

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: October 18, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (M. Watts, Salvador)
Division of Accounting and Finance (Johnson, Norris)
Division of Economics (Sibley) *SH ms*
Office of the General Counsel (Brownless) *JSC*

LS *MA* *TS* *CRSB* *Bo*
ALM *CAJ*

RE: Docket No. 20170220-WS – Application for approval of transfer of Lake Yale Treatments Associates, Inc. water and wastewater systems and Certificates Nos. 560-W and 488-S in Lake County to Lake Yale Utilities, LLC.

AGENDA: 10/30/18 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 10, 2017, Lake Yale Utilities, LLC. (Lake Yale, Buyer or Utility) filed an application for the transfer of Certificate Nos. 560-W and 488-S from Lake Yale Treatment Associates, Inc. (LYTA or Seller) in Lake County, Florida. According to the Utility's 2017 Annual Report, Lake Yale is a Class C utility serving 302 water and wastewater customers, with operating losses of (\$11,400) for water and (\$11,718) for wastewater.

By letter dated June 23, 1987, Lake Yale Estates requested that it be found exempt from regulation by the Florida Public Service Commission (Commission) under the landlord-tenant exemption, Section 367.022(5), Florida Statutes (F.S.). An affidavit stating that the cost of utility

services will be included in the rent structure was also submitted. On September 22, 1987, Lake Yale Estates was granted the exemption from regulation by the Commission.¹ Subsequent to the issuance of that order, when the Utility applied to the St. Johns River Water Management District (SJRWMD) for its consumptive use permit, the SJRWMD required Lake Yale Estates to individually meter each lot and implement a conservation rate structure. As a consequence, on February 3, 1993, Lake Yale Corporation filed for certificates of authorization. In 1994, Lake Yale Corporation d/b/a Lake Yale Utility Company was granted Certificate Nos. 560-W and 488-S.² In 1999, the Commission approved the transfer of both certificates to Lake Yale Treatment Associates, Inc.³

This recommendation addresses the transfer of the water and wastewater systems, the net book value (NBV) of the water and wastewater systems at the time of transfer, and appropriateness of an acquisition adjustment. The Commission has jurisdiction pursuant to Sections 367.071 and 367.091, F.S.

¹ Order No. 18193, issued September 22, 1987, in Docket No. 19870758-WS, *In re: Request by Lake Yale Estates Water/Sewer System for Exemption from Florida Public Service Commission jurisdiction in Lake County.*

² Order No. PSC-94-0171-FOF-WS, issued February 10, 1994, in Docket No. 19930133-WS, *In re: Application for Water and Wastewater Certificates in Lake County by Lake Yale Corporation d/b/a Lake Yale Utility Company.*

³ Order No. PSC-99-2190-PAA-WS, issued November 8, 1999, in Docket No. 19990194-WS, *In re: Application for transfer of Certificates Nos. 560-W and 488-S in Lake County from Lake Yale Corporation d/b/a Lake Yale Utility Company to Lake Treatment Associates, Inc.*

Discussion of Issues

Issue 1: Should the application for transfer of Certificate Nos. 560-W and 488-S in Lake County, from Lake Yale Treatments Associates, Inc. to Lake Yale Utilities, LLC be approved?

Recommendation: Yes, the transfer of Certificate Nos. 560-W and 488-S in Lake County is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificates and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Regulatory Assessment Fees (RAFs) have been paid through December 31, 2017. The Buyer should be responsible for filing the 2018 Annual Report and all future Annual Reports, and RAFs. (M. Watts, Salvador, Sibley, Johnson)

Staff Analysis: On October 10, 2017, Lake Yale filed an application for the transfer of Certificate Nos. 560-W and 488-S from LYTA in Lake County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on June 30, 2017, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains a description of the water and wastewater service territory, which is appended to this recommendation as Attachment A. The application also contains a copy of the assignment and assumption of agreements that was executed on June 28, 2017, as evidence that the Buyer has access to the land upon which the water treatment facilities are located pursuant to Rule 25-30.037(1)(s), F.A.C.

On December 11, 2017, staff notified Lake Yale that its application was not in compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. Lake Yale filed a corrected notice on March 19, 2018. No objections to the transfer were filed, and the time for doing so has expired.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i), and (j), F.A.C., the application contains a statement regarding financing and a copy of the Purchase Agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. Customer advances were credited to the customers' accounts. There are no customer deposits, guaranteed revenue contracts, developer agreements, or debt of Lake Yale that must be disposed of with regard to the transfer. The Seller and the Buyer entered into an assignment and assumption of agreements as of June 28, 2017. This document includes a 99-year lease dated January 1, 1999, for the land associated with the Utility's water and wastewater treatment plants, its water transmission and distribution system, and its wastewater collection system. According to the Purchase Agreement, the total purchase price for the assets is \$136,000. According to the Buyer, the sale took place on June 30, 2017, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The Lake Yale water treatment system consists of two water plants with a combined rated design capacity of 630,000 gallons per day total. The two public water systems, Lake Yale Estates and Sandpiper Mobile Home Manor, are interconnected and work with virtual telemetry to control the lead/lag alternating setup. Both water plants use hypochlorination for disinfection. Lake Yale's permit, issued by the SJRWMD, authorizes the use of 0.045 million gallons per day of groundwater for public supply.

The most recent Sandpiper Mobile Home Manor Sanitary Survey was performed by the Department of Environmental Protection (DEP) on August 30, 2018. Based on the information provided during and following that inspection, the facility was determined to be in compliance with the DEP rules and regulations.

The DEP conducted the Lake Yale Estates' most recent Sanitary Survey on May 3, 2018, and found the water plant changed the disinfection process from gas chlorine to hypochlorite without submitting written notification or a permit application to the DEP, an unpermitted permanent interconnection with Sandpiper Mobile Home Manor, and the check valve on well #1 was leaking at the time of the inspection. Per discussion with the DEP and emails received from the Utility, the valve on well #1 was replaced on October 11, 2018, and Lake Yale is actively working on obtaining the two outstanding permits.

The wastewater treatment system has a permitted capacity of 55,000 gallons per day with an average daily flow of 10,450 gallons per day. The treatment facility consists of influent screening, extended aeration, secondary clarification, chlorination with denitrification, and the effluent is disposed of in three percolation ponds. The collection system consists of four, six, and eight inch polyvinyl chloride collecting mains and three, four, and six inch force mains with four lift stations. The last DEP compliance evaluation inspection was conducted on May 3, 2018. A compliance assistance offer letter was issued after the inspection to help correct the recorded deficiencies. Per discussion with the DEP and emails received from the Utility, the only outstanding issue is the excessive vegetation in the rapid infiltration basins. Lake Yale is currently working on resolving the outstanding violation.

The last primary and secondary water quality standards tests were performed in November 2015. All the primary water quality standards results were below the DEP-established maximum contaminant level (MCL). However, the MCL for iron, a secondary water quality standard, was exceeded. The DEP has not required the Utility to take action to address Sandpiper Mobile Home Manor's iron issue. Staff notes that neither the Utility nor the Commission has received any customer complaints regarding secondary water quality standards within the last five years. The next primary and secondary water quality tests should be performed by December 31, 2018.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(1), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. The Buyer was once appointed to the Citrus County Water and Wastewater Authority, the local regulatory body for Citrus County, where he served for seven years. The Buyer also served as the "Class C" representative for the Legislative Study Committee for Investor-Owned Water and Wastewater Utility Systems in 2013. He attends yearly training classes through the Florida Rural

Water Association and completed the National Association of Regulatory Utility Commissioners (NARUC) Rate School in 2001. The Buyer is the owner and manager of a total of 10 Class C water and wastewater utilities that are regulated by the Commission.

Staff reviewed the personal financial statements of the Buyer, as well as the financial statements of Florida Utility Services 1, LLC.⁴ Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved when it received water and wastewater certificates in 1994.⁵ The rates were subsequently amended through six price index and pass through rate adjustments. The Utility's existing rates and charges are shown on Schedule No. 3, which is attached to this recommendation. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

Regulatory Assessment Fees and Annual Reports

Staff has verified that the Utility is current with respect to annual reports and RAFs through December 31, 2017. The Buyer will be responsible for filing annual reports and paying RAFs for 2018 and all future years.

Conclusion

Based on the foregoing, staff recommends that the transfer of Certificate Nos. 560-W and 488-S in Lake County is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificates and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, F.A.C. The RAFs have been paid through December 31, 2017. The Buyer should be responsible for filing the 2018 Annual Report and all future Annual Reports, and RAFs.

⁴ Document Nos. 08740-2017 and 03513-2018.

⁵ Order No. PSC-94-0171-FOF-WS, issued February 10, 1994, in Docket No. 19930133-WS, *In re: Application for water and wastewater certificates in Lake County by Lake Yale Corporation d/b/a Lake Yale Utility Company.*

Issue 2: What is the appropriate net book value for Lake Yale Utilities, LLC's water and wastewater system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of the water and wastewater systems for transfer purposes are \$103,961 and \$19,287, respectively, as of June 30, 2017. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Lake Yale should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the 2018 Annual Report when filed. (Johnson)

Staff Analysis: Rate base was last established as of October 31, 1998.⁶ The purpose of establishing net book value for both the water and wastewater systems is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for non-used and useful plant and working capital. The NBV has been updated to reflect balances as of June 30, 2017. Staff's recommended NBV, as described below, is shown on Schedule No. 1.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$338,248 and \$306,206, respectively, as of June 30, 2017. Staff reviewed UPIS additions since the last rate case proceeding and as a result, has increased UPIS for water and wastewater by \$48,834 and \$132,584, respectively. Therefore, staff recommends that the Utility's water and wastewater UPIS balances as of June 30, 2017, should be \$387,082 and \$438,790, respectively.

Land

Lake Yale does not own any land. However, the Seller and the Buyer entered into an assignment and assumption of agreements as of June 28, 2017. This document includes a 99-year lease dated January 1, 1999, for the land associated with the Utility's water and wastewater treatment plants, its water transmission and distribution system, and its wastewater collection system. Staff recommends a land balance of \$0 as of June 30, 2017.

Accumulated Depreciation

The Utility's general ledger reflected water and wastewater accumulated depreciation balances of \$229,371 and \$259,726, respectively, as of June 30, 2017. Staff reviewed UPIS additions since the last rate case proceeding and calculated the resulting accumulated depreciation balances. As a result, staff has increased the accumulated depreciation balance for water by \$23,043 and increased the balance for wastewater by \$127,383. Therefore, staff recommends that the Utility's water and wastewater accumulated depreciation balances as of June 30, 2017, should be \$252,414 and \$387,109, respectively.

⁶ Order No. PSC-99-2190-PAA-WS, issued November 8, 1999, in Docket No. 19990194-WS, *In re: Application for transfer of Certificates Nos. 560-W and 488-5 in Lake County from Lake Yale Corporation d/b/a Lake Yale Utility Company to Lake Yale Treatment Associates, Inc.*

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

As of June 30, 2017, the Utility's general ledger reflected a CIAC balance of \$52,004 for water and \$42,434 for wastewater. In response to the audit, Lake Yale requested that CIAC be imputed based on the total number of customers times the applicable service availability charges. Staff does not believe recalculating CIAC is necessary based on the detailed books and records documenting collected CIAC. Staff reviewed the CIAC balances since the last rate case proceeding and as a result, has increased CIAC for water and wastewater by \$80,603 and \$78,691, respectively.

As of June 30, 2017, the Utility's general ledger reflected an accumulated amortization of \$32,988 for water and \$27,403 for wastewater. In response to the audit, Lake Yale asserted that two amortization rates should be used to calculate annual water CIAC amortization, one for plant in service, which excludes general service plant, and one for meters. The Utility additionally asserted that wastewater CIAC should be amortized using the composite depreciation rate for plant in service excluding general service plant as well. This method is consistent with Rule 25-30.140(9)(A)(B), F.A.C., and therefore, staff believes it is appropriate. Although staff agrees with Lake Yale's methodology, staff only used the specific accounts listed in Rule 25-30.140(1)(N), F.A.C., to calculate the amortization rates. Staff calculated the accumulated amortization of CIAC balances since the last rate case proceeding using Lake Yale's proposed methodology and as a result, has increased accumulated amortization for water and wastewater by \$68,911 and \$61,327, respectively. Therefore, staff recommends a CIAC balance of \$132,607 for water and \$121,125 for wastewater. In addition, staff recommends an accumulated amortization of CIAC balance of \$101,899 for water and \$88,730 for wastewater, as of June 30, 2017.

Net Book Value

The Utility's general ledger reflected NBV of \$89,861 for water and \$31,449 for wastewater. Based on the adjustments described above, staff recommends that the NBV for the Utility's water and wastewater systems as of June 30, 2017, are \$103,961 and \$19,287, respectively, for a total NBV of \$123,247. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule Nos. 1 and 2, as of June 30, 2017.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. The Utility and its assets were purchased for \$136,000. As stated above, staff has determined the appropriate NBV on a combined basis is \$123,247. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. However, pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances. The Buyer did not request a positive acquisition adjustment. As such, staff recommends that no positive acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV of Lake Yale's water and wastewater systems for transfer purposes are \$103,961 and \$19,287, respectively, as of June 30, 2017. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2018 Annual Report.

Issue 3: Should the requested initial customer deposits for Lake Yale Utilities, LLC be approved?

Recommendation: Yes. The appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size are \$28 for water and \$33 for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding. (Sibley)

Staff Analysis: Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. Currently, Lake Yale is not authorized to collect initial customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making—ensuring that the cost of providing service is recovered from the cost causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Commission practice has been to set initial customer deposits equal to two months' bills based on the average consumption for a 12-month period for each class of customers.⁷ The Utility's average monthly residential usage is 2,206 gallons per customer. Therefore, the average residential bill for two billing periods is approximately \$28 for water and \$33 for wastewater.

Based on the above, the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size meter size are \$28 for water and \$33 for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

⁷ Order Nos. PSC-2017-0428-PAA-WS, issued November 7, 2017, in Docket No. 20160195-WS, *In re: Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc.*, and PSC-17-0113-PAA-WS, issued March 28, 2017, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*

Issue 4: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision. (Brownless)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision.

TERRITORY DESCRIPTION
Lake Yale Utilities, LLC
Lake County
Water and Wastewater Service

Township 18 South, Range 25 East
Sections 24 and 25

The following described lands located in portions of Sections 24 and 25, Township 18 South, Range 25 East, Lake County, Florida.

Section 24, Township 18 South, Range 25 East, Lake County, Florida.

Section 25, Township 18 South, Range 25 East, less right-of-way for County Road 452.

Begin 1,802.38 feet north of the SE corner of NE 1/4 of Section 25, Township 18 South, Range 25 East, Lake County, Florida. From said Point of Beginning, run north along the east line of NE 1/4 of Section 25 to the SE corner of Section 24, Township 18 South, Range 25 East;

Thence continue north along the east line of the SE 1/4 of Section 24 to the waters of Lake Yale;

Thence run westerly along and with said waters to the west line of the East 1/2 of the SE 1/4 of the SE 1/4 of Section 24;

Thence run south along said west line to the south line of Section 24;

Thence along said section line run west to the east line of the West 1/2 of the SE 1/4 of Section 24;

Thence along said east line run north to the waters of Lake Yale;

Thence run northwesterly along and with said waters to a line that is 25.00 feet south of the north line of the SE 1/4 of Section 24;

Thence run west to the west line of the SE 1/4;

Thence continue 125.00 feet;

Thence south to a point that is 138.44 feet north of the north line of the SE 1/2 of the SE 1/4 of Section 24;

Thence S 86°47'40" E, a distance of 316.98 feet;

Thence S 00°14'40" E, a distance of 261.54 feet;

Thence S 89°58'06" W, a distance of 191.41 feet to the west line of the SE 1/4 of Section 24;

Thence along said west line run S 00°14'40" E, a distance of 1,176.80 feet to the north 1/4 of aforesaid Section 25;

Thence run south along the mid-section line to the northeasterly right-of-way line of County Road C-452;

Thence southeasterly along said right-of-way line to the east line of the NW 1/4 of the NE 1/4 of Section 25;

Thence run north along said east line to a point that is west of the Point of Beginning;

Thence run east to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Lake Yale Utilities, LLC
pursuant to
Certificate Number 560-W**

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
18193	09/22/87	870758-WS	Application for Exempt Status
PSC-94-0171-FOF-WS	02/10/94	930133-WS	Original Certificate
PSC-99-2190-FOF-WS	11/08/99	990194-WS	Transfer of Certificate
*	*	20170220-WS	Transfer of Certificate

***Order Number and date to be provided at time of issuance**

**FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Lake Yale Utilities, LLC
pursuant to
Certificate Number 488-S**

to provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
18193	09/22/87	870758-WS	Application for Exempt Status
PSC-94-0171-FOF-WS	02/10/94	930133-WS	Original Certificate
PSC-99-2190-FOF-WS	11/08/99	990194-WS	Transfer of Certificate
*	*	20170220-WS	Transfer of Certificate

***Order Number and date to be provided at time of issuance**

Lake Yale Utilities, LLC
Water System
Net Book Value as of June 30, 2017

Description	Balance Per Utility	Adjustments	Staff Recommendation
Utility Plant in Service	\$338,248	\$48,834 A	\$387,082
Land & Land Rights	0	0	0
Accumulated Depreciation	(229,371)	(23,043) B	(252,414)
CIAC	(52,004)	(80,603) C	(132,607)
Amortization of CIAC	<u>32,988</u>	<u>68,91 D</u>	<u>101,899</u>
Total	<u>\$89,861</u>	<u>\$14,100</u>	<u>\$103,961</u>

**Explanation of Staff's Recommended
Water System
Adjustments to Net Book Value as of June 30, 2017**

Explanation	Amount
A. Utility Plant In Service To reflect appropriate amount of utility plant in service.	<u>\$48,834</u>
B. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$23,043)</u>
C. Contributions in Aid of Construction To reflect appropriate amount of Contributions in Aid of Construction	<u>(\$80,603)</u>
D. Accumulated Amortization of CIAC To reflect appropriate amount of Accumulated Amortization of CIAC	<u>\$68,911</u>

Lake Yale Utilities, LLC
Water System
Schedule of Staff Recommended Account Balances as of June 30, 2017

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures & Improvements	\$18,950	\$1,099
307	Wells & Springs	20,734	(20,734)
309	Supply Mains	15,100	(15,100)
310	Power Generation Equipment	21,195	(19,367)
311	Pumping Equipment	84,444	(84,444)
320	Water Treatment Equipment	5,848	(4,185)
330	Distribution Reservoirs & Standpipes	76,118	(10,695)
331	Transmission & Distribution Lines	20,994	2,846
334	Meters and Meter Installations	101,134	(79,269)
335	Hydrants	12,000	(12,000)
339	Other Plant And Misc.	3,468	(3,468)
340	Office Furniture & Equip.	4,299	(4,299)
343	Tools, Shop and Garage Equip.	<u>2,798</u>	<u>(2,798)</u>
	Total	<u>\$387,082</u>	<u>(\$252,414)</u>

Lake Yale Utilities, LLC
Wastewater System
Net Book Value as of June 30, 2017

Description	Balance Per		Staff
	Utility	Adjustments	Recommendation
Utility Plant in Service	\$306,206	\$132,584 A	\$438,790
Land & Land Rights	0	0	0
Accumulated Depreciation	(259,726)	(127,383) B	(387,109)
CIAC	(42,434)	(78,691) C	(121,125)
Amortization of CIAC	<u>27,403</u>	<u>61,327 D</u>	<u>88,730</u>
 Total	 <u>\$31,449</u>	 <u>(\$12,162)</u>	 <u>\$19,287</u>

**Explanation of Staff's Recommended
Wastewater System
Adjustments to Net Book Value as of June 30, 2017**

Explanation	Amount
A. Utility Plant in Service To reflect appropriate amount of Utility Plant in Service.	<u>\$132,584</u>
B. Accumulated Depreciation To reflect appropriate amount of Accumulated Depreciation.	<u>(\$127,383)</u>
C. Contributions in Aid of Construction To reflect appropriate amount of Contributions in Aid of Construction.	<u>(\$78,691)</u>
D. Accumulated Amortization of CIAC To reflect appropriate amount of Accumulated Amortization of CIAC.	<u>\$61,327</u>

Lake Yale Utilities, LLC
Wastewater System
Schedule of Staff Recommended Account Balances as of June 30, 2017

Account			Accumulated
No.	Description	UPIS	Depreciation
354	Structures and Improvements	\$ 60,319	(\$49,460)
362	Special Collecting Structures	253,230	(212,408)
365	Flow Measuring Installations	65,000	(65,000)
380	Treatment and Disposal Equip.	59,498	(59,498)
389	Other Plant and Misc. Equip.	<u>743</u>	<u>(743)</u>
	Total	<u>\$438,790</u>	<u>(\$387,109)</u>

**Lake Yale Utilities, LLC.
Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$9.94
3/4"	\$14.91
1"	\$24.85
1 1/2"	\$49.70
2"	\$79.52
3"	\$159.04
4"	\$248.50
6"	\$497.00
8"	\$795.20
Charge Per 1,000 gallons	\$1.82

Miscellaneous Service Charges

Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge	\$15.00
Premises Visit Charge (in lieu of disconnection)	\$10.00
Late Payment Charge	\$4.00

Water Service Availability Charges

Meter Installation Charge 5/8" x 3/4"	\$125.00
Plant Capacity Charge (Per ERC)	\$250.00

**Lake Yale Utilities, LLC.
Monthly Wastewater Rates**

Residential Service

Base Facility Charge – All Meter Sizes	\$10.45
Charge Per 1,000 gallons 10,000 gallon cap	\$2.66

General Service

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$10.45
3/4"	\$15.68
1"	\$26.13
1 1/2"	\$52.25
2"	\$83.60
3"	\$167.20
4"	\$261.25
6"	\$522.50
8"	\$836.00
Charge Per 1,000 gallons	\$3.17

Miscellaneous Service Charges

Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$10.00
Late Payment Charge	\$4.00

Wastewater Service Availability Charges

Plant Capacity Charge (Per ERC)	\$425.00
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