

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CHARLOTTE COUNTY, FLORIDA

In Re: ~~Petition of LITTLE GASPARILLA WATER~~
UTILITY, INC. for adjustment of water rates, fees and
Charges

~~Docket No. 2011-002-W~~

Hearing Examiner: Jeffrey S. Russell, Esq.

RECOMMENDED ORDER

This matter came before the undersigned, as the Hearing Examiner duly-appointed under the provisions of Charlotte County Code Section No. 1-10-342. The parties to this proceeding are the Budget Department of Charlotte County, Florida ("Staff"), and Little Gasparilla Water Utility, Inc. (the "Utility").

1. SUMMARY.

This is a Staff-Assisted Rate Case pursuant to Section 3-8-55.1 of the Charlotte County Code and the Utility, in requesting staff assistance, has agreed to accept the final rates and charges approved by the Board of County Commissioners (the "Board"). Applicant and Staff entered into a Proposed Stipulation, a copy of which is annexed hereto as Exhibit 1 (the "Stipulation"). Exhibit A of the Stipulation (the "County Rate Study") was prepared by Public Resources Management Group, Inc., acting as Staff's rate consultant, and contains the recommended rates, fees and charges for the Utility.

Based on the Stipulation and testimony presented at the public hearing, and in the absence of any competent, substantial evidence to the contrary, I find that the stipulated water rates, fees and charges as contained in the County Rate Study are just, reasonable, compensatory and not unfairly discriminatory.

It is therefore my recommendation that the Board adopt a resolution approving the County Rate Study and approve the stipulated water rates, fees and charges set forth therein as those authorized for the Utility.

2. JURISDICTION.

The Utility is the holder of a valid water service certificate granted by the Board pursuant to Section 3-8-30 of the Charlotte County Code. Pursuant to Section 3-8-11 of the Charlotte County Code, the Board has regulatory authority over each utility within unincorporated Charlotte County. The Utility operates pursuant to Certificate Number 802-W issued by Charlotte County on August 12, 2008 (Exhibit S-2).

3. PROCEDURAL HISTORY.

Pursuant to Section 3-8-55.1 of the Charlotte County Code, on October 3, 2011, the Utility filed an application for a staff-assisted rate case seeking an increase in its water rates (Exhibit S-3). Staff determined that the Utility had met the requirements of Section 3-8-55.1 of the Charlotte County Code.

On May 8, 2012, the undersigned was appointed by the Board as the Hearing Examiner in this matter. On May 10, 2012, the undersigned issued a Prehearing Order setting forth the procedures that would be followed at the public hearing.

On May 23, 2012, a duly advertised public hearing was held at 3:00 P.M. Following the presentations made at the public hearing, the hearing was continued until 6:00 P.M. to allow an opportunity for additional customer testimony.

4. EXHIBITS.

The following Exhibits were accepted into evidence in this proceeding:

A. Public Exhibit:

Exhibit P-1 – Publisher’s Affidavit of Publication /Sun Newspapers

B. Staff Exhibits:

S-1 Charlotte County Resolution 2007-143

S-2 (composite) Memo from Roger Davis to Raymond J. Sandrock regarding certification of the Utility, Charlotte County Resolution 2008-094 and Certificate Number 802-W

S-3 Utility Application for Staff Assisted Rate Case

S-4 (composite) Little Gasparilla Quality of Service Report/Customer Meeting, Sign-in Sheets from Customer Meeting and 2010 Annual Drinking Water Quality Report

S-5 (composite) Resume of Jeffrey M. Wilson, Written Testimony of Jeffrey M. Wilson and Staff Assisted Rate Study for Little Gasparilla Water Utility, Inc. Prepared by Public Resource Management Group, Inc.

S-6 (filed post-hearing) – Letter from Roger Davis and corrected schedule of current charges for the Utility. Exhibits S-5 and J-1 are amended accordingly)

C. Utility Exhibits:

U-1 Customer Complaint Log

U-2 Affidavit of Mailing of Initial Customer Notice and Notice of Customer Meeting

U-3 Affidavit of Mailing of Customer Public Hearing Notice

D. Joint Exhibit:

J-1 Proposed Stipulation between Charlotte County Staff and Little Gasparilla Water Utility, Inc., Exhibit "A" of which is the Staff Assisted Rate Study for Little Gasparilla Water Utility, Inc. Prepared by Public Resource Management Group, Inc.

5. WITNESSES AND TESTIMONY.

The following witnesses were proffered by Staff:

A. Roger Davis. Mr. Davis is a Senior Financial Consultant and Regulatory Analyst for Charlotte County. He testified concerning the history of the Utility, the circumstances of its certification by Charlotte County, its current customer base and the anticipated future growth of its customer base. He indicated that approximately 95% of the Utility's customers are seasonal or occasional residents of Little Gasparilla Island and that there are very few full-time residents. The witness stated that, other than price index adjustments, the Utility had never obtained a rate increase since it began business in 1986 and that a rate increase for the Utility was necessary. Mr. Davis also testified concerning the customer meeting held on April 27, 2012 and indicated that 3 residents had attended. Customer comments at the meeting centered around service interruptions and damage to water lines and water-dependent appliances because of the perceived corrosive nature of the water and concentrations of sediment in the water. Mr. Davis noted that the water produced by the Utility meets and exceeds all applicable governmental requirements and also indicated that the Utility had committed to more frequent and comprehensive flushing procedures to deal with these issues (Composite Exhibit S-4).

B. David Johnson. Mr. Johnson is a Financial Consultant II for Charlotte County. He testified on technical aspects of the Utility's operations. Mr. Johnson stated that in general the Utility's plant and lines were in good operation and repair and that he had made an inspection on the date of the public hearing, including testing of the water produced by the Utility's plant. He explained that in order to produce potable water, the Utility operates a desalinization plant which draws water from an on-site well for processing. Mr. Johnson indicated that the quality of the raw water is poor and has substantial salt content which is not an unusual situation for a utility operating on a barrier island. As to the quality of the potable water produced by the Utility he indicated that he had tested a sample on the date of the hearing and that it met all applicable governmental requirements for safe drinking water and did not appear to contain any rust or substantial sediments. He also testified that there were certain operational measures that the Utility could take in order to potentially reduce the issues concerning rust and sediments including more extensive and frequent flushing of the lines. Mr. Johnson noted that customers could alleviate these problems to some extent by utilizing an in-home filtration system. He stated that if the Utility could connect to a County water source, the potential mixing of the County water and the Utility-produced water could alleviate these issues but he also testified that an interconnection may well be cost-prohibitive for the customers. In response to a question from the Hearing Examiner, Mr. Johnson indicated that there are approximately 150 homes within the service territory of the Utility that do not receive water service from the Utility. Additionally, there are 7 homes that made application to the Utility for service but never connected to the water system after receiving building permit approval from the County. Connection of these un-serviced homes to the Utility's water system would produce a substantial revenue benefit to the Utility and would have the effect of reducing the rates of the

Utility because of the larger customer base. Mr. Johnson testified that under the applicable ordinances of Charlotte County, these un-serviced homes are required to connect to the Utility's water system.

C. Jeffrey M. Wilson. Mr. Wilson is a Supervising Consultant with Public Resources Management Group, Inc., the County's rate consultant, and was accepted by the Hearing Examiner as an expert in the area of rate analysis and rate structure. He testified that the rates, fees and charges set forth in the County Rate Study were just, reasonable and equitable and non-discriminatory. He noted that the rate of return for the Utility as contained in the County Rate Study was 7.84% which is the rate of return currently being utilized by the Florida Public Service Commission. Mr. Wilson testified that the proposed rate increase was necessary for the Utility to be able to continue to operate, that it had, in prior years, lost substantial amounts of money because of inadequate rates and failure to account for expenses and that in his opinion the proposed rate adjustments as contained in the County Rate Study were justified.

The following witness was proffered by the Utility:

James R. Boyer. Mr. Boyer is the Chief Operating Officer of the Utility. He confirmed the prior testimony that the Utility had never received a rate adjustment except for price-indexing increases. He also acknowledged that he would, in the future, flush the Utility's lines on a monthly as opposed to a quarterly basis and would investigate other remedial measures relative to the issues raised by customers concerning rust and sediment in the water, including the potential of valve replacement. He did note, however, that he had not received, until the customer meeting, any complaints from customers concerning these conditions. The customer complaint log (Exhibit U-1) indicates that the only complaints directed to the Utility generally concerned questions concerning meter readings and billing. With respect to the operation of the Utility, Mr. Boyer noted the raw water source for the Utility is poor and requires extensive treatment in order to produce potable water. It was indicated that the reject brine is on a 1 to 1 basis with potable water, that is, for every 2 gallons of water processed, only 1 gallon of potable water is produced. This is a very high rejection ratio. Mr. Boyer also noted that from an operational viewpoint, part of the problem is that water demand tends to occur on weekends, holidays at other specific portions of the year when customers are in residence and demand is very low at other times. This could, he believed, explain in part the existence of sediment in the water because of fluctuations in line pressures.

The following witnesses were customers of the Utility:

A. Carole Songey. Ms. Songey indicated that she did not oppose the rate increase but had concerns relative to sediments and other materials in the water. She produced filters which are used in her home filtration system which evidenced rust and sedimentary materials and she indicated that she has to change these filters on a regular basis. Ms. Songey questioned why, since the testing done at the water plant, shows no rust or sediment, those items appear when the water reaches her residence.

B. Frank and Anita Burger. Mr. and Mrs. Burger had no objection to the rate increase but related that their water heaters last less than a year and in one case the heating element burned out after only 4 months. They have flushed their water heaters on a regular basis and in one case, it

took 4 hours to get rid of the brown water that was being flushed. Mr. Burger stated that there has been no flushing of the lines at their residence recently.

C. Janet Stanke. Ms. Stanke is a full time resident and related that she has issues not only with her water heater but her washer and other appliances that use water. She stated that she had to replace appliances approximately ever 2 years. She also testified that residents of the island who are not on the Utility's water system and use wells or cisterns do not experience these problems. Ms. Stanke indicated that she was not aware that the County regulated the Utility and previously did not know where she should lodge her complaints concerning the quality of the Utility's water. She suggested that implementation of new rates be postponed until the sediment issues were resolved.

6. THE STIPULATION. The Stipulation was jointly submitted by Staff and the Utility and was accepted as part of the record of these proceedings.

7. QUALITY OF SERVICE ISSUES. While all of the testimony given at the public hearing evidences the fact that the potable water produced by the Utility exceeds the applicable standards, it would appear from the testimony of the customers that there are issues with sediments and other corrosive elements in the water. This is not an unusual circumstance given the location of the Utility and its source of raw water. It would also appear that these issues can be alleviated, at least in part, by more frequent flushing of the Utility's lines, especially in for those residences that are at the end of a water line segment. The Utility has undertaken to implement a more aggressive flushing program on an ongoing basis and there was substantial, competent testimony to the effect that the Utility was unaware of the magnitude of the problem because of lack of complaints from customers.

It is permissible to reduce otherwise justified rates or curtail their implementation when serious quality of service issues are found to exist. In this case, the Hearing Examiner does not believe that any penalty is warranted. This Utility has not had a rate increase since 1986 and the financial information presented at the public hearing makes it clear that an increase is necessary to preserve the financial stability of the Utility. The Utility appears to be well managed and to meet all water quality standards.

As to the issues raised concerning quality of service, it is suggested that:

A. That in a future billing to customers, the Utility notify customers (in a form approved by Staff) as to how and where a customer can file a complaint with the Utility and how a customer can contact the appropriate party for Charlotte County to register such a complaint.

B. That in any future rate proceeding consideration be given as to whether the Utility has implemented the remedial measures discussed above and, if implementation has not occurred, then consideration should be given to imposition of a penalty.

FINDINGS OF FACT

A. The Utility is the holder of a valid water service certificate granted by the Board pursuant to Section 3-8-30 of the Charlotte County Code.

B. The Utility met the minimum filing requirements for a Staff-Assisted Rate Case as set forth in Section 3-8-55.1 of the Charlotte County Code.

C. Currently, the revenues received by the Utility do not equal its reasonable operating expenses and a reasonable return on its rate base. The Utility is presently operating at a loss. An increase in the rates, fees and charges for the Utility is necessary for the financial stability of the Utility and to allow it to operate on a profitable basis. The failure of the Utility to operate on a profitable basis is due in large part to the fact that the Utility has not previously requested an overall adjustment to its rates, fees and charges in order to reflect increased costs experienced by the Utility.

D. The substantial, competent testimony presented by Staff and its consultant, the Utility and those customers who participated in the public hearing establish that the rates, fees and charges for the Utility as set forth in the County Rate Study are just and reasonable and are not discriminatory.

E. The Utility's quality of service is generally satisfactory. Additional actions can be taken by the Utility which may have the effect of improving the quality of the potable water utilized by customers of the Utility.

CONCLUSIONS OF LAW

A. The Utility met the minimum filing requirements for a Staff-Assisted Rate Case as set forth in Section 3-8-55.1 of the Charlotte County Code.

B. The public hearing in this matter was duly noticed in accordance with Section 3-8-45(d) of the Charlotte County Code.

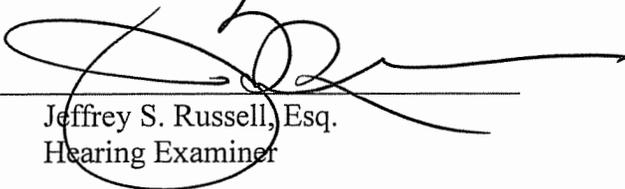
C. The public hearing in this matter was conducted in accordance with Sections 3-8-67 through 3-8-71, inclusive, of the Charlotte County Code.

D. The rates contained in the County Rate Study are consistent with the requirements of the applicable provisions of Sections 3-8-45 through 3-8-64 of the Charlotte County Code.

HEARING EXAMINER'S RECOMMENDATION

On the basis of the Stipulation between the parties and the substantial, competent testimony and documentary evidence presented at the public hearing, it is the Hearing Examiner's recommendation that the Board of County Commissioners of Charlotte County, Florida adopt a resolution approving the rates, fees and charges for the Utility as set forth in County Rate Study, Exhibit 1 to the Stipulation.

Respectfully submitted, on May 29, 2012.

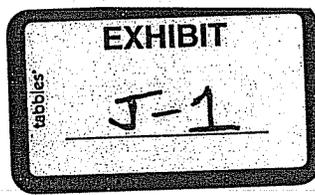
By: 
Jeffrey S. Russell, Esq.
Hearing Examiner

Copies to: Martha Young Burton, Esq.
Charlotte County Attorney's Office

Jack Boyer
Little Gasparilla Water Utility, Inc.

Joanne Lansing, Commission Minutes Supervisor
Clerk, Board of County Commissioners

EXHIBIT 1
Stipulation Agreement



BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CHARLOTTE COUNTY, FLORIDA

IN RE: Application of Little
Gasparilla Water Utility, Inc.
for Staff Assisted Rate Case

DOCKET NO. 2011-02-W

PROPOSED STIPULATION

Pursuant to Chapter 3-8 Article II, Charlotte County Code, and Charlotte County Ordinance No. 93-44, the parties to this proceeding, Little Gasparilla Water Utility, Inc. ("Utility") and Charlotte County ("County"), a political subdivision of the State of Florida, enter into the following Stipulation regarding the Rate Application ("Application") filed by Utility on October 3, 2011, for a Staff Assisted Rate Case. The parties agree that the following facts apply to this Rate Application:

1. Utility has provided potable water service in its franchised service area since 1991 and since that time has not applied for a rate increase, except for periodic allowed indexing adjustments.
2. Utility filed its Application containing Minimum Filing Requirements on October 3, 2011.
3. County retained a rate consultant who performed field work investigation regarding said Application in March, April, and May 2012, and prepared the Staff

Assisted Rate Study attached hereto as Exhibit "A" and incorporated herein by reference.

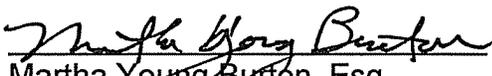
4. Both during the time that said field work was performed and subsequently, County's consultant and staff and Utility's owner met to discuss the various issues pertaining to said Application in order to determine whether a Stipulation could be reached regarding the significant issues relevant to said Application.

5. Through the date of this Stipulation, there are no intervenors in this proceeding.

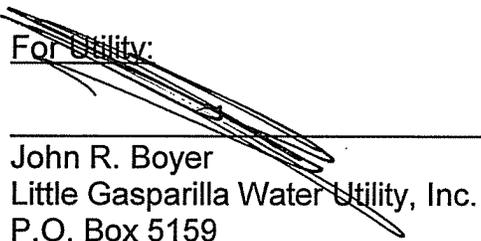
UTILITY AND COUNTY HAVING REACHED an Agreement, said Agreement is set forth below:

6. For the fiscal year beginning July 1, 2012, Utility and County hereby stipulate to the rates set fourth in Exhibit "A," attached hereto and incorporated herein by reference. The parties are stipulating to these rates and not to the specific resolution of issues or methodology utilized by the County consultant in measuring the resulting rates, and the County consultant's recommendations have been addressed in the proposed rates.

For County:


Martha Young Burton, Esq.
Assistant County Attorney
Florida Bar No.: 0398179
18500 Murdock Circle
Port Charlotte, FL 33948
Tel.: (941) 743-1330
Fax No.: (941)743-1550

For Utility:


John R. Boyer
Little Gasparilla Water Utility, Inc.
P.O. Box 5159
Grove City, FL 34224
Tel: (941) 697-4002

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via email to the names on the following parties this 23rd day of May, 2012.


Martha Young Burton, Esq.

Hearing Officer:

Jeffrey S. Russell
Hearing Officer
Shumaker, Loop & Kendrick, LLP
240 S. Pineapple Blvd.
Sarasota, FL 34236
Email: JRussell@slk-law.com
Telephone: 941-364-2703

Little Gasparilla Water Utility, Inc.

John R. Boyer
Little Gasparilla Water Utility Inc.
P.O. Box 5159
Grove City, FL 34224
E-mail: Lgwu7777@yahoo.com
Telephone: 941- 681-2777

Counsel for Charlotte County:

Martha Young Burton, Assistant County Attorney
Charlotte County Attorney's Office
18500 Murdock Circle
Port Charlotte, FL 33948
E-mail: marty.burton@charlottefl.com
Telephone: 941-743-1330

Charlotte County Staff:

Roger Davis
Sr. Financial Consultant
Budget & Administrative Services
18500 Murdock Circle, Port Charlotte, FL 33948
Phone: 941.743.1542
Fax: 941.743.1286
Roger.Davis@charlottefl.com

David B. Johnston
Financial Consultant II
Fiscal Services Division
~~Budget & Administrative Services~~
18500 Murdock Circle, Suite B 109
Port Charlotte Florida 33948
Phone: 941.743.1524
Fax: 941.743.1286
David.Johnston@charlottefl.com

Gordon Burger
Budget Director
Budget & Administrative Services
18500 Murdock Circle, Suite B 109
Port Charlotte Florida 33948
Phone: 941.743.1248
Gordon.Burger@charlottefl.com

EXHIBIT

"A"

LITTLE GASPARILLA WATER UTILITY INC.

Located in Charlotte County, Florida



STAFF ASSISTED RATE STUDY

**For the Test Year Ending
December 31, 2010**

April 9, 2012



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants

April 9, 2012

Mr. Roger Davis
Charlotte County Government
Budget & Administrative Services
18500 Murdock Circle
Port Charlotte, Florida 33948

Subject: Little Gasparilla Staff Assisted Rate Study – Test Year Ending December 31, 2010

Dear Mr. Davis:

Public Resources Management Group, Inc. (PRMG), on behalf of the Charlotte County Budget and Administrative Services Department (the "County"), has prepared a Consultant Report on the Water Rate Adjustment (the "Report") for the Little Gasparilla Water Utility Inc. (the "Company"), which operates the investor-owned public water utility located in Charlotte County known as Little Gasparilla Water Utility Inc., (the "Utility"). The purpose of the evaluation was to determine if the water rates for service were reasonable and justifiable based on the information provided by the Company.

With respect to the Report, we relied upon i) financial and statistical information provided by or made available by the Company, including financial statements, accounting records, customer and expense analyses and other supporting information; and ii) County ordinances, general ratemaking practices used by the Florida Public Service Commission, and other information available to PRMG and the County.

Since the accompanying analyses and calculations (as shown on the Tables included at the end of the Report) were predicated in part upon estimates and assumptions, the reliability is dependent upon future events and transactions. As such, this Report should not be considered as an audit or review of financial statements of the Company involving the application of generally accepted auditing standards, and we are precluded from expressing an independent auditor's opinion as to this rate evaluation. We have no responsibility to update this Report for events and circumstances becoming known to us or occurring after the date of this Report.

Mr. Roger Davis
Charlotte County Government
Budget & Administrative Services
April 9, 2012
Page 2

We appreciate the fine cooperation and assistance provided by the County in the review of the Company's financial information and with the preparation of this report.

Respectfully submitted,

Public Resources Management Group, Inc.



Jeffrey M. Wilson
Supervising Consultant

Attachments

LITTLE GASPARILLA WATER UTILITY INC.
STAFF ASSISTED RATE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

Title	Page No.
Letter of Transmittal	
Table of Contents	i
List of Tables	ii
OVERVIEW	2
RECOMMENDED WATER RATE ADJUSTMENTS.....	3
Company Investment – Rate Base	3
Operating Expenses	4
Rate of Return.....	5
RATE DESIGN – MONTHLY USER CHARGES	5
Miscellaneous Service Charges	6
SUMMARY OF RECOMMENDED RATES AND FEES.....	6

LITTLE GASPARILLA WATER UTILITY INC.
STAFF ASSISTED RATE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

LIST OF TABLES

Table No.	Description
1	Current and Proposed Rates
1A	Miscellaneous Service Charges
2	Rate Comparison
3	Recommended Revenue Requirements
4	Determination of Rate Base – Water
5	Water System Plant in Service
6	Water System Accumulated Depreciation
7	Water System Plant in Service – Build-up Since Last Rate Case
8	Water System Accumulated Depreciation – Build-up Since Last Rate Case
9	Water System Contributions In Aid of Construction – Build-up Since Last Rate Case
10	Water System Accumulated Amortization of CIAC – Build-up Since Last Rate Case
11	Working Capital Allowance
12	Cost of Capital / Rate of Return for the Test Year Ended December 31, 2010
13	Schedule of Adjustments to Rate Base
14	Constructed Income Statement – Sewer
15	Water Operations and Maintenance Expense – Test Year Expenses
16	Water Operations and Maintenance Expense – Benchmark Analysis Adjustments
17	Comparable Small System Management Costs
18	Water Operations and Maintenance Expense - Adjustment To Test Year Expenses
19	Income Tax Calculation and System Revenue Requirements
20	Taxes Other than Income
21	Adjustments to Operating Income
22	Calculation of Revenue Requirements - Water
23	Billing Determinants – Water
24	Rate Design – Water

LITTLE GASPARILLA WATER UTILITY INC.

**STAFF ASSISTED RATE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2010**

OVERVIEW

Little Gasparilla Water Utility Inc., (the "Company" or "Utility") has requested that the County on behalf of the Utility prepare a Staff Assisted Rate Filing to establish monthly water charges adequate to ensure they properly recover the allowed rate of return on investment of the Utility. The Company currently owns a water utility system located in and under the jurisdiction (establishment of rates) of Charlotte County (the "County"). The Company has not had a significant increase to its rates for service for over thirteen years. During that time the Company has made significant investment in the water treatment facilities in the form of upgrades, renewals and replacements and maintenance. The Company has also experienced increased cost of operations that have yet to be requested to be recovered from customers through their monthly user charges.

The determination of the water rates recommended for the Utility has been developed using a rate-making basis known as the rate base/rate of return approach. This approach is generally used for the review of rates for investor-owned utility systems by the County. Under this approach, the rates for service permitted for the Utility would generally include the summation of the following revenue requirements:

1. Operation and maintenance expenses; plus
2. Depreciation expense on utility plant in service allocable to the customers, less the amortization of contributed plant made on behalf of the Utility by others than the owners of the Utility; plus
3. Taxes, including income taxes; plus
4. Other revenue requirements permitted to be recognized (e.g., amortization of extraordinary property loss due to regulatory action); plus
5. A fair return on the investment made by the Company in the Utility; less
6. Other utility operating revenues, if any, which accrue to the benefit of the Company from the operations of the Utility.

PRMG reviewed the Company's financial and customer records, has recommended changes to the Company's existing rates, and has prepared this report of such recommendations (the "Report") for consideration by the County.

RECOMMENDED WATER RATE ADJUSTMENTS

This Report includes an analysis and evaluation of the Utility's historical operating results and the resulting consultant recommendations. Based on a review of the Utility's 2010 Annual Report and other financial information provided by the Company, PRMG has determined a proposed water rate increase of 29.98% as being justifiable and reasonable and is being recommended for approval by the County. By requesting the staff-assisted rate adjustment process allowed by County ordinances, the Company agrees to accept the final rates and charges approved by the Board, and may not appeal the Board's decision. Table 3 at the end of this report summarizes the recommended overall water rate adjustments, the financial results of which are also summarized below:

Description	<u>Recommended</u> Water
(a)	(b)
Total Test Year System Revenue Requirements	\$265,785
Total Test Year System Rate Revenues Based on Current Rates	204,479
Miscellaneous Revenues	-
Total Test Year System Revenues at Present Rates	204,479
Proposed Test Year Additional Revenue Requirement	\$61,306
Percentage Increase to Total Test Year Rate Revenues	29.98%

The remainder of the Report provides a discussion of the evaluation of the Utility's historical operating results by PRMG as it relates to the development of the recommended water rates.

Company Investment – Rate Base

Table 4 at the end of this Report provides a summary of the historical Company-reported and consultant-recommended rate base (investment) for the water utility. The recommended rate base served as the basis for the determination of the rate of return to be earned by the Company, which is a component of the revenue requirements to be recovered from rates by the Company. A summary of all consultant-recommended rate base adjustments is also included on Table 4 for the water utility.

Based on i) information contained in the Annual Reports previously filed by the Company and ii) the recognition of depreciation accrual rates as adopted by the Company, which are consistent with County Ordinances and Rules and Regulations, the rate base for the water system recommended, or the determination of the Company's rate of return, is as follows:

Water Rate Base
For the Test Year Ended December 31, 2010

	<u>As Reported by Company [1]</u>	<u>PRMG Adjustments [2]</u>	<u>PRMG Recommendations</u>
Gross Plant in Service	\$1,421,050	\$0	\$1,421,050
Less Accumulated Depreciation	<u>(552,161)</u>	<u>717</u>	<u>(551,444)</u>
Net Plant in Service	868,889	717	869,606
Contributions-in-Aid-of-Construction	(590,600)	0	(590,600)
Less Amortization of CIAC	<u>113,776</u>	<u>(2,374)</u>	<u>111,402</u>
Net Contributions in Aid of Const.	(476,824)	(2,374)	(479,198)
Provision for Working Capital [3]	<u>0</u>	<u>20,591</u>	<u>20,591</u>
Rate Base	<u>\$392,065</u>	<u>\$18,935</u>	<u>\$411,000</u>

[1] As filed by Company per 2010 Annual Report.

[2] Adjustments recommended by PRMG based on review of financial and accounting records. Reference Table 4 for details and adjustment descriptions.

[3] Based on 1/8 of Operating Expenses.

Operating Expenses

Table 14 at the end of this Report provides a summary of the recommended expenses for the water system, which is included in the development of the revenue requirements in support of the recommended rates. The development of the Test Year operating expenses includes both the direct cost of operating and maintaining the Utility (e.g., power and chemicals), as well as depreciation expense on utility plants, net of amortization of Contributions-in-aid-of-Construction (CIAC), tax-related expenses, the amortization of other deferred debits, and other related expenses. A summary of all the recommended operation and maintenance expense adjustments and other operating expense adjustments are also included on Table 14.

The operating expenses recommended to be included in the revenue requirements for rate determination purposes for the individual water system is as follows:

(Remainder of page intentionally left blank)

**Water System Operating Expenses
For the Test Year Period Ended December 31, 2010**

	<u>As Reported by Company [1]</u>	<u>PRMG Adjustments [2]</u>	<u>PRMG Recommendations</u>
Operation & Maintenance Expenses	\$158,662	6,068	\$164,730
Depreciation Expenses	55,430	(513)	54,917
Less CIAC Amortization	(17,808)	186	(17,622)
Amortization of Acquisition Cost	741	(741)	0
Amortization of Other Deferred Debits	0	0	0
Property Taxes	40,216	(8,753)	31,463
Income Taxes	<u>0</u>	<u>70</u>	<u>70</u>
Total Operating Expenses	<u>\$237,241</u>	<u>(\$3,684)</u>	<u>\$233,557</u>

[1] As reported by Company per 2010 Annual Report.

[2] Adjustments recommended by PRMG based on review of financial and accounting records. Reference Table 14 for details and adjustment descriptions.

Rate of Return

The County currently uses the leverage formula as adopted by the Florida Public Service Commission in the development of the return on equity. The leverage formula referenced in Order No. PSC-11-0287-PAA-WS as published by the FPSC was used in the determination of the Company's return on equity. Based on the recommended rate base and the rate of return, the overall return allowed for the water system is summarized below:

**Water Rate of Return
For the Test Year Period Ended December 31, 2010**

	<u>As Reported by Company [1]</u>	<u>PRMG Adjustments [2]</u>	<u>PRMG Recommendations</u>
Rate Base	<u>\$392,065</u>	<u>\$18,935</u>	\$411,000
Rate of Return			7.84%
Company Return on Investment			<u>\$32,228</u>

[1] As reported by Company per 2010 Annual Report.

[2] Adjustments recommended by PRMG based on review of financial and accounting records. Reference Table 4 regarding the water rate base calculation for details and adjustment descriptions.

RATE DESIGN – MONTHLY USER CHARGES

The development of the proposed or recommended rates for water service is developed on Tables 22 through 24 at the end of this Report. Included on Tables 22 and 24 for the water system is the allocation of the Pro Forma Year Ending June 30, 2010 net revenue requirements to the rate structure components.

The recommended rates include the same general rate structure as the current rates for service. The proposed rates are developed on Table 24 for the Water System.

In order to illustrate the effects of the proposed rates on the various Utilities customers, a comparison of the monthly bills recognizing the current rates, the Company's filed rates, and the recommended rates was prepared. This comparison is included on Table 2.

Miscellaneous Service Charges

The Company has requested and PRMG also agrees that certain miscellaneous charges for customer-specific requested services need to be recognized to reflect the current estimated cost of providing these services. Table 1A at the end of this report provides a summary of the Consultant recommended miscellaneous service charges.

SUMMARY OF RECOMMENDED RATES AND FEES

A summary of the recommended rates, fees, and charges based on the analysis conducted by PRMG on behalf of County staff and based on the financial and statistical information for the Test Year Ended December 31, 2010 is included on Tables 1 and Tables 1A at the end of this Report.

(Remainder of page intentionally left blank)

LITTLE GASPARILLA WATER UTILITY INC.
STAFF ASSISTED RATE STUDY
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

LIST OF TABLES

Table No.	Description
1	Current and Proposed Rates
1A	Miscellaneous Service Charges
2	Rate Comparison
3	Recommended Revenue Requirements
4	Determination of Rate Base – Water
5	Water System Plant in Service
6	Water System Accumulated Depreciation
7	Water System Plant in Service – Build-up Since Last Rate Case
8	Water System Accumulated Depreciation – Build-up Since Last Rate Case
9	Water System Contributions In Aid of Construction – Build-up Since Last Rate Case
10	Water System Accumulated Amortization of CIAC – Build-up Since Last Rate Case
11	Working Capital Allowance
12	Cost of Capital / Rate of Return for the Test Year Ended December 31, 2010
13	Schedule of Adjustments to Rate Base
14	Constructed Income Statement – Sewer
15	Water Operations and Maintenance Expense – Test Year Expenses
16	Water Operations and Maintenance Expense – Benchmark Analysis Adjustments
17	Comparable Small System Management Costs
18	Water Operations and Maintenance Expense - Adjustment To Test Year Expenses
19	Income Tax Calculation and System Revenue Requirements
20	Taxes Other than Income
21	Adjustments to Operating Income
22	Calculation of Revenue Requirements - Water
23	Billing Determinants – Water
24	Rate Design – Water

Table 1

Little Gasparilla Water Utility
Water Utility
 Current and Proposed Rates
 For the Test Year Ended December 31, 2010
 Redesigned Rates

Consultant Report
Dated: April 09, 2012
Page 1 of 1

Line No.	Category	Billing Unit	Present Rates (1)	WATER	
				Adjusted Rates	Source Schedule
	(a)	(b)	(c)	(d)	(e)
Residential and General Service					
Base Charge - Monthly (2)					
1	5/8 X 3/4 inch meter	Meter Size	\$37.27	\$49.80	Table 24
2	3/4 inch meter	Meter Size	37.27	74.70	Table 24
3	1 inch meter	Meter Size	96.75	124.50	Table 24
4	1 1/2 inch meter	Meter Size	97.76	249.00	Table 24
5	2 inch meter	Meter Size	195.49	398.40	Table 24
6	3 inch meter	Meter Size	312.77	796.80	Table 24
7	4 inch meter	Meter Size	586.48	1,245.00	Table 24
8	6 inch meter	Meter Size	977.45	2,490.00	Table 24
9	8 inch meter	Meter Size	1,965.91	3,984.00	Table 24
10	10 inch meter	Meter Size	\$3,127.88	5,727.00	Table 24
Usage Charge - Residential and General Service					
11	<u>All Usage</u>	1,000 Gallons	\$4.20	\$4.81	Table 24

(1) Company present rates reflect rates effective as of April 1, 2010.

(2) Company actually bills customers quarterly but rates are based on monthly billing determinants.

Table 1A

Little Gasparilla Water Utility
Water Utility
 Proposed Rates
 For the Test Year Ended December 31, 2010
Miscellaneous Service Charges

Consultant Report
Dated: March 26, 2012
Page 1 of 1

No.	Type-Charge	PROPOSED WATER	
		Bus. Hrs.	After Hrs.
	(a)	(b)	(c)
	<u>Water</u>		
1	Initial Connection	\$20.00	\$40.00
2	Normal Connection	\$20.00	\$40.00
3	Violation Reconnection	\$20.00	\$40.00
4	Premise Visit - Problem	\$20.00	\$40.00
5	Premise Visit Disconnect or in lieu of disconnect	\$20.00	\$40.00
6	Bench Test Meter - Deposit	\$20.00	\$20.00
7	Field Test Meter - Deposit	\$20.00	\$20.00
8	Returned Check Charge		
9	\$50.00 or less	\$25.00	\$25.00
10	\$50.01 to \$300.00	\$30.00	\$30.00
11	\$300.01 and Above	\$40.00	\$40.00
12	Late Payment	3% per month	3% per month
13	Meter Tampering		
14	First Offence	\$200.00	\$200.00
15	Second Offence	\$400.00	\$400.00
16	Third Offence	\$600.00	\$600.00
17	Unauthorized Use Charge		
18	First Offence	NC	NC
19	Second Offence	\$250.00	\$250.00
20	Third Offence	\$500.00	\$500.00

Table 2

Little Gasparilla Water Utility
Water Utility
 Rate Comparison
 For the Test Year Ended December 31, 2010
 Redesigned Rates

Consultant Report
 Dated: April 09, 2012
 Page 1 of 2

Line No.	Description (a)	Water		Difference
		Existing Rates (b)	Proposed Rates (c)	From Current Rates (d)
1	Residential			
2				
3	Base Charge			
4	5/8 X 3/4 inch meter	\$37.27	\$49.80	\$12.53
5	3/4 inch meter	37.27	74.70	37.43
6	1 inch meter	96.75	124.50	27.75
7	1 1/2 inch meter	97.76	249.00	151.24
8	2 inch meter	195.49	398.40	202.91
9	3 inch meter	312.77	796.80	484.03
10	4 inch meter	586.48	1,245.00	658.52
11	6 inch meter	977.45	2,490.00	1,512.55
12	8 inch meter	1,965.91	3,984.00	2,018.09
13	10 inch meter	3,127.88	5,727.00	2,599.12
14				
15	Usage (Gallons)			
16	All Usage	\$4.20	\$4.81	\$0.61
17				
18				
19	Monthly Bill for 5/8 X 3/4 inch meter			
20	0	\$37.27	\$49.80	\$12.53
21	1,000	41.47	54.61	13.14
22	2,000	45.67	59.42	13.75
23	3,000	49.87	64.23	14.36
24	4,000	54.07	69.04	14.97
25	5,000	58.27	73.85	15.58
26	6,000	62.47	78.66	16.19
27	7,000	66.67	83.47	16.80
28	8,000	70.87	88.28	17.41
29	9,000	75.07	93.09	18.02
30	10,000	79.27	97.90	18.63
31	11,000	83.47	102.71	19.24
32	12,000	87.67	107.52	19.85
33	13,000	91.87	112.33	20.46
34	14,000	96.07	117.14	21.07
35	15,000	100.27	121.95	21.68
36	16,000	104.47	126.76	22.29
37	17,000	108.67	131.57	22.90
38	18,000	112.87	136.38	23.51
39	19,000	117.07	141.19	24.12
40	20,000	121.27	146.00	24.73

Table 3

**Little Gasparilla Water Utility
Water Utility**

Recommended Revenue Requirements
For the Test Year Ended December 31, 2010

**Consultant Report
Dated: April 09, 2012
Page 1 of 1**

Line No.	Description		Recommended Water
	(a)		(b)
1	Total Test Year System Revenue Requirements	\$	265,785
2			
3	Total Test Year System Rate Revenues Based on Current Rates		204,479
4	Miscellaneous Revenues		-
5			
6	Total Test Year System Revenues at Present Rates		204,479
7			
8	Proposed Test Year Additional Revenue Requirement	\$	61,306
9			
10	Percentage Increase to Total Test Year Rate Revenues		29.98%

Table 4

Little Gasparilla Water Utility
 Water Utility
 Determination of Rate Base - Water
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Acct. Num.	Description	Per Annual Report				Recommended		
			12/31/2007	12/31/08	12/31/09	12/31/10	Adjustments	Ref.	Adjusted 2010
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Rate Base									
1	101	Total Water Plant In Service	\$ 1,393,601	\$ 1,393,601	\$ 1,393,601	\$ 1,421,050	\$ -	Table 5	\$ 1,421,050
2		Less:							
3		Nonused & Useful Plant	-	-	-	-	-		-
4	108	Accumulated Depreciation & Amortization	(387,831)	(442,281)	(496,731)	(552,161)	717	Table 6	(551,444)
5	271	Contributions in Aid of Construction (CIAC)	(541,100)	(554,600)	(572,600)	(590,600)	-	Table 9	(590,600)
6	252	Advances for Construction	-	-	-	-	-		-
7		Subtotal	\$ 464,670	\$ 396,720	\$ 324,270	\$ 278,289	\$ 717		\$ 279,006
8									
9		Additions:							
10	272	Accumulated Amortization of CIAC	\$ 61,502	\$ 78,481	\$ 95,968	\$ 113,776	\$ (2,374)	Table 10	\$ 111,402
11		Subtotal	\$ 526,172	\$ 475,201	\$ 420,238	\$ 392,065	\$ (1,656)		\$ 390,409
12									
13		Plus or Minus							
14	114	Acquisition Adjustments	\$ -	\$ -	\$ -	\$ -	-		\$ -
15	115	Accumulated Amortization of Acquisition Adjustments	-	-	-	-	-		-
16		Working Capital Allowance	-	1,183	8,135	-	20,591	Table 11	20,591
17		Net Other Deferred Debits	-	-	-	-	-		-
18									
19		Water Rate Base	\$ 526,172	\$ 476,384	\$ 428,373	\$ 392,065	\$ 18,935		\$ 411,000
20									
21		Return on Rate Base							
22		Percentage Return on Water Rate Base	-14.47%	-4.92%	-10.24%	-17.58%		Table 12	7.84%
23		Return on Water Rate Base	(\$76,158)	(\$23,441)	(\$43,847)	(\$68,944)		Table 14	\$32,228

Table 5

Little Gasparilla Water Utility
 Water Utility
 Water System Plant In Service
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	ID	Account Name (a)	Adjusted Original Cost as of 12/31/2008 (b)	2009			Original Cost Ending Balance (f)	2010			Recommended Test Year 12/31/2010 Water Plant Original Cost (j)
				Company Additions (c)	Adjustments Adj. (d) Retirements (e)			Company Additions (g)	Adjustments Adj. (h) Retirements (i)		
ORIGINAL PLANT											
1	301	301 Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	302 Franchises	-	-	-	-	-	-	-	-	-
3	303	303 Land & Land Rights	50,000	-	-	-	50,000	-	-	-	50,000
4	304	304 Structures & Improvements	459,089	-	-	-	459,089	27,449	-	-	486,538
5	305	305 Collect. & Impound. Reservoirs	118,209	-	-	-	118,209	-	-	-	118,209
6	306	306 Lake, River & Other Intakes	-	-	-	-	-	-	-	-	-
7	307	307 Wells & Springs	115,429	-	-	-	115,429	-	-	-	115,429
8	308	308 Infiltration Galleries & Tunnels	-	-	-	-	-	-	-	-	-
9	309	309 Supply Mains	-	-	-	-	-	-	-	-	-
10	310	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-
11	311	311 Pumping Equipment	66,393	-	-	-	66,393	-	-	-	66,393
12	320	320 Water Treatment Equipment	314,212	-	-	-	314,212	-	-	-	314,212
13	330	330 Distribution Reservoirs & Standpipes	-	-	-	-	-	-	-	-	-
14	331	331 Transmission & Distribution Mains	234,111	-	-	-	234,111	-	-	-	234,111
15	333	333 Services	-	-	-	-	-	-	-	-	-
16	334	334 Meters & Meter Installations	17,384	-	-	-	17,384	-	-	-	17,384
17	335	335 Hydrants	-	-	-	-	-	-	-	-	-
18	336	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-
19	339	339 Other Plant & Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
20	340	340 Office Furniture & Equipment	6,953	-	-	-	6,953	-	-	-	6,953
21	341	341 Transportation Equipment	-	-	-	-	-	-	-	-	-
22	342	342 Stores Equipment	-	-	-	-	-	-	-	-	-
23	343	343 Tools, Shop & Garage Equipment	3,477	-	-	-	3,477	-	-	-	3,477
24	344	344 Laboratory Equipment	8,344	-	-	-	8,344	-	-	-	8,344
25	345	345 Power Operated Equipment	-	-	-	-	-	-	-	-	-
26	346	346 Communication Equipment	-	-	-	-	-	-	-	-	-
27	347	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
28	348	348 Other Tangible Plant	-	-	-	-	-	-	-	-	-
28											
29		TOTAL UTILITY PLANT IN SERVICE	\$ 1,393,601	\$ -	\$ -	\$ -	\$ 1,393,601	\$ 27,449	\$ -	\$ -	\$ 1,421,050

Table 6

Little Gasparilla Water Utility
 Water Utility
 Water System Accumulated Depreciation
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	ID	Account Name (a)	Average Service Life (Yrs) [1] (b)	Annual Depr. Rate (c)	Adjusted Accumulated Depr. as of 12/31/2008 (f)	2009				2010			Less Retirements (n)	Recommended Test Year 12/31/2010 Accumulated Depr. Balance (o)
						Average Original Plant (g)	Depreciation Expense (h)	Less Retirements (i)	Accumulated Depreciation (j)	Average Original Plant (k)	Depreciation Expense (l)	Adjustments [3] (m)		
ACCUMULATED DEPRECIATION														
1	301	301 Organization			\$ -	\$ -				\$ -				
2	302	302 Franchises			-	-				-				
3	303	303 Land & Land Rights			-	50,000				50,000				
4	304	304 Structures & Improvements	28	3.57%	110,934	459,089	16,389	-	127,324	472,814	16,879	-	-	144,203
5	305	305 Collect. & Impound. Reservoirs	40	2.50%	28,813	118,209	2,955	-	31,768	118,209	2,955	-	-	34,723
6	306	306 Lake, River & Other Intakes			-	-				-				
7	307	307 Wells & Springs	27	3.70%	41,644	115,429	4,271	-	45,915	115,429	4,271	-	-	50,186
8	308	308 Infiltration Galleries & Tunnels			-	-				-				
9	309	309 Supply Mains			-	-				-				
10	310	310 Power Generation Equipment			-	-				-				
11	311	311 Pumping Equipment	17	5.88%	25,607	66,393	3,904	-	29,511	66,393	3,904	-	-	33,415
12	320	320 Water Treatment Equipment	17	5.88%	159,295	314,212	18,476	-	177,771	314,212	18,476	-	-	196,247
13	330	330 Distribution Reservoirs & Standpipes			-	-				-				
14	331	331 Transmission & Distribution Mains	38	2.63%	53,631	234,111	6,157	-	59,789	234,111	6,157	-	-	65,946
15	333	333 Services			-	-				-				
16	334	334 Meters & Meter Installations	17	5.88%	9,967	17,384	1,022	-	10,989	17,384	1,022	-	-	12,011
17	335	335 Hydrants			-	-				-				
18	336	336 Backflow Prevention Devices			-	-				-				
19	339	339 Other Plant & Miscellaneous Equipment			-	-				-				
20	340	340 Office Furniture & Equipment	15	6.67%	4,522	6,953	464	-	4,986	6,953	464	-	-	5,449
21	341	341 Transportation Equipment			-	-				-				
22	342	342 Stores Equipment			-	-				-				
23	343	343 Tools, Shop & Garage Equipment	15	6.67%	2,261	3,477	232	-	2,493	3,477	232	-	-	2,725
24	344	344 Laboratory Equipment	15	6.67%	5,426	8,344	557	-	5,982	8,344	557	-	-	6,539
25	345	345 Power Operated Equipment			-	-				-				
26	346	346 Communication Equipment			-	-				-				
27	347	347 Miscellaneous Equipment			-	-				-				
28	348	348 Other Tangible Plant			-	-				-				
29														
30		TOTAL ACCUMULATED DEPRECIATION			\$ 442,100	\$ 1,393,601	\$ 54,427		\$ 496,527	\$ 1,407,326	\$ 54,917	\$ -	\$ -	\$ 551,444

Table 7

Little Gasparilla Water Utility
 Water System Plant In Service
 Build-up Since Last Rate
 Filing For the Test Year
 Ended December 31, 2010

Line No.	Description	301	302	303	304	305	306	307	308	309	310	311	320	330	331	333	334
		ORGANIZE	FRANCHISE	LAND WATER TREATMENT	STRUCTURES AND IMPROVEMENT	COLL/IMPOUNE RESERVOIRS	LAKE, RIVER AND OTHER INTAKES	WELLS AND SPRINGS	NFILTR GALLER AND TUNNELS	SUPPLY MAINS	POWER GENERATION EQUIPMENT	PUMPING EQUIP	WATER TREATMENT EQUIP	IST RESERVOIR AND STANDPIPES	TRANSMISSION AND DISTRIBUTION	SERVICES	METERS INSTALLATION
		(a)	(b)	(c)	(d)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	COST																
1	BALANCE 12/31/1999	-	-	50,000.00	147,934.00	118,209.00	-	115,429.00	-	-	-	30,171.00	205,127.00	-	187,743.00	-	17,384.00
2	2000 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	2000 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2000 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	BALANCE 12/31/2000	-	-	50,000.00	147,934.00	118,209.00	-	115,429.00	-	-	-	30,171.00	205,127.00	-	187,743.00	-	17,384.00
6	2001 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	2001 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	2001 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	BALANCE 12/31/2001	-	-	50,000.00	147,934.00	118,209.00	-	115,429.00	-	-	-	30,171.00	205,127.00	-	187,743.00	-	17,384.00
10	2002 Additions	-	-	-	-	-	-	-	-	-	12,690.00	109,085.00	-	-	-	-	-
11	2002 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	2002 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	BALANCE 12/31/2002	-	-	50,000.00	147,934.00	118,209.00	-	115,429.00	-	-	-	42,861.00	314,212.00	-	187,743.00	-	17,384.00
14	2003 Adjustments	-	-	-	264,787.00	-	-	-	-	-	-	-	-	-	-	-	-
15	2003 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	2003 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	BALANCE 12/31/2003	-	-	50,000.00	412,721.00	118,209.00	-	115,429.00	-	-	-	42,861.00	314,212.00	-	187,743.00	-	17,384.00
18	2004 Additions	-	-	-	46,368.00	-	-	-	-	-	-	-	-	-	46,368.00	-	-
19	2004 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	2004 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	BALANCE 12/31/2004	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	42,861.00	314,212.00	-	234,111.00	-	17,384.00
22	2005 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	2005 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	2005 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	BALANCE 12/31/2005	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	42,861.00	314,212.00	-	234,111.00	-	17,384.00
26	2006 Additions	-	-	-	-	-	-	-	-	-	23,532.00	-	-	-	-	-	-
27	2006 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	2006 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	BALANCE 12/31/2006	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	66,393.00	314,212.00	-	234,111.00	-	17,384.00
30	2007 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	2007 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	2007 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	BALANCE 12/31/2007	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	66,393.00	314,212.00	-	234,111.00	-	17,384.00
34	2008 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	2008 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	2008 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	BALANCE 12/31/2008	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	66,393.00	314,212.00	-	234,111.00	-	17,384.00
38	2009 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	2009 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	2009 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	BALANCE 12/31/2009	-	-	50,000.00	459,089.00	118,209.00	-	115,429.00	-	-	-	66,393.00	314,212.00	-	234,111.00	-	17,384.00
42	2010 Additions	-	-	-	27,449.00	-	-	-	-	-	-	-	-	-	-	-	-
43	2010 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	2010 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	BALANCE 12/31/2010	-	-	50,000.00	486,538.00	118,209.00	-	115,429.00	-	-	-	66,393.00	314,212.00	-	234,111.00	-	17,384.00

Table 7

Little Gasparilla Water Utility
 Water System Plant In Service
 Build-up Since Last Rate
 Filing For the Test Year
 Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 2 of 2

Line No.	Description	335	336	339	340	341	342	343	344	345	346	347	348	TOTALS
		HYDRANTS	BACKFLOW PREVENTION DEVICES	OTHER PLANT AND MISC EQUIP	OFFICE FURN AND EQUIP	TRANSPORT EQUIP	STORES EQUIP	TOOLS SHOP AND GARAGE EQUIP	LABORATORY EQUIP	POWER OPERATED EQUIP	COMMUNICAT EQUIP	MISC EQUIP	OTHER TANGIBLE PLANT	
		(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)
	COST													
1	BALANCE 12/31/1999	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	890,771.00
2	2000 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
3	2000 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2000 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
5	BALANCE 12/31/2000	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	890,771.00
6	2001 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
7	2001 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
8	2001 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
9	BALANCE 12/31/2001	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	890,771.00
10	2002 Additions	-	-	-	-	-	-	-	-	-	-	-	-	121,775.00
11	2002 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
12	2002 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
13	BALANCE 12/31/2002	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,012,546.00
14	2003 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	264,787.00
15	2003 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
16	2003 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
17	BALANCE 12/31/2003	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,277,333.00
18	2004 Additions	-	-	-	-	-	-	-	-	-	-	-	-	92,736.00
19	2004 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
20	2004 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
21	BALANCE 12/31/2004	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,370,069.00
22	2005 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
23	2005 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
24	2005 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
25	BALANCE 12/31/2005	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,370,069.00
26	2006 Additions	-	-	-	-	-	-	-	-	-	-	-	-	23,532.00
27	2006 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
28	2006 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
29	BALANCE 12/31/2006	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,393,601.00
30	2007 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
31	2007 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
32	2007 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
33	BALANCE 12/31/2007	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,393,601.00
34	2008 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
35	2008 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
36	2008 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
37	BALANCE 12/31/2008	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,393,601.00
38	2009 Additions	-	-	-	-	-	-	-	-	-	-	-	-	-
39	2009 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
40	2009 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
41	BALANCE 12/31/2009	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,393,601.00
42	2010 Additions	-	-	-	-	-	-	-	-	-	-	-	-	27,449.00
43	2010 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
44	2010 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
45	BALANCE 12/31/2010	-	-	-	6,953.00	-	-	3,477.00	8,344.00	-	-	-	-	1,421,050.00

Table 8

Little Gasparilla Water Utility
 Water System Accumulated
 Depreciation Build-up Since
 Last Rate Filing For the Test
 Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 2

Line No.	Description	301	302	303	304	305	306	307	308	309	310	311	320	330	331	333	334
		ORGANIZE	FRANCHISE	LAND WATER TREATMENT	STRUCTURES AND IMPROVEMENT	COLL/IMPOUNDT RESERVOIRS	LAKE, RIVER AND OTHER INTAKES	WELLS AND SPRINGS	NFILTR GALLER AND TUNNELS	SUPPLY MAINS	POWER GENERATION EQUIPMENT	PUMPING EQUIP	WATER TREATMENT EQUIP	DIST RESERVOIR AND STANDPIPES	TRANSMISSION AND DISTRIBUTION	SERVICES	METERS INSTALLATION
		(a)	(b)	(c)	(d)	(d)	(c)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
	Depreciation Life Years				28	40		27				17	17		38		17
	New Franchise Depreciation Life				3.57%	2.50%		3.70%				5.88%	5.88%		2.63%		5.88%
1	BALANCE 12/31/1999	-	-	-	3,963.00	2,216.00	-	3,206.00	-	-	-	1,331.00	9,050.00	-	3,705.00	-	767.00
2	2000 Additions	-	-	-	5,281.24	2,955.23	-	4,270.87	-	-	-	1,774.05	12,061.47	-	4,937.64	-	1,022.18
3	2000 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2000 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	BALANCE 12/31/2000	-	-	-	9,244.24	5,171.23	-	7,476.87	-	-	-	3,105.05	21,111.47	-	8,642.64	-	1,789.18
6	2001 Additions	-	-	-	5,281.24	2,955.23	-	4,270.87	-	-	-	1,774.05	12,061.47	-	4,937.64	-	1,022.18
7	2001 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	2001 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	BALANCE 12/31/2001	-	-	-	14,525.49	8,126.45	-	11,747.75	-	-	-	4,879.11	33,172.94	-	13,580.28	-	2,811.36
10	2002 Additions	-	-	-	5,281.24	2,955.23	-	4,270.87	-	-	-	2,147.14	15,268.57	-	4,937.64	-	1,022.18
11	2002 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	2002 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	BALANCE 12/31/2002	-	-	-	19,806.73	11,081.68	-	16,018.62	-	-	-	7,026.25	48,441.50	-	18,517.92	-	3,833.54
14	2003 Additions	-	-	-	10,007.69	2,955.23	-	4,270.87	-	-	-	2,520.23	18,475.67	-	4,937.64	-	1,022.18
15	2003 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	2003 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	BALANCE 12/31/2003	-	-	-	29,814.42	14,036.90	-	20,289.49	-	-	-	9,546.48	66,917.17	-	23,455.56	-	4,855.72
18	2004 Additions	-	-	-	15,561.81	2,955.23	-	4,270.87	-	-	-	2,520.23	18,475.67	-	5,547.38	-	1,022.18
19	2004 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	2004 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	BALANCE 12/31/2004	-	-	-	45,376.23	16,992.13	-	24,560.37	-	-	-	12,066.70	85,392.83	-	29,002.94	-	5,877.90
22	2005 Additions	-	-	-	16,389.48	2,955.23	-	4,270.87	-	-	-	2,520.23	18,475.67	-	6,157.12	-	1,022.18
23	2005 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	2005 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	BALANCE 12/31/2005	-	-	-	61,765.71	19,947.35	-	28,831.24	-	-	-	14,586.93	103,868.50	-	35,160.06	-	6,900.08
26	2006 Additions	-	-	-	16,389.48	2,955.23	-	4,270.87	-	-	-	3,212.07	18,475.67	-	6,157.12	-	1,022.18
27	2006 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	2006 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	BALANCE 12/31/2006	-	-	-	78,155.19	22,902.58	-	33,102.11	-	-	-	17,799.00	122,344.16	-	41,317.18	-	7,922.25
30	2007 Additions	-	-	-	16,389.48	2,955.23	-	4,270.87	-	-	-	3,903.91	18,475.67	-	6,157.12	-	1,022.18
31	2007 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	2007 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	BALANCE 12/31/2007	-	-	-	94,544.66	25,857.80	-	37,372.98	-	-	-	21,702.91	140,819.83	-	47,474.30	-	8,944.43
34	2008 Additions	-	-	-	16,389.48	2,955.23	-	4,270.87	-	-	-	3,903.91	18,475.67	-	6,157.12	-	1,022.18
35	2008 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	2008 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	BALANCE 12/31/2008	-	-	-	110,934.14	28,813.03	-	41,643.86	-	-	-	25,606.82	159,295.50	-	53,631.42	-	9,966.61
38	2009 Additions	-	-	-	16,389.48	2,955.23	-	4,270.87	-	-	-	3,903.91	18,475.67	-	6,157.12	-	1,022.18
39	2009 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	2009 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	BALANCE 12/31/2009	-	-	-	127,323.62	31,768.25	-	45,914.73	-	-	-	29,510.72	177,771.16	-	59,788.54	-	10,988.79
42	2010 Additions	-	-	-	16,879.44	2,955.23	-	4,270.87	-	-	-	3,903.91	18,475.67	-	6,157.12	-	1,022.18
43	2010 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	2010 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45	BALANCE 12/31/2010	-	-	-	144,203.06	34,723.48	-	50,185.60	-	-	-	33,414.63	196,246.83	-	65,945.66	-	12,010.97

Table 8

Little Gasparilla Water Utility
 Water System Accumulated
 Depreciation Build-up Since
 Last Rate Filing For the Test
 Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 2 of 2

Line No.	Description	335	336	339	340	341	342	343	344	345	346	347	348	TOTALS
		HYDRANTS	BACKFLOW PREVENTION DEVICES	OTHER PLANT AND MISC EQUIP	OFFICE FURN AND EQUIP	TRANSPORT EQUIP	STORES EQUIP	TOOLS SHOP AND GARAGE EQUIP	LABORATORY EQUIP	POWER OPERATED EQUIP	COMMUNICAT EQUIP	MISC EQUIP	OTHER TANGIBLE PLANT	
		(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)
	Depreciation Life Years				15 6.67%			15 6.67%	15 6.67%					
	New Franchise Depreciation Life													
1	BALANCE 12/31/1999	-	-	-	348.00	-	-	174.00	417.00	-	-	-	-	25,177.00
2	2000 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	33,554.91
3	2000 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
4	2000 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
5	BALANCE 12/31/2000	-	-	-	811.77	-	-	405.92	973.54	-	-	-	-	58,731.91
6	2001 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	33,554.91
7	2001 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
8	2001 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
9	BALANCE 12/31/2001	-	-	-	1,275.53	-	-	637.83	1,530.09	-	-	-	-	92,286.82
10	2002 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	37,135.10
11	2002 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
12	2002 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
13	BALANCE 12/31/2002	-	-	-	1,739.30	-	-	869.75	2,086.63	-	-	-	-	129,421.92
14	2003 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	45,441.73
15	2003 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
16	2003 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
17	BALANCE 12/31/2003	-	-	-	2,203.06	-	-	1,101.66	2,643.18	-	-	-	-	174,863.64
18	2004 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	51,605.58
19	2004 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
20	2004 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
21	BALANCE 12/31/2004	-	-	-	2,666.83	-	-	1,333.58	3,199.72	-	-	-	-	226,469.23
22	2005 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	53,042.99
23	2005 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
24	2005 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
25	BALANCE 12/31/2005	-	-	-	3,130.59	-	-	1,565.50	3,756.27	-	-	-	-	279,512.22
26	2006 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	53,734.83
27	2006 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
28	2006 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
29	BALANCE 12/31/2006	-	-	-	3,594.36	-	-	1,797.41	4,312.81	-	-	-	-	333,247.05
30	2007 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	54,426.67
31	2007 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
32	2007 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
33	BALANCE 12/31/2007	-	-	-	4,058.12	-	-	2,029.33	4,869.36	-	-	-	-	387,673.73
34	2008 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	54,426.67
35	2008 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
36	2008 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
37	BALANCE 12/31/2008	-	-	-	4,521.89	-	-	2,261.24	5,425.90	-	-	-	-	442,100.40
38	2009 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	54,426.67
39	2009 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
40	2009 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
41	BALANCE 12/31/2009	-	-	-	4,985.65	-	-	2,493.16	5,982.45	-	-	-	-	496,527.07
42	2010 Additions	-	-	-	463.77	-	-	231.92	556.54	-	-	-	-	54,916.64
43	2010 Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
44	2010 Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
45	BALANCE 12/31/2010	-	-	-	5,449.42	-	-	2,725.07	6,538.99	-	-	-	-	551,443.71

Table 9

Little Gasparilla Water Utility
 Water System Contributions-In-Aid-of-Construction Build-up Since Last Rate Filing
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Water CIAC	TOTALS
	(a)	(b)	(c)
	COST		
1	BALANCE 12/31/1999	21,100.00	21,100.00
2	2000 Additions	49,500.00	49,500.00
3	2000 Adjustments	-	-
4	2000 Retirements	-	-
5	BALANCE 12/31/2000	70,600.00	70,600.00
6	2001 Additions	22,500.00	22,500.00
7	2001 Adjustments	-	-
8	2001 Retirements	-	-
9	BALANCE 12/31/2001	93,100.00	93,100.00
10	2002 Additions	45,000.00	45,000.00
11	2002 Adjustments	-	-
12	2002 Retirements	-	-
13	BALANCE 12/31/2002	138,100.00	138,100.00
14	2003 Adjustments	22,500.00	22,500.00
15	2003 Adjustments	-	-
16	2003 Retirements	-	-
17	BALANCE 12/31/2003	160,600.00	160,600.00
18	2004 Additions	162,000.00	162,000.00
19	2004 Adjustments	-	-
20	2004 Retirements	-	-
21	BALANCE 12/31/2004	322,600.00	322,600.00
22	2005 Additions	83,500.00	83,500.00
23	2005 Adjustments	-	-
24	2005 Retirements	-	-
25	BALANCE 12/31/2005	406,100.00	406,100.00
26	2006 Additions	94,500.00	94,500.00
27	2006 Adjustments	-	-
28	2006 Retirements	-	-
29	BALANCE 12/31/2006	500,600.00	500,600.00
30	2007 Additions	40,500.00	40,500.00
31	2007 Adjustments	-	-
32	2007 Retirements	-	-
33	BALANCE 12/31/2007	541,100.00	541,100.00
34	2008 Additions	13,500.00	13,500.00
35	2008 Adjustments	-	-
36	2008 Retirements	-	-
37	BALANCE 12/31/2008	554,600.00	554,600.00
38	2009 Additions	18,000.00	18,000.00
39	2009 Adjustments	-	-
40	2009 Retirements	-	-
41	BALANCE 12/31/2009	572,600.00	572,600.00
42	2010 Additions	18,000.00	18,000.00
43	2010 Adjustments	-	-
44	2010 Retirements	-	-
45	BALANCE 12/31/2010	590,600.00	590,600.00

Table 10

Little Gasparilla Water Utility
 Water System Accumulated Amortization of Contributions-in-Aid-of-
 Construction Build-up Since Last Rate Filing
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Water	TOTALS
		Accumulated Amort CIAC	
	(a)	(b)	(c)
	Amortization Period (years)	33	
		3.03%	
1	BALANCE 12/31/1999	327.00	327.00
2	2000 Additions	1,389.26	1,389.26
3	2000 Adjustments	-	-
4	2000 Retirements	-	-
5	BALANCE 12/31/2000	1,716.26	1,716.26
6	2001 Additions	2,480.06	2,480.06
7	2001 Adjustments	-	-
8	2001 Retirements	-	-
9	BALANCE 12/31/2001	4,196.31	4,196.31
10	2002 Additions	3,502.68	3,502.68
11	2002 Adjustments	-	-
12	2002 Retirements	-	-
13	BALANCE 12/31/2002	7,698.99	7,698.99
14	2003 Additions	4,525.31	4,525.31
15	2003 Adjustments	-	-
16	2003 Retirements	-	-
17	BALANCE 12/31/2003	12,224.30	12,224.30
18	2004 Additions	7,320.48	7,320.48
19	2004 Adjustments	-	-
20	2004 Retirements	-	-
21	BALANCE 12/31/2004	19,544.78	19,544.78
22	2005 Additions	11,039.81	11,039.81
23	2005 Adjustments	-	-
24	2005 Retirements	-	-
25	BALANCE 12/31/2005	30,584.58	30,584.58
26	2006 Additions	13,736.51	13,736.51
27	2006 Adjustments	-	-
28	2006 Retirements	-	-
29	BALANCE 12/31/2006	44,321.09	44,321.09
30	2007 Additions	15,781.76	15,781.76
31	2007 Adjustments	-	-
32	2007 Retirements	-	-
33	BALANCE 12/31/2007	60,102.84	60,102.84
34	2008 Additions	16,599.86	16,599.86
35	2008 Adjustments	-	-
36	2008 Retirements	-	-
37	BALANCE 12/31/2008	76,702.70	76,702.70
38	2009 Additions	17,077.08	17,077.08
39	2009 Adjustments	-	-
40	2009 Retirements	-	-
41	BALANCE 12/31/2009	93,779.78	93,779.78
42	2010 Additions	17,622.48	17,622.48
43	2010 Adjustments	-	-
44	2010 Retirements	-	-
45	BALANCE 12/31/2010	111,402.26	111,402.26

Table 11

Little Gasparilla Water Utility
Water Utility
Working Capital Allowance
For the Test Year Ended December 31, 2010

Consultant Report
Dated: April 09, 2012
Page 1 of 1

Line No.	(a)	Recommended 2010 Amounts	(c)
1	Recommended Operation and Maintenance		
2	Expense Pro Forma Year	\$	164,730
3			
4	1/8 Operations and Maintenance Factor		12.50%
5			
6	Total Recommended Working Capital		
7	for Proforma Test Year	<u>\$</u>	<u>20,591</u>

Table 12

Little Gasparilla Water Utility
 Water Utility
 Cost of Capital / Rate of Return
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Component	Company - 12/31/2010					Recommended				
		Restated Rate Base	Rate Base Percentage	Cost of Capital	Required Return	Average Weighted Return on Rate Base	Restated Rate Base	Rate Base Percentage	Cost of Capital (1)	Required Return	Average Weighted Return on Rate Base
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
Water											
1	Long Term Debt (1)	\$ 68,383	17.44%	7.00%	\$ 4,787	1.22%	\$ 68,383	16.64%	7.00%	\$ 4,787	1.16%
2	Notes Payable (1)	322,682	82.30%	8.00%	25,815	6.58%	341,617	83.12%	8.00%	27,329	6.65%
3	Preferred Stock	-	0.00%	0.00%	-	0.00%	-	0.00%	0.00%	-	0.00%
4	Common Shareholder Equity	1,000	0.26%	11.16%	112	0.03%	1,000	0.24%	11.16%	112	0.03%
5	Customer Deposits	-	0.00%	0.00%	-	0.00%	-	0.00%	0.00%	-	0.00%
6	Accumulated Deferred Income Taxes	-	0.00%	0.00%	-	0.00%	-	0.00%	0.00%	-	0.00%
7	Total Water	\$ 392,065	100.00%		\$ 30,713	7.83%	\$ 411,000	100.00%		\$ 32,228	7.84%
8											
9	FPSC Leverage Formula For Return on Equity		Combined								
10	Average Debt Cost Rate (Per FPSC)*		7.130%								
11	Business Risk Premium (Per FPSC)*		1.610%								
12	Equity Ratio		0.255%								
13	Calculated Equity Premium		631.225%								
14	Calculated Return on Equity		638.350%								
15	Max Allowed Return on Equity (at 40% Equity)		11.160%								
16	Adjustment to Return on Equity		0.000%								
17	Recommended Return on Equity		11.160%								

* Based on the Florida Public Service Commissions authorized range of return on common equity for water and wastewater utilities, Order No. PSC-11-0287-PAA-WS.

(1) Company's Debt portion of the cost of capital was based on information contained in the 2010 annual report as follows for overall cost rates amounts were then reconciled to actual rate base as shown above:

	Per Annual Report		
Long Term Debt Colonial Bank Loan	\$ 68,383	7.00%	4,787
Notes Payable - Intercompany Loan	612,105	9.05%	55,418
Overall Cost of Debt	680,488	8.85%	60,205
	Recommended Adjustment		
Long Term Debt Colonial Bank Loan	\$ 68,383	7.00%	4,787
Notes Payable - Intercompany Loan	612,105	8.00%	48,968
Overall Cost of Debt	680,488	7.90%	53,755

Table 13

Little Gasparilla Water Utility
 Water Utility
 Schedule of Adjustments to Rate Base
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	(a)	Water Test Year Adjustment (b)
	Plant In Service	
1	A. Adjustment Related to Plant In Service. Refer to Table 4 for water detail.	
2	Company Reported 12/31/2010	\$ 1,421,050
3	Recommended	1,421,050
4	Total Adjustments required to Plant In Services	<u>\$ -</u>
5		
6	Accumulated Depreciation	
7	B. Adjustment Related to Accumulated Depreciation. Refer to Table 4 for water detail.	
8	Company Reported 12/31/2010	\$ 552,161
9	Recommended	551,444
10	Total Adjustments required to Accumulated Depreciations	<u>\$ (717)</u>
11		
12	Contributions In Aid of Construction	
13	C. Adjustment Related to Contributions In Aid of Construction. Refer to Table 4 for water detail.	
14	Company Reported 12/31/2010	\$ 590,600
15	Recommended	590,600
16	Total Adjustments Required to Contributions In Aid of Constructior	<u>\$ -</u>
17		
18	Accumulated Amortization of Contributions In Aid of Constructioi	
19	D. Adjustment Related to Accumulated Amortization of Contributions In Aid of Construction. Refer to Table 4 for water detail	
20	Company Reported 12/31/2010	\$ 113,776
21	Recommended	111,402
22	Total Adjustments Required to Accumulated Amortization of Contributions In Aid of Constructioi	<u>\$ (2,374)</u>
23		
24	Working Capital Allowance	
25	E. Adjustment Related to Working Capital Allowance. Refer to Table 4 for water detail.	
26	Company Reported 12/31/2010	\$ -
27	Recommended	20,591
28	Total Adjustments required to Working Capital Allowances	<u>\$ 20,591</u>
29		
30	Net Other Deferred Debits	
31	F. Adjustment Related to Net Other Deferred Debits. Refer to Table 4 for water detail.	
32	Company Reported 12/31/2010	\$ -
33	Recommended	-
34	Total Adjustments required to Net other Deferred Debits	<u>\$ -</u>
35		
36	Total Rate Base Adjustments (A-B-C+D-E-F)	<u>\$ 18,935</u>

Table 14

Little Gasparilla Water Utility
 Water Utility
 Constructed Income Statement - Water
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Per Annual Report				Recommended		Test Year Ending 12/31/2010
		12/31/2007	12/31/2008	12/31/2009	12/31/2010	Adjustments Amount	Ref.	
	(a)	(d)	(d)	(d)	(d)	(f)	(g)	(h)
Revenues								
1	Metered Sales	\$176,787	\$208,236	\$192,675	\$167,556	\$98,229	Table 23	\$265,785
2	Other Water Revenue	1,827	0	0	0	0	Table 23	0
3	Total Revenues	\$178,614	\$208,236	\$192,675	\$167,556	\$98,229		\$265,785
4								
Operating Expenses								
6	Total Operation & Maintenance Expenses	\$186,429	\$167,080	\$179,820	\$158,662	\$6,068	Table 15	\$164,730
7								
Other Operating Expenses								
9	Misc. Non-Utility Expense - Other	\$0	\$0	\$0	\$0	\$0		\$0
10	Depreciation Expense (Used & Useful)	54,450	54,450	54,450	55,430	(513)	Table 6	54,917
11	Amortization of CIAC (Used & Useful)	(14,059)	(16,989)	(17,477)	(17,808)	186	Table 10	(17,622)
12	Amortization of Utility Plant Acquisition	0	0	0	0	0		0
13	Taxes Other than Income	27,952	27,136	19,729	40,216	(8,753)	Table 20	31,463
14	Interest Income - Other	0	0	0	0	0		0
15	Misc. Income (AFUDC)	0	0	0	0	0		0
16	Allowance for Funds Prudently Invested	0	0	0	0	0		0
17	Total Other Operating Expenses	68,343	64,597	56,702	77,838	(9,081)		68,757
18								
19	Subtotal Operating Expenses	\$254,772	\$231,677	\$236,522	\$236,500	(\$3,013)		\$233,487
20								
21	Income/(Loss) Before Taxes	(\$76,158)	(\$23,441)	(\$43,847)	(\$68,944)	\$101,242		\$32,298
22	Income Taxes	0	0	0	0	70	Table 19	70
23	Deferred Income Taxes	0	0	0	0	0		0
24								
25	Net Income/(Loss)	(\$76,158)	(\$23,441)	(\$43,847)	(\$68,944)	\$101,172		\$32,228
26								
27	Rate Base	\$ 526,172	\$ 476,384	\$ 428,373	\$ 392,065	\$ 18,935	Table 4	\$ 411,000
28								
29	Return on Rate Base	(14.47%)	(4.92%)	(10.24%)	(17.58%)		Table 12	7.84%

Table 15

Little Gasparilla Water Utility
 Water Utility
 Water Operations and Maintenance Expense
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Account No.	Account Name	Calendar Year - Per Annual Report				Recommended		Adj. Ref.	Adjusted 12/31/2010
			12/31/2007	12/31/2008	12/31/2009	12/31/2010	Annualized Adjustments for Known Increase	Other Adjustments (See Table 18)		
			(f)	(f)	(f)	(f)		(h)		
1		OPERATING & MAINTENANCE EXPENSES								
2	601	Salaries & Wages - Employees	\$ -	\$ -	\$ -	\$ 4,393	\$ (4,393) [1]	\$ -	\$ -	
3	603	Salaries & Wages - Officers, Etc.	-	-	-	49,500	16,500 [1]	(8,871)	Table 17 57,129	
4	604	Employees Pensions & Benefits	-	-	-	-	-	-	-	
5	610	Purchased Water	-	-	-	-	-	-	-	
6	615	Purchased Power	-	-	-	23,001	7,360 [2]	-	30,361	
7	616	Fuel for Power Purchased	-	-	-	-	-	-	-	
8	618	Chemicals	2,231	198	3,554	3,855	-	232	Table 18 4,087	
9	620	Materials & Supplies	4,624	2,716	-	-	-	-	-	
10	630	Contractual Services - Billing	-	-	-	-	-	-	-	
11	631	Contractual Services - Professional	4,524	7,472	6,355	22,166	5,059 [3]	(9,819)	Table 18 17,406	
12	632	Contractual Services - Testing	1,420	1,208	3,035	1,244	-	-	1,244	
13	633	Contractual Services - Other	-	-	-	-	-	-	-	
14	640	Rents	-	10,148	5,992	6,680	-	-	6,680	
15	650	Transportation Expenses	-	3,078	1,678	5,490	-	-	5,490	
16	655	Insurance Expense	4,556	3,823	3,733	3,953	-	-	3,953	
17	665	Reg. Commission Expenses- Rate Case Amort	-	-	-	-	-	-	-	
18	670	Bad Debt Expense	-	-	-	-	-	-	-	
19	675	Miscellaneous Expenses	169,074	138,437	155,473	38,380	-	-	Table 18 38,380	
20										
21		Total Operating & Maintenance Expenses	<u>\$ 186,429</u>	<u>\$ 167,080</u>	<u>\$ 179,820</u>	<u>\$ 158,662</u>	<u>\$ 24,526</u>	<u>\$ (18,457)</u>	<u>\$ 164,730</u>	

Footnotes:

[1] Represents partial year 2010 Salaries & Wages - Officers expense for 2010. Company did not start recording expense until the second quarter of 2010.

[2] Represents increase in purchased power cost as a result of know rate increase by Florida Power and Light for Calendar Year 2011.

[3] Represents known increase in contract operations expense associated with plant operator implemented in Calendar Year 2011.

Table 16

Little Gasparilla Water Utility
 Water Utility
 Water Operations and Maintenance Expense - Adjustment for Benchmark Analysis
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Account No.	Account Name	Expense 12/31/2000 (c)	Expected Changes		Adjusted for Inflation and Growth (f)	Test Year Water Expense 12/31/2010 (g)	Amounts Over Benchmark (h)
				CPI (d)	Growth (e)			
				23.36%	33%			
1		OPERATING & MAINTENANCE EXPENSES						
2	601	Salaries & Wages - Employees	\$ 33,846	\$ 7,906	\$ 11,282	\$ 53,034	\$ 4,393	\$ (48,641)
3	603	Salaries & Wages - Officers, Etc.	-	-	-	-	49,500	49,500
4	604	Employees Pensions & Benefits	-	-	-	-	-	-
5	610	Purchased Water	-	-	-	-	-	-
6	615	Purchased Power	-	-	-	-	23,001	23,001
7	616	Fuel for Power Purchased	-	-	-	-	-	-
8	618	Chemicals	12,000	2,803	4,000	18,803	3,855	(14,948)
9	620	Materials & Supplies	7,391	1,726	2,464	11,581	-	(11,581)
10	630	Contractual Services - Billing	-	-	-	-	-	-
11	631	Contractual Services - Professional	-	-	-	-	22,166	22,166
12	632	Contractual Services - Testing	-	-	-	-	1,244	1,244
13	633	Contractual Services - Other	-	-	-	-	-	-
14	640	Rents	-	-	-	-	6,680	6,680
15	650	Transportation Expenses	639	149	213	1,001	5,490	4,489
16	655	Insurance Expense	-	-	-	-	3,953	3,953
17	665	Reg. Commission Expenses- Rate Case Amort	-	-	-	-	-	-
18	670	Bad Debt Expense	-	-	-	-	-	-
19	675	Miscellaneous Expenses	21,492	5,020	7,164	33,676	38,380	4,704
20								
21		Total Operating & Maintenance Expenses	\$ 75,368	\$ 17,605	\$ 25,123	\$ 118,096	\$ 158,662	\$ 40,566
22								
23		Adjustments for Amounts over Benchmark Allowance:						
24		Contractual Services - Professional [2]						(22,166)
25		Contractual Services - Testing [3]						(1,244)
26		Rents [3]						(6,680)
27		Transportation Expenses [3]						(4,489)
28		Insurance Expense [3]						(3,953)
29		Purchased Power (2010 Actual versus 2000 Actual)						(11,991)
30		Total Adjustments						\$ (50,523)
31								
32		Adjusted Total Expense over Benchmark Allowance						\$ (9,957)
33		Recommended Adjustment for Expense over the Benchmark Allowance						\$ -

Footnotes

[1] The following are the expected changes in the consumer price index and ERC growth since the last rate filing.

FPSC GDP Implicit Price Deflator Index	Index Factor	Cumulative Index Factor
12/2001	2.50%	2.50%
12/2002	2.33%	4.89%
12/2003	1.31%	6.26%
12/2004	1.60%	7.96%
12/2005	2.17%	10.31%
12/2006	2.74%	13.33%
12/2007	3.09%	16.83%
12/2008	2.39%	19.62%
12/2009	2.55%	22.67%
12/2010	0.56%	23.36%
Calculated Growth		
ERC's 12/31/2000	249	
ERC's 12/31/2010	332	
Percent Increase in EDU's	33%	

[2] Professional Services has been adjusted on Table 18 for normalization of Engineering Fees, therefore no adjustment is recommended on this schedule.

[3] No adjustment is recommended for amounts over the benchmark for testing, rents, transportation expense and insurance expense because the Company's funding these legitimate cost of doing business in 2000, therefore no adjustment is recommended for the Company to incur these legitimate costs.

Table 17

Little Gasparilla Water Utility
 Water Utility
 Comparison of Salaries, Wages and Management Fees to Other Similar Water Systems
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Name of Utility	County:	Salaries & Wages- Employees	Salaries & Wages- Officers, Directors, Majority Stockholders	Contractual Services- Management Fees	Total	Number of Customers	Cost Per Customer
1	Harbor Hills Utilities, LP	Lake	\$ 130,458.99	\$ 0.00	\$ 15,000.00	\$ 145,458.99	614	\$ 236.90
2								
3	L W V Utilities, Inc.	Pasco	0.00	50,000.00	0.00	50,000.00	443	112.87
4								
5	Park Water Company	Polk	0.00	67,875.00	0.00	67,875.00	811	83.69
6								
7	Placid Lakes Utilities, Inc.	Highlands	189,197.00	30,000.00	41,125.00	260,322.00	1,981	131.41
8								
9	Residential Water Systems, Inc.	Marion	0.00	85,000.00	60,000.00	145,000.00	700	207.14
10								
11	Average Cost Per Customer For Comparable Systems							\$ 154.40
12								
13	Little Gasparilla Water Utility, Inc - Number of Customers							370
14	Implied Salaries, Wages and Magement Fees Based on Comparable Systems Cost Per Customer							\$ 57,129
15	Actual Calander 2010 Salaries, Wages and Management Fees - Per 2010 Annual Report							\$ 66,000
16	Diffenence							\$ 8,871
17	Recommended Adjustment to Company's Salaries, Wages and Management Fees							\$ 8,871

Footnotes:

[1] Comparable System Data based on the Fiscal Year 2010 Annual Reports of the listed utilities obtained from the Florida Public Service Commission website.

Table 18

Little Gasparilla Water Utility
 Water Utility
 Operating Expense Adjustments
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Expense Adjustment
1	Professional Services - Engineering Costs: [1]	
2	DMK Group 2007	\$ 2,582
3	DMK Group 2008	1,466
4	DMK Group 2009	770
5	Three Year Average Annual Expense for Engineering Professional Services	1,606
6	2010 Reported Engineering Professional Services	11,425
7	Adjustment to Normalize Engineering Professional Services Costs	<u>\$ (9,819)</u>
8		
9		
10	Purchased Power Cost Adjustment: [2]	
11	Billed Flows 2010 (in 000's of Gallons)	8,758
12	Billed Flows 2011 (in 000's of Gallons)	9,286
13	Adjustment Factor for Purchased Power Cost Related to increased Flows	106.03%
14	Actual Reported 2010 Purchased Power Costs	23,001
15	Adjusted Purchased Power Cost to Reflect increased Flows	24,388
16	Recommended Adjustment to Purchased Power Cost as a result of Increased Flows	<u>\$ 1,387</u>
17		
18	Chemicals Cost Adjustment: [2]	
19	Billed Flows 2010 (in 000's of Gallons)	8,758
20	Billed Flows 2011 (in 000's of Gallons)	9,286
21	Adjustment Factor for Chemicals Cost Related to increased Flows	106.03%
22	Actual Reported 2010 Chemicals Costs	3,855
23	Adjusted Chemicals Cost to Reflect increased Flows	4,087
24	Recommended Adjustment to Chemicals Cost as a result of Increased Flows	<u>\$ 232</u>

Footnotes:

- [1] Professional Services Engineering Costs for the Test Year 2010 were approximately 7 times the prior 3 years average expense incurred for this account, therefore, an adjustment is recommended to normalize these costs for rate making purpose to better reflect these costs for the utility going forward.
- [2] Revenues projected for the Utility were actually based on Calendar Year 2011 consumption, which is the most recent information available therefore, an adjustment is recommended to the Company's Reported 2010 variable costs (purchased power and chemicals) to match revenues and expenses for the purposes of establishing rates.

Table 19

Little Gasparilla Water Utility
Water Utility
 Income Tax Calculation and System Revenue Requirements
 For the Test Year Ended December 31, 2010

Consultant Report
Dated: April 09, 2012
Page 1 of 1

Line No.	Description	(a)	Water Test Year 12/31/2010 (b)
	Income Tax Calculation:		
1	Rate Base		\$ 411,000
2	Rate of Return		7.84%
3			
4	Required Operating Income		32,228
5			
6	Less: Interest Charges		
7	Rate Base		411,000
8	Weighted Cost of Debt		7.81%
9			
10	Interest Expense		32,116
11			
12	Taxable Income		112
13			
14	Federal Income Tax Rate		35.00%
15	State Income Tax Rate		5.50%
16	Composite Tax Rate		38.58%
17	Pretax Multiplier		162.80%
18	Pretax Net Income		182
19			
20	Composite Tax Rate		38.58%
21			
22	Income Tax		\$ 70
23			
24			
25	Revenue Requirements:		
26	Operations and Maintenance Expense		\$ 164,730
27	Misc. Non-Utility Expense - Other		-
28	Depreciation (Used & Useful)		54,917
29	Amortization of CIAC (Used & Useful)		(17,622)
30	Amortization of Property Loss		-
31	Taxes Other than Income		31,463
32	Interest Income - Other		-
33	Misc. Income (AFUDC)		-
34	Allowance for Funds Prud Invested		-
35	Income Tax		70
36	Required Net Income		32,228
37			
38	Total Revenue Requirements		265,785
39			
40	Less Other Miscellaneous Revenues		-
41			
42	Revenue Requirements Related to Monthly Rates and Charges		\$ 265,785

Table 20

Little Gasparilla Water Utility
Water Utility
 Taxes Other Than Income
 For the Test Year Ended December 31, 2010

Consultant Report
Dated: April 09, 2012
Page 1 of 1

Line No.	Description (a)	Water Test Year 12/31/2008 (b)
	Taxes Other than Income:	
1	Regulatory Assessment Fees:	
2	Gross Operating Revenues	\$ 265,785
3		
4	Fees Due:	
5	Total Regulatory Assessment Fees (5.0% of Gross Operating Revenues)	13,289
6		
7	Property Taxes	12,564
8	Other Taxes and Licences	1,268
9	Payroll Taxes	4,341
10		
11	Total Taxes Other Than Income	\$ 31,463

Table 21

Little Gasparilla Water Utility
Water Utility
 Adjustments to Operating Income
 For the Test Year Ended December 31, 2010

Consultant Report
Dated: April 09, 2012
Page 1 of 1

Line No.	(a)	Water Test Year	(b)
1	(A) Adjustments to Water and Wastewater Revenues		
2	Refer to Table 14 for water for detailed calculation.		
3	Company Reported 12/31/2010	\$	167,556
4	Recommended	\$	265,785
5			
6	Total Adjustments to Water and Wastewater Revenues	\$	98,229
7			
8	(B) Adjustments to Miscellaneous Service and Other Water and Wastewater Revenues		
9	Refer to Table 14 for water for detailed calculation.		
10	Company Reported 12/31/2010	\$	-
11	Recommended	\$	-
12	Adjustment required to Miscellaneous Service and Other Water and Wastewater Revenues	\$	-
13			
14	(C) Adjustments to Operating Expenses		
15	Refer to Table 14 for water for detailed calculation.		
16	Company Reported 12/31/2010	\$	158,662
17	Recommended	\$	164,730
18			
19	Total Adjustments to Operating Expenses	\$	6,068
20			
21	(D) Adjustment Related to Depreciation Expense to reflect adjusted Plant in Service and County Authorized		
22	Refer to Table 14 for water for detailed calculation.		
23	Company Reported 12/31/2010	\$	55,430
24	Recommended	\$	54,917
25	Total Adjustments required to Depreciation Expense	\$	(513)
26			
27	(E) Adjustment Related to Accumulated Amortization Expense to reflect adjusted CIAC Balances and County Authorized		
28	Refer to Table 14 for water for detailed calculation.		
29	Company Reported 12/31/2010	\$	(17,808)
30	Recommended	\$	(17,622)
31	Total Adjustments required to Accumulated Amortization Expenses	\$	186
32			
33	(F) Adjustment Related to Amortization of Utility Plant Acquisition		
34	Refer to Table 14 for water for detailed calculation.		
35	Company Reported 12/31/2010	\$	-
36	Recommended	\$	-
37	Total Adjustments required to Accumulated Amortization Expenses	\$	-
38			
39	(G) Taxes Other Than Income		
40	Refer to Table 14 for water for detailed calculation.		
41	Company Reported 12/31/2010	\$	40,216
42	Recommended	\$	31,463
43	Total Adjustments required to Taxes Other than Income	\$	(8,753)
44			
45	(H) Income Tax adjustments related to Recommended Operating Income and Allowed Rate of Return.		
46	Refer to Table 14 for water for detailed calculation.		
47	Company Reported 12/31/2010	\$	-
48	Recommended	\$	70
49	Total Adjustments required to Income Taxes	\$	70
50			
51	Total Operating Expenses Adjustments (C+D+E+F+G+H)	\$	(2,943)
52			
53	Total Adjustments to Net Operating Income (A+B-C-D-E-F-G-H)	\$	101,172

Table 22

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Little Gasparilla Water Utility
Water Utility
 Classification of Revenue Requirements - Water
 For the Test Year Ended December 31, 2010

Line No.	Description	Revenue Requirement	Assignment Basis		Amount Assigned To:	
		As Adjusted (a)	Base Facility (b)	Gallage (c)	Base Facility (d)	Gallage (e)
Water						
Operation & Maintenance Expense						
1	Salaries & Wages - Employees	\$0	100%	0%	\$0	\$0
2	Salaries & Wages - Officers, Etc.	57,129	100%	0%	57,129	-
3	Employees Pensions & Benefits	-	100%	0%	-	-
4	Purchased Water	-	0%	100%	-	-
5	Purchased Power	30,361	0%	100%	-	30,361
6	Fuel for Power Purchased	-	0%	100%	-	-
7	Chemicals	4,087	0%	100%	-	4,087
8	Materials & Supplies	-	0%	100%	-	-
9	Contractual Services - Billing	-	0%	100%	-	-
10	Contractual Services - Professional	17,406	100%	0%	17,406	-
11	Contractual Services - Testing	1,244	50%	50%	622	622
12	Contractual Services - Other	-	50%	50%	-	-
13	Rents	6,680	100%	0%	6,680	-
14	Transportation Expenses	5,490	100%	0%	5,490	-
15	Insurance Expense	3,953	100%	0%	3,953	-
16	Reg. Commission Expenses- Rate Case Amort	-	50%	50%	-	-
17	Bad Debt Expense	-	50%	50%	-	-
18	Miscellaneous Expenses	38,380	75%	25%	28,785	9,595
19	Total Operation & Maintenance Expense	\$164,730			\$120,065	\$44,665
20	Misc. Non-Utility Expense - Other	\$0	50%	50%	\$0	\$0
21	Depreciation Expense (Used & Useful)	54,917	100%	0%	54,917	-
22	Amortization of CIAC (Used & Useful)	(17,622)	100%	0%	(17,622)	-
23	Amortization of Utility Plant Acquisition	-	50%	50%	-	-
24	Taxes Other than Income	31,463	100%	0%	31,463	-
25	Interest Income - Other	-	100%	0%	-	-
26	Misc. Income (AFUDC)	-	100%	0%	-	-
27	Allowance for Funds Prud Invested	-	100%	0%	-	-
28	Total Other Operating Expenses	68,757			68,757	-
29	Total Operating Expenses	\$233,487			\$188,822	\$44,665
30	Income Taxes	70	100%	0%	\$70	\$0
31	Return on Investment	32,228	100%	0%	32,228	-
32	Total Gross Revenue Requirement	\$265,785			\$221,120	\$44,665
33	Less: Miscellaneous Revenue	-	100%	0%	-	-
34	Net Revenue Requirement	\$265,785			\$221,120	\$44,665

Table 23

Little Gasparilla Water Utility
 Water Utility
 Billing Determinants - Water
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Company Reported			Adjustments			Recommended			Revenue Check			
		Avg Mon Customers	# Annual Bills	Consumption in 1,000 gallons	Avg Mon Customers	No. Annual Bills	Consumption in 1,000 gallons	Avg Mon Customers	No. Annual Bills	Consumption in 1,000 gallons	Present Rates	Revenue at Present	Proposed Rates	Revenue at Proposed
Residential and General Service														
1	5/8 X 3/4 inch meter	370	4,440		0	0	370	4,440		37.27	165,479	49.80	221,112	
2	3/4 inch meter	0	0		0	0	0	0		37.27	0	74.70	0	
3	1 inch meter	0	0		0	0	0	0		96.75	0	124.50	0	
4	1 1/2 inch meter	0	0		0	0	0	0		97.76	0	249.00	0	
5	2 inch meter	0	0		0	0	0	0		195.49	0	398.40	0	
6	3 inch meter	0	0		0	0	0	0		312.77	0	796.80	0	
7	4 inch meter	0	0		0	0	0	0		586.48	0	1,245.00	0	
8	6 inch meter	0	0		0	0	0	0		977.45	0	2,490.00	0	
9	8 inch meter	0	0		0	0	0	0		1,965.91	0	3,984.00	0	
10	10 inch meter	0	0		0	0	0	0		3,127.88	0	5,727.00	0	
											<u>Base Revenue</u>		<u>Base Revenue</u>	
11	Gallonaage Charge - Residential 1-6,000 gallons			9,286		0			9,286	4.20	39,000	4.81	44,664	
											<u>Usage Revenue</u>		<u>Usage Revenue</u>	
12	Gallonaage Charge - Residential 1-6,000 gallons			0		0			0	0.00	0	4.81	0	
13	Total Residential and General Service	370	4,440	9,286	0	0	370	4,440	9,286		204,479		265,776	
14	Turn On	0			0		0			0.00	0	0.00	0	
15	Ret Chk	0			0		0			0.00	0	0.00	0	
16	Other	0			0		0			0.00	0	0.00	20	
17	Subtotal Misc. Rev										0		20	
18	Total Billed Revenue										204,479		265,796	

Table 24

Little Gasparilla Water Utility
 Water Utility
 Rate Design - Water
 For the Test Year Ended December 31, 2010

Consultant Report
 Dated: April 09, 2012
 Page 1 of 1

Line No.	Description	Billing Units	EDU/Unit	EDU's	Rate	Revenue Check	Difference
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Water						
	Base Charge						
	Commercial						
1	5/8 X 3/4 inch meter	4,440	1.00	4,440	\$49.80	\$221,112	
2	3/4 inch meter	0	1.50	0	74.70	-	
3	1 inch meter	0	2.50	0	124.50	-	
4	1 1/2 inch meter	0	5.00	0	249.00	-	
5	2 inch meter	0	8.00	0	398.40	-	
6	3 inch meter	0	16.00	0	796.80	-	
7	4 inch meter	0	25.00	0	1,245.00	-	
8	6 inch meter	0	50.00	0	2,490.00	-	
9	8 inch meter	0	80.00	0	3,984.00	-	
10	10 inch meter	0	115.00	0	5,727.00	-	
11							
12	Total Commercial	4,440		4,440		221,112	
13							
14	Base Facility Revenue Requirement			\$221,120			
15							
16	BASE CHARGE PER EDU			\$49.80			
17							
18	Consumption Charge						
19							
20	Consumption Charge						
21	Residential	9,286			\$4.81	\$44,664	
22							
23	Commercial	0			\$4.81	\$0	
24							
25	Total All Classes	9,286				44,664	(\$1)
26							
27	Consumption Revenue Requirement					\$44,665	
28							
29	CONSUMPTION CHARGE - PER 1,000 GALLONS				\$4.81		
30							
31	Total Water Requirements and Revenues			\$265,785		\$265,776	(\$9)