expense	W-6(a)	41,704
	Less: Amortization of CIAC	W-8(a)	27,861
Net Depreciation Expense			\$ 13,843
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC)	F-8	
408.10	Taxes Other Than Income Utility Regulatory Assessment Fee		12,494
408.11	Property Taxes		18,590
408.12	Payroll Taxes		
408.13	Other Taxes and Licenses		2,930
408	Total Taxes Other Than Income		\$ 34,014
409.1	Income Taxes		
410.10	Deferred Federal Income Taxes		
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes - Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income		
Utility Operating Expenses			\$ 211,991
Utility Operating Income			\$ 22,614
469	Add Back: Guaranteed Revenue (and AFPI)	W-9	\$ 27,148
413	Income From Utility Plant Leased to Others		
414	Gains (losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
Total Utility Operating Income			\$ 49,762

YEAR OF REPORT December 31, 2004
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UTILITY NAME: Bocilla Utilities, Inc.

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
301	Organization	\$	\$	\$	\$
302	Franchises	4,232			4,232
303	Land and Land Rights	44,000			44,000
304	Structures and Improvements	926,066			926,066
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains	523,236	31,103		554,339
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant Miscellaneous Equipment	19,614			19,614
340	Office Furniture and Equipment	6,619			6,619
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment		24,160		24,160
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
TOTAL WATER PLANT		\$ 1523767	\$ 55263	\$	\$ 1579030

NOTE: Any adjustments made to reclassify property from one account to another must be footnoted.

W-4(a)
GROUP _____

UTILITY NAME: Bocilla Utilities, Inc.

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER UTILITY PLANT MATRIX

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	.1 INTANGIBLE PLANT	.2 SOURCE OF SUPPLY AND PUMPING PLANT	.3 WATER TREATMENT PLANT	.4 TRANSMISSION AND DISTRIBUTION PLANT	.5 GENERAL PLANT
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
301	Organization	\$	\$	\$	\$	\$	\$
302	Franchises	4,232	4,232				
303	Land and Land Rights	44,000					44,000
304	Structures and Improvements	926,066					926,066
305	Collecting and Impounding Reservoirs						
306	Lake, River and Other Intakes						
307	Wells and Springs						
308	Infiltration Galleries and Tunnels						
309	Supply Mains						
310	Power Generation Equipment						
311	Pumping Equipment						
320	Water Treatment Equipment						
330	Distribution Reservoirs and Standpipes						
331	Transmission and Distribution Mains	554,339				554,339	
333	Services						
334	Meters and Meter Installations						
335	Hydrants						
336	Backflow Prevention Devices						
339	Other Plant Miscellaneous Equipment	19,614		19,614			
340	Office Furniture and Equipment	6,619					6,619
341	Transportation Equipment						
342	Stores Equipment						
343	Tools, Shop and Garage Equipment	24,160					
344	Laboratory Equipment						24,160
345	Power Operated Equipment						
346	Communication Equipment						
347	Miscellaneous Equipment						
348	Other Tangible Plant						
TOTAL WATER PLANT		\$ 1,579,030	\$ 4,232	\$ 19,614	\$	\$ 554,339	\$ 1,000,845

UTILITY NAME:

Bocilla Utilities, Inc.

YEAR OF REPORT December 31, 2004
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SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

BASIS FOR WATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (e)
304	Structures and Improvements	39		2.58%
305	Collecting and Impounding Reservoirs			
306	Lake, River and Other Intakes			
307	Wells and Springs			
308	Infiltration Galleries and Tunnels			
309	Supply Mains			
310	Power Generation Equipment			
311	Pumping Equipment			
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	40		2.50%
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant Miscellaneous Equipment			
340	Office Furniture and Equipment	8		12.50%
341	Transportation Equipment			
342	Stores Equipment			
343	Tools, Shop and Garage Equipment	8		12.50%
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
Water Plant Composite Depreciation Rate *				

* If depreciation rates prescribed by this Commission are on a total composite basis, entries should be made on this line only.

YEAR OF REPORT
December 31, 2004

UTILITY NAME: Bocilla Utilities, Inc.

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)	TOTAL CREDITS (d + e) (f)
304	Structures and Improvements	\$ 154,580	\$ 24,473		\$ 24,473
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs				
308	Infiltration Galleries and Tunnels				
309	Supply Mains				
310	Power Generation Equipment				
311	Pumping Equipment				
320	Water Treatment Equipment				
330	Distribution Reservoirs and Standpipes				
331	Transmission and Distribution Mains	111,231	13,470		13,470
333	Services				
334	Meters and Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant Miscellaneous Equipment	6,644	1,938		1,938
340	Office Furniture and Equipment	6,100	313		313
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment		1,510		1,510
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
TOTAL WATER ACCUMULATED DEPRECIATION		\$ 278,555	\$ 41,704		\$ 41,704

* Specify nature of transaction
Use () to denote reversal entries.

YEAR OF REPORT
December 31, 2004

UTILITY NAME: Bocilla Utilities, Inc.

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION (CONT'D)

ACCT. NO.	ACCOUNT NAME	PLANT RETIRED	SALVAGE AND INSURANCE	COST OF REMOVAL AND OTHER CHARGES	TOTAL CHARGES (g-h+i)	BALANCE AT END OF YEAR (c+f-k)
(a)	(b)	(g)	(h)	(i)	(j)	(l)
304	Structures and Improvements	\$ _____	\$ _____	\$ _____	\$ _____	\$ 179,053
305	Collecting and Impounding Reservoirs	_____	_____	_____	_____	_____
306	Lake, River and Other Intakes	_____	_____	_____	_____	_____
307	Wells and Springs	_____	_____	_____	_____	_____
308	Infiltration Galleries and Tunnels	_____	_____	_____	_____	_____
309	Supply Mains	_____	_____	_____	_____	_____
310	Power Generation Equipment	_____	_____	_____	_____	_____
311	Pumping Equipment	_____	_____	_____	_____	_____
320	Water Treatment Equipment	_____	_____	_____	_____	_____
330	Distribution Reservoirs and Standpipes	_____	_____	_____	_____	_____
331	Transmission and Distribution Mains	_____	_____	_____	_____	124,701
333	Services	_____	_____	_____	_____	_____
334	Meters and Meter Installations	_____	_____	_____	_____	_____
335	Hydrants	_____	_____	_____	_____	_____
336	Backflow Prevention Devices	_____	_____	_____	_____	_____
339	Other Plant Miscellaneous Equipment	_____	_____	_____	_____	8,582
340	Office Furniture and Equipment	_____	_____	_____	_____	6,413
341	Transportation Equipment	_____	_____	_____	_____	_____
342	Stores Equipment	_____	_____	_____	_____	_____
343	Tools, Shop and Garage Equipment	_____	_____	_____	_____	1,510
344	Laboratory Equipment	_____	_____	_____	_____	_____
345	Power Operated Equipment	_____	_____	_____	_____	_____
346	Communication Equipment	_____	_____	_____	_____	_____
347	Miscellaneous Equipment	_____	_____	_____	_____	_____
348	Other Tangible Plant	_____	_____	_____	_____	_____
TOTAL WATER ACCUMULATED DEPRECIATION		\$ _____	\$ _____	\$ _____	\$ _____	\$ 320,259

W-6(b)
GROUP _____

UTILITY NAME: Bocilla Utilities, Inc.

YEAR OF REPORT December 31, 2004
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SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER OF CUSTOMERS (d)	AMOUNT (e)
460	Water Sales: Unmetered Water Revenue			\$
461.1	Metered Water Revenue: Sales to Residential Customers	302	330	234,605
461.2	Sales to Commercial Customers			
461.3	Sales to Industrial Customers			
461.4	Sales to Public Authorities			
461.5	Sales Multiple Family Dwellings			
	Total Metered Sales	302	330	\$ 234,605
462.1	Fire Protection Revenue: Public Fire Protection			
462.2	Private Fire Protection			
	Total Fire Protection Revenue			\$
464	Other Sales To Public Authorities			
465	Sales To Irrigation Customers			
466	Sales For Resale			
467	Interdepartmental Sales			
	Total Water Sales	302	330	\$ 234,605
469	Other Water Revenues: Guaranteed Revenues (Including Allowance for Funds Prudently Invested or AFPI)			\$ 27,148
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			
	Total Other Water Revenues			\$ 27,148
	Total Water Operating Revenues			\$ 261,753

* Customer is defined by Rule 25-30.210(1), Florida Administrative Code.

UTILITY NAME: Bocilla Utilities, Inc.

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	.1 SOURCE OF SUPPLY AND EXPENSES - OPERATIONS	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE
(a)	(b)	(c)	(d)	(e)
601	Salaries and Wages - Employees	\$ 42,612	\$	\$
603	Salaries and Wages - Officers, Directors and Majority Stockholders			
604	Employee Pensions and Benefits			
610	Purchased Water			
615	Purchased Power			
616	Fuel for Power Production			
618	Chemicals	11,643	11,643	
620	Materials and Supplies	1,910	1,910	
631	Contractual Services-Engineering			
632	Contractual Services - Accounting	4,780		
633	Contractual Services - Legal	1,953		
634	Contractual Services - Mgt. Fees	50,000		
635	Contractual Services - Testing			
636	Contractual Services - Other	9,600		
641	Rental of Building/Real Property	9,630		
642	Rental of Equipment			
650	Transportation Expenses	3,700	3,700	
656	Insurance - Vehicle			
657	Insurance - General Liability	4,661		
658	Insurance - Workman's Comp.			
659	Insurance - Other			
660	Advertising Expense	1,500		
666	Regulatory Commission Expenses - Amortization of Rate Case Expense			
667	Regulatory Commission Exp.-Other			
668	Water Resource Conservation Exp.			
670	Bad Debt Expense			
675	Miscellaneous Expenses	22,145		
Total Water Utility Expenses		\$ 164,134	\$ 17,253	\$

UTILITY NAME: **Bocilla Utilities, Inc.**

YEAR OF REPORT December 31, 2004
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SYSTEM NAME / COUNTY : **Bocilla Utilities, Inc. / Charlotte**

PUMPING AND PURCHASED WATER STATISTICS

MONTH (a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	FINISHED WATER PUMPED FROM WELLS (Omit 000's) (c)	WATER USED FOR LINE FLUSHING, FIGHTING FIRES, ETC. (d)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) [(b)+(c)-(d)] (e)	WATER SOLD TO CUSTOMERS (Omit 000's) (f)
January		1,070	6	1,064	1,064
February		1,015	8	1,007	1,007
March		1,767	10	1,757	1,757
April		1,610	7	1,603	1,603
May		1,194	10	1,184	1,184
June		1,992	10	1,982	1,982
July		1,879	10	1,869	1,869
August		1,296	6	1,290	1,290
September		1,241	10	1,231	1,231
October		1,066	6	1,060	1,060
November		1,449	8	1,441	1,441
December		1,248	10	1,238	1,238
Total for Year		16827	101	16726	16726

If water is purchased for resale, indicate the following:

Vendor _____
Point of delivery _____

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

List for each source of supply:	CAPACITY OF WELL	GALLONS PER DAY FROM SOURCE	TYPE OF SOURCE
3 Total Wells		100,000	
2 in use at any one time		100,000	
		100,000	

W-11
GROUP _____
SYSTEM _____

UTILITY NAME: Bocilla Utilities, Inc.

YEAR OF REPORT
December 31, 2004

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

WATER TREATMENT PLANT INFORMATION

Provide a separate sheet for each water treatment facility

Permitted Capacity of Plant (GPD):	<u>120000 GPD</u>
Location of measurement of capacity (i.e. Wellhead, Storage Tank):	<u>Storage Tank</u>
Type of treatment (reverse osmosis, (sedimentation, chemical, aerated, etc.):	<u>Reverse Osmosis</u>
LIME TREATMENT	
Unit rating (i.e., GPM, pounds per gallon): _____	Manufacturer: _____
FILTRATION	
Type and size of area:	
Pressure (in square feet): _____	Manufacturer: _____
Gravity (in GPM/square feet): _____	Manufacturer: _____

UTILITY NAME: Bocilla Utilities, Inc.

YEAR OF REPORT
December 31, 2004

SYSTEM NAME / COUNTY : Bocilla Utilities, Inc. / Charlotte

CALCULATION OF THE WATER SYSTEM METER EQUIVALENTS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0	330	330
5/8"	Displacement	1.0		
3/4"	Displacement	1.5		
1"	Displacement	2.5		
1 1/2"	Displacement or Turbine	5.0		
2"	Displacement, Compound or Turbine	8.0		
3"	Displacement	15.0		
3"	Compound	16.0		
3"	Turbine	17.5		
4"	Displacement or Compound	25.0		
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Water System Meter Equivalents				330

CALCULATION OF THE WATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

Provide a calculation used to determine the value of one water 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 = (Total SFR gallons sold (Omit 000) / 365 days / 350 gallons per day)

ERC Calculation:

$$16,726,000/330/365 = 139.$$

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GROUP _____

SYSTEM _____