

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.

DOCKET NO. 20210093-WS
ORDER NO. PSC-2022-0115-PAA-WS
ISSUED: March 15, 2022

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING NET BOOK VALUE AND
DENYING AN ACQUISITION ADJUSTMENT
AND
ORDER GRANTING TRANSFER OF CERTIFICATE NOS. 517-W AND 450-S
AND CONTINUING EXISTING RATES AND CHARGES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein establishing net book value and denying a positive acquisition adjustment is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Aquarina Utilities, Inc. (AUI, Utility, or Seller) is a Class B water and wastewater utility providing water and wastewater services in Brevard County to 320 potable water, 119 non-potable water, and 342 wastewater customers. The service territory is located in the St. Johns River Water Management District (SJRWMD) and is in a Water Resource Caution Area. In its 2020 Annual Report, AUI reported operating revenues of \$216,791 for potable water, \$203,867 for non-potable water, and \$234,542 for wastewater service. The Utility's rates and charges were

last approved in a 2020 limited alternative rate case.¹ The Utility's last staff assisted rate case was in 2019.²

The Utility has been providing service to customers in Brevard County since 1984. In 1989, we granted the Utility original water and wastewater Certificate Nos. 517-W and 450-S.³ Since its certification, the Utility has experienced two territory amendments, a corporate reorganization, a name change, two transfers of majority organizational control, and a transfer.⁴

On May 3, 2021, CSWR-Florida Utility Operating Company, LLC (CSWR-Aquarina or Buyer) filed an application with us for the transfer of Certificate Nos. 517-W and 450-S from AUI to CSWR-Aquarina in Brevard County. The sale will close after we have voted to approve the transfer. In its application, the Buyer has requested a positive acquisition adjustment, which is discussed below.

Intervention by the Office of Public Counsel (OPC) was acknowledged on August 24, 2021, by Order No. PSC-2021-0321-PCO-WS. OPC and Commission staff issued a number of discovery or data requests to CSWR-Aquarina in this docket.

This order addresses the transfer of the water and wastewater systems and Certificate Nos. 517-W and 450-S, the appropriate net book value of the water and wastewater systems for transfer purposes, and the request for an acquisition adjustment. We have jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.).

¹ Order No. PSC-2020-0158-PAA-WS, issued May 15, 2020, in Docket No. 20190080-WS, *In re: Application for limited proceeding rate increase in Brevard County, by Aquarina Utilities, Inc.*

² Order No. PSC-2019-0139-PAA-WS, issued April 22, 2019, in Docket No. 20150010-WS, *In re: Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.*

³ Order No. 22075, issued October 19, 1989, in Docket No. 19880595-WS, *In re: Objections to application by Service Management Systems, Inc. for water and sewer certificates in Brevard County.*

⁴ Order No. 23059, issued June 11, 1990, in Docket No. 19900167-WS, *In re: Application for amendment of Certificates Nos. 517-W and 450-S in Brevard County by Aquarina Developments, Inc.*; Order No. PSC-92-0119-FOF-WS, issued March 30, 1992, in Docket No. 19911129-WS, *In re: Application for amendment of Certificates Nos. 517-W and 450-S in Brevard County by Aquarina Developments, Inc.*; Order No. PSC-97-0206-FOF-WS, issued February 21, 1997, and Order No. PSC-97-0206A-FOF-WS, issued March 5, 1997, in Docket No. 19960095-WS, *In re: Application for name change on Certificates Nos. 517-W and 450-S in Brevard County from Aquarina Developments, Inc. to Service Management Systems, Inc.*; Order No. PSC-97-0918-FOF-WS, issued August 4, 1997, in Docket No. 19970093-WS, *In re: Application for approval of transfer of majority organizational control of Certificates Nos. 517-W and 450-S in Brevard County from Service Management Systems, Inc. to Petrus Group, L.P.*; Order No. PSC-03-0787-FOF-WS, issued July 2, 2003, and Order No. PSC-03-1098-FOF-WS, issued October 2, 2003, in Docket No. 20020091-WS, *In re: Application for transfer of majority organizational control of Service Management Systems, Inc., holder of Certificates Nos. 517-W and 450-S in Brevard County, from Petrus Group, L.P. to IRD Osprey, LLC d/b/a Aquarina Utilities*; Order No. PSC-12-0577-PAA-WS, issued October 25, 2012, in Docket No. 20110061-WS, *In re: Application for authority to transfer assets and Certificate Nos. 517-W and 450-S of Service Management Systems, Inc. to Aquarina Utilities, Inc., in Brevard County.*

Decision

I. Approving Transfer of Certificates and Continuing Existing Rates and Charges

On May 3, 2021, CSWR-Aquarina filed an application for the transfer of Certificate Nos. 517-W and 450-S from AUI to CSWR-Aquarina in Brevard County. The application is in compliance with Section 367.071, F.S., and our rules concerning applications for transfer of certificates. The sale to CSWR-Aquarina will become final after we approve the transfer, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

CSWR-Aquarina provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the service territory which is appended to this order as Attachment A. In its response to Commission staff's August 16, 2021, deficiency letter, CSWR-Aquarina provided a copy of an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C. CSWR-Aquarina shall submit the executed and recorded deed to us within 60 days of the Order approving the transfer.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(g), (h), and (i), F.A.C., the application contains a statement regarding financing and a copy of the purchase and sale agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no guaranteed revenue contracts, customer advances, or debt of AUI that must be disposed of with regard to the transfer. CSWR-Aquarina will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the assets is \$2,500,000. The Seller has allocated \$825,000, \$775,000, and \$900,000 of the purchase price to potable water, non-potable water, and wastewater systems, respectively. According to the Buyer, the closing has not yet taken place and is dependent on our approval of the transfer, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The AUI water system consists of three potable wells and is permitted by the SJRWMD to withdraw 0.43 million gallons per day (MGD) on an annual average basis. However, only two wells are currently connected to the water system and in production. The two production wells have a combined capacity of 2.0 MGD. Both wells pump water into the non-potable storage tank. Water for the potable system is pumped from the non-potable storage tank into a reverse-osmosis (RO) system for purification. The water is then chlorinated, pumped into a potable ground storage tank, and ultimately drawn into a hydro-pneumatic tank for distribution to the potable water system. Water for the non-potable irrigation system is distributed directly from the non-

potable storage tank via two pumps that service the fire protection and common area irrigation systems.

The wastewater treatment plant is permitted to treat .099 MGD on an annual average daily flow. The wastewater treatment plant is authorized to accept and treat RO reject water from the existing Aquarina RO water treatment plant. Flows, including RO reject water, are limited to .099 MGD, the permitted capacity of the existing disposal system. CSWR-Aquarina provided copies of the Utility's current permits from the Florida Department of Environmental Protection (DEP) and SJRWMD pursuant to Rule 25-30.037(2)(r)1., F.A.C. The Buyer shall provide copies of its permit transfer applications, reflecting the change in ownership, to us within 60 days of the issuance of this Order approving the transfer application.

We reviewed the most recent sanitary survey and water quality tests submitted to the DEP, and the water treatment system appears to be in compliance with all applicable standards set by the DEP. We also reviewed the DEP compliance evaluation inspections (CEI) for the wastewater treatment plant. The DEP's November 1, 2019, CEI characterized all elements of the inspection as "in-compliance." In Exhibit G of the Buyer's application, CSWR-Aquarina provides its assessment of AUI's water and wastewater treatment plants, and lists several improvements and repairs it recommends be made to the systems. The Buyer's suggested repairs and improvements, which do not appear to be required by a governmental authority, are discussed further below with respect to the Buyer's request for an acquisition adjustment.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representation of the Seller with regards to utility matters. CSWR-Aquarina's application states that it owns and operates more than 257 water/wastewater systems in Missouri, Arkansas, Kentucky, Louisiana, Texas, and Tennessee that currently serve more than 48,860 water and 77,595 wastewater customers. The Buyer plans to use qualified and licensed contractors to provide routine operation and maintenance of the systems, as well as to handle billing and customer service. We reviewed the financial statements of CSWR-Aquarina and find the Buyer has documented adequate resources to support the Utility's water and wastewater operations.⁵ Based on its review, we find that 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 in a 2020 limited alternative rate case.⁶ We approved the Utility's late payment charge in 2014.⁷ The miscellaneous service charges and service

⁵ Document No. 03889-2021 (Confidential), filed May 4, 2021.

⁶ Order No. PSC-2020-0158-PAA-WS, issued May 15, 2020, in Docket No. 20190080-WS, *In re: Application for limited proceeding rate increase in Brevard County, by Aquarina Utilities, Inc.*

⁷ Order No. PSC-14-0105-TRF-WS, issued February 20, 2014, in Docket No. 20130288-WS, *In re: Request for approval of late payment charge in Brevard County by Aquarina Utilities, Inc.*

availability charges were amended in 2016.⁸ Since the Utility's last rate case, the rates have been changed by two price index rate increases for water and one price index rate increase for wastewater. The Utility had a rate decrease to remove an expired rate case expense amortization. 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 the Commission. Therefore, we find that the Utility's existing rates and service availability charges, as shown on Schedule No. 1-A attached hereto, remain in effect, until a change is authorized by us in a subsequent proceeding.

With respect to miscellaneous service charges, effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.⁹ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. It was envisioned that we would review utility tariffs on a prospective basis to ensure conformance with the amended rule.

The Utility's current tariff contains an initial connection charge (\$26), a normal reconnection charge (\$38), and a premises visit charge (\$26). The normal reconnection charge is more than the premises visit charge. Since the premises visit now entails a broader range of tasks, we find the premises visit charge shall be revised to reflect the amount of the normal reconnection charge of \$38. Therefore, the initial connection and normal reconnection charges shall be removed, the premises visit charge be revised to \$38, and the definition for the premises visit charge shall be updated. The appropriate miscellaneous service charges are shown on Schedule No. 1-B, attached hereto.

Regulatory Assessment Fees (RAFs) and Annual Report

We have verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2020. The Seller will be responsible for filing the Utility's annual report and paying RAFs for 2021, and the Buyer will be responsible for filing the Utility's annual reports and paying RAFs for all future years.

Conclusion

Based on the foregoing, we find that the transfer of the water and wastewater systems and Certificate Nos. 517-W and 450-S is in the public interest and shall be approved effective the date that the sale becomes final. This Order shall serve as the Buyer's certificate and shall be retained by the Buyer. The Buyer shall submit the executed and recorded deed for continued access to the land upon which its facilities are located and copies of its permit transfer applications to us within 60 days of the issuance of this Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the issuance of this transfer Order, the Buyer shall file a status update in the docket file. The Utility's existing rates and charges, including the modification to miscellaneous service charges pursuant to Rule 25-30.460,

⁸ Order No. PSC-16-0583-PAA-WS, issued December 29, 2016, in Docket No. 20150010-WS, *In re: Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.*

⁹ Order No. PSC-2021-0201-FOF, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

F.A.C., shall remain in effect until a change is authorized by us in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. The Seller is current with respect to annual reports and RAFs through December 31, 2020. The Seller shall be responsible for filing annual reports and paying RAFs for 2021, and the Buyer shall be responsible for filing the annual reports and paying RAFs for all future years.

II. Establishing Net Book Value (NBV) for Transfer Purposes

Rate base was last established on December 29, 2016, in Order No. PSC-2016-0583-PAA-WS.¹⁰ The purpose of establishing NBV for potable water, non-potable water, and wastewater systems for transfers is to determine whether an acquisition adjustment should be approved. CSWR-Aquarina's request for a positive acquisition adjustment is addressed below. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of August 16, 2021.¹¹ Our approved NBV, as described below, is shown on Schedule No. 2, attached hereto.

Utility Plant in Service (UPIS)

According to the Utility's general ledger, the potable water, non-potable water, and wastewater UPIS balances were \$1,735,739, \$1,120,935, and \$1,686,513, respectively, as of August 16, 2021. Commission staff auditors reviewed the Utility's records since the last rate case and determined that several Commission-ordered adjustments were incorrectly recorded. Additionally, the auditors reviewed plant additions and retirements to UPIS from December 31, 2014, to August 16, 2021, and determined that several other adjustments are necessary. Accordingly, we find that the UPIS balances for potable water, non-potable water, and wastewater shall be reduced by \$140,084, \$42,946, and \$51,566, respectively, as of August 16, 2021.

Land

The Utility's general ledger reflected potable water, non-potable water, and wastewater land balances of \$37,582, \$24,498, and \$33,680, respectively, as of August 16, 2021. There have been no additions to land since December 31, 2014. Therefore, we make no adjustments to the land balances.

Accumulated Depreciation

The Utility's general ledger reflected potable water, non-potable water, and wastewater accumulated depreciation balances of \$1,331,136, \$852,057, and \$1,487,140, respectively, as of August 16, 2021. We reviewed the Utility's records since the last rate case and determined that

¹⁰ Order No. PSC-16-0583-PAA-WS, issued December 29, 2016, in Docket No. 20150010-WS, *In re: Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.*

¹¹ Net book value is calculated through the date of the closing. According to the Utility's application, the closing will not occur until after the transfer application receives our approval. Therefore, we are relying on the most current information provided to our staff auditors at the time of the filing.

our ordered adjustments were incorrectly recorded. Additionally, the Utility did not record any accumulated depreciation in 2017 or any retirements since the last rate case. We recalculated depreciation accruals for all water and wastewater accounts since that last rate case through August 16, 2021, using audited UPIS balances and the depreciation rates established by Rule 25-30.140, F.A.C. Accordingly, we find that the accumulated depreciation balances for potable water, non-potable water, and wastewater shall be reduced by \$140,848, \$30,533, and \$49,009, respectively, as of August 16, 2021.

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

The Utility's general ledger reflected potable water, non-potable water, and wastewater CIAC balances of \$362,028, \$35,785, and \$605,133, respectively, as of August 16, 2021. The Utility's general ledger also reflected potable water, non-potable water, and wastewater accumulated amortization of CIAC balances of \$201,870, \$23,662, and \$428,254, respectively, as of August 16, 2021. We traced CIAC and accumulated amortization of CIAC balances from December 31, 2014, to August 16, 2021, using supporting documentation. We determined that the Utility did not start with our approved balances in Order No. PSC-16-0583-PAA-WS.¹² We recalculated CIAC using the audited plant balances and depreciation rates established by Rule 25-30.140(2), F.A.C. We also recalculated accumulated amortization of CIAC using the audited CIAC balances and the rates established by Rule 25-30.140(2), F.A.C. Accordingly, we find that the CIAC balances for potable water, non-potable water, and wastewater shall be increased by \$11,495, \$11,851, and \$7,362, respectively, as of August 16, 2021. We also find that the accumulated amortization of CIAC balances for potable water, non-potable water, and wastewater shall be increased by \$7,582, \$5,878, and \$36,514, respectively, as of August 16, 2021.

Net Book Value

The Utility's general ledger reflected a NBV of \$282,027, \$281,253, and \$56,174 for potable water, non-potable water, and wastewater, respectively, as of August 16, 2021. Based on the adjustments described above, we approve a NBV of \$278,878, \$262,867, and \$82,768 for CSWR-Aquarina's potable water, non-potable water, and wastewater systems, respectively, as of August 16, 2021. Our approved 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 No. 2 as of August 16, 2021.

Conclusion

Based on the above, for transfer purposes the NBV of CSWR-Aquarina's potable water, non-potable water, and wastewater systems is \$278,878, \$262,867, and \$82,768, respectively, as of August 16, 2021. Within 90 days of the date of the Consummating Order, the Buyer shall notify us in writing that it has adjusted its books in accordance with our decision. The adjustments shall be reflected in CSWR-Aquarina's 2022 Annual Report when filed.

¹² Order No. PSC-16-0583-PAA-WS, issued December 29, 2016, in Docket No. 20150010-WS, *In re: Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.*

III. Denying Request for a Positive Acquisition Adjustment

In its filing, the Buyer requested a positive acquisition adjustment be included in the calculation of CSWR-Aquarina's rate base. An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. A positive acquisition adjustment, if approved, increases rate base.

According to the purchase agreement, the Buyer purchased the Utility for \$2,500,000. The Buyer has allocated \$825,000, \$775,000, and \$900,000 of the purchase price to potable water, non-potable water and wastewater, respectively. As discussed above, we have approved a total NBV for the potable water, non-potable water and wastewater systems of \$624,513 (\$278,878 + \$262,867 + \$82,768). This would result in a total positive acquisition adjustment of \$1,875,487.

Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. Rule 25-30.0371(2), F.A.C. states:

In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction.

One of the Buyer's justifications for the purchase price is to ensure sale proceeds are sufficient to pay off the Seller's long-term debt obligations. While the factors listed in the rule are listed by way of example and other evidence may be offered, the purpose of the rule is to provide incentive for the acquisition of small, troubled systems, the elimination of substandard operating conditions, and allow customers to receive benefits which amount to a better quality of service at a reasonable rate. Order No. PSC-02-0997-FOF-WS, issued July 23, 2002, in Docket No. 20001502-WS, *In re: Proposed Rule 25-30.0371, F.A.C., Acquisition Adjustment*. The items enumerated in the rule are consistent with the promotion of benefits to customers and bringing troubled systems into regulatory compliance; paying off the Seller's long-term debt obligation is not. We find the Buyer has failed to demonstrate the extraordinary circumstances necessary to support the inclusion of a positive acquisition adjustment, as discussed below.

Improvements in Quality of Service and Compliance with Regulatory Mandates

In its application, CSWR-Aquarina listed six business practices that it believes will improve the quality of service to its customers: (1) provision of 24-hour emergency service phone numbers; (2) on-call emergency service personnel who are required to respond to emergency service calls within prescribed time limits; (3) a computerized maintenance management system; (4) access to resources not usually available to comparably sized systems

and the ability to supplement local personnel with resources owned by the parent and sister companies; (5) online bill payment options; and (6) an updated website for customer communication, bulletins, procedures, etc.

We reviewed the complaints filed with respect to the Utility for the five-year period prior to the filing of the application, May 2016 to May 2021. We recorded a total of 31 complaints out of the Utility's approximately 330 customers, pertaining to billing (3 complaints), quality of service (5 complaints), outages (15 complaints), water quality/pressure (2 complaints), repair (3 complaints), or delay in connection (3 complaints). Twenty of the 31 total complaints were received on May 8 and 9, 2017, and were related to a single event at the water treatment plant caused by a power surge due to a faulty transformer, which was replaced by Florida Power & Light Company. In 2017, AUI made some improvements to its nonpotable water system to address the problems that caused the complaints relating to that system, for which it requested recovery as part of a limited proceeding in 2019.¹³ There were no complaints involving the wastewater treatment system. Based on the foregoing analysis, AUI appears to respond and resolve customer complaints in a timely manner. Additionally, a majority of the Utility's customer complaints were attributable to a single event beyond the Utility's control. As discussed above, the Utility is currently in compliance with the DEP's rules and regulations. We also reviewed the DEP inspection reports for the three years prior to the Utility's transfer application and found that the Utility was also in compliance during that time frame after correcting minor deficiencies identified by the DEP. There was no record of DEP compliance enforcement action within the past three years, and there appears to be no pending regulatory requirements from any governmental authority.

Based on our complaint data and the DEP's reports, it does not appear that AUI currently has issues with respect to quality of service and regulatory compliance such that would warrant extraordinary efforts to remedy. For this reason, we do not find the Utility has demonstrated extraordinary circumstances for its requested positive acquisition adjustment. Instead, the proposed anticipated improvements in quality of service and compliance with regulatory mandates demonstrates CSWR-Aquarina's intention to responsibly execute its obligations as a utility owner. While we do not find the Utility's anticipated improvements justify its requested positive acquisition adjustment, these improvements may be considered for prudence and cost recovery in a future rate proceeding.

Anticipated Cost Efficiencies

In its application, the Buyer stated that based on its size and anticipated consolidation of many small systems under one financial and managerial entity would result in operational cost efficiencies particularly in the areas of:

- PSC and environmental regulatory reporting
- Managerial and operational oversight
- Utility asset planning

¹³ Order No. PSC-2020-0158-PAA-WS, issued May 15, 2020, in Docket No. 20190080-WS, *In re: Application for limited proceeding rate increase in Brevard County, by Aquarina Utilities, Inc.*

- Engineering planning
- Ongoing utility maintenance
- Utility record keeping
- Customer service responsiveness
- Improved access to capital necessary to repair and upgrade Aquarina to ensure compliance with all health and environmental requirements and ensure service to customers remains safe and reliable.

The Buyer also stated that CSWR-Aquarina would bring long-term rate stability to the Utility, should the transfer be approved. We agree that economies of scale and potential consolidation of several systems in Florida, as proposed by CSWR-Aquarina, could bring some amount of long-term rate stability. However, absent specific and detailed support for these assertions, the Buyer has failed to meet its burden for demonstrating extraordinary circumstances. Instead, much of the information provided by the Buyer lacks specificity and was provided nearly verbatim in each of the other two CSWR-Florida Utility Operating Company, LLC transfer dockets.¹⁴

Commission staff and OPC made several requests for quantifiable information to support the Buyer's assertions, such as anticipated rate impact and potential/projected cost efficiencies. The Buyer repeatedly stated that it was unable to provide quantitative information at the granularity requested by staff. However, we do not believe the requests were unreasonable given that the burden of proof to support a positive acquisition adjustment lies with the Buyer. This is particularly true in the instant case, when the requested relief is a positive acquisition adjustment of \$1,875,487, which is approximately three times greater than the system's current NBV of \$624,513. Further, in response to Commission staff's first data request for an estimate and breakdown of projected operation and maintenance (O&M) expenses, the Buyer stated that the benefit from the increase in economies of scale and other advantages provided by CSWR-Aquarina would not necessarily be reflected in cost savings compared to current Aquarina operations.

Our decision herein is also consistent with our decision in Order No. PSC-2020-0458-PAA-WS.¹⁵ In that docket, in support of its request for a positive acquisition adjustment, Royal Waterworks, Inc. (RWI) identified estimates of anticipated cost efficiencies, including a reduction in O&M expense and a reduction of cost of capital that would result from the transfer. Additionally, RWI provided several improvements it made to the water treatment plant and wastewater lift station since acquisition to improve the quality of service and compliance with regulatory mandates. While we acknowledged that RWI accomplished cost savings, we did not

¹⁴ Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and Water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County*, and Docket No. 20210133-SU, *In re: Application for transfer of water facilities of North Peninsula Utilities Corporation and Wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County*.

¹⁵ Order No. PSC-2020-0458-PAA-WS, issued November, 23, 2020, in Docket No. 20190170-WS, *In re: Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.*

find that the actions performed demonstrated extraordinary circumstances that would justify approval of a positive acquisition adjustment.¹⁶

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., we deny the requested positive acquisition adjustment, as the Buyer did not demonstrate extraordinary circumstances. The Buyer's anticipated improvements in quality of service and compliance with regulatory mandates do not illustrate extraordinary circumstances, but instead demonstrate CSWR-Aquarina's intentions to responsibly execute its obligations as a utility owner. Additionally, the Seller's long-term debt is not a persuasive factor to be considered in the request of a positive acquisition adjustment pursuant to Rule 25-30.0371(2), F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of the water and wastewater systems and Certificate Nos. 517-W and 450-S from Aquarina Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, is in the public interest and is approved effective the date that the sale becomes final. This Order shall serve as the Buyer's certificate and shall be retained by the Buyer. It is further

ORDERED that the Buyer shall submit the executed and recorded deed for continued access to the land upon which its facilities are located and copies of its permit transfer applications to us within 60 days of the issuance of this Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer shall file a status update in the docket file. It is further

ORDERED that the Utility's existing rates and charges, including the modification to miscellaneous service charges pursuant to Rule 25-30.460, F.A.C., shall remain in effect until a change is authorized by us in a subsequent proceeding. The tariff pages reflecting the transfer shall be effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that the Seller is responsible for filing annual reports and paying RAFs for 2021, and the Buyer is responsible for filing the annual reports and paying RAFs for all future years. It is further

ORDERED that for transfer purposes, the net book value (NBV) of potable water, non-potable water, and wastewater systems is \$278,878, \$262,867, and \$82,768, respectively, as of

¹⁶ Although decided prior to our adoption of the acquisition adjustment rule in 2010, we have previously denied a requested positive acquisition adjustment, stating that the utility relied primarily upon the improvement of service as a basis for a positive acquisition adjustment; however, "compliance with wastewater treatment standards is a requirement of statute and rule, and not an extraordinary circumstance which would warrant the allowance of a positive acquisition adjustment." Order No. 13578, issued August 9, 1984, in Docket No. 19830568-SU, *In re: Application of P.I. Utilities Co., Inc., for a Certificate to Operate a Sewer Utility in Volusia County, Florida, and Petition of Peninsula Utilities, Inc., to Substitute Applicant.*

August 16, 2021. Within 90 days of the date of the Consummating Order, CSWR-Aquarina shall notify us in writing that it has adjusted its books in accordance with our decision. The adjustments shall be reflected in CSWR-Aquarina's 2022 Annual Report when filed. It is further

ORDERED that a positive acquisition adjustment shall not be granted as the Buyer failed to demonstrate extraordinary circumstances. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified us in writing that it has adjusted its books in accordance with our decision, the Buyer has submitted the executed and recorded warranty deed, and the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of this Order approving the transfer.

By ORDER of the Florida Public Service Commission this 15th day of March, 2022.



ADAM J. TEITZMAN

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

DISSENT

Commissioner Gary F. Clark dissents from the Commission's decision.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing net book value and denying a positive acquisition adjustment is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 5, 2022. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

TERRITORY DESCRIPTION
CSWR-Florida Utility Operating Company, LLC
Brevard County
Water and Wastewater Service

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

BEGIN AT THE WEST 1/4 CORNER OF SAID SECTION 25 AND RUN N00°18'50"W ALONG THE WEST LINE OF SAID SECTION 25 A DISTANCE OF 1,340.83 FEET TO THE NORTH LINE OF THE SOUTH 1/2 OF THE NORTH 1/2 OF SAID SECTION 25; THENCE RUN S88°31'07"E ALONG NORTH LINE OF THE SOUTH 1/2 OF THE NORTH 1/2 OF SECTION 25 A DISTANCE OF 1,351 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE ATLANTIC OCEAN; THENCE RUN SOUTHERLY ALONG SAID MEAN HIGH WATER LINE THROUGH SAID SECTIONS 25, 36, AND 31 A DISTANCE OF 9,203 FEET MORE OR LESS TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SAID SECTION 36; THENCE RUN N88°23'42"W ALONG SAID LINE AND THE SOUTH LINE OF THE NORTH 1/2 OF THE SOUTH 1/2 OF SECTION 36 A DISTANCE OF 790 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF THE INDIAN RIVER; THENCE RUN NORTHERLY ALONG THE MEAN HIGH WATER LINE OF THE INDIAN RIVER AND MULLET CREEK 8,315 FEET MORE OR LESS TO THE SOUTH LINE OF SAID SECTION 26; THENCE RUN S88°22'47"E ALONG THE SOUTH LINE OF SAID SECTION 26 A DISTANCE OF 982 FEET TO THE COMMON CORNER OF SAID SECTIONS 25, 26, 35 AND 36; THENCE RUN ALONG THE WEST LINE OF SAID SECTION 25 N00°19'34"W 1,327.58 FEET TO THE SOUTHEAST CORNER OF GOVERNMENT LOT 3 OF SAID SECTION 26; THENCE RUN N88°30'25"W ALONG THE SOUTH LINE OF SAID GOVERNMENT LOT 3 A DISTANCE OF 1,276 FEET MORE OR LESS TO THE MEAN HIGH WATER LINE OF MULLET CREEK; THENCE RUN NORTHERLY ALONG THE MEAN HIGH WATER LINE OF MULLET CREEK 1,903 FEET MORE OR LESS TO THE NORTH LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 26; THENCE RUN S88°31'12"E ALONG THE NORTH LINE OF THE SOUTHEAST 1/4 OF SECTION 26 A DISTANCE OF 2,431 FEET MORE OR LESS TO THE POINT OF BEGINNING.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 517-W

to provide water service in Brevard 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>
Order No. 22075	10/19/89	19880595-WS	Original Certificate
Order No. 23059	06/11/90	19900167-WS	Territory Amendment
PSC-92-0119-FOF-WS	03/30/92	19911129-WS	Territory Amendment
PSC-97-0206-FOF-WS	02/21/97	19960095-WS	Name Change
PSC-97-0206A-FOF-WS	03/05/97	19960095-WS	Amendatory Order
PSC-97-0918-FOF-WS	08/04/97	19970093-WS	Transfer Majority Control
PSC-03-0787-FOF-WS	07/02/03	20020091-WS	Transfer Majority Control
PSC-03-1098-FOF-WS	10/02/03	20020091-WS	Amendatory Order
PSC-10-0329-FOF-WS	05/24/10	20100094-WS	Receiver Appointed
PSC-12-0577-PAA-WS	10/25/12	20110061-WS	Transfer
PSC-2022-0115-PAA-WS	03/15/22	20210093-WS	Transfer

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Number 450-S

to provide wastewater service in Brevard 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>
Order No. 22075	10/19/89	19880595-WS	Original Certificate
Order No. 23059	06/11/90	19900167-WS	Territory Amendment
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PSC-97-0206A-FOF-WS	03/05/97	19960095-WS	Amendatory Order
PSC-97-0918-FOF-WS	08/04/97	19970093-WS	Transfer Majority Control
PSC-03-0787-FOF-WS	07/02/03	20020091-WS	Transfer Majority Control
PSC-03-1098-FOF-WS	10/02/03	20020091-WS	Amendatory Order
PSC-10-0329-FOF-WS	05/24/10	20100094-WS	Receiver Appointed
PSC-12-0577-PAA-WS	10/25/12	20110061-WS	Transfer
PSC-2022-0115-PAA-WS	03/15/22	20210093-WS	Transfer

**CSWR – Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)
Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$23.10
3/4"	\$34.65
1"	\$57.75
1 1/2"	\$115.50
2"	\$184.80
3"	\$369.60
4"	\$577.50
6"	\$1,155.00

Charge Per 1,000 gallons – General Service \$8.37

Irrigation Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$11.47
3/4"	\$17.21
1"	\$28.68
1 1/2"	\$57.35
2"	\$91.76
3"	\$200.73
4"	\$286.75
6"	\$573.50
8"	\$1,032.30

Charge Per 1,000 gallons – Irrigation Service \$1.60

Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$82.00
All over 5/8" x 3/4"	2x Average Estimated Bill

Service Availability Charges

Potable Service

Main Extension Charge

Residential per ERC (350 GPD)	\$500.00
All others per gallon	\$1.43

Meter Installation Charge

5/8" x 3/4"	\$150.00
All other meter sizes	Actual Cost

Plant Capacity Charge

Residential per ERC (350 GPD)	\$780.00
All others per gallon	\$2.23

Non-Potable Service

Main Extension Charge

Residential per ERC (350 GPD)	\$50.00
All others per gallon	\$0.14

Meter Installation Charge

5/8" x 3/4"	\$150.00
All other meter sizes	Actual Cost

Plant Capacity Charge

Residential per ERC (350 GPD)	\$250.00
All others per gallon	\$0.71

**CSWR – Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)
Monthly Wastewater Rates**

Residential Service

Base Facility Charge – All Meter Sizes	\$29.70
Charge Per 1,000 gallons 8,000 gallon cap	\$6.44
Flat Rate (Residential wastewater only service)	\$46.53

General Service

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$29.70
3/4"	\$44.55
1"	\$74.25
1 1/2"	\$148.49
2"	\$237.58
3"	\$475.17
4"	\$742.45
6"	\$1,484.90
Charge Per 1,000 gallons	\$7.73

Initial Customer Deposits

Residential Service and General Service	
5/8" x 3/4"	\$87.00
All over 5/8" x 3/4"	2x Average Estimated Bill

Existing Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$26.00	\$32.00
Normal Reconnection Charge	\$38.00	\$47.00
Violation Reconnection Charge (water)	\$38.00	\$47.00
Violation Reconnection Charge (wastewater)	Actual Cost	Actual Cost
Premises Visit Charge	\$26.00	\$99.00
Late Payment Charge		\$7.00
Direct Debit Charge		\$1.36
NSF Check Charge		Pursuant to Section 68.065, F.S.

**Commission Approved
Miscellaneous Service Charges**

	<u>Normal Hours</u>	<u>After Hours</u>
Premises Visit Charge	\$38.00	\$99.00
Violation Reconnection Charge (water)	\$38.00	\$47.00
Violation Reconnection Charge (wastewater)	Actual Cost	Actual Cost
Late Payment Charge		\$7.00
Direct Debit Charge		\$1.36
NSF Charges		Pursuant to Section 68.065, F.S.

**CSWR-Florida Utility Operating Company, LLC
 (Aqarina Utilities, Inc.)**

**Potable Water System
 Schedule of Net Book Value as of August 16, 2021**

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>		<u>Commission Approved</u>
Utility Plant in Service	\$1,735,739	(\$140,084)	A	\$1,595,655
Land & Land Rights	37,582	-		37,582
Accumulated Depreciation	(1,331,136)	140,848	B	(1,190,288)
CIAC	(362,028)	(11,495)	C	(373,523)
Accumulated Amortization of CIAC	<u>201,870</u>	<u>7,582</u>	D	<u>209,452</u>
Total	<u>\$282,027</u>	<u>(\$3,149)</u>		<u>278,878</u>

Non-Potable Water System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>		<u>Commission Approved</u>
Utility Plant in Service	\$1,120,935	(\$42,946)	A	\$1,077,989
Land & Land Rights	24,498	-		24,498
Accumulated Depreciation	(852,057)	30,533	B	(821,524)
CIAC	(35,785)	(11,851)	C	(47,636)
Accumulated Amortization of CIAC	<u>23,662</u>	<u>5,878</u>	D	<u>29,540</u>
Total	<u>\$281,253</u>	<u>(\$18,386)</u>		<u>\$262,867</u>

Wastewater System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>		<u>Commission Approved</u>
Utility Plant in Service	\$1,686,513	(\$51,566)	A	\$1,634,947
Land & Land Rights	33,680	-		33,680
Accumulated Depreciation	(1,487,140)	49,009	B	(1,438,131)
CIAC	(605,133)	(7,362)	C	(612,495)
Accumulated Amortization of CIAC	<u>428,254</u>	<u>36,514</u>	D	<u>464,768</u>
Total	<u>\$56,174</u>	<u>\$26,595</u>		<u>\$82,769</u>

**CSWR-Florida Utility Operating Company, LLC
(Aqarina Utilities, Inc.)**

Potable Water System

Explanation of Adjustments to Net Book Value as of as of August 16, 2021

Explanation	Amount
A. Utility Plant in Service To reflect the appropriate amount of UPIS.	(\$140,084)
B. Accumulated Depreciation To reflect the appropriate amount of accumulated depreciation.	140,848
C. Contributions in Aid of Construction To reflect the appropriate amount of CIAC.	(11,495)
D. Accumulated Amortization of CIAC To reflect the appropriate amount of accumulated amortization of CIAC.	<u>7,582</u>
Total Adjustments to Net Book Value as of May 31, 2021	<u>(\$3,149)</u>

**CSWR-Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)**

Non-Potable Water System

Explanation of Adjustments to Net Book Value as of as of August 16, 2021

Explanation	Amount
E. Utility Plant in Service To reflect the appropriate amount of UPIS.	(\$42,946)
F. Accumulated Depreciation To reflect the appropriate amount of accumulated depreciation.	30,533
G. Contributions in Aid of Construction To reflect the appropriate amount of CIAC.	(11,851)
H. Accumulated Amortization of CIAC To reflect the appropriate amount of accumulated amortization of CIAC.	<u>5,878</u>
Total Adjustments to Net Book Value as of May 31, 2021	<u>(\$18,386)</u>

**CSWR-Florida Utility Operating Company, LLC
(Aqarina Utilities, Inc.)**

Wastewater System

Explanation of Adjustments to Net Book Value as of as of August 16, 2021

Explanation	Amount
I. Utility Plant in Service To reflect the appropriate amount of UPIS.	(\$51,566)
J. Accumulated Depreciation To reflect the appropriate amount of accumulated depreciation.	49,009
K. Contributions in Aid of Construction To reflect the appropriate amount of CIAC.	(7,362)
L. Accumulated Amortization of CIAC To reflect the appropriate amount of accumulated amortization of CIAC.	<u>36,514</u>
Total Adjustments to Net Book Value as of May 31, 2021	<u>\$26,595</u>

**CSWR-Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)**

Potable Water System

Explanation of Adjustments to Net Book Value as of August 16, 2021

Account No.	Description	UPIS	Accumulated Depreciation
301	Organization	\$397	\$370
304	Structures & Improvements	30,660	6,144
307	Wells & Springs	116,507	116,507
309	Supply Mains	2,057	389
311	Pumping Equipment	54,958	18,208
320	Water Treatment Equipment	357,287	297,383
330	Distribution Reservoirs & Standpipes	625,448	625,448
331	Transmission & Distribution Mains	163,984	71,013
333	Services	53,661	(24,864)
334	Meters & Meter Installations	140,002	33,407
336	Backflow Prevention Devices	4,408	2,388
339	Other Plant & Miscellaneous Equipment	1,530	636
341	Transportation Equipment	40,596	40,596
343	Tools, Shop, & Garage Equipment	900	401
344	Laboratory Equipment	2,000	1,000
348	Other Tangible Plant	<u>1,261</u>	<u>1,261</u>
	Total	<u>\$1,595,655</u>	<u>\$1,190,288</u>

**CSWR-Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)**

Non-Potable Water System

Explanation of Adjustments to Net Book Value as of August 16, 2021

Account No.	Description	UPIS	Accumulated Depreciation
301	Organization	\$653	\$608
304	Structures & Improvements	811	154
307	Wells & Springs	115,430	115,430
309	Supply Mains	23,143	17,903
311	Pumping Equipment	115,351	25,750
320	Water Treatment Equipment	39,669	39,669
330	Distribution Reservoirs & Standpipes	512,792	512,792
331	Transmission & Distribution Mains	153,779	92,698
334	Meters & Meter Installations	105,681	10,323
335	Hydrants	10,050	5,955
339	Other Plant & Miscellaneous Equipment	<u>631</u>	<u>242</u>
	Total	<u>\$1,077,989</u>	<u>\$821,524</u>

**CSWR-Florida Utility Operating Company, LLC
(Aquarina Utilities, Inc.)**

Wastewater System

Explanation of Adjustments to Net Book Value as of August 16, 2021

Account No.	Description	UPIS	Accumulated Depreciation
351	Organization	\$1,050	\$1,049
354	Structures & Improvements	31,971	12,196
360	Collection Sewers - Force	169,985	164,230
361	Collection Sewers - Gravity	328,394	208,725
363	Services to Customers	170,960	164,840
371	Pumping Equipment	50,256	50,256
380	Treatment and Disposal - Equipment	709,777	666,831
382	Outfall Sewer Lines	144,908	144,908
389	Other Plant & Miscellaneous Equipment	3,333	954
391	Transportation Equipment	20,298	20,298
394	Laboratory Equipment	565	396
398	Other Tangible Plant	<u>3,449</u>	<u>3,449</u>
	Total	<u>\$1,634,947</u>	<u>\$1,438,131</u>