

PURCHASE OF PLANTATION BAY
UTILITY SYSTEM

PUBLIC BRIEFING DOCUMENT

PURSUANT TO

SECTION 180.301
FLORIDA STATUTES
FOR THE CITY OF BUNNELL

and

SECTION 125.3401
FLORIDA STATUTES
FOR FLAGLER COUNTY

INTRODUCTION

Plantation Bay Water and Wastewater Plants are located on the south side of Old Dixie Highway, west of I-95, in unincorporated Flagler County near the County's "Old Dixie" park. The utility currently has approximately 1,500 customers, with approximately half in Volusia County and half in Flagler County. The utility serves the Plantation Bay DRI (Development of Regional Impact) that lies within both Flagler and Volusia Counties and several smaller areas adjacent to the development. The development itself contains a total of 3,673 acres (5.74 square miles) of which 2,574 acres (70%) are located within Flagler County. The Plantation Bay DRI was approved in September 1985 and was amended with land additions in April 1998 and by the most recent development order in 2004. Other minor amendments/changes have occurred since 2004. A copy of the 2004 Amended Development Order was previously provided online.

The Plantation Bay DRI is presently permitted for 90,000 square feet of non-residential and 5,391 dwelling units all within Plantation Bay, consisting of 3 discrete areas: Plantation Bay, Prestwick, and Westlake. Westlake is the portion located in Flagler County and where the majority of the remaining vacant development parcels is located, totaling 4,326 units in Flagler County. Outside of the DRI there are easily 2,000-3,000 or more residential units and potentially hundreds of thousands of non-residential square feet that would be served by the utility if it were publically owned.

To that end, staff of the City of Bunnell, Florida and Flagler County, Florida ("County") hereby presents the Bunnell City Council and the Board of County Commissioners with a proposed Agreement for Purchase and Sale ("Purchase Agreement") with Plantation Bay Utility Co. ("PBUC"), containing the proposed terms of the purchase and sale of PBUC's water and wastewater utility facilities ("PBUC System") by the City of Bunnell, Florida with the County as third party beneficiary to the Purchase and Sale Agreement. If the respective Boards desire to proceed with this acquisition under the presented terms, this Board must approve the purchase and sale agreement for water and related donation of the wastewater system, directing and authorizing the signing of these Agreements and other related Agreements to acquire the purchase of the PBUC System.

BRIEF HISTORY OF PBUC AND COUNTY ACQUISITION EFFORTS

Flagler County has been trying to acquire the utility on and off for over a decade. The DRI Development Order has specific language relating to the utility that the County previously tried to utilize in these attempts. Attempts to enforce the specific language were met with strong legal resistance but changes in the thinking of the County Commission in pursuing the utility has lead to today's opportunity. The developer has indicated they are now willing to sell the utility, but not per the terms of the Development Order. To this end, the County did authorize FGUA (Florida Government Utility Association) to pursue negotiations with the City of Bunnell to be involved in the process. After one meeting, those talks broke down and the seller immediately began seeking other buyers. The County insisted that we be involved based on the language

of the DRI and for the protection of the unincorporated residents. The DRI language, CDD approval and other development approvals all seem to contemplate County ownership.

INTERLOCAL AGREEMENT BETWEEN THE CITY OF BUNNELL AND FLAGLER COUNTY

The City and County will jointly work together on all aspects of the utility system. Each will play various roles in the operation of the system as it relates to legal, financial, system operation, meter reading, billing, etc. The interlocal in Appendix E details that working relationship and each party's interest.

FDEP STATE REVOLVING LOAN FUNDING

A key component of this transaction is the obtaining of low interest loans for 30 years for the acquisition of the system and additionally low interest loans for necessary capital improvements.

ACQUISITION REPORT

Authority

Pursuant to Chapter 180, Florida Statutes, the City has the power to acquire, operate, construct, own, and manage water and/or wastewater utility facilities.

Pursuant to Chapter 125, Florida Statutes, the County has the power to acquire, operate, construct, own, and manage water and/or wastewater utility facilities.

In accordance with these and similar powers, the County staff and City staff have negotiated the terms of a proposed purchase of the PBUC System from PBUC.

Public Hearing Requirement

To provide for the public interest and welfare, the Board must address and balance numerous factors in considering this potential purchase. This report addresses the factors required to be considered by sections 180.301 and 125.3401, Florida Statutes, regarding the purchase and sale of water, wastewater or wastewater reuse facilities. In determining if the acquisition is in the public interest, the following factors must be considered:

- (1) **The most recent available income and expense statement for the utility.** This information is provided in the most recent PBUC Annual Report filed with the Florida Public Service Commission ("PSC") (the "Annual Report") for the period ending December 31, 2011; relevant portions of which are attached hereto as Appendix A.

- (2) **The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.** This information is included in the Financial Section of the Annual Report referred to above, copies of pertinent pages are provided in Appendix A.
- (3) **A statement of the existing rate base of the utility for regulatory purposes.** This information is also included in the Financial Section of the Annual Report referred to above; copies of pertinent pages are provided in Appendix A.
- (4) **The physical condition of the utility facilities being purchased, sold or subject to a wastewater facility privatization contract.** The PBUC water system is in poor condition and the wastewater system is in poor condition. A review of the PBUC system prepared by the engineering firm of Wade Trim during a portion of the due diligence process is attached hereto as Appendix B.
- (5) **The reasonableness of the purchase, sale or wastewater facility privatization contract price and terms.** The Purchase Agreement provides a purchase price of FIVE MILLION FIVE HUNDERD THOUSAND DOLLARS (\$5,500,000), plus 150 ERU capital charge credits for up to seven years and, thereafter, a cap of \$6,000 on capital charges for up to 400 units, and a fixed reuse amount of .07 per thousand for ten years; all as compensation for the PBUC System.

The seller has presented a Utility Valuation Analysis Report to justify this value with a minimum value of \$7.4 million for the system based on the borrowing capacity of net revenue, and maximum value of \$8.3 million based on the comparable sales of other water and sewer utility systems. This Report is provided in Appendix D. The County did not perform a separate appraisal/valuation of the system.

To address historical issues, improve the quality of its water and wastewater service, respond to customer complaints and generally comport with the mission of local government to provide safe, sufficient and economical water and wastewater utility service, the following is proposed by City and County staff and consultants:

- a) Purchase of the PBUC System at a price of \$5,500,000 and other terms described above, subject to adjustment pursuant to the terms of the Purchase and Sale Agreement presented to the Board;
- b) Initiation of a capital improvement program as presented in Appendix B to this Report to invest approximately \$1.9 million in the

water system and approximately \$3.4 million in the wastewater system over the next five (5) years;

- c) Initiation of a Renewal and Replacement Plan as presented in Appendix B to this Report to invest approximately \$2.3 million in the water system and in the wastewater system over the next ten (10) years;
 - d) Invest approximately five percent (5%) of revenue each year in the renewal and replacement of utility assets in the PBUC System;
 - e) Utilities rates are expected to increase initially by 25% and up to 55% over 5 years. Capacity Charges are expected to be between \$4,500 and \$5,500 dollars. A detailed financial analysis with backup is provided for in Appendix C.
 - f) The City and County possess the financial ability to provide water and wastewater services to the areas currently served by PBUC. See Appendix C, a financial analysis attached hereto, which contains a statement of projected cash flows and other financial data for City and County water and wastewater operations, including the PBUC System, for fiscal years through 2017. As shown in these projected cash flows provided by Public Resources Management Group ("PRMG"), the utility rate and financial consultant, the City and County will continue to maintain the financial ability to meet all identified capital needs, renewal and replacement, operations, management and adequate contingencies subsequent to the acquisition of the PBUC System.
- (6) **The impacts of the purchase and sale on utility customers, both positive and negative.** It is expected that the impact and consequences of acquiring the PBUC System on both ratepayers and landowners will be positive in nature. Public ownership of the PBUC System will shift the emphasis in operating, expanding and improving the PBUC System from a private ownership profit motivation to a public ownership public service motivation. Given this motivational shift, it is anticipated that under public ownership, the PBUC System will better serve the needs of the customers with higher quality water and in managing wastewater in a more environmentally sound matter.

Potential Negatives

Current quality of the reuse
Large rate increase
Existing Consent Order
Current condition of plants

Potential Positives

Increase in water quality

Improvement in system reliability

Growth potential of system in sharing expenses

Impact fees funding system expansion

City and County working together, thus providing more resources

Resolution of Consent Orders

- (7) **Any additional investment required and the ability and willingness of the purchaser or the private firm under a wastewater facility privatization contract to make that investment.** The City and County staffs have conducted extensive due diligence on the PBUC System. The due diligence effort has identified those projects that are needed over the next five (5) years to provide reliable service to customers, consistent with the County's service quality mandates. Additionally, the County has provided for an annual renewal and replacement contribution of approximately five percent (5%) of annual revenue based upon the specific needs of the PBUC System.

Included in Appendix B is a summary Capital Improvement Plan and Renewal and Replacement Plan with identified projects. The projects identified will bring the system into compliance, prevent future non-compliance, increase system reliability and provide capacity for future users. The report in Appendix B entitled "Plantation Bay Utility Condition Assessment" dated January 2013 was prepared by Wade Trim, Inc., a firm hired by the parties to perform an analysis of the utility system.

Both the City and County are committed to pursuing the necessary capital improvements and financial resources necessary for implementation. Staff believes that the financial consultants have conservatively estimated the future revenues and connection charges available based upon historical revenue reports, to determine a feasible acquisition price that also supports all needed capital improvements, renewal and replacements, operations and continued maintenance programs.

- (8) **The alternatives to the purchase price, or wastewater facility privatization contract and the potential impact on utility customers if the purchase, sale, or wastewater facility privatization contract is not made.** It is in the public interest that long-range planning, management, financing, maintenance, upkeep, and operation of water and wastewater utilities be consolidated and coordinated so as to maximize economies of scale and to ensure the same high level of service for all County residents at reasonable rates. The acquisition of the PBUC System is another step toward achieving this goal.

If the City or County does not acquire the PBUC System, PBUC will be faced with substantial capital improvements that will likely result in PBUC pursuing rate increases from the Public Service Commission (which rates it is believed will exceed the rates proposed to be charged by the City). If another investor-owned utility purchases the PBUC System, the cooperation and coordination of utility services and resulting economies of scale which are available under City and County ownership would not be achievable. Such an alternative would not benefit PBUC's customers and would add to rates above expected costs through inclusion of an investor profit margin. Continued ownership of the PBUC System by PBUC or a successor investor-owned utility will continue PBUC's current course of funding capital improvements without any focus on operational or capital efficiencies.

- (9) **The ability of the City and or County to provide and maintain high-quality and cost-effective utility service.** Upon acquisition, the City and/or County will not be motivated by profit but rather a public service motive to provide high quality, cost-effective service to customers served by the PBUC System. Public ownership will encourage economies of scale and other efficiencies when the PBUC System is operated in conjunction with the City and County's existing utility operations. Customers of the PBUC System will also benefit from the City and County's access to low-cost public financing (including Florida Department of Environmental Protection ("DEP") state revolving fund loans and grants) which will lower capital costs for system expansions and improvements from those costs currently available under private ownership.

Both the City and County currently operate public utility systems. Both parties have had to manage older, dilapidated system. Currently, both parties are undergoing multi-million dollar capital improvements in their utility systems that together exceed ten million dollars.

SUMMARY OF PROPOSED ACQUISITION ISSUES

PBUC to Obtain Consents to Assignments of Agreements PBUC must obtain any consent or acknowledgement required to authorize the assignment of any agreement.

Liabilities PBUC retains: (i) liabilities arising out of any occurrence or event which occurred prior to Closing; and (ii) liabilities which cannot be specifically identified as pertaining to the PBUC System. In fact, PBUC remains responsible for all liabilities arising from facts or events existing prior to Closing, unless the County specifically identifies a liability as being assumed by the County at Closing.

Pending Litigation and Regulatory Matters The Seller remains responsible for costs and liabilities associated with litigation and regulatory matters pending at closing as well as litigation or regulatory matters which arise after closing based upon pre-closing events.

Purchase Price \$5,500,000, plus one hundred and fifty prepaid connections entitling the Seller or a related party to make new connections to the PBUC System with no capital charge payment and up to a maximum of 400 additional units with a cap of \$6,000 per ERU.

Debt Issuance Contingency The City's obligation to close is contingent upon securing financing for the full purchase price through the DEP state revolving fund program.

Agreements The following agreements will be pursued between the Plantation Bay Utility Company and City/County:

1. A Purchase and Sale Agreement for the water portion of the utility;
2. A Donation Agreement for the wastewater portion of the system;
3. Developers Agreement with the DRI Developer; and
4. Golf course reuse agreement.

Facilities The City/County will be acquiring a 24-acre utility site, within which both the water and sewer plant are located, all utility collection and distribution lines, lift stations, fire hydrants, reuse pumps, wells, and other system components. Additionally, the utility will have well rights for a 137-acre parcel identified as well field in Map H of the DRI.

Title Insurance The acquisition of real property will be covered by a title insurance policy in the amount of the purchase price.

Termination The Purchase Agreement may be terminated (i) by either party in the event of a material breach; (ii) by the parties if the transaction has not closed by 90 day past May 31st, 2013; or (iii) at such other time as mutually agreed upon by the parties.

Closing Date prior to May 31, 2013; or as otherwise provided for by the purchase and sale agreement or as may be mutually agreed by the parties.

PBUC Liability for Misrepresentation, Breach of Warranty or Non-Fulfillment of Agreement or Covenant - The Purchase Agreement holds PBUC liable for misrepresentation, breach of warranty or damages for non-fulfillment of agreement terms.

PUBLIC INTEREST DETERMINATION

Upon consideration of the above factors, it is recommended that the public acquisition of the PBUC System by either the County or City or both would be in the public interest.

Appendix A

Public Service Commission Annual Report

Appendix B

**Plantation Bay Utility Condition Assessment
from Mr. Oscar Duarte, P.E. Wade Trim, Inc**

**The assessment is an engineering Report regarding physical condition of the
PBUC System to include a Capital Improvement Plan and Renewal and
Replacement Plan**

Appendix C

**Utility System Financial Analysis to include rates, expense, revenue, debt service
and a statement of projected cash flows for fiscal years 2013 through 2018
provided by Mr. Rob Ori of the Public Resources Management Group**

Appendix D

Utility Valuation Analysis Report

Appendix E

City/County Interlocal Agreement for the Plantation Bay Utility

Appendix A

Public Service Commission Annual Report

OFFICIAL COPY
Public Service Commission
Do Not Remove from this Office

CLASS "A" OR "B"

WATER and/or WASTEWATER UTILITIES
(Gross Revenue of More Than \$200,000 Each)

ANNUAL REPORT

OF

WS479-11-AR

Plantation Bay Utility Company

Exact Legal Name of Respondent

455W / 389S

Certificate Numbers

Submitted To The

STATE OF FLORIDA



REGULATION

12 APR 27 AM 7:18

PUBLIC SERVICE

PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2011



CERTIFIED PUBLIC ACCOUNTANTS, PA.

James L. Carlstedt, CPA
David N. Casto, CPA
Anthony Q. De Santis, CPA
Katherine U. Jackson, CPA
Robert H. Jackson, CPA

Jeffrey K. Jones, CPA
Robert C. Nixon, CPA
Jeanette Sung, CPA
Holly M. Towner, CPA
James L. Wilson, CPA

Independent Accountant's Compilation Report

April 12, 2012

Officers and Directors
Plantation Bay Utility Company
Daytona Beach, Florida

We have compiled the balance sheet of Plantation Bay Utility Company, as of December 31, 2011 and 2010, and the related statements of income and retaining earnings for the year ended December 31, 2011 included in the accompanying prescribed form. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the form prescribed by the Florida Public Service Commission.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements prescribed by the Florida Public Service Commission and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

These financial statements (including related disclosures) are presented in accordance with the requirements of the Florida Public Service Commission, which differs from accounting principles generally accepted in the United States of America. The report is intended solely for information and use of the Florida Public Service Commission and is not intended to be and should not be used by anyone other than this specified party.

Carlstedt, Jackson, Nixon & Wilson

CARLSTEDT, JACKSON, NIXON & WILSON

General Instructions

1. Prepare this report in conformity with the 1984 National Association of Regulatory Utility Commissioners Uniform System of Accounts for Water and/or Wastewater Utilities (USOA).
2. Interpret all accounting words and phrases in accordance with the USOA.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable". Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. All schedules should be rounded to the nearest dollar unless otherwise specifically indicated.
7. Complete this report by means which will create a permanent record, such as by typewriter.
8. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule of the page with not enough room. Such a schedule should reference the appropriate schedules, state the name of the utility, and state the year of the report.
9. If it is necessary or desirable to insert additional statements for the purpose of further explanation of schedules, such statement should be made at the bottom of the page or an additional page inserted. Any additional pages should state the name of the utility, the year of the report, and reference the appropriate schedule.
- 10 Water and wastewater system pages should be grouped together by system and all pages in the water and wastewater sections should be numbered consecutively at the bottom of the page where noted. For example, if the water system pages total 50 pages, they should be grouped by system and numbered from 1 to 50.
- 11 Financial information for multiple systems charging rates which are covered under the same tariff should be reported as one system. However, the engineering data must be reported by individual system.
- 12 For water and wastewater utilities with more than one system, one (1) copy of workpapers showing the consolidation of systems for the operating sections, should be filed with the annual report.
- 13 The report should be filled out in quadruplicate and the original and two copies returned by March 31 of the year following the date of the report. The report should be returned to:

**Florida Public Service Commission
Division of Water and Wastewater
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873**

The fourth copy should be retained by the utility

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EXECUTIVE

SUMMARY

CERTIFICATION OF ANNUAL REPORT

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT December 31, 2011

I HEREBY CERTIFY, to the best of my knowledge and belief:

- | | | |
|--------------|-----------|--|
| YES
(X) | NO
() | 1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission. |
| YES
(X) | NO
() | 2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission. |
| YES
(X) | NO
() | 3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility. |
| YES
(X) | NO
() | 4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct and complete for the period for which it represents. |

Items Certified

1.	2.	3.	4.
(X)	(X)	(X)	(X)


 _____ **VICE PRES** *
 (signature of the chief executive officer of the utility)

1.	2.	3.	4.
(X)	(X)	(X)	(X)


 _____ *
 (signature of the chief financial officer of the utility)

* Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

NOTICE: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

ANNUAL REPORT OF

YEAR OF REPORT
December 31, 2011

Plantation Bay Utility Company
(Exact Name of Utility)

County: Volusia

List below the exact mailing address of the utility for which normal correspondence should be sent:

2379 Beville Road
Daytona Beach, Florida 32119

Telephone: (386) 788-0820 Ext. 4160

e-Mail Address: N/A

WEB Site: N/A

Sunshine State One-Call of Florida, Inc. Member Number FIN 65-0445791

Name and address of person to whom correspondence concerning this report should be addressed:

Robert C. Nixon, CPA
Carstedt, Jackson, Nixon & Wilson, CPA's, PA
2560 Gulf-to-Bay Blvd, Suite 200
Clearwater, Florida 34625

Telephone: (727) 791-4020

List below the address of where the utility's books and records are located:

2379 Beville Road
Daytona Beach, Florida 32119

Telephone: (386) 788-0820 Ext. 4160

List below any groups auditing or reviewing the records and operations:

Carstedt, Jackson, Nixon and Wilson, CPA's

Date of original organization of the utility: 3/27/85

Check the appropriate business entity of the utility as filed with the Internal Revenue Service:

Individual Partnership Sub S Corporation 1120 Corporation

List below every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the utility:

	Name	Percent Ownership	
1.	Morteza Hosseini-Kargar	77.5	%
2.	Paul Piguat	7.3	%
3.	Stephen Irwin	5.4	%
4.	Naramco Capital Corp.	5.0	%
5.			%
6.			%
7.			%
8.			%
9.			%
10.			%

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
December 31, 2011

**DIRECTORY OF PERSONNEL WHO CONTACT
THE FLORIDA PUBLIC SERVICE COMMISSION**

NAME OF COMPANY REPRESENTATIVE (1)	TITLE OR POSITION (2)	ORGANIZATIONAL UNIT TITLE (3)	USUAL PURPOSE FOR CONTACT WITH FPSC
Douglas R. Ross Jr.	Vice President	Plantation Bay Utility Co.	General Matters
Jean Trinder	Secretary/ Treasurer	Plantation Bay Utility Co.	Accounting Matters
Martin S. Friedman	Attorney	Attorney	Legal Matters
Robert C. Nixon	CPA	Carstedt, Jackson, Nixon & Wilson	Accounting & Rate Matters

- (1) Also list appropriate legal counsel, accountants and others who may not be on general payroll.
- (2) Provide individual telephone numbers if the person is not normally reached at the company.
- (3) Name of company employed by if not on general payroll.

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
December 31, 2011

COMPANY PROFILE

Provide a brief narrative company profile which covers the following areas:

- A. Brief company history.**
- B. Public services rendered.**
- C. Major goals and objectives.**
- D. Major operating divisions and functions.**
- E. Current and projected growth patterns.**
- F. Major transactions having a material effect on operations.**

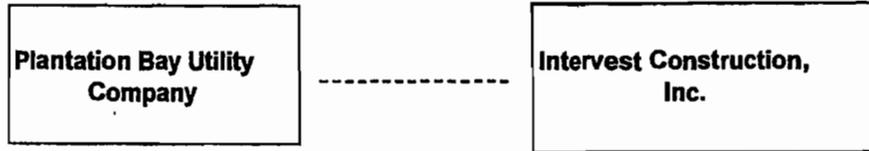
- (1) The Company was organized in 1985 to provide central water and wastewater service to the residential Development of Regional Impact of Plantation Bay.
- (2) Water and wastewater service only.
- (3) To provide quality water and wastewater treatment service to its customers and a fair rate of return to the Company's shareholders.
- (4) Potable water and wastewater treatment Divisions only.
- (5) Since origination in 1985, the Company has grown to approximately 1,500 customers. With the real estate slow down, growth is expected to be less than 25 new connections annually for the next several years.

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
December 31, 2011

PARENT / AFFILIATE ORGANIZATION CHART
Current as of 12/31/11

Complete below an organizational chart that shows all parents and subsidiaries of the utility. The chart must also show the relationship between the utility and the affiliates listed on E-7, E-10(a) and E-10(b).



The Utility is not a parent or subsidiary of any business entity. The above Companies are related by a common Stockholder and Executive Management.

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
December 31, 2011

COMPENSATION OF OFFICERS

For each officer, list the time spent on respondent as an officer compared to time spent on total business activities and the compensation received as an officer from the respondent.			
NAME (a)	TITLE (b)	% OF TIME SPENT AS OFFICER OF UTILITY (c)	OFFICERS COMPENSATION (d)
Morteza Hosseini-Kargar	President	2 %	\$ None
Douglas Ross	Vice President	30 %	\$ None
Jean Trinder	Secretary / Treasurer	12 %	\$ None
		%	\$
		%	\$
		%	\$
		%	\$
		%	\$
		%	\$
		%	\$

COMPENSATION OF DIRECTORS

For each director, list the number of director meetings attended by each director and the compensation received as an director from the respondent.			
NAME (a)	TITLE (b)	NUMBER OF DIRECTORS MEETINGS ATTENDED (c)	DIRECTORS COMPENSATION (d)
Morteza Hosseini-Kargar	Director	1	\$ None
Paul Piguet	Director	1	\$ None
			\$
			\$
			\$
			\$
			\$
			\$

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
December 31, 2011

BUSINESS CONTRACTS WITH OFFICERS, DIRECTORS AND AFFILIATES

List all contracts, agreements, and other business arrangements* entered into during the calendar year (other than compensation related to position with Respondents) between the Respondent and officer and director listed on Page E-6. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

NAME OF OFFICER, DIRECTOR OR AFFILIATE (a)	IDENTIFICATION OF SERVICE OR PRODUCT (b)	AMOUNT (c)	NAME AND ADDRESS OF AFFILIATED ENTITY (d)
None			

* Business Agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years. Although the Respondent and/or other companies will benefit from the arrangement, the officer or director is, however, acting on his behalf or for the benefit of other companies or persons.

AFFILIATION OF OFFICERS AND DIRECTORS

For each of the officials listed on page E-6, list the principal occupation or business affiliation and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, an official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

NAME (a)	PRINCIPAL OCCUPATION OR BUSINESS AFFILIATION (b)	AFFILIATION OR CONNECTION (c)	NAME AND ADDRESS OF AFFILIATION OR CONNECTION (d)
Morteza Hosseini-Kargar	Executive	President	Intervest Construction, Inc. 2379 Beville Road Daytona Beach, Fl. 32119
Douglas Ross	Executive	Executive Vice President	Same
Jean Trinder	Executive	Vice President	Same
Paul Piguet	Investor	Stockholder	2 Rue Jargonnant 1211 Geneva 6, Switzerland

UTILITY NAME: Plantation Bay Utility Company

YEAR OF REPORT
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BUSINESSES WHICH ARE A BYPRODUCT, COPRODUCT OR JOINT PRODUCT RESULT OF PROVIDING WATER OR SEWER SERVICE

Complete the following for any business which is conducted as a byproduct, coproduct or joint product as a result of providing water and/or sewer service. This would include any business which requires the use of utility land and facilities. Examples of these types of businesses would be orange groves, nurseries, tree farms, fertilizer manufacturing, etc. This would not include any business for which the assets are properly included in Account 121 - Nonutility Property along with the associated revenues and expenses segregated out as nonutility also.

BUSINESS OR SERVICE CONDUCTED (a)	ASSETS		REVENUES		EXPENSES	
	BOOK COST OF ASSETS (b)	ACCT. NO. (c)	REVENUES GENERATED (d)	ACCT. NO. (e)	EXPENSES INCURRED (f)	ACCT. NO. (g)
None	\$		\$		\$	

UTILITY NAME: Plantation Bay Utility Company

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BUSINESS TRANSACTIONS WITH RELATED PARTIES

List each contract, agreement, or other business transaction exceeding a cumulative amount of \$500 in any one year, entered into between the Respondent and a business or financial organization, firm, or partnership named on pages E-2 and E-6 identifying the parties, amounts, dates and product, asset, or service involved.

Part I. Specific Instructions: Services and Products Received or Provided

1. Enter in this part all transactions involving services and products received or provided.
2. Below are some types of transactions to include:
 - management, legal and accounting services
 - computer services
 - engineering & construction services
 - repairing and servicing of equipment
 - material and supplies furnished
 - leasing of structures, land and equipment
 - rental transactions
 - sale, purchase or transfer of various products

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION SERVICE AND/OR NAME OF PRODUCT (b)	CONTRACT OR AGREEMENT EFFECTIVE DATES (c)	ANNUAL CHARGES	
			(P)urchased or (S)old (d)	AMOUNT (e)
Intervest Construction, Inc.	Management, personnel, accounting, customer service	Open	P	\$ 110,000

UTILITY NAME: Plantation Bay Utility Company

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BUSINESS TRANSACTIONS WITH RELATED PARTIES

Part II. Specific Instructions: Sale, Purchase and Transfer of Assets

1. Enter in this part all transactions relating to the purchase, sale or transfer of assets.
2. Below are examples of some types of transactions to include:
 - purchase, sale or transfer of equipment.
 - purchase, sale or transfer of land and structures.
 - purchase, sale or transfer of securities.
 - noncash transfers of assets.
 - noncash dividends other than stock dividends.
 - writeoff of bad debts or loans.
3. The columnar instructions follow:
 - (a) Enter name of related party or company.
 - (b) Describe briefly the type of assets purchased, sold or transferred.
 - (c) Enter the total received or paid. Indicate purchase with "P" and sale with "S".
 - (d) Enter the net book value for each item reported.
 - (e) Enter the net profit or loss for each item (column (c) - column (d)).
 - (f) Enter the fair market value for each item reported. In space below or in a supplemental schedule, describe the basis used to calculate fair market value.

NAME OF COMPANY OR RELATED PARTY (a)	DESCRIPTION OF ITEMS (b)	SALE OR PURCHASE PRICE (c)	NET BOOK VALUE (d)	GAIN OR LOSS (e)	FAIR MARKET VALUE (f)
None		\$	\$	\$	\$

FINANCIAL

SECTION

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
UTILITY PLANT				
101-106	Utility Plant	F-7	\$ 10,049,319	\$ 9,932,207
108-110	Less: Accumulated Depreciation and Amortization	F-8	(4,793,769)	(4,510,674)
Net Plant			5,255,550	5,421,533
114-115	Utility Plant Acquisition Adjustments (Net)	F-7		
116*	Other Plant Adjustments (specify)			
Total Net Utility Plant			5,255,550	5,421,533
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property	F-9		
122	Less: Accumulated Depreciation and Amortization			
Net Nonutility Property				
123	Investment in Associated Companies	F-10		
124	Utility Investments	F-10		
125	Other Investments	F-10		
126-127	Special Funds	F-10		
Total Other Property and Investments				
CURRENT AND ACCRUED ASSETS				
131	Cash		154,739	160,412
132	Special Deposits	F-9		
133	Other Special Deposits	F-9		
134	Working Funds			
135	Temporary Cash Investments			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectable Accounts	F-11	93,519	101,758
145	Accounts Receivable from Associated Companies	F-12		
146	Notes Receivable from Associated Companies	F-12		
151-153	Materials and Supplies			
161	Stores Expense			
162	Prepayments			
171	Accrued Interest and Dividends Receivable			
172*	Rents Receivable			
173*	Accrued Utility Revenues			
174	Misc. Current and Accrued Assets	F-12	4,666	6,575
Total Current and Accrued Assets			252,924	268,745

* Not Applicable for Class B Utilities

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense	F-13		
182	Extraordinary Property Losses	F-13		
183	Preliminary Survey and Investigation Charges			
184	Clearing Accounts			
185*	Temporary Facilities			
186	Misc. Deferred Debits	F-14		
187*	Research & Development Expenditures			
190	Accumulated Deferred Income Taxes			
Total Deferred Debits				
TOTAL ASSETS AND OTHER DEBITS			\$ 5,508,474	\$ 5,690,278

* Not Applicable for Class B Utilities

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet.

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
EQUITY CAPITAL				
201	Common Stock Issued	F-15	\$ 1,000	\$ 1,000
204	Preferred Stock Issued	F-15		
202,205*	Capital Stock Subscribed			
203,206*	Capital Stock Liability for Conversion			
207*	Premium on Capital Stock			
209*	Reduction in Par or Stated Value of Capital Stock			
210*	Gain on Resale or Cancellation of Reacquired Capital Stock			
211	Other Paid-in Capital			
212	Discount on Capital Stock			
213	Capital Stock Expense			
214-215	Retained Earnings (Deficit)	F-16	(3,819,684)	(3,826,563)
216	Reacquired Capital Stock			
218	Proprietary Capital (Proprietorship and Partnership Only)			
Total Equity Capital (Deficit)			(3,818,684)	(3,825,563)
LONG TERM DEBT				
221	Bonds	F-15		
222*	Reacquire Bonds			
223	Advances from Associated Companies	F-17	-	3,571,367
224	Other Long Term Debt	F-17	6,349,263	2,852,896
Total Long Term Debt			6,349,263	6,424,263
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable		84,294	58,486
232	Notes Payable	F-18		
233	Accounts Payable to Associated Co.	F-18		
234	Notes Payable to Associated Co.	F-18		
235	Customer Deposits		16,600	16,490
236	Accrued Taxes		22,184	22,549
237	Accrued Interest	F-19		
238	Accrued Dividends			
239	Matured Long Term Debt			
240	Matured Interest			
241	Miscellaneous Current and Accrued Liabilities	F-20		
Total Current and Accrued Liabilities			123,078	97,525

* Not Applicable for Class B Utilities

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	CURRENT YEAR (d)	PREVIOUS YEAR (e)
DEFERRED CREDITS				
251	Unamortized Premium on Debt	F-13		
252	Advances for Construction	F-20		
253	Other Deferred Credits	F-21		
255	Accumulated Deferred Investment Tax Credits			
Total Deferred Credits				
OPERATING RESERVES				
261	Property Insurance Reserve			
262	Injuries and Damages Reserve			
263	Pensions and Benefits Reserve			
265	Miscellaneous Operating Reserves			
Total Operating Reserves				
CONTRIBUTIONS IN AID OF CONSTRUCTION				
271	Contributions in Aid of Construction	F-22	5,366,109	5,364,159
272	Accumulated Amortization of Contributions in Aid of Construction	F-22	(2,511,292)	(2,370,106)
Total Net C.I.A.C.			2,854,817	2,994,053
ACCUMULATED DEFERRED INCOME TAXES				
281	Accumulated Deferred Income Taxes - Accelerated Depreciation			
282	Accumulated Deferred Income Taxes - Liberalized Depreciation			
283	Accumulated Deferred Income Taxes - Other			
Total Accum. Deferred Income Taxes				
TOTAL EQUITY CAPITAL AND LIABILITIES			\$ 5,508,474	\$ 5,690,278

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR * (e)
UTILITY OPERATING INCOME				
400	Operating Revenues	F-3(b)	\$ 1,001,277	\$ 1,010,379
469.530	Less: Guaranteed Revenue and AFPI	F-3(b)		
Net Operating Revenues			1,001,277	1,010,379
401	Operating Expenses	F-3(b)	584,501	546,643
403	Depreciation Expense	F-3(b)	258,469	283,095
	Less: Amortization of CIAC	F-22	(133,756)	(141,186)
Net Depreciation Expense			124,713	141,909
406	Amortization of Utility Plant Acquisition Adjustment	F-3(b)		
407	Amortization Expense (Other than CIAC)	F-3(b)		
408	Taxes Other Than Income	W/S-3	115,776	114,625
409	Current Income Taxes	W/S-3		
410.10	Deferred Federal Income Taxes	W/S-3		
410.11	Deferred State Income Taxes	W/S-3		
411.10	Provision for Deferred Income Taxes - Credit	W/S-3		
412.10	Investment Tax Credits Deferred to Future Periods	W/S-3		
412.11	Investment Tax Credits Restored to Operating Income	W/S-3		
Utility Operating Expenses			824,990	803,177
Net Utility Operating Income			176,287	207,202
469/530	Add Back: Guaranteed Revenue and AFPI	F-3(b)		
413	Income From Utility Plant Leased to Others			
414	Gains (Losses) From Disposition of Utility Property			
420	Allowance for Funds Used During Construction			
Total Utility Operating Income [Enter here and on Page F-3(c)]			176,287	207,202

* For each account, column e should agree with columns f, g + h on F-3(b)

COMPARATIVE OPERATING STATEMENT (Cont'd)

WATER SCHEDULE W-3* (f)	SEWER SCHEDULE S-3* (g)	OTHER THAN REPORTING SYSTEMS (h)
\$ 446,726 N/A	\$ 563,653	N/A
446,726	563,653	-
263,777	282,866	
131,669	151,426	
(61,256)	(79,930)	
70,413	71,496	-
54,682	59,943	
388,872	414,305	
57,854	149,348	
57,854	149,348	N/A

* Total of Schedules W-3/S-3 for all rate groups

COMPARATIVE OPERATING STATEMENT (Cont'd)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (d)	PREVIOUS YEAR (c)	CURRENT YEAR (e)
Total Utility Operating Income [from Page F-3(a)]			\$ 176,287	\$ 207,202
OTHER INCOME AND DEDUCTIONS				
415	Revenues From Merchandising, Jobbing and Contract Deductions			
416	Costs and Expenses of Merchandising, Jobbing and Contract Work			
419	Interest and Dividend Income		345	491
421	Miscellaneous Nonutility Revenue			
426	Miscellaneous Nonutility Expenses		(189)	(308)
Total Other Income and Deductions			156	183
TAXES APPLICABLE TO OTHER INCOME				
408.20	Taxes Other Than Income			
409.20	Income Taxes			
410.20	Provision for Deferred Income Taxes			
411.20	Provision for Deferred Income Taxes - Credit			
412.20	Investment Tax Credits - Net			
412.30	Investment Tax Credits Restored to Operating Income			
Total Taxes Applicable to Other Income				
INTEREST EXPENSE				
427	Interest Expense	F-19	200,499	200,551
428	Amortization of Debt Discount & Expense	F-13		
429	Amortization of Premium on Debt	F-13		
Total Interest Expense			200,499	200,551
EXTRAORDINARY ITEMS				
433	Extraordinary Income			
434	Extraordinary Deductions			
409.30	Income Taxes, Extraordinary Items			
Total Extraordinary Items				
NET INCOME			(24,056)	6,834

Explain Extraordinary Income:

SCHEDULE OF YEAR END RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)	WASTEWATER UTILITY (e)
101	Utility Plant In Service	F-7	\$ 4,445,308	\$ 5,604,011
	Less:			
	Nonused and Useful Plant (1)			
108.1	Accumulated Depreciation	F-8	(2,309,709)	(2,484,060)
110.1	Accumulated Amortization	F-8		
271	Contributions in Aid of Construction	F-22	(2,420,528)	(2,945,581)
252	Advances for Construction	F-20		
Subtotal			(284,929)	174,370
272	Add: Accumulated Amortization of Contributions in Aid of Construction	F-22	953,217	1,558,075
Subtotal			668,288	1,732,445
114	Plus or Minus: Acquisition Adjustments (2)	F-7		
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7		
	Working Capital Allowance (3)		32,972	35,358
	Other (Specify):			
RATE BASE			\$ 701,260	\$ 1,767,803
NET UTILITY OPERATING INCOME			\$ 57,854	\$ 149,348
ACHIEVED RATE OF RETURN (Operating Income / Rate Base)			8.25 %	8.45 %

NOTES:

- (1) Estimated if not known.
- (2) Include only those Acquisition Adjustments that have been approved by the Commission.
- (3) Calculation consistent with last rate proceeding.
In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Method.

UTILITY NAME: Plantation Bay Utility Company

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SCHEDULE "B"

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

CLASS OF CAPITAL (a)	PER BOOK BALANCE (b)	NON-UTILITY ADJUSTMENTS (c)	NON-JURIS. ADJUSTMENTS (d)	OTHER (1) ADJUSTMENTS SPECIFIC (e)	OTHER (1) ADJUSTMENTS PRO RATA (f)	CAPITAL STRUCTURE USED FOR AFUDC CALCULATION (g)
Common Equity	\$ (3,818,684)	\$ -	\$ -	\$ 3,818,684	\$ -	\$ -
Preferred Stock	-	-	-	-	-	-
Long Term Debt	6,349,263	-	-	-	-	6,349,263
Customer Deposits	16,600	-	-	-	-	16,600
Tax Credits - Zero Cost	-	-	-	-	-	-
Tax Credits - Weighted Cost	-	-	-	-	-	-
Deferred Income Taxes	-	-	-	-	-	-
Other (Explain):	-	-	-	-	-	-
Notes Payable - Assoc Co (2)	-	-	-	-	-	-
Total	\$ 2,547,179	\$ -	\$ -	\$ 3,818,684	\$ -	\$ 6,365,863

(1) Explain below all adjustments made in Columns (e) and (f)

Remove negative equity from capital structure.

(2) See Note (1) on Page F-5.

**UTILITY PLANT
ACCOUNTS 101 - 106**

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
101	Plant Accounts Utility Plant In Service	\$ 4,445,308	\$ 5,604,011	N/A	\$ 10,049,319
102	Utility Plant Leased to Others				
103	Property Held for Future Use				
104	Utility Plant Purchased or Sold				
105	Construction Work in Progress				
106	Completed Construction Not Classified				
Total Utility Plant		\$ 4,445,308	\$ 5,604,011	N/A	\$ 10,049,319

**UTILITY PLANT ACQUISITION ADJUSTMENTS
ACCOUNTS 114 AND 115**

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCT. NO. (a)	DESCRIPTION (b)	WATER (c)	SEWER (d)	OTHER THAN REPORTING SYSTEMS (e)	TOTAL (f)
114	Acquisition Adjustment	N/A	N/A	\$ -	\$ -
Total Plant Acquisition Adjustment		\$ -	\$ -	\$ -	\$ -
115	Accumulated Amortization	N/A	N/A	\$ -	\$ -
Total Accumulated Amortization		\$ -	\$ -	\$ -	\$ -
Total Acquisition Adjustments		\$ -	\$ -	\$ -	\$ -

ACCUMULATED DEPRECIATION (ACCT. 108) AND AMORTIZATION (ACCT. 110)

DESCRIPTION (a)	WATER (b)	SEWER (c)	OTHER THAN REPORTING SYSTEMS (d)	TOTAL (e)
ACCUMULATED DEPRECIATION Account 108				
Balance first of year	\$ 2,178,039	\$ 2,332,635	N/A	\$ 4,510,674
Credits during year:				
Accruals charged:				
to Account 108.1 (1)	131,669	151,425		283,094
to Account 108.2 (2)				
to Account 108.3 (2)				
Other Accounts (Specify) Rounding				
Salvage				
Other Credits (specify) :				
Total credits	131,669	151,425		283,094
Debits during year:				
Book cost of plant retired				
Cost of removal				
Other debits (specify)				
Total debits				
Balance end of year	\$ 2,309,709	\$ 2,484,060	N/A	\$ 4,793,768

ACCUMULATED AMORTIZATION Account 110				
Balance first of year N/A	N/A	N/A	N/A	N/A
Credits during year:				
Accruals charged:				
to Account 110.2 (2)				
Other Accounts (specify):				
Total credits				
Debits during year:				
Book cost of plant retired				
Other debits (specify)				
Total debits				
Balance end of year	N/A	N/A	N/A	N/A

- (1) Account 108 for Class B utilities.
- (2) Not applicable for Class B utilities.
- (3) Account 110 for Class B utilities.

**REGULATORY COMMISSION EXPENSE
AMORTIZATION OF RATE CASE EXPENSE (ACCTS. 666 AND 766)**

DESCRIPTION OF CASE (DOCKET NO.) (a)	EXPENSE INCURRED DURING YEAR (b)	CHARGED OFF DURING YEAR	
		ACCT. (c)	AMOUNT (d)
	\$ -	-	\$ -
Total	\$ -		\$ -

NONUTILITY PROPERTY (ACCOUNT 121)

Report separately each item of property with a book cost of \$25,000 or more included in Account 121.
Other items may be grouped by classes of property.

DESCRIPTION (a)	BEGINNING YEAR (b)	ADDITIONS (c)	REDUCTIONS (d)	ENDING YEAR BALANCE (e)
None	\$ -	\$ -	\$ -	\$ -
Total Nonutility Property	\$ -	\$ -	\$ -	\$ -

SPECIAL DEPOSITS (ACCOUNTS 132 AND 133)

Report hereunder all special deposits carried in Accounts 132 and 133

DESCRIPTION OF SPECIAL DEPOSITS (a)	YEAR END BOOK COST (b)
SPECIAL DEPOSITS (Account 132): None	\$ -
Total Special Deposits	\$ -
OTHER SPECIAL DEPOSITS (Account 133): None	\$ -
Total Other Special Deposits	\$ -

UTILITY NAME: Plantation Bay Utility Company

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**INVESTMENTS AND SPECIAL FUNDS
ACCOUNTS 123-127**

Report hereunder all investments and special funds carried in Accounts 123 through 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (Account 123): N/A	\$ _____ -	\$ _____ -
Total Investment in Associated Companies		\$ _____ -
UTILITY INVESTMENTS (Account 124): N/A	\$ _____ -	\$ _____ -
Total Utility Investments		\$ _____ -
OTHER INVESTMENTS (Account 125): N/A	\$ _____ -	\$ _____ -
Total Other Investments		\$ _____ -
SPECIAL FUNDS (Class A Utilities: Accounts 126 & 127; Class B Utilities: Account 127)) N/A		\$ _____ -
Total Special Funds		\$ _____ -

ACCOUNTS AND NOTES RECEIVABLE - NET
ACCOUNTS 141 - 144

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION (a)		TOTAL (b)
CUSTOMER ACCOUNTS RECEIVABLE (Account 141):		
Combined Water & Wastewater	\$ 93,519	
Wastewater		
Other		
Total Customer Accounts Receivable		\$ 93,519
OTHER ACCOUNTS RECEIVABLE (Acct. 142):		

Total Other Accounts Receivable		
NOTES RECEIVABLE (Acct. 144):		
_____	\$ -	

Total Notes Receivable		
Total Accounts and Notes Receivable		93,519
ACCUMULATED PROVISION FOR UNCOLLECTABLE ACCOUNTS (Account 143):		
Balance First of Year	\$ -	
Add: Provision for uncollectables for current year		
Collections of accounts previously written off		
Utility accounts		
Others		
Total Additions		
Deduct accounts written off during year:		
Utility accounts		
Others		
Total accounts written off		
Balance end of year		
Total Accounts and Notes Receivable - Net		\$ 93,519

UTILITY NAME: Plantation Bay Utility Company

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ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 145

Report each account receivable from associated companies separately.

DESCRIPTION (a)	TOTAL (b)
None	\$ -
Total	\$ -

NOTES RECEIVABLE FROM ASSOCIATED COMPANIES
ACCOUNT 146

Report each note receivable from associated companies separately.

DESCRIPTION (a)	INTEREST RATE (b)	TOTAL (c)
None		\$ -
Total		\$ -

MISCELLANEOUS CURRENT AND ACCRUED ASSETS
ACCOUNT 174

DESCRIPTION - Provide itemized listing (a)	TOTAL (c)
Utility Deposits	\$ 4,666
Total	\$ 4,666

UTILITY NAME: Plantation Bay Utility Company

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UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT
Report the net discount and expense or premium separately for each security issue.

DESCRIPTION (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
UNAMORTIZED DEBT DISCOUNT AND EXPENSE (Account 181):		
N/A	\$ -	\$ -
Total Unamortized Debt Discount and Expense		
UNAMORTIZED PREMIUM ON DEBT (Account 251):		
N/A	\$ -	\$ -
Total Unamortized Premium on Debt	\$ -	\$ -

EXTRAORDINARY PROPERTY LOSSES
ACCOUNT 182

Report each item separately.

DESCRIPTION (a)	TOTAL (b)
EXTRAORDINARY PROPERTY LOSSES (Acct. 182):	
N/A	\$ -
Total Extraordinary Property Losses	\$ -

NOTES PAYABLE (ACCTS. 232 AND 234)

DESCRIPTION OF OBLIGATION (INCLUDING DATE OF ISSUE AND DATE OF MATURITY) (a)	INTEREST		PRINCIPAL AMOUNT PER BALANCE SHEET (d)
	ANNUAL RATE (b)	FIXED OR VARIABLE* (c)	
NOTES PAYABLE (Account 232):			
N/A	%		\$ -
	%		
	%		
	%		
	%		
	%		
	%		
Total Account 232			\$ -
NOTES PAYABLE TO ASSOC. COMPANIES (Account 234):			
N/A	%		\$ -
	%		
	%		
	%		
	%		
	%		
Total Account 234			

* For variable rate obligations, provide the basis for the rate. (i.e.. Prime +2%, etc)

ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES
ACCOUNT 233
Report each account payable separately.

DESCRIPTION (a)	TOTAL (b)
N/A	\$ -
Total	

**ACCRUED INTEREST AND EXPENSE
ACCOUNTS 237 AND 427**

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR		INTEREST PAID DURING YEAR (e)	BALANCE END OF YEAR (f)
		ACCT. DEBIT (c)	AMOUNT (d)		
ACCOUNT NO. 237.1 - Accrued Interest on Long Term Debt					
Interest on Long Term Debt	\$ -	427.3	\$ 199,660	\$ 199,660	\$ -
Total Account No. 237.1	-		199,660	199,660	-
ACCOUNT NO. 237.2 - Accrued Interest in Other Liabilities					
Customer Deposits		427.0	891	891	-
Total Account 237.2	-		891	891	
Total Account 237 (1)	\$ -		\$ 200,551	\$ 200,551	\$ -
INTEREST EXPENSED:					
Total accrual Account 237		237	\$ 200,551		
Less Capitalized Interest Portion of AFUDC:					
None					
Net Interest Expensed to Account No. 427 (2)			\$ 200,551		

(1) Must Agree to F-2(a), Beginning and Ending Balance of Accrued Interest
(2) Must agree to F-3(c), Current Year Interest Expense

**OTHER DEFERRED CREDITS
ACCOUNT 253**

DESCRIPTION - Provide itemized listing (a)	AMOUNT WRITTEN OFF DURING YEAR (b)	YEAR END BALANCE (c)
REGULATORY LIABILITIES (Class A Utilities: Account 253.1)		
N/A	\$ -	\$ -
Total Regulatory Liabilities	\$ -	\$ -
OTHER DEFERRED LIABILITIES (Class A Utilities: Account 253.2)		
N/A	\$ -	\$ -
Total Deferred Liabilities	\$ -	\$ -
TOTAL OTHER DEFERRED CREDITS	\$ -	\$ -

**CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 271**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance first of year	\$ 2,418,578	\$ 2,945,581	N/A	\$ 5,364,159
Add credits during year:	1,950			1,950
Less debits charged during				-
Total Contributions In Aid of Construction	\$ 2,420,528	\$ 2,945,581	\$ -	\$ 5,366,109

**ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272**

DESCRIPTION (a)	WATER (b)	SEWER (c)	W & WW OTHER THAN SYSTEM REPORTING (d)	TOTAL (e)
Balance First of year	\$ 891,961	\$ 1,478,145	N/A	\$ 2,370,106
Debits during year:	61,256	79,930		141,186
Credits during year (specify):				
Total Accumulated Amortization of Contributions In Aid of Construction	\$ 953,217	\$ 1,558,075		\$ 2,511,292

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES
(UTILITY OPERATIONS)**

1. The reconciliation should include the same detail as furnished on schedule M-1 of the federal income tax return for the year. The reconciliation shall be submitted even though there is no taxable income for the year. Descriptions should clearly indicate the nature of each reconciling amount and show the computation of all tax accruals.

2. If the utility is a member of a group which files a consolidated federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating intercompany amounts to be eliminated in such consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among group members.

DESCRIPTION (a)	REFERENCE (b)	AMOUNT (c)
Net income for the year	F-3(c)	\$ 6,834
Reconciling items for the year:		
Taxable income not reported on the books:		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Deductions recorded on books not deducted for return:		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Income recorded on books not included in return:		
Deferred Income Taxes		-
_____	_____	_____
_____	_____	_____
_____	_____	_____
Deduction on return not charged against book income:		
Depreciation timing difference		-
_____	_____	_____
_____	_____	_____
_____	_____	_____
Federal tax net income		\$ 6,834
Computation of tax:		
The Company expects a loss for income tax purposes and has not recorded a provision for income tax .		

**WATER
OPERATION
SECTION**

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

SCHEDULE OF YEAR END WATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
101	Utility Plant In Service	W-4(b)	\$ 4,445,308
	Less:		
	Nonused and Useful Plant (1)		
108.1	Accumulated Depreciation	W-6(b)	(2,309,709)
110.1	Accumulated Amortization		
271	Contributions in Aid of Construction	W-7	(2,420,528)
252	Advances for Construction	F-20	
	Subtotal		(284,929)
	Add:		
272	Accumulated Amortization of Contributions in Aid of Construction	W-8(a)	953,217
	Subtotal		668,288
	Plus or Minus:		
114	Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		32,972
	Other (Specify):		
	WATER RATE BASE		\$ 701,260
	UTILITY OPERATING INCOME	W-3	\$ 57,854
AVERAGE RATE OF RETURN (Water Operating Income/Water Rate Base)			8.25 %

- NOTES: (1) Class A calculate consistent with last rate proceeding. Class B estimated if not known.
 (2) Include only those Acquisition Adjustments that have been approved by the Commission.
 (3) Calculation consistent with last rate proceeding.
 In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

WATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WATER UTILITY (d)
	UTILITY OPERATING INCOME		
400	Operating Revenues	W-9	446,726
469	Less: Guaranteed Revenue and AFPI	W-9	
	Net Operating Revenues		446,726
401	Operating Expenses	W-10(a)	263,777
403	Depreciation Expense	W-6(a)	131,669
	Less: Amortization of CIAC	W-8(a)	(61,256)
	Net Depreciation Expense		70,413
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC)	F-8	
408.10	Taxes Other Than Income Utility Regulatory Assessment Fee		20,103
408.11	Property Taxes		34,579
408.12	Payroll Taxes		
408.13	Other Taxes & Licenses		
408	Total Taxes Other Than Income		54,682
409.1	Income Taxes	F-16	
410.10	Deferred Federal Income Taxes		
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes - Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income Rounding		
	Utility Operating Expenses		388,872
	Utility Operating Income		57,854
469	Add Back: Guaranteed Revenue (and AFPI)	W-9	-
413	Income From Utility Plant Leased to Others		
414	Gains (Losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
	Total Utility Operating Income		\$ 57,854

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
 December 31, 2011

WATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
301	Organization	\$ 16,808	\$ -	\$ -	\$ 16,808
302	Franchises				
303	Land and Land Rights	33,754			33,754
304	Structure and Improvements	174,355			174,355
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs	199,735	4,675		204,410
308	Infiltration Galleries and Tunnels				
309	Supply Mains	30,270			30,270
310	Power Generation Equipment	91,990	5,581		97,571
311	Pumping Equipment	214,277	3,891		218,168
320	Water Treatment Equipment	651,846	78,421		730,267
330	Distribution Reservoirs and Standpipes	387,263			387,263
331	Transmission and Distribution Mains	1,820,959			1,820,959
333	Services	162,746	1,170		163,916
334	Meters and Meter Installations	174,033	5,697		179,730
335	Hydrants	334,654	5,276		339,930
336	Backflow Prevention Devices				
339	Other Plant / Miscellaneous Equipment	10,385			10,385
340	Office Furniture and Equipment	314			314
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment	18,283			18,283
345	Power Operated Equipment				
346	Communication Equipment	688			688
347	Miscellaneous Equipment	17,950	287		18,237
348	Other Tangible Plant				
TOTAL WATER PLANT		\$ 4,340,310	\$ 104,998	\$ -	\$ 4,445,308

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
 December 31, 2011

WATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 INTANGIBLE PLANT (d)	.2 SOURCE OF SUPPLY AND PUMPING PLANT (e)	.3 WATER TREATMENT PLANT (f)	.4 TRANSMISSION AND DISTRIBUTION PLANT (g)	.5 GENERAL PLANT (h)
301	Organization	\$ 16,808	\$ 16,808				
302	Franchises						
303	Land and Land Rights	33,754		\$ -	\$ -	\$ 33,754	\$ -
304	Structure and Improvements	174,355			174,355		
305	Collecting and Impounding Reservoirs						
306	Lake, River and Other Intakes						
307	Wells and Springs	204,410		204,410			
308	Infiltration Galleries and Tunnels						
309	Supply Main Plantation Bay / Volusia	30,270		30,270			
310	Power Generation Equipment	97,571		97,571			
311	Pumping Equipment	218,168		218,168			
320	Water Treatment Equipment	730,267			730,267		
330	Distribution Reservoirs and Standpipes	387,263				387,263	
331	Transmission and Distribution Mains	1,820,959				1,820,959	
333	Services	163,916				163,916	
334	Meters and Meter Installations	179,730				179,730	
335	Hydrants	339,930				339,930	
336	Backflow Prevention Devices						
339	Other Plant / Miscellaneous Equipment	10,385			10,385		
340	Office Furniture and Equipment	314					314
341	Transportation Equipment						
342	Stores Equipment						
343	Tools, Shop and Garage Equipment						
344	Laboratory Equipment	18,283					18,283
345	Power Operated Equipment						
346	Communication Equipment	688					688
347	Miscellaneous Equipment	18,237					18,237
348	Other Tangible Plant						
	TOTAL WATER PLANT	\$ 4,445,308	\$ 16,808	\$ 550,419	\$ 915,007	\$ 2,925,552	\$ 37,522

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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BASIS FOR WATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (e)
301	Organization	40	%	2.50 %
302	Franchises		%	%
304	Structure and Improvements	33	%	3.03 %
305	Collecting and Impounding Reservoirs		%	%
306	Lake, River and Other Intakes		%	%
307	Wells and Springs	30	%	3.33 %
308	Infiltration Galleries and Tunnels		%	%
309	Supply Mains	35	%	2.86 %
310	Power Generation Equipment	20	%	5.00 %
311	Pumping Equipment	20	%	5.00 %
320	Water Treatment Equipment	22	%	4.55 %
330	Distribution Reservoirs and Standpipes	37	%	2.70 %
331	Transmission and Distribution Mains	43	%	2.33 %
333	Services	40	%	2.50 %
334	Meters and Meter Installations	20	%	5.00 %
335	Hydrants	45	%	2.22 %
336	Backflow Prevention Devices		%	%
339	Other Plant / Miscellaneous Equipment	25	%	4.00 %
340	Office Furniture and Equipment	15	%	6.67 %
341	Transportation Equipment		%	%
342	Stores Equipment		%	%
343	Tools, Shop and Garage Equipment		%	%
344	Laboratory Equipment	15	%	6.67 %
345	Power Operated Equipment		%	%
346	Communication Equipment	10	%	10.00 %
347	Miscellaneous Equipment	15	%	6.67 %
348	Other Tangible Plant		%	%
Water Plant Composite Depreciation Rate *			%	%

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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ANALYSIS OF ENTRIES IN WATER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e)(1)	TOTAL CREDITS (d + e) (f)
301	Organization	\$ 10,252	\$ 421	\$ -	\$ 421
302	Franchises				
304	Structure and Improvements	122,071	5,284		5,284
305	Collecting and Impounding Reservoirs				
306	Lake, River and Other Intakes				
307	Wells and Springs	120,646	6,814		6,814
308	Infiltration Galleries and Tunnels				
309	Supply Mains	4,251	865		865
310	Power Generation Equipment	26,204	4,878		4,878
311	Pumping Equipment	214,277	3,891		3,891
320	Water Treatment Equipment	651,846	33,194		33,194
330	Distribution Reservoirs and Standpipes	181,159	85,654		85,654
331	Transmission and Distribution	579,660	42,348		42,348
333	Services	71,090	(71,090)		(71,090)
334	Meters and Meter Installations	96,622	8,986		8,986
335	Hydrants	82,064	7,554		7,554
336	Backflow Prevention Devices				
339	Other Plant / Miscellaneous Equipment	1,713	416		416
340	Office Furniture and Equipment	288	21		21
341	Transportation Equipment				
342	Stores Equipment				
343	Tools, Shop and Garage Equipment				
344	Laboratory Equipment	2,065	1,219		1,219
345	Power Operated Equipment				
346	Communication Equipment	688			
347	Miscellaneous Equipment	13,143	1,214	1	1,215
348	Other Tangible Plant				
TOTAL WATER ACCUMULATED DEPRECIATION		\$ 2,178,039	\$ 131,669	\$ 1	\$ 131,670

* Specify nature of transaction.
 Use () to denote reversal entries.
 Note: (1) Rounding

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

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

ACCT. NO. (a)	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i+j) (j)	BALANCE AT END OF YEAR (c+f-k) (k)
301	Organization	\$ -	\$ -	\$ -	\$ -	\$ 10,673
302	Franchises					
304	Structure and Improvements					127,355
305	Collecting and Impounding Reservoirs					
306	Lake, River and Other Intakes					
307	Wells and Springs					127,460
308	Infiltration Galleries and Tunnels					
309	Supply Mains					5,116
310	Power Generation Equipment					31,082
311	Pumping Equipment					218,168
320	Water Treatment Equipment					685,040
330	Distribution Reservoirs and Standpipes					266,813
331	Transmission and Distribution					622,008
333	Services					
334	Meters and Meter Installations					105,608
335	Hydrants					89,618
336	Backflow Prevention Devices					
339	Other Plant / Miscellaneous Equipment					2,129
340	Office Furniture and Equipment					309
341	Transportation Equipment					
342	Stores Equipment					
343	Tools, Shop and Garage Equipment					
344	Laboratory Equipment					3,284
345	Power Operated Equipment					
346	Communication Equipment					688
347	Miscellaneous Equipment					14,358
348	Other Tangible Plant					
TOTAL WATER ACCUMULATED DEPRECIATION		\$ -	\$ -	\$ -	\$ -	\$ 2,309,709

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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WATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
460	Water Sales: Unmetered Water Revenue			
	Metered Water Revenue:			
461.1	Metered Sales to Residential Customers	1,474	1,486	\$ 413,242
461.2	Metered Sales to Commercial Customers	23	25	22,121
461.3	Metered Sales to Industrial Customers			
461.4	Metered Sales to Public Authorities			
461.5	Metered Sales to Multiple Family Dwellings			
	Total Metered Sales	1,497	1,511	435,363
462.1	Fire Protection Revenue: Public Fire Protection			
462.2	Private Fire Protection			
	Total Fire Protection Revenue			
464	Other Sales to Public Authorities			
465	Sales to Irrigation Customers			
466	Sales for Resale			
467	Interdepartmental Sales			
	Total Water Sales	1,497	1,511	435,363
469	Other Water Revenues: Guaranteed Revenues			
470	Forfeited Discounts			
471	Miscellaneous Service Revenues			11,363
472	Rents From Water Property			
473	Interdepartmental Rents			
474	Other Water Revenues			
	Total Other Water Revenues			\$ 11,363
	Total Water Operating Revenues			\$ 446,726

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 SOURCE OF SUPPLY AND EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)
601	Salaries and Wages - Employees	\$ -	\$ -	\$ -
603	Salaries and Wages - Officers, Directors and Majority Stockholders			
604	Employee Pensions and Benefits			
610	Purchased Water			
615	Purchased Power	30,524		
616	Fuel for Power Production			
618	Chemicals	42,328		
620	Materials and Supplies	1,264		
631	Contractual Services - Engineering	6,189		
632	Contractual Services - Accounting	2,929		
633	Contractual Services - Legal	366		
634	Contractual Services - Mgt. Fees	55,000		
635	Contractual Services - Testing	13,198		
636	Contractual Services - Other	91,443		
641	Rental of Building/Real Property			
642	Rental of Equipment			
650	Transportation Expense			
656	Insurance - Vehicle			
657	Insurance - General Liability	8,478		
658	Insurance - Workmens Comp.			
659	Insurance - Other			
660	Advertising Expense			
666	Regulatory Commission Expenses - Amortization of Rate Case Expense			
667	Regulatory Commission Exp.-Other			
670	Bad Debt Expense			
675	Miscellaneous Expenses	12,058		
Total Water Utility Expenses		\$ 263,777		

PUMPING AND PURCHASED WATER STATISTICS

MONTH (a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	FINISHED WATER PUMPED FROM WELLS (Omit 000's) (c)	WATER USED FOR LINE FLUSHING, FIGHTING FIRES, ETC. (d)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) [(b)+(c)-(d)] (e)	WATER SOLD TO CUSTOMERS (Omit 000's) (f)
January		5,640	282	5,358	5,359
February		5,945	355	5,590	5,020
March		6,099	257	5,842	6,570
April		7,413	510	6,903	6,089
May		6,395	278	6,117	6,062
June		6,148	484	5,664	6,386
July		6,427	582	5,845	4,767
August		5,532	457	5,076	5,550
September		6,498	455	6,044	4,732
October		5,346	502	4,845	4,659
November		5,518	437	5,082	5,492
December		6,553	630	5,924	4,847
Total for year	N/A	73,514	5,227	68,288	65,533

If water is purchased for resale, indicate the following:

Vendor N/A

Point of deliver N/A

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

N/A

List for each source of supply:	CAPACITY OF WELL	GALLONS PER DAY FROM SOURCE	TYPE OF SOURCE
No. 1	180,000 GPD	180,000 GPD	Ground
No. 2	216,000 GPD	216,000 GPD	Ground
No. 3	216,000 GPD	216,000 GPD	Ground
No. 4	216,000 GPD	216,000 GPD	Ground

UTILITY NAME: Plantation Bay Utility Company
SYSTEM NAME / COUNTY: Plantation Bay / Volusia

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WATER TREATMENT PLANT INFORMATION
Provide a separate sheet for each water treatment facility

Permitted Capacity of Plant (GPD):	<u>.750 MGD</u>		
Location of measurement of capacity (i.e. Wellhead, Storage Tank):	<u>Entry to distribution system</u>		
Type of treatment (reverse osmosis, sedimentation, chemical, aerated, etc):	<u>Aeration, sand filtration, lime softening</u>		
LIME TREATMENT			
Unit rating (i.e., GPM, pounds per gallon):	<u>750,000.00</u>	Manufacturer	<u>Infilco</u>
FILTRATION			
Type and size of area:			
Pressure (in square feet):	<u>N/A</u>	Manufacturer	<u>N/A</u>
Gravity (in GPM/square feet):	<u>N/A</u>	Manufacturer	<u>N/A</u>

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

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CALCULATION OF THE WATER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0	1,486	1,486
5/8"	Displacement	1.0	13	13
3/4"	Displacement	1.5		
1"	Displacement	2.5	4	10
1 1/2"	Displacement or Turbine	5.0	3	15
2"	Displacement, Compound or Turbine	8.0	3	24
3"	Displacement	15.0		
3"	Compound	16.0	1	16
3"	Turbine	17.5		
4"	Displacement or Compound	25.0	1	25
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Water System Meter Equivalents				1,589

CALCULATION OF THE WATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

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

Use one of the following methods:

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

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

$$ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$$

ERC Calculation:

$$\begin{array}{r}
 ERC = \quad 65,533 \text{ gallons, divided by} \\
 \quad \quad 220 \text{ gallons per day} \\
 \quad \quad \underline{365 \text{ days}} \\
 \quad \quad \underline{816.1 \text{ ERC's}}
 \end{array}$$

UTILITY NAME: Plantation Bay Utility Company
SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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OTHER WATER SYSTEM INFORMATION

Furnish information below for each system. A separate page should be supplied where necessary.	
1. Present ERC's * that system can efficiently serve.	<u>1,589</u>
2. Maximum number of ERC's * which can be served.	<u>3,436</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>2,254</u>
4. Future system connection capacity (in ERC's *) upon service area buildout.	<u>6,000</u>
5. Estimated annual increase in ERC's *.	<u>Less than 25 under current real estate market conditions</u>
6. Is the utility required to have fire flow capacity? If so, how much capacity is required?	<u>Yes</u> <u>750 GPM</u>
7. Attach a description of the fire fighting facilities.	<u>153 Hydrants, grid of 6", 12" diameter pipe, storage tank</u>
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.	<u>Install emergency call systems to four major lift stations, expected complete date, may 2012</u>
9. When did the company last file a capacity analysis report with the DEP?	<u>N/A</u>
10. If the present system does not meet the requirements of DEP rules: a. Attach a description of the plant upgrade necessary to meet the DEP rules. Permit and administrative order require wastewater upgrade to meet chapter 62-610 FAC by 2013. Requires Application to be submitted by April 2012	
b. Have these plans been approved by DEP?	<u>N/A</u>
c. When will construction be	<u>N/A</u>
d. Attach plans for funding the required upgrading.	
e. Is this system under any Consent Order of the DEP?	<u>No</u>
11. Department of Environmental Protection ID #	<u>PWS 2184257</u>
12. Water Management District Consumptive Use Permit #	<u>WD 1960</u>
a. Is the system in compliance with the requirements of the CUP?	<u>Yes</u>
b. If not, what are the utility's plans to gain compliance?	<u>N/A</u>
* An ERC is determined based on the calculation on the bottom of Page W-13 W-14 GROUP 1 SYSTEM Plantation Bay	

**WASTEWATER
OPERATION
SECTION**

SCHEDULE OF YEAR END WASTEWATER RATE BASE

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WASTEWATER UTILITY (d)
101	Utility Plant In Service	S-4(a)	\$ 5,604,011
	Less:		
	Nonused and Useful Plant (1)		
108.1	Accumulated Depreciation	S-6(b)	(2,484,060)
110.1	Accumulated Amortization		
271	Contributions in Aid of Construction	S-7	(2,945,581)
252	Advances for Construction	F-20	
	Subtotal		174,370
272	Add: Accumulated Amortization of Contributions in Aid of Construction	S-8(a)	1,558,075
	Subtotal		1,732,445
114	Plus or Minus: Acquisition Adjustments (2)	F-7	
115	Accumulated Amortization of Acquisition Adjustments (2)	F-7	
	Working Capital Allowance (3)		35,358
	Other (Specify):		
	WASTEWATER RATE BASE		\$ 1,767,803
	UTILITY OPERATING INCOME	S-3	\$ 149,348
	ACHIEVED RATE OF RETURN (Wastewater Operating Income/Wastewater Rate Base)		8.45 %

- NOTES: (1) Class A calculate consistent with last rate proceeding. Class B estimated if not known.
 (2) Include only those Acquisition Adjustments that have been approved by the Commission.
 (3) Calculation consistent with last rate proceeding.
 In absence of a rate proceeding, Class A utilities will use the Balance Sheet Method and Class B Utilities will use the One-eighth Operating and Maintenance Expense Method.

WASTEWATER OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	WASTEWATER UTILITY (d)
	UTILITY OPERATING INCOME		
400	Operating Revenues	S-9	\$ 563,653
530	Less: Guaranteed Revenue and AFPI	S-9	
	Net Operating Revenues		563,653
401	Operating Expenses	S-10(a)	282,866
403	Depreciation Expense	S-6(a)	151,426
	Less: Amortization of CIAC	S-8(a)	(79,930)
	Net Depreciation Expense		71,496
406	Amortization of Utility Plant Acquisition Adjustment	F-7	
407	Amortization Expense (Other than CIAC) (Loss on plant abandonment)	F-8	
408.10	Taxes Other Than Income Utility Regulatory Assessment Fee		25,364
408.11	Property Taxes		34,579
408.12	Payroll Taxes		
408.13	Other Taxes & Licenses		
408	Total Taxes Other Than Income		59,943
409.1	Income Taxes	F-16	
410.10	Deferred Federal Income Taxes		
410.11	Deferred State Income Taxes		
411.10	Provision for Deferred Income Taxes - Credit		
412.10	Investment Tax Credits Deferred to Future Periods		
412.11	Investment Tax Credits Restored to Operating Income		
	Utility Operating Expenses		414,305
	Utility Operating Income		149,348
530	Add Back: Guaranteed Revenue (and AFPI)		
413	Income From Utility Plant Leased to Others		
414	Gains (Losses) From Disposition of Utility Property		
420	Allowance for Funds Used During Construction		
	Total Utility Operating Income		\$ 149,348

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

WASTEWATER UTILITY PLANT ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)
351	Organization	\$ 16,808	\$ -	\$ -	\$ 16,808
352	Franchises				
353	Land and Land Rights	50,631			50,631
354	Structure and Improvements	213,778	4,068		217,846
355	Power Generation Equipment				
360	Collection Sewers - Force	418,169			418,169
361	Collection Sewers - Gravity	2,995,495			2,995,495
362	Special Collecting Structures				
363	Services to Customers	301,470			301,470
364	Flow Measuring Devices	5,210			5,210
365	Flow Measuring Installations				
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells				
371	Pumping Equipment	867,752	270		868,022
374	Reuse Distribution Reservoirs	231,313	5,539		236,852
375	Reuse Transmission and Distribution System	20,624	2,237		22,861
380	Treatment & Disposal Equipment	450,559			450,559
381	Plant Sewers	12,102			12,102
382	Outfall Sewer Lines	7,716			7,716
389	Other Plant / Miscellaneous Equipment				
390	Office Furniture & Equipment	270			270
391	Transportation Equipment				
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
Total Wastewater Plant		\$ 5,591,897	\$ 12,114	\$ -	\$ 5,604,011

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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WASTEWATER UTILITY PLANT MATRIX

ACCT. NO. (a)	ACCOUNT NAME (b)	.1 INTANGIBLE PLANT (g)	.2 COLLECTION PLANT (h)	.3 SYSTEM PUMPING PLANT (i)	.4 TREATMENT AND DISPOSAL PLANT (j)	.5 RECLAIMED WASTEWATER TREATMENT PLANT (k)	.6 RECLAIMED WASTEWATER DISTRIBUTION PLANT (l)	.7 GENERAL PLANT (m)
351	Organization	\$ 16,808						
352	Franchises						\$ -	\$ -
353	Land and Land Rights		\$ -	\$ -	\$ 50,631	\$ -		\$ -
354	Structure and Improvements				217,846			
355	Power Generation Equipment							
360	Collection Sewers - Force		418,169					
361	Collection Sewers - Gravity		2,995,495					
362	Special Collecting Structures							
363	Services to Customers		301,470					
364	Flow Measuring Devices		5,210					
365	Flow Measuring Installations							
366	Reuse Services							
367	Reuse Meters and Meter Installations							
370	Receiving Wells							
371	Pumping Equipment			868,022				
374	Reuse Distribution Reservoirs					236,852		
375	Reuse Transmission and Distribution System						22,861	
380	Treatment & Disposal Equipment				450,559			
381	Plant Sewers				12,102			
382	Outfall Sewer Lines				7,716			
389	Other Plant / Miscellaneous Equipme							270
390	Office Furniture & Equipment							
391	Transportation Equipment							
392	Stores Equipment							
393	Tools, Shop and Garage Equipment							
394	Laboratory Equipment							
395	Power Operated Equipment							
396	Communication Equipment							
397	Miscellaneous Equipment							
398	Other Tangible Plant							
	Total Wastewater Plant	\$ 16,808	\$ 3,720,344	\$ 868,022	\$ 738,854	\$ 236,852	\$ 22,861	\$ 270

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

BASIS FOR WASTEWATER DEPRECIATION CHARGES

ACCT. NO. (a)	ACCOUNT NAME (b)	AVERAGE SERVICE LIFE IN YEARS (c)	AVERAGE NET SALVAGE IN PERCENT (d)	DEPRECIATION RATE APPLIED IN PERCENT (100% - d) / c (e)
351	Organization	40	%	2.50 %
352	Franchises		%	%
354	Structure and Improvements	32	%	3.13 %
355	Power Generation Equipment		%	%
360	Collection Sewers - Force	30	%	3.33 %
361	Collection Sewers - Gravity & Manholes	45	%	2.22 %
362	Special Collecting Structures		%	%
363	Services to Customers	38	%	2.63 %
364	Flow Measuring Devices	5	%	20.00 %
365	Flow Measuring Installations		%	%
366	Reuse Services		%	%
367	Reuse Meters and Meter Installations		%	%
370	Receiving Wells		%	%
371	Pumping Equipment	18	%	5.56 %
374	Reuse Distribution Reservoirs	37	%	2.70 %
375	Reuse Transmission and Distribution System	43	%	2.33 %
380	Treatment & Disposal Equipment	18	%	5.56 %
381	Plant Sewers	35	%	2.86 %
382	Outfall Sewer Lines	30	%	3.33 %
389	Other Plant / Miscellaneous Equipment		%	%
390	Office Furniture & Equipment	15	%	6.67 %
391	Transportation Equipment		%	%
392	Stores Equipment		%	%
393	Tools, Shop and Garage Equipment		%	%
394	Laboratory Equipment		%	%
395	Power Operated Equipment		%	%
396	Communication Equipment		%	%
397	Miscellaneous Equipment		%	%
398	Other Tangible Plant		%	%
Wastewater Plant Composite Depreciation Rate *			%	%

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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ANALYSIS OF ENTRIES IN SEWER ACCUMULATED DEPRECIATION

ACCT. NO. (a)	ACCOUNT NAME (b)	BALANCE AT BEGINNING OF YEAR (c)	ACCRUALS (d)	OTHER CREDITS * (e) (Note 1)	TOTAL CREDITS (d + e) (f)
351	Organization	\$ 10,229	\$ 420	\$ -	\$ 420
352	Franchises				
354	Structure and Improvements	72,204	6,808		6,808
355	Power Generation Equipment				
360	Collection Sewers - Force	232,199	13,939		13,939
361	Collection Sewers - Gravity	870,022	66,566		66,566
362	Special Collecting Structures				
363	Services to Customers	102,696	7,933		7,933
364	Flow Measuring Devices	5,210	-		
365	Flow Measuring Installations				
366	Reuse Services				
367	Reuse Meters and Meter Installations				
370	Receiving Wells				
371	Pumping Equipment	331,685	48,223		48,223
374	Reuse Distribution Reservoirs	228,169	6,402	-	6,402
375	Reuse Transmission and Distribution System	17,502	531		531
380	Treatment & Disposal Equipment	450,559	-	-	
381	Plant Sewers	5,031	346		346
382	Outfall Sewer Lines	6,859	257		257
389	Other Plant / Miscellaneous Equipment				
390	Office Furniture & Equipment	270	-		
391	Transportation Equipment				
392	Stores Equipment				
393	Tools, Shop and Garage Equipment				
394	Laboratory Equipment				
395	Power Operated Equipment				
396	Communication Equipment				
397	Miscellaneous Equipment				
398	Other Tangible Plant				
Total Depreciable Wastewater Plant In Service		\$ 2,332,635	\$ 151,425	\$ -	\$ 151,425

* Specify nature of transaction.
 Use () to denote reversal entries.
 Note: Column (e) Rounding

UTILITY NAM Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

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

ACCT. NO. (a)	ACCOUNT NAME (b)	PLANT RETIRED (g)	SALVAGE AND INSURANCE (h)	COST OF REMOVAL AND OTHER CHARGES (i)	TOTAL CHARGES (g-h+i) (j)	BALANCE AT END OF YEAR (c+f-k) (k)
351	Organization	\$ -	\$ -	\$ -	\$ -	\$ 10,649
352	Franchises					
354	Structure and Improvements					79,012
355	Power Generation Equipment					
360	Collection Sewers - Force					246,138
361	Collection Sewers - Gravity					936,588
362	Special Collecting Structures					
363	Services to Customers					110,629
364	Flow Measuring Devices					5,210
365	Flow Measuring Installations					
366	Reuse Services					
367	Reuse Meters and Meter Installations					
370	Receiving Wells					
371	Pumping Equipment					379,908
374	Reuse Distribution Reservoirs					234,571
375	Reuse Transmission and Distribution System					18,033
380	Treatment & Disposal Equipment					450,559
381	Plant Sewers					5,377
382	Outfall Sewer Lines					7,116
389	Other Plant / Miscellaneous Equipment					
390	Office Furniture & Equipment					270
391	Transportation Equipment					
392	Stores Equipment					
393	Tools, Shop and Garage Equipment					
394	Laboratory Equipment					
395	Power Operated Equipment					
396	Communication Equipment					
397	Miscellaneous Equipment					
398	Other Tangible Plant					
Total Depreciable Wastewater Plant In Service		\$ -	\$ -	\$ -	\$ -	\$ 2,484,060

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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WASTEWATER CIAC SCHEDULE "A"
ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION RECEIVED FROM CAPACITY, MAIN
EXTENSION AND CUSTOMER CONNECTION CHARGES RECEIVED DURING THE YEAR

DESCRIPTION OF CHARGE (a)	NUMBER OF CONNECTIONS (b)	CHARGE PER CONNECTION (c)	AMOUNT (d)
		\$ -	\$ -
Total Credits			N/A

ACCUMULATED AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION
ACCOUNT 272

DESCRIPTION (a)	WASTEWATER (b)
Balance first of year	\$ 1,478,145
Debits during year:	
Accruals charged to Account	79,930
Other Debits (specify):	
Total debits	79,930
Credits during year (specify):	
Total credits	
Balance end of year	\$ 1,558,075

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
WASTEWATER SALES				
Flat Rate Revenues:				
521.1	Residential Revenues			\$ -
521.2	Commercial Revenues			
521.3	Industrial Revenues			
521.4	Revenues From Public Authorities			
521.5	Multiple Family Dwelling Revenues			
521.6	Other Revenues			
521	Total Flat Rate Revenues			-
Measured Revenues:				
522.1	Residential Revenues	1,428	1,446	\$ 531,911
522.2	Commercial Revenues	18	19	30,710
522.3	Industrial Revenues			
522.4	Revenues From Public Authorities			
522.5	Multiple Family Dwelling Revenues (Units)			
522	Total Measured Revenues	1,446	1,465	562,621
523	Revenues From Public Authorities			
524	Revenues From Other Systems			
525	Interdepartmental Revenues			
	Total Wastewater Sales	1,446	1,465	\$ 562,621
OTHER WASTEWATER REVENUES				
530	Guaranteed Revenues			\$ -
531	Sale Of Sludge			
532	Forfeited Discounts			
534	Rents From Wastewater Property			
535	Interdepartmental Rents			
536	Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)			(1,006)
	Total Other Wastewater Revenues			\$ (1,006)

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

WASTEWATER OPERATING REVENUE

ACCT. NO. (a)	DESCRIPTION (b)	BEGINNING YEAR NO. CUSTOMERS * (c)	YEAR END NUMBER CUSTOMERS (d)	AMOUNTS (e)
RECLAIMED WATER SALES				
Flat Rate Reuse Revenues:				
540.1	Residential Reuse Revenues			\$ -
540.2	Commercial Reuse Revenues			
540.3	Industrial Reuse Revenues			
540.4	Reuse Revenues From Public Authorities			
540.5	Other Reuse Revenues			
540	Total Flat Rate Reuse Revenues			
Measured Reuse Revenues:				
541.1	Residential Reuse Revenues	1	1	2,038
541.2	Commercial Reuse Revenues			
541.3	Industrial Reuse Revenues			
541.4	Reuse Revenues From Public Authorities			
541	Total Measured Reuse Revenues	1	1	2,038
544	Reuse Revenues From Other Systems			
Total Reclaimed Water Sales				2,038
Total Wastewater Operating Revenues				\$ 563,653

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

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
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WASTEWATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	CURRENT YEAR (c)	.1 COLLECTION EXPENSES - OPERATIONS (d)	.2 SOURCE OF SUPPLY AND EXPENSES - MAINTENANCE (e)	.3 PUMPING EXPENSES - OPERATIONS (f)	.4 PUMPING EXPENSES - MAINTENANCE (g)	.5 TREATMENT & DISPOSAL EXPENSES - OPERATIONS (h)	.6 TREATMENT & DISPOSAL EXPENSES - MAINTENANCE (i)
701	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
703	Salaries and Wages - Officers, Directors and Majority Stockholders							
704	Employee Pensions and Benefits							
710	Purchased Sewage Treatment							
711	Sludge Removal Expense	50,326					50,326	
715	Purchased Power	44,470					44,470	
716	Fuel for Power Production							
718	Chemicals							
720	Materials and Supplies	8,626						730
731	Contractual Services - Engineering	6,189					6,189	
732	Contractual Services - Accounting	2,929						
733	Contractual Services - Legal	366						
734	Contractual Services - Mgt. Fees	55,000						
735	Contractual Services - Testing							
736	Contractual Services - Other	93,605				8,874	81,114	
741	Rental of Building/Real Property							
742	Rental of Equipment							
750	Transportation Expense							
756	Insurance - Vehicle							
757	Insurance - General Liability	8,478					8,478	
758	Insurance - Workmens Comp.							
759	Insurance - Other							
760	Advertising Expense							
766	Regulatory Commission Expenses - Amortization of Rate Case Expense							
767	Regulatory Commission Exp.-Other							
770	Bad Debt Expense							
775	Miscellaneous Expenses	12,877						
Total Wastewater Utility Expenses		\$ 282,866	\$ -	\$ -	\$ -	\$ 8,874	\$ 190,577	\$ 730

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
 December 31, 2011

WASTEWATER UTILITY EXPENSE ACCOUNTS

ACCT. NO. (a)	ACCOUNT NAME (b)	.7 CUSTOMER ACCOUNTS EXPENSE (j)	.8 ADMIN. & GENERAL EXPENSES (k)	.9 RECLAIMED WATER TREATMENT EXPENSES - OPERATIONS (l)	.10 RECLAIMED WATER TREATMENT EXPENSES - MAINTENANCE (m)	.11 RECLAIMED WATER DISTRIBUTION EXPENSES - OPERATIONS (n)	.12 RECLAIMED WATER DISTRIBUTION EXPENSES - MAINTENANCE (o)
701	Salaries and Wages - Employees	\$ -	\$ -	\$ -		\$ -	\$ -
703	Salaries and Wages - Officers, Directors and Majority Stockholders						
704	Employee Pensions and Benefits						
710	Purchased Sewage Treatment						
711	Sludge Removal Expense						
715	Purchased Power						
716	Fuel for Power Production						
718	Chemicals						
720	Materials and Supplies	7,896					
731	Contractual Services - Engineering						
732	Contractual Services - Accounting		2,929				
733	Contractual Services - Legal		366				
734	Contractual Services - Mgt. Fees		55,000				
735	Contractual Services - Testing						
736	Contractual Services - Other		1,475	2,142			
741	Rental of Building/Real Property						
742	Rental of Equipment						
750	Transportation Expense						
756	Insurance - Vehicle						
757	Insurance - General Liability						
758	Insurance - Workmens Comp.						
759	Insurance - Other						
760	Advertising Expense						
766	Regulatory Commission Expenses - Amortization of Rate Case Expense						
767	Regulatory Commission Exp.-Other						
770	Bad Debt Expense						
775	Miscellaneous Expenses		12,877				
Total Wastewater Utility Expenses		\$ 7,896	\$ 72,647	\$ 2,142	\$ -	\$ -	\$ -

S-10(b)
 GROUP 1

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

CALCULATION OF THE WASTEWATER SYSTEMS EQUIVALENT RESIDENTIAL UNITS

METER SIZE (a)	TYPE OF METER (b)	EQUIVALENT FACTOR (c)	NUMBER OF METERS (d)	TOTAL NUMBER OF METER EQUIVALENTS (c x d) (e)
All Residential		1.0	1,446	1,446
5/8"	Displacement	1.0	8	8
3/4"	Displacement	1.5		
1"	Displacement	2.5	4	10
1 1/2"	Displacement or Turbine	5.0	3	15
2"	Displacement, Compound or Turbine	8.0	2	16
3"	Displacement	15.0		
3"	Compound	16.0	1	16
3"	Turbine	17.5		
4"	Displacement or Compound	25.0	1	25
4"	Turbine	30.0		
6"	Displacement or Compound	50.0		
6"	Turbine	62.5		
8"	Compound	80.0		
8"	Turbine	90.0		
10"	Compound	115.0		
10"	Turbine	145.0		
12"	Turbine	215.0		
Total Wastewater System Meter Equivalents				1,536

CALCULATION OF THE WASTEWATER SYSTEM EQUIVALENT RESIDENTIAL CONNECTIONS

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

Use one of the following methods:

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

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

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

For wastewater only utilities:

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

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

NOTE: Total gallons treated includes both treated and purchased treatment

ERC Calculation:	(37,600,000	/ 365 days) / 220 gpd =	468
		(total gallons treated)		

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

WASTEWATER TREATMENT PLANT INFORMATION
 Provide a separate sheet for each wastewater treatment facility

Permitted Capacity	.475 MGD		
Basis of Permit Capacity (1)	Avg. Annual Daily Flow		
Manufacturer	W.T.S.		
Type (2)	Extended Air		
Hydraulic Capacity	.475 MGD		
Average Daily Flow	103,014		
Total Gallons of Wastewater Treated	37,600,000		
Method of Effluent Disposal	Ponds/Reuse		

- (1) Basis of permitted capacity as stated on the Florida DEP WWTP Operating Permit (i.e. average annual daily flow, etc)
- (2) Contact stabilization, advanced treatment, etc.

UTILITY NAME: Plantation Bay Utility Company
 SYSTEM NAME / COUNTY: Plantation Bay / Volusia

YEAR OF REPORT
December 31, 2011

OTHER WASTEWATER SYSTEM INFORMATION

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

1. Present ERC's * that system can efficiently serve.	<u>1,536</u>
2. Maximum number of ERC's * which can be served.	<u>2,159</u>
3. Present system connection capacity (in ERC's *) using existing lines.	<u>2,254</u>
4. Future system connection capacity (in ERC's *) upon service area buildout.	<u>Approximately 6,000</u>
5. Estimated annual increase in ERC's * .	<u>Less than 25 under current real estate market conditions</u>
8. Describe any plans and estimated completion dates for any enlargements or improvements of this system.	<u>Upgrade to meet "Public Access Reuse" requirements of DEP. Before 1/1/13</u>
7. If the utility uses reuse as a means of effluent disposal, attach a list of the reuse end users and the amount of reuse provided to each, if known.	<u>Golf Course - Club du Bon @ Plantation Bay - All - Est. 127,800 GPD.</u>
8. If the utility does not engage in reuse, has a reuse feasibility study been completed?	<u>N/A</u>
If so, when?	<u>N/A</u>
9. Has the utility been required by the DEP or water management district to implement reuse?	<u>Yes</u>
If so, what are the utility's plans to comply with the DEP?	<u>Public access reuse must be met by 1/1/13 per Chapter 62-610 F.A.C.</u>
10. When did the company last file a capacity analysis report with the DEP?	<u>June, 2007</u>
11. If the present system does not meet the requirements of DEP rules:	
a. Attach a description of the plant upgrade necessary to meet the DEP rules.	
b. Have these plans been approved by DEP?	<u>N/A</u>
c. When will construction begin?	<u>N/A</u>
d. Attach plans for funding the required upgrading.	<u>N/A</u>
e. Is this system under any Consent Order of the DEP?	<u>N/A</u>
11. Department of Environmental Protection ID #	<u>FLA 011597-001-DWIR</u>

* An ERC is determined based on the calculation on the bottom of Page S-11

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Water Operations
Class A & B**

Company: Plantation Bay Utility Company

For the Year Ended December 31, 2011

(a)	(b)	(c)	(d)
Accounts	Gross Water Revenues per Sch. F-3	Gross Water Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Unmetered Water Revenues (460)	\$ -	\$ -	\$ -
Total Metered Sales ((461.1 - 461.5)	435,363	435,363	-
Total Fire Protection Revenue (462.1 - 462.2)	-	-	-
Other Sales to Public Authorities (464)	-	-	-
Sales to Irrigation Customers (465)	-	-	-
Sales for Resale (466)	-	-	-
Interdepartmental Sales (467)	-	-	-
Total Other Water Revenues (469 - 474)	11,363	11,363	-
Total Water Operating Revenue	\$ 446,726	\$ 446,726	\$ -
LESS: Expense for Purchased Water from FPSC-Regulated Utility	-	-	-
Net Water Operating Revenues	\$ 446,726	\$ 446,726	\$ -

Explanations:

Instructions:

For the current year, reconcile the gross water revenues reported on Schedule F-3 with the gross water revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).

**Reconciliation of Revenue to
Regulatory Assessment Fee Revenue
Wastewater Operations
Class A & B**

Company: Plantation Bay Utility Company

For the Year Ended December 31, 2011

(a)	(b)	(c)	(d)
Accounts	Gross Wastewater Revenues per Sch. F-3	Gross Wastewater Revenues per RAF Return	Difference (b) - (c)
Gross Revenue:			
Total Flat-Rate revenues (521.1 - 521.6)	\$ -	\$ -	\$ -
Total Measured Revenues (522.1 - 522.5)	562,621	562,621	-
Revenues from Public Authorities (523)	-	-	-
Revenues from Other Systems (524)	-	-	-
Interdepartmental Revenues (525)	-	-	-
Total Other Wastewater Revenues (530 - 536)	(1,006)	-	(1,006)
Reclaimed Water Sales (540.1 - 544)	2,038	1,032	1,006
Total Wastewater Operating Revenue	\$ 563,653	\$ 563,653	\$ (0)
LESS: Expense for Purchased Wastewater from FPSC-Regulated Utility	-	-	-
Net Wastewater Operating Revenues	\$ 563,653	\$ 563,653	\$ (0)

Explanations:

Instructions:

For the current year, reconcile the gross water revenues reported on Schedule F-3 with the gross water revenues reported on the company's regulatory assessment fee return. Explain any differences reported in column (d).

Appendix B

Plantation Bay Utility Condition Assessment

**by Mr. Oscar Duarte, P.E. Wade
Trim, Inc**

FLAGLER COUNTY, FLORIDA
PLANTATION BAY UTILITY SYSTEM
CONDITION ASSESSMENT

PREPARED FOR:
CITY OF BUNNELL AND FLAGLER COUNTY

PREPARED BY:
WADE TRIM, INC
3790 DIXIE HIGHWAY, NE
SUITE D
PALM BAY, FL 32905

JANUARY 2013

FLG 2000.01L

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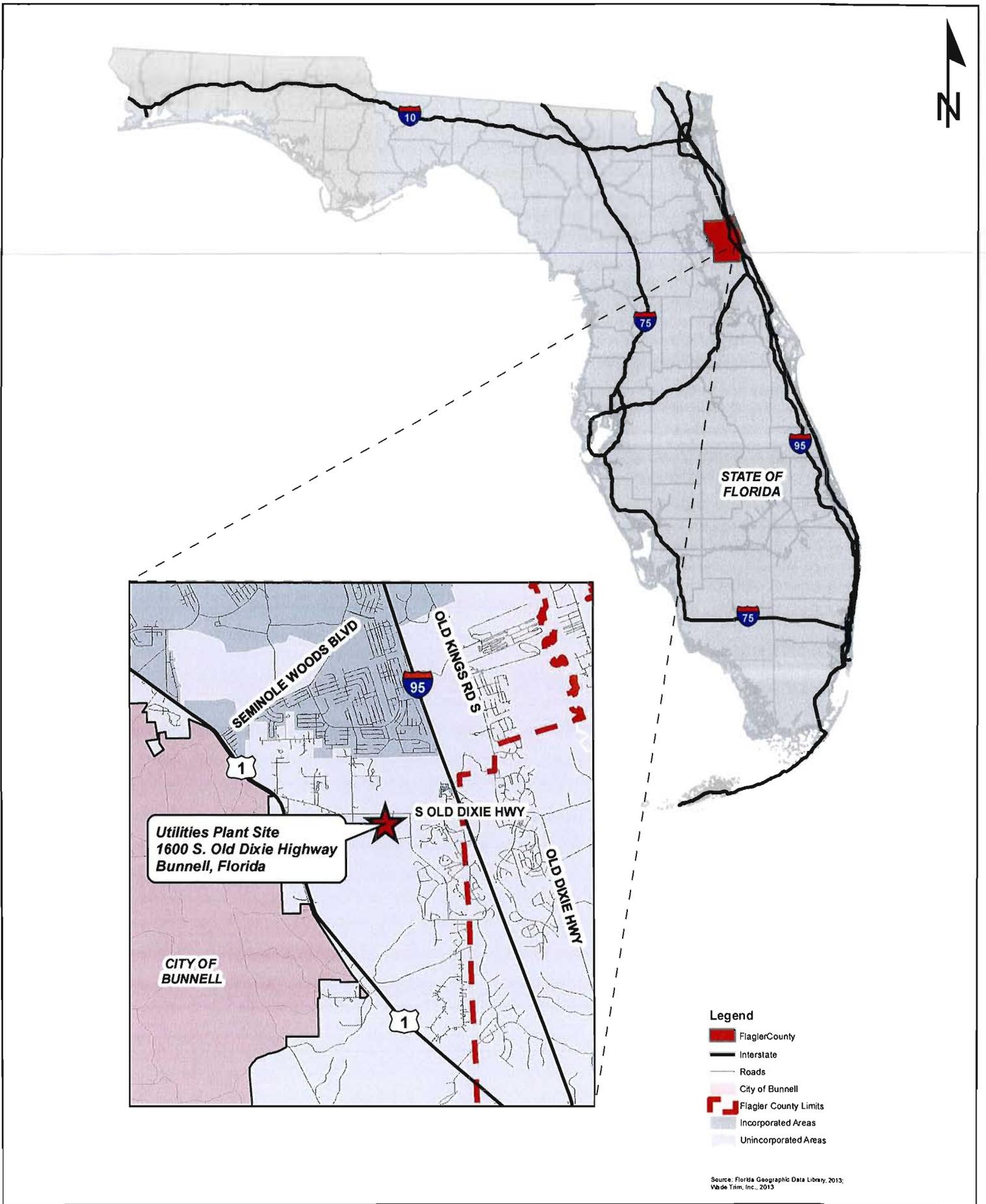
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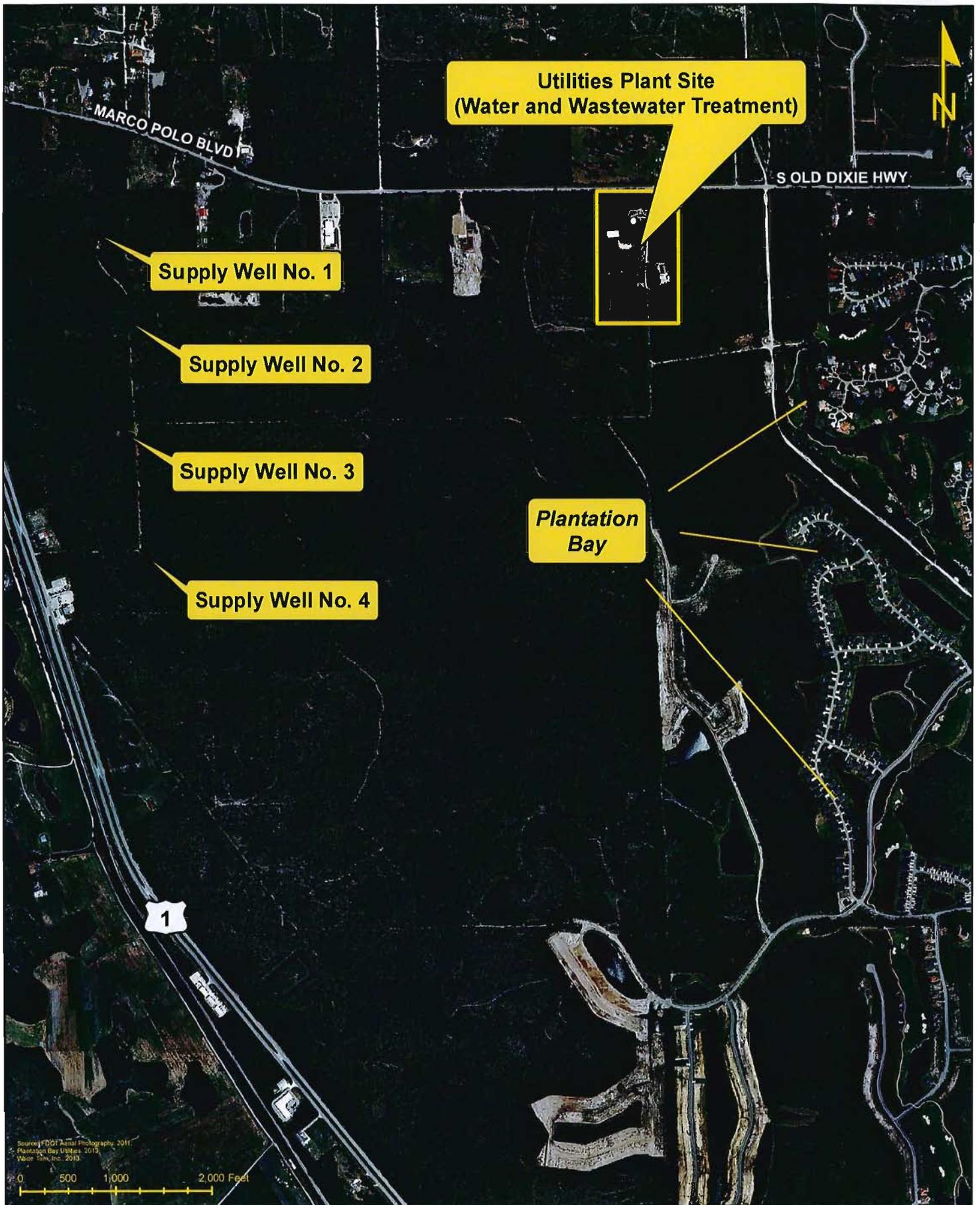
1.1 *Objective and Background*

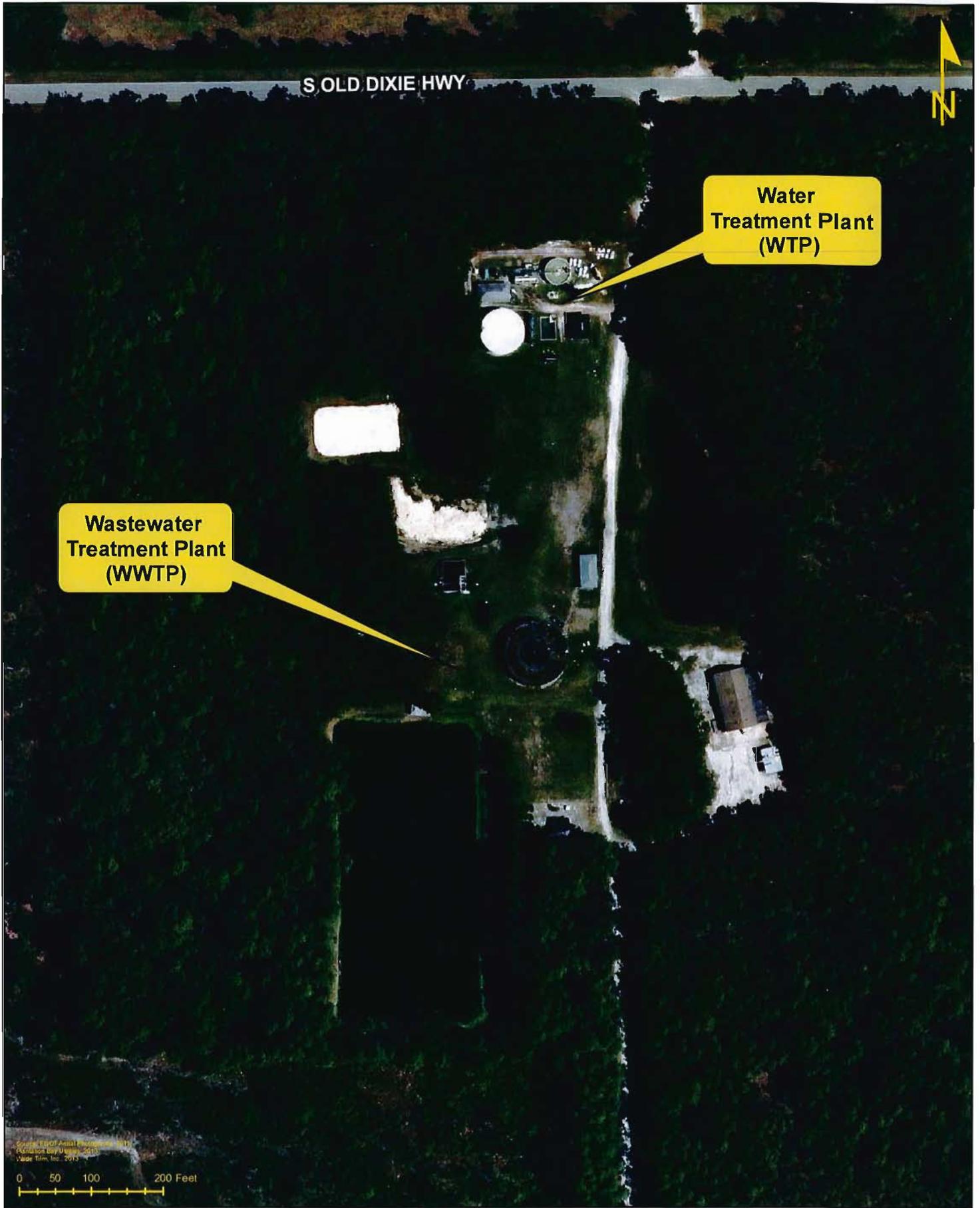
This report has been prepared for the City of Bunnell and Flagler County to assist with the potential purchase of the Plantation Bay Utility (Utility) and presents an analysis of the water and wastewater utility assets owned and operated by the Plantation Bay Utility Company in Flagler County. This report compiles data obtained from the Utility, visual inspections of the systems' facilities, and review of pertinent operating and compliance records. As a result, a detailed list of recommended capital improvement projects have been identified which are needed for the Utility to comply with current regulatory requirements as well as existing equipment in need of replacement are presented for the City of Bunnell's and Flagler County's consideration.

The Utility serves the Plantation Bay residential community and nearby residential and commercial properties and is currently owned by the developer. The Utility's initial water and wastewater systems were constructed circa 1985 with the treatment plants located at 1600 S. Old Dixie Highway as shown in **Figure 1-1**.

To prepare this report, Wade Trim engineers performed visual inspections of major above ground structures, buildings and equipment, including the water and wastewater facilities, storage tanks, water pumping stations, wastewater lift stations, and potable water supply wells at the locations shown on **Figure 1-2** and **Figure 1-3**. Wade Trim engineers also reviewed reports on file at the Florida Department of Environmental Protection (FDEP), the St. Johns River Water Management District (SJRWMD), and utility maintenance records prepared by the Utility.







S OLD DIXIE HWY



Water Treatment Plant (WTP)

Wastewater Treatment Plant (WWTP)

0 50 100 200 Feet

1.2 Service Area

1.2.1 Current Connections

The Plantation Bay Utility Company provides water and wastewater services to the Plantation Bay community located in Flagler and Volusia Counties. In addition, the Utility provides service to three (3) nearby platted residential developments and one (1) commercial development (Dixie Crossings) located on the north side of Old Dixie Highway and directly north of the community. A summary of the Utility customer types and the number of accounts as of December 2011 is presented in **Table 1-1**.

Table 1-1: Summary of Utility Customers as of December 2011

<i>Type</i>	<i>Number of Water Accounts</i>	<i>Number of Wastewater Accounts</i>
<i>Residential</i>	1,486	1,446
<i>Commercial</i>	25	19
<i>Industrial</i>	0	0
<i>Other</i>	0	0
<i>TOTAL</i>	1,511	1,465

(1) Data taken from the 2011 Annual Report of the Plantation Bay Utility Company submitted to the Florida Public Service Commission Page W-9

The customers identified as commercial include a number of connections associated with the Plantation Bay Golf Club, Old Dixie Park operated by Flagler County Parks and Recreation Department, and the three (3) units of the Dixie Crossings commercial development.

1.2.2 Future Connections

The Plantation Bay community is expected to continue to be developed into the future. According to the Public Service Commission report, as of the end of 2011, there are approximately 1,498 units developed out of a total of 5,791 units allowed under the Development of Regional Impact Development Order (Flagler County Ordinance 2004-125).

Table 1-2 summarizes the current development status within the Plantation Bay community.

Table 1-2: Development Status in the Plantation Bay Community

Areas	Flagler County Units	Volusia County Units	Total Units
Platted			
Developed Units	755	743	1,498
Vacant ^{2,3}	229	241	470
Total Platted⁴	984¹	984¹	1,968¹
Unplatted			
Unplatted ⁵	587	0	587
Future	3,236	0	3,236
Total Unplatted	3,823	0	3,823
Platted and Unplatted			
Total Platted & Unplatted	4,807	984	5,791

- (1) Data obtained from the Plantation Bay Plat Recording Tables
- (2) Vacant defined as platted units but entitled to building permits
- (3) Vacant Areas include Westlake Unit 1/2 (12 units); Westlake Unit 4 (97 units); and Westlake Unit 5(120 units).
- (4) Platted units are developed units plus vacant units. Platted units have been reserved water and wastewater system capacity
- (5) Unplatted areas include Westlake Unit 6 (73 units); Westlake Unit 7 (204 units); Westlake Unit 8 (87 units); and Westlake Unit 9 (223 units)

Table 1-3 summarizes the current development status of subdivisions adjacent to Plantation Bay that are currently within the Plantation Bay Utility Company service area.

Table 1-3: Development Status of Served Adjacent Subdivisions

Subdivision	Built	Vacant	Platted	Total Units
Platted				
Plantation Estates	0	75	75	75 ²
Dixie Commons	3	25	28	28
Total Platted	3	100	103	103
Unplatted				
Dixie Crossings	0	0	0	5 ³
Platted and Unplatted				
Total Platted & Unplatted	3	100	103	108

- (1) Data obtained from Flagler County Development Engineering
- (2) PBUC Agreement for 75 Units
- (3) The PBUC Agreement in force 1987 to 2007 accounted for 5 units however, none have been platted.

It is assumed that each platted unit within the service area of the Utility has been granted reserved capacity within the utility system and will connect to the system once a certification of occupancy has been provided by the County Building Department. In

In addition, unplatted units have not been granted reserved capacity within the Utility system, but have started the process towards being platted.

Table 1-4 shows the number of units within the Utility's service area that are able to connect to the Utility and the number of future utility connections with reserved capacity.

Table 1-4: Projection of Future Utility Connections with Reserve Capacity

<i>Area</i>	<i>Platted Units</i>	<i>Unplatted Units</i>	<i>Future Units</i>
<i>Plantation Bay Residential</i>	<i>1,968</i>	<i>587</i>	<i>3,236</i>
<i>Adjacent Subdivisions</i>	<i>103</i>	<i>5</i>	<i>0</i>
<i>Total</i>	<i>2,071</i>	<i>592</i>	<i>3,236</i>

The number of future utility customers within the service area with reserve capacity is 2,071 or an increase of 573 additional (2,071 – 1,498). If the developer constructs the community to the maximum number allowed by the DRI, including the additional unplatted units and future lots, the maximum number of future utility customers within the service area will be 5,899 (or an increase of 3,828 units above the current level).

1.3 Current Utility Personnel and Functions

The Plantation Bay Utility currently employs an operator to maintain and operate both the water and wastewater treatment plants. Due to influent flows less than 300,000 gallons per day, the FDEP Administrative Order has allowed the Utility to operate with reduced staffing. However, it is recommended that the City/County consider employing one or two additional Class C or higher certified operators to effectively operate and maintain the Utility. As development increases within the Plantation Bay service area and influent flows approach 300,000 gallons per day, the FDEP will eventually require a larger staff.

The Utility also employs a customer service representative to coordinate billing and answer customer questions. It is recommended that the City/County consider the employment of this representative to assist during the transition of Utility ownership.

1.4 Regulatory

1.4.1 Public Service Commission

The Plantation Bay Utility Company provides central water and wastewater service to the residential development of Regional Impact of Plantation Bay. Since its origination in 1985, the Company has grown to approximately 1,500 equivalent residential connections (ERCs) based on the December 31, 2011 Annual Report to the Public Service Commission (PSC). The present system connection capacity based on service area build-out is approximately 6,000 ERCs.

1.4.2 SJRWMD Permit Requirements

Plantation Bay Utility Company was issued Consumptive Use Permit No. 1960 from the St. Johns River Water Management District on March 13, 2001 presented in **Appendix A**. This permit authorizes the Utility to use 139.5 million gallons per year (0.382 mgd average) of groundwater from the Floridan Aquifer for public water supply use and 0.60 million gallons per day for essential use (fire protection). This permit expires on March 13, 2021.

A total of four (4) groundwater wells are used by the Utility for withdrawals under this permit. Three of the four wells were constructed in 1985 while the fourth well was constructed in 2002. The wells vary in depth from 160 to 180 feet below the ground surface. By permit, withdrawals from each of the four wells are not allowed to drop below 4 feet NGVD. The Utility is required to conduct water level monitoring on each well and shut down production should water levels reach the 4 feet NGVD level.

Permitted maximum annual groundwater withdrawals from the Florida Aquifer in million gallons per year (MGY) for public supply type use (which includes household, commercial, water utility, and unaccounted for uses) are identified in **Table 1-5** below.

Table 1-5: Permitted Annual Groundwater Withdrawals from the Floridan Aquifer

<i>Year</i>	<i>Permitted Maximum Annual Groundwater Withdrawals (MGY)</i>
2012	99.68
2013	104.64
2014	109.64
2015	114.57
2016	119.57
2017	124.54
2018	129.54
2019	135.50
2020	139.50
2021	139.50

The facility is permitted for slow-rate public access reuse (R-001) which consists of the Plantation Bay Golf Course (75 acres) and the treatment plant's onsite holding pond (1.7 MG). Under the conditions stipulated within this permit, the Utility is required to conduct quarterly sampling and analyses on each of three (3) existing monitoring wells (see **Table 1-6** below) for the following parameters: total dissolved solids (TDS), chlorides, fecal coliform, pH, total sulfates, and total nitrite and nitrates.

Table 1-6: Groundwater Monitoring Wells

<i>Monitoring Well ID</i>	<i>Monitoring Well Location</i>	<i>Depth (feet)</i>
MWB-1	At northeast corner of WTP	15
MWC-2	At southeast corner of percolation/holding pond at WWTP	17
MWC-3R	Along southern margin of percolation pond at WWTP	17

1.4.3 FDEP Operating Water Permit

The Plantation Bay Utility Water Treatment Plant operates under FDEP Potable Water System (PWS) Identification Number 284251. The operating water permit is presented in **Appendix B**. The treatment plant facility has a design capacity of 756,000 gallons per day with an average day flow of 207,767 gpd and a maximum day flow of 349,000 gpd based on the FDEP Sanitary Survey Report dated March 23, 2012. This survey indicates no monitoring or maximum contaminant level (MCL) violations have occurred at the treatment plant since 2008.

1.4.4 FDEP Operating Wastewater

The Plantation Bay Utility Company operates an existing 0.475 mgd average annual daily flow (AADF) extended aeration wastewater treatment facility which consists of the following process units: one influent bar screen, three aeration tanks, one clarifier, one aerobic digester, one gravity sand filter, a chlorine contact chamber, and a percolation/holding pond. The wastewater operating permit is presented in **Appendix C**.

Residuals are hauled offsite for treatment and disposal. This facility is not required to have a pretreatment program at the present time. The treatment plant facilities are located on 1600 South Old Dixie Highway, Bunnell, Florida and operate under FDEP Permit No. FLA011597. This permit was issued on August 8, 2008 and expires in August 7, 2013.

1.4.5 Regulatory Non-Compliance

According to the FDEP, administrative orders and consent orders are used to formally settle enforcement actions and constitute a final order pursuant to section 120.52(7), Florida Statutes. A consent order binds a party who has violated Florida's environmental laws ('respondent') to perform specific actions within identified timeframes to resolve the violation, sets out FDEP's findings that the respondent violated the law and specifies the terms of settlement. A consent order may be agreed on at any point in the administrative process, including before or after FDEP issues a Notice of Violation. Consent orders are authorized in section 120.57(4), Florida Statutes and are the administrative version of a judicial consent decree or consent final judgment.

A review of non-compliance correspondence identified that the FDEP has issued Administrative Order No. AO111NE to the Plantation Bay Utility Company, Inc. on August 8, 2008 and again on August 20, 2010 (**Appendix D**) for the following reasons:

1. The effluent discharge from the WWTF does not consistently meet the limits for total suspended solids within Specific Condition Number I.A.1 of DEP Permit FLA011597.
2. The WWTF does not have the capability to continuously monitor for total residual chlorine, pH, and turbidity within Specific Condition Number I.A.1 of DEP Permit FLA011597.
3. The Plantation Bay Utility Company has not met the construction schedule to upgrade the Plantation Bay WWTF to meet Class I reliability requirements as order by FDEP and as defined by Rule 62-610.100(9)(1), F.A.C.

FDEP's Administrative Order specifically identifies action items that must be completed by defined dates which are presented in **Table 1-7**. Failure to complete these action items on time will result in a Consent Order including fines being issued against the Utility and its owners.

Table 1-7: Administrative Order Compliance Schedule

	<i>Implementation Step</i>	<i>Completion Date According to 8/8/2008 Administrative Order</i>	<i>Completion Date According to 8/20/2010 Administrative Order</i>	<i>Current Status</i>
1	Submit a completed application for a permit to upgrade the wastewater treatment system to meet Class I reliability	January 1, 2010	April 1, 2012	No Known Action
2	Begin Construction	January 1, 2011	October 1, 2012	No Action
3	Submit first report summarizing the construction progress	March 1, 2011	December 1, 2012	No Action
4	Submit second report summarizing the construction progress	September 1, 2011	February 1, 2013	No Action
5	Submit third report summarizing the construction progress	September 1, 2011	April 1, 2013	No Action
6	End Construction	December 31, 2011	June 30, 2013	No Action
7	Operational Level Attained	January 1, 2012	July 1, 2013	No Action

1.5 Project Scheduling Methodology

This report provides recommended capital improvement projects necessary to optimize the operation of the Utility based on information provided by permitting documentation, plant operator, and visual evaluation of the above ground equipment and structures of the water and wastewater supply and treatment systems. A component of the recommendations includes the scheduling prioritization of these projects based on:

- Consent order projects to be initiated within the next 12 months,
- Capital improvement to be performed within years 2013 and 2017, and
- Renewal and replacement projects to be performed mostly within years 2018 and 2022.

Scheduled replacement for identified equipment was based on the existing useful life of system assets as identified in **Table 1-8**. The ranges assume assets have been properly maintained.

Table 1-8: Estimated Life of Common Water System Assets

Asset	Expected Useful Life (in years)
Intake Structures	35 - 45
Wells and Springs	25 - 35
Galleries and Tunnels	30 - 40
Chlorination Equipment	10 - 15
Storage Tanks	30 - 60
Pumps	10 - 15
Buildings	30 - 60
Electrical Systems	7 - 10
Transmission Mains	35 - 40
Distribution Pipes	35 - 40
Valves	35 - 40
Blow-off Valves	35 - 40
Backflow Prevention	35 - 40
Meters	10 - 15
Service Lines	30 - 50
Hydrants	40 - 60
Lab and Monitoring Equipment	5 - 7
Office Furniture and Supplies	10
Computers	5
Transportation Equipment	10

(1) Source: Based on USEPA's Asset Management: A Handbook for Small Water Systems

2.0 POTABLE WATER SYSTEM

The Plantation Bay Utility Company's WTP is defined by the FDEP as a Community Category I, Class C Public Water System located west of Interstate 95 and south of Old Dixie Highway in Flagler County, Florida. The system currently serves the Plantation Bay development and adjacent areas with approximately 1,500 service connections and a population of 3,000.

2.1 Historical Flows

The Plantation Bay WTP has a permitted maximum day capacity of 756,000 gallons per day (gpd). **Table 2-1** provides a summary of the average daily flow for the treatment facility for the period 2010 through 2012 as reported to the FDEP.

Table 2-1: Plantation Bay WTP Flows

<i>Year</i>	<i>Annual Average Daily Flow (gpd)</i>	<i>Maximum Month Average Daily Flow (gpd)</i>	<i>Maximum Average Daily Flow (gpd)</i>
2010	199,900	216,000	281,000
2011	206,700	229,000	287,000
2012	192,400	214,200	349,000 ²

(1) Data obtained from monthly FDEP Daily Monitoring Reports

(2) The increased maximum average daily flow reported is attributed to a water main break in 2012.

2.2 Future Flows

For Utility planning purposes, an equivalent residential connection (ERC) is the amount of utility capacity reserved for use of a typical residential customer. Plantation Bay Utility Company defined an ERC as 220 gallons per day of potable water consumption on the basis of a maximum day flow. Therefore, the Utility should plan to provide water service of 220 gallons per day of potable water supply for each future customer.

The Plantation Bay community and other developments within the service area are expected to experience continued development in the future. It is important for the Utility to plan for the future development to make sure there is adequate capacity to serve these areas as they develop and connect to the utility system. Using the information developed in Section 1.2.2 regarding future utility connections, **Table 2-2** shows a projection of future flows using 220 gallons per day as the reserve capacity for each future customer.

Table 2-2: Projection of Water Demand from Future Development Areas

Development Area	Units	Cumulative Total Units	Max Day Flows (gpd) ¹	Cumulative Total Flow (gpd)
Inside Service Area				
Existing	1,498		329,560	
Platted Units	573 ²		126,060	
	Subtotal	2,071	Subtotal	455,620
Unplatted Units	592 ³		130,240	
	Subtotal	2,663	Subtotal	585,860
Future Area	3,236 ⁴		711,920	
	Subtotal	5,899	Subtotal	1,297,780

(1) Max day flows based on 220 gpd per number of units

(2) 573 units is the difference between total platted units (Table 1-4) and total developed units (Table 1-2)

(3) Total unplatted units from Table 1-4

(4) Total future units from Table 1-4

If the existing units, platted units, and unplatted units within the service area are considered, then the projected maximum day flow for these areas is 585,860 gallons per day and can be easily accommodated by the current water treatment plant with a capacity of 756,000 gallons per day. The Utility should begin considering water treatment plant expansion as the water demand approaches 80% of its design capacity (604,800 gallons per day). This equates to 2,749 units based on a projected maximum day flow demand of 220 gallons per day per unit.

2.3 Water Supply Wells

Plantation Bay Utility Company holds Consumptive Use Permit Number 1960 issued by the St Johns River Water Management District allowing the withdraw of 139.5 million gallons per year (in 2020) of groundwater from the Floridan aquifer to be used as the source of a public water supply and a maximum of 0.60 million gallons per day for essential fire protection.

The groundwater from the Floridan aquifer is withdrawn from four groundwater wells as listed in **Table 2-3**.

Table 2-3: Summary of Groundwater Supply Wells

Well Name	Well No. 1	Well No. 2	Well No. 3	Well No. 4
Year Drilled	1985	1985	1985	2002
Depth Drilled	160 ft	160 ft	160 ft	180 ft
Length (outside Casing)	90 ft	99 ft	103 ft	Unknown
Diameter	8 in	8 in	8 in	8 in
Casing Material	Steel	Steel	Steel	Steel
Well Contamination History	None as of 2010			
Pump Type	Vertical Turbine	Vertical Turbine	Vertical Turbine	Vertical Turbine
Model	5-TLC-4	5-TLC-4	5-TLC-4	5-TLC-4
Manufacturer	Goulds	Goulds	Goulds	Goulds
Rated Capacity	200 gpm	200 gpm	200 gpm	200 gpm
Motor Horsepower	7.5 HP	7.5 HP	7.5 HP	7.5 HP

(1) Taken from March 2012 FDEP Drinking Water Sanitary Survey Page 2.

The Utility is required to file a semi-annual Water Use Report with the St Johns River Water Management District which details the volume of groundwater withdrawn from each well on a monthly basis. A summary of the groundwater withdrawals is shown in **Table 2-4**:

Table 2-4: Summary of Groundwater Withdrawals

Year	Well No. 1	Well No. 2	Well No. 3	Well No. 4	Total ²
2010	39,085,200	42,553,400	834,500	1,514,600	83,987,700
2011	40,828,000	46,392,000	919,000	1,022,000	89,161,000
2012 Jan-Jun	19,013,000	20,370,000	1,855,000	809,000	42,047,000

(1) Taken from semi-annual Water Use Report (Form No. EN-5) to the St Johns River Water Management District

(2) The Consumptive Use Permit allows for the maximum annual groundwater withdrawals are 89.72 million gallons per year in 2010, 94.68 million gallons per year in 2011, and 99.68 million gallons per year in 2012.

From the data, it is apparent that Well Nos. 1 and 2 are being over pumped and used significantly more than Well Nos. 3 and 4. The groundwater extracted from Well Nos. 3 and 4 contains elevated levels of color that are difficult to remove.

Under Condition 20 of the Consumptive Use Permit, the results of water quality sampling of the groundwater wells are submitted to the water management district semi-annually. The results from the most recent May 2012 sampling event are shown in **Table 2-5**.

Table 2-5: May 2012 Groundwater Quality Sampling Results

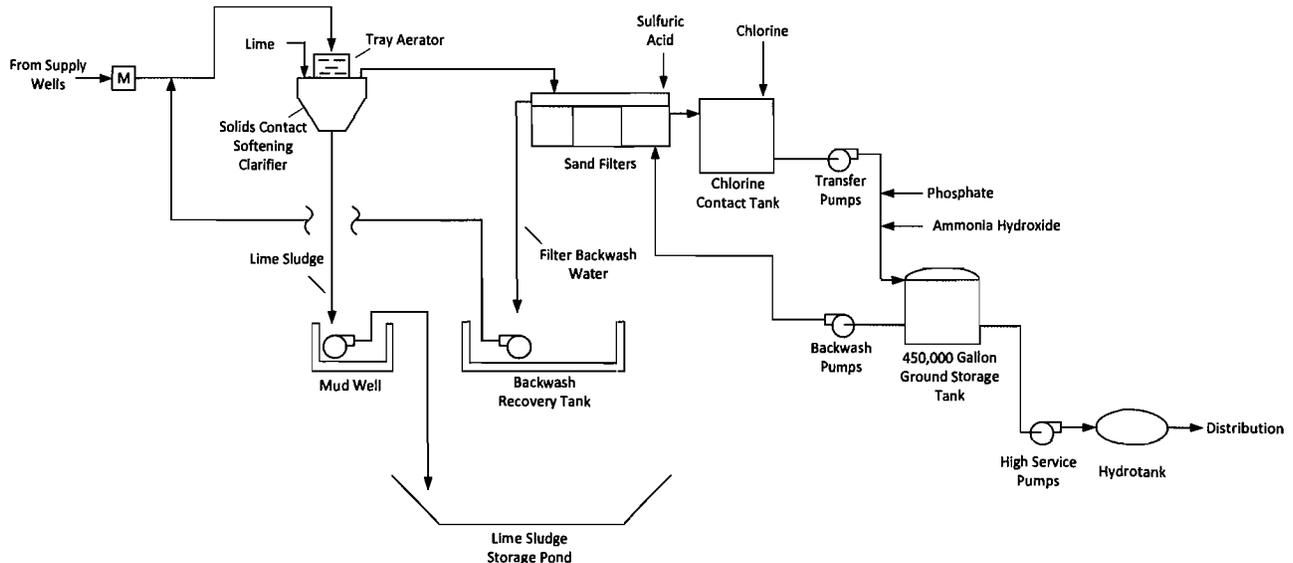
Parameter	Units	Well No. 1	Well No. 2	Well No. 3	Well No. 4
Calcium	mg/L	126	130	124	122
Iron	mg/L	0.18	0.18	0.63	0.82
Magnesium	mg/L	6.3	6.1	5.6	5.6
Potassium	mg/L	1.3	1.3	1.1	1.2
Sodium	mg/L	21.9	17.8	17.7	18.5
Total Hardness	mg/L as CaCO ₃	341	351	332	328
True Color	mgPt/L	25	35	90	90
Total Alkalinity	mg/L as CaCO ₃	334	328	317	312
Specific Conductance	umhos/cm	704	671	665	656
Total Dissolved Solids	mg/L	427	413	406	414
Chlorides	mg/L	30.7	23.3	24.2	23.8
Sulfate	mg/L	< 0.25	< 0.25	< 0.25	< 0.25

Currently, the Utility does not withdraw a significant amount of water from Well No. 3 or 4 due to a high level of color in the raw water. The reported color in the water from Well Nos. 3 and 4 is approximately 4 times higher than Well Nos. 1 or 2. Color is imparted into the water from the presence of organics or metals such as iron. The presence of color is an aesthetic water quality concern and is considered a "recommended" standard under the National Secondary Drinking Water Regulations. The standard for color following treatment is 15 mgPt/L.

2.4 Water Treatment Facility

The treatment plant uses a lime softening treatment process within a solids contact clarifier followed by filtration, primary disinfection, finished water storage, and high service pumping. A simplified flow diagram of the Plantation Bay water treatment plant is shown in Figure 2-1.

Figure 2-1: Water Treatment Plant Flow Diagram



Groundwater from the four wells is pumped in a 10-inch PVC raw water line from the well field to the treatment plant.

The raw water initially passes through a four tray fiberglass tray aerator. Aeration is a treatment process whereby the raw water is brought into contact with air for the purpose of increasing the oxygen content, reducing the carbon dioxide content, and removing any hydrogen sulfide or any other volatile gases that may be responsible for imparting a bad taste or odor to the water. Aeration of the raw water can also partially oxidize dissolved iron and manganese metals into an insoluble form.

Following aeration, the water flows by gravity into a solids contact softening clarifier where lime slurry and polymer are added to the water. The unit is a 36 ft diameter by 14 ft tall steel tank with inward sloping sidewalls. The interior to the tank has an outward sloping interior baffle with a rotating multi-bladed rotor-impeller driven by a 10 horsepower motor and a reducing speed gear drive unit. The solids contact softening clarifier is an Infilco Degremont Accelator® unit consisting of a circular basin with both a center-feed and flocculation zone employing mechanical mixing in a vertical conically shaped zone. The precipitate which forms from removing the hardness is allowed to recirculate through the tank. An adjustable timer is used to control the flow within three sludge blowoff lines that are used to remove lime sludge from the unit controlling the

sludge concentration and sludge blanket depth within the unit. The unit is sized to provide approximately 20 minutes of flocculation time and 60 to 120 minutes for settling. An acceptable surface loading rate for a solids contact softening clarifier ranges from 1 to 3 gpm per sq ft of surface area. Based upon the size of this unit, the treatment capacity of a properly operated softening clarifier is approximately 1500 gpm.

The sludge from the softening clarifier is conveyed to the Mud Well where a duplex submersible pump is used to pump the sludge slurry to the lime slurry storage pond for drying.

The lime slurry used within the softening treatment process is made up by slaking pebble lime stored within a 40 ft tall lime silo. The silo provides storage for approximately 1600 cubic feet or 48 tons of quick lime. Lime is delivered to the plant in the form of pebble or quick lime (chemical symbol CaO). Lime in this form must be hydrated or mixed with water in the slaker to form a lime slurry (chemical symbol CaOH₂). The plant makes use of a 1,000 lbs/hour rated capacity paste type slaker to make-up the lime slurry. The lime slurry is fed to the softening clarifier through two 2-inch feed lines.

The softened water flows by gravity to a rapid sand filter for filtration. The filter unit is a steel tank with three filter cells each 8 ft by 10 ft by 10 ft deep containing a filter bed with an underdrain, 14 inches of gravel, 3 inches of sand, and charcoal. These filters are rated at 5 gpm per square foot. The filters are backwashed at 1,700 gpm after a 48 hour filter run. The ground storage tank is the source of the backwash water and is pumped using one of two 15-horsepower Aurora centrifugal pumps. The backwash pumps are located within Pump Station building. The filter backwash flows by gravity into a 20 ft wide by 30 ft long by 10 ft deep (9 ft side water depth) below-grade Backwash Recovery Tank providing storage for approximately 40,000 gallons. Two 5-horsepower Aurora vertical turbine backwash return pump, rated for 350 gpm, are used to return the stored backwash flow to the softening clarifier.

Following filtration, the filtered water flows by gravity into a small 10 ft diameter by 10 ft tall covered steel Chlorine Contact Tank (CCT) with a volume of approximately 5,300 gallons capacity. The CCT serves as the primary disinfection contact volume within the treatment process. Chlorine is added to the flow within the CCT where free chlorine is the primary disinfectant.

The flow is pumped from the CCT to the Above Ground Storage Tank (AGST) using three 3-horsepower 175 gpm or 350 gpm rated centrifugal Aurora pumps located in the Pump Station building. A 10-inch line is used to draw treated water from the CCT and convey the water to the AGST.

The AGST is a 60 ft diameter by 19 ft side wall height constructed with a prestressed composite wall system (steel shell/shotcrete). The tank has a capacity of 450,000 gallons. The water stored within the AGST serves as the source of supply for the filter backwash pumps and the high service pumps.

The finished water is pumped into the distribution system using three high service pumps. Two pumps are Aurora Model 411-BF centrifugal 25-horsepower, rated for 300 gpm at 190 ft total dynamic head. The large fire flow pump is an Aurora Model 411-BF centrifugal 50-horsepower, rated for 500 gpm at 190 ft total dynamic head. The pumps discharge into a 12-inch header that serves to transmit the finished water out into the distribution system. The facility utilizes currently one hydrotank to aid in maintaining system pressure minimizing water hammer. It is recommended to add a second hydrotank to provide redundancy during periods of scheduled maintenance or failure of the operating hydrotank.

Chlorine for disinfection is supplied by a 150 pound gaseous chlorine cylinder and a Regal 150 pound per day chlorinator. The plant operator reported using approximately 25 to 30 pounds of gaseous chlorine per day.

Following primary disinfection using free chlorine within the CCT, ammonia hydroxide is added following the CCT to convert the free chlorine into chloramines or sometimes called combined chlorine. The ammonia hydroxide is added to the flow using a 10 gallon per day Stenner chemical metering pump.

The addition of sulfuric acid following filtration is used to lower the pH of the treated water to approximately 8.5.

A corrosion inhibitor, in the form of Aquamag, is added to the flow going into the Ground Storage Tank. The corrosion inhibitor is added the flow using a using a 3 gallon per day Stenner chemical metering pump.

2.5 Water Distribution System

Finished water from the water treatment plant leaves the facility through a 12-inch pipe and is routed easterly along South Old Dixie Highway to the Plantation Bay customers. According to the Utility operator, there have been various water line breaks in the distribution system which has resulted in public water boil notices. However, according to the operator, the line breaks are a result of cars hitting fire hydrants and not of piping integrity.

2.6 Regulatory Compliance

Operation of the Plantation Bay Water System is regulated by the FDEP under Public Water System Identification Number 2184251.

A review of the FDEP records for the period January 2010 through December 2012 was conducted to determine if this facility has been in compliance with FDEP rules and regulations. A review of FDEP public access records for the plant shows a Sanitary Survey inspection of the plant was conducted on April 1, 2010 and March 23, 2012 respectively. A routine Compliance Inspection was conducted on February 22, 2011.

The February 2011 Compliance Inspection identified three deficiencies requiring corrective action by the Utility including 1) the Chlorine Contact Tank cover developed

a hole to atmosphere due to corrosion; 2) leaking of Transfer Pump No. 2; and 3) cracking of the pad for Well No. 2. Via an April 2011 correspondence with the FDEP, the Utility reported making necessary repairs to address the leaking pump and the cracked well pad, but requested one year to complete the repairs to the Transfer Tank.

Other than these issues, the routine Sanitary Survey and Compliance Inspection did not identify any other deficiencies requiring corrective action.

As a requirement of the FDEP, the Utility routinely collects samples of the finished water and performs laboratory analysis of the samples to monitor the quality of the potable water supplied to the Plantation Bay community. The quality of the potable water is shared with the community annually when the Utility distributes its Annual Drinking Water Quality Report or otherwise called the Consumer Confidence Report. As needed, the Utility may issue public notices to its customers upon receiving unsatisfactory sampling results.

Under Chapter 62-550 Florida Administrative Code, all public water systems collect samples and perform chemical analysis for a group of common undesirable chemical byproducts of chlorine disinfection called "disinfection by-products". These chemicals are a concern because they are formed by the reaction between chlorine and naturally occurring organics within the groundwater and are known to be carcinogenic. The concentration of specific classes of disinfection by-products called trihalomethanes (THMs) and Haloacetic acids (HAA5s) are regulated by the FDEP and the USEPA. In the United States, the limits for total concentration of the four chief constituents (chloroform, bromoform, bromodichloromethane, and dibromochloromethane), referred to as total trihalomethanes (TTHMs), is 80 parts per billion in treated water. Likewise, the limit for concentration of HAA5s is 60 parts per billion in treated water.

The Plantation Bay water system samples for disinfection by-products on an annual or quarterly basis depending on the results of their historical sampling. In the fall of 2011, a set of routine samples tested high for TTHMs and HAA5s. The Utility was therefore required by the FDEP to make the public aware of the issue via the issuance of a Public Notice and was required to initiate collecting more frequent samples. Increased sampling continued through 2012 and additional Public Notices were issued throughout the year until January 2013 when the FDEP notified the Utility they were able to return to annual routine sampling for disinfection by-products. Since the elevated TTHM/HAA5 sample results in the fall of 2011, all subsequent sample results have been well below the standard established by the FDEP and EPA to be protective of public health.

2.7 Condition Assessment

On January 8, 2013, an inspection of the Plantation Bay Utility water supply and treatment infrastructure was conducted. The following sections provide a description of the various water supply wells and water treatment unit processes examined.

2.7.1 Water Supply Wells

Wells 1 and 2 are the primary operating wells and provide a combined approximate flow of 330 gallons per minute of raw water to the water treatment facility. Wells 3 and 4 are rarely used due to a high coloration of the water produced, but are each capable of supplying approximately 150 gpm. Each well is housed in a concrete block pitched roof structure. The concrete structures each appeared to be in good condition. Each well is installed at a depth of approximately 160 feet.

The main power supply is provided to Well 3 and is then distributed to the other wells. Only Wells 1 and 2 are controlled from the treatment plant through the use of an above ground CAT5 cable which travels through the tree lines. This was noted to be an area of concern should the cable be damaged in a storm event and result in a loss of remote operation control. The future installation of a radio transmitting unit (RTU) will mitigate this concern. Wells 3 and 4 must be started manually by the operator should additional water be needed. The construction of additional water supply wells is recommended to prevent the over pumping of wells 1 and 2. In addition, a water supply well quality study is recommended to determine the source and solution to remove color from water produced from Wells 3 and 4. This water will be needed as platted lots in Plantation Bay become populated and water demands increase.

2.7.2 Water Treatment Plant

The following sections discuss the unit processes observed during the site visit conducted at the Water Treatment Plant facility.

Lime Softening

The water treatment plant is equipped with a lime slaker manufactured by US Filter, housed in a painted steel silo which contained corroded sections but appeared to be structurally sound. The slaker does not functional properly and is in need of replacement. The facility has resorted to hydrated lime in recent years to keep its water softening process operational. Associated slaker components such as the exhaust fan, lime grit remover, dust collector, and electrical components are recommended for replacement due to their age.

Solids Contact Softening Clarifier

Precipitates from the water softening process are removed in the solids contact clarifier through settling. Inspection of the clarifier structure discovered that the clarifier mixer is not operable and must be replaced. A large amount of calcium buildup was observed due to improper operation and maintenance of the clarifier. The supernatant from this structure was not clear and appeared milky. The structure showed obvious signs of corrosion.

Filter

The filter system was rebuilt in 2012 and was recently painted. According to the operator, the filter media composed of sand, rock, and charcoal were replaced during this modification.

Chlorine Transfer Tank

The chlorine transfer tank is a steel tank and according to the operator was recently interiorly cleaned. Top portions of the tank were corroded and a chlorine odor was evident. A redundant transfer tank should be constructed due to the age of the existing steel tank and the existing tank be refurbished.

Pump Station

The distribution pumps, transfer pumps, and backwash pumps are housed in a concrete block structure. All pumps are manufactured by Aurora Pump and are the original pumps installed when the facility was originally constructed. Although the pumps are operational, it is recommended that the pumps be replaced over the course of the next five years due to the fact that these pumps are past their useful life and require replacement.

Above Ground Storage Tank (AGST)

The facility is equipped with an 450,000 gallon AGST which was interiorly cleaned three years ago. Normal maintenance of storage tanks requires clearing every five years. The next schedule cleaning for this tank is 2015.

Emergency Generator

According to the plant operator, the generator runs well; however this is the original generator installed at the time the plant was originally constructed (1985). The generator is currently on an automatic exercising schedule and is tested regularly. Since this generator has been in operation for 28 years and is the key component to maintaining the operation of the facility during emergency loss of power conditions, it is recommended that the generator be replaced within the next 5 years.

2.7.3 Water Distribution System

No components of the water distribution system were reviewed as part of the condition assessment.

3.0 WASTEWATER TREATMENT

3.1 Historical Flows

The Plantation Bay WWTF is defined by the FDEP as a Category III, Class C located west of Interstate 95 and south of Old Dixie Highway in Flagler County, Florida. The WWTF currently serves the Plantation Bay development and adjacent areas with approximately 1,465 wastewater service connections.

The Plantation Bay WWTF has a permitted annual average daily treatment and disposal flow capacity of 475,000 gallons per day (gpd). **Table 3-1** provides a summary of the average daily flow for the treatment facility for the period 2010 through 2012 as reported to the FDEP.

Table 3-1: Plantation Bay WWTF Flows

Year	Annual Average Daily Flow (gpd)	Maximum Month Average Daily Flow (gpd)	Maximum Average Daily Flow (gpd)
2010	123,300	150,000	261,000
2011	103,800	115,000	161,000
2012	111,300	122,200	241,000

(1) Data obtained from monthly FDEP Discharge Monitoring Reports

The Plantation Bay WWTF is currently operating using approximately 23 percent of its current rated permitted treatment capacity (475,000 gpd) based on the annual average daily flow for 2012.

3.2 Future Flows

For Utility planning purposes, an equivalent residential connection (ERC) is the amount of utility capacity reserved for use of a typical residential customer. Plantation Bay Utility Company defined an ERC as 220 gallons per day of wastewater flow on the basis of an average daily flow. Therefore, the Utility should plan to provide wastewater treatment capacity of 220 gallons per day of wastewater flow for each future connection.

The Plantation Bay community and other developments within the service area are expected to experience continued development in the future. It is important for the Utility to plan for the future development to make sure there is adequate capacity to serve these areas as they develop and connect to the utility system. Using the information developed in Section 1.2.2 regarding future utility connections, **Table 3-2** shows a projection of future wastewater flows using 220 gallons per day as the reserve wastewater capacity for each future customer.

Table 3-2: Projection of Wastewater Flows from Future Development Areas

Development Area	Units	Cumulative Total Units	Ave Day Flow (gpd) ¹	Cumulative Total Flow (gpd)
Inside Service Area				
Existing	1,498		329,560	
Platted Units	573 ²		126,060	
	Subtotal	2,071	Subtotal	455,620
Unplatted Units	592 ³		130,240	
	Subtotal	2,663	Subtotal	585,860
Future Area	3,236 ⁴		711,920	
	Subtotal	5,899	Subtotal	1,297,780

(1) Average day flows based on 220 gpd per number of units.

(2) 573 units is the difference between total platted units (Table 1-4) and total developed units (Table 1-2)

(3) Total unplatted units from Table 1-4

(4) Total future units from Table 1-4

The treatment plant has a permitted capacity of 475,000 gallons per day. Under FDEP rules, the Utility can utilize up to 80% of the permitted capacity before being required to closely monitor available capacity by submitting annual Capacity Analysis Reports or beginning planning for a treatment plant expansion. Therefore, the Plantation Bay WWTF has plant capacity up to approximately 380,000 gpd before FDEP will require annual Capacity Analysis Reports or a facility expansion will be necessary.

Based upon a projection of future flows, the projected wastewater flows from the existing develop areas can be treated within the capacity of the existing treatment plant. Approximately 229 of the platted units can be developed before expansion of plant capacity is required.

3.3 Collection System

The wastewater collection system for the Plantation Bay development consists of multiple platted development areas that drain by gravity into a sanitary lift station which pumps the domestic sewage through a force main to the wastewater treatment facility. The wastewater is collected from the service area by fifteen (15) lift stations as shown in **Table 3-3**.

Table 3-3: Plantation Bay Wastewater Lift Stations

<i>Lift Station Identification</i>	<i>Lift Station Location</i>	<i>Service Area</i>
LS-A	Magnolia Dr	Treetop Cir. Treetop Tr. Magnolia Dr Magnolia Lane Jasmine Run Plantation Point Condo
LS-B	Kingsley Cir.	Landing Lane Kingsley Cir. Long Cove Rd Harbor Town Ln Seabrook Rd Mass Creek Dr Dolphin Head Ln
LS-C	Bay Point Dr.	Bay Point Dr.
LS-D	Gull Lake	Gull Lake Ln. Lakewood Dr. Millstream Ln. Brookridge Ln. Windstream Ln
LS-E	Bay Lake Dr.	Bay Ct. Meadow Brook Ln Villa Lago Ln Bay Lake Dr Bridgewater Ln
LS-F	Hampstead Ln	Hampstead Ln Sudbury Ln
LS-G	Hampstead Ln (South)	Hamostead Ln Oxbridge Ln Castlehawk Ln Dovercourt Ln Redbourne Ln Sunningdale Ln Aldenham Ln Hartbourne Ln Ashbridge Ln Regal Point Ln Crown Point Ln Royal Pointe Ln
LS-H	Aldenham Ln	Aldenham Ln Hansberry Ln Kilkenny Ln Henlow Ln Harwick Ln

<i>Lift Station Identification</i>	<i>Lift Station Location</i>	<i>Service Area</i>
LS-I	Stone Lake Dr	Stone Lake Dr Westwood Dr Lake Bridge Dr
LS-J	Cobblestone Ln	Cobblestone Ln
LS-K	Woodbridge Dr	Woodbridge Dr Wingspan Dr
LS-M	Stone Bridge Dr	Stone Bridge Dr Heatherwood Ct
LS-AA	Dixie Commons	Outside DRI
LS-BB	Plantation Estates	Outside DRI

The lift stations within the community are the wet well mounted type where the pumps are positioned on top of the wet well and use a suction-lift (vacuum priming) to prime the pumps. In most instances, the pumps are located within an above-grade fiberglass enclosure allowing easy access to the mechanical components to perform maintenance. In the case of three lift stations (Kingsley Cir., Hampstead Ln South, and Aldenham Ln), the pumps are located in a recessed below-grade structure located directly above the wet well. This configuration limits the above-grade profile of the station.

Wade Trim did not observe or inspect the below-ground wastewater collection system components, with the exception of select lift stations.

3.4 Wastewater Treatment

The FDEP Domestic Wastewater Facility Permit for the Planation Bay WWTF authorizes the operation of a 475,000 gallon per day annual average daily flow, Category III, Class C extended aeration treatment facility. The plant does not meet Class I reliability and does not provide for continuous total residual chlorine, pH, or turbidity monitoring. The facility is grandfathered from meeting these requirements because the facility was placed into service before these requirements were enacted.

The facility is currently under an Administrative Order (No. AO 111NE, dated August 20, 2010) which provides for an interim permit limits for TSS , interim permit limits for total residual chlorine, and provides for a compliance schedule to construct reliability upgrades by January 1, 2012. There is a draft Consent Order which provides for a continuation of interim limits for TSS and TRC until upgrades to meet Class I reliability standards are completed in April 2015.

The Administrative Order also allows the plant to be operated at a reduced staffing level. The required staffing is as follows:

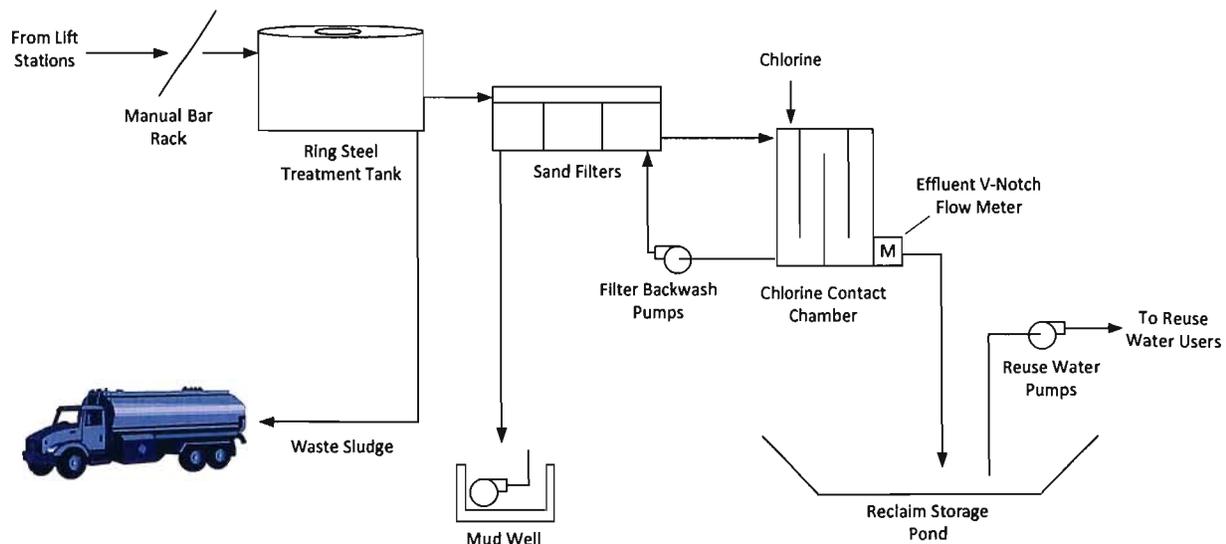
An operator with a Class C or higher certification must be on the site for 6 hours/day for 5 days/week with one weekend visit. The lead operator must hold a Class C or higher certification.

FDEP has granted this level of reduced operator staffing because the influent flows to the facility are less than 300,000 gallon per day.

Plantation Bay WWTF was granted a permit revision on January 26, 2012 under FDEP File Number FLA 011597-007-DWF which allowed a change in the monitoring location of the reported measured flow through WWTF from the influent to the effluent after disinfection.

The Plantation Bay WWTF is comprised of the following components: ring steel plant, sand filtration, and chlorine contact chamber. A simplified flow diagram of the wastewater treatment plant is shown in **Figure 3-1**.

Figure 3-1: Wastewater Treatment Plant Flow Diagram



Ring Steel Plant and Appurtenances. The 88 foot diameter ring steel plant consists of three aeration zones and an aerobic digester in the outer ring and a clarifier in the inner ring. The total aeration volume is 510,000 gallons. The plant is designed to operate in extended aeration mode. A manual bar screen with overflow is located at the influent end of the tank. The clarifier is approximately 36 feet in diameter and has a volume of 112,500 gallons. There is a scum air-lift pump that pumps the scum collected from the clarifier scum box to the first aeration bay. An air-lift pump is used to return thickened sludge from the clarifier to the first aeration bay. The same air-lift pump is used to convey waste activated sludge to the digester.

The aerobic digester is 56,100 gallons. Supernatant from the digester is conveyed to back to the aeration tank using a supernatant air-lift pump. Liquid sludge is pumped out of the digester into a tanker truck for offsite disposal.

Tertiary Filtration. The secondary effluent from the Ring Steel plant flows by gravity to a steel, package type tertiary filter. The filter consists of three, 80 square foot beds utilizing sand media. The filters are manually backwashed by two 10 horsepower pumps that draw water from the chlorine contact chamber. Spent backwash water is discharged by gravity to a 16,100 gallon mudwell. The flow retained within the mud well is pumped back to the second aeration bay.

Chlorination. Filtered effluent flows by gravity from the filters to a single pass 52,600 gallon Chlorine Contact Chamber. The tank is constructed of three parallel long channels. The gaseous chlorination equipment consists of dual 150 pound gas chlorine cylinders, a gas chlorinator and an automatic switchover devise. The chlorination equipment is housed in a building adjacent to the Water Treatment Plant. Flow through the plant is measured by an over-the-weir type flow meter located at the V-notch weir at the discharge end of the Chlorine Contact Chamber.

Plant Performance. The data reported to the FDEP on the monthly Discharge Monitoring Reports (DMR) for the period January 2010 through December 2012 was reviewed to determine the treatment performance of the Plantation Bay WWTF. The FDEP operating permit requires the plant to collect an 8-hour flow proportional composite sample of the influent wastewater to the plant once every two weeks for CBOD5 and TSS analysis. A summary of these results is shown below in **Table 3-4**.

Table 3-4: Plantation Bay WWTF Historical Influent Pollutant Characteristics

Year	CBOD5 Annual Ave Conc (mg/L)	CBOD5 Max Month Conc (mg/L)	TSS Annual Ave Conc (mg/L)	TSS Max Month Conc (mg/L)
2010	212	257	181	285
2011	186	243	203	279
2012	187	224	245	341
Typical¹	220		220	

(1) Typical for Medium Strength Untreated Domestic Wastewater. Taken from Table 3-16 Wastewater Engineering Treatment, Disposal, and Reuse, Third Edition.

The influent wastewater to the Plantation Bay WWTF has pollutant characteristics typical of medium strength wastewater which originates from a residential development.

The monthly Discharge Monitoring Reports also contains pollutant data on the treated effluent discharged to the reuse pond by the treatment plant. The FDEP operating permit requires the plant to collect an 8-hour flow proportional composite sample of the effluent wastewater from the plant once every two weeks for CBOD5 analysis and a daily grab sample five days per week for TSS analysis. A summary of these results is shown below in **Table 3-5**.

Table 3-5: WWTF Historical Treated Effluent Pollutant Characteristics

<i>Year</i>	<i>CBOD5 Annual Average Conc (mg/L)</i>	<i>CBOD5 Maximum Monthly Ave Conc (mg/L)</i>	<i>CBOD5 Maximum Single Sample Conc (mg/L)</i>	<i>TSS Maximum Weekly Average Conc (mg/L)</i>	<i>TSS Maximum Single Sample Conc (mg/L)</i>
2010	3.5	4.5	5.0	3.5	3.7
2011	3.5	4.2	5.5	1.8	1.8
2012	3.1	4.4	4.9	< 3.8	< 3.8
Permit Limit	20	30	60	5.0	NA

A comparison of the reported effluent pollutant concentrations as compared to the permitted discharge limit shows the WWTF is producing high quality effluent that is well below the permitted limit.

3.5 Effluent Disposal

The permit authorizes the discharge of treated effluent from the Plantation Bay WWTF to a 475,000 gallon per day AADF slow-rate public access reuse land application system (R-001). The system consists of a 1.7 million gallon holding pond and the 75 acres of Plantation Bay Golf Course. The holding pond has a dual purpose of providing effluent holding for the golf course irrigation and disposal of effluent via percolation. Approximately 85% of the effluent is pumped to the golf course as a source for irrigation water. Effluent is collected in the pond over a three to four day period before being used for one irrigation cycle. The golf course attempts to use reclaimed water for two irrigation cycles per week. The balance of the golf course irrigation needs is met through the use of other surface water taken from the golf course open water lakes.

3.6 Residuals Disposal

The Utility contracts with Rainbow Ranch of Bunnell, FL to provide for the hauling, treatment, and disposal of the liquid wastewater residual from the wastewater treatment process. According to the residuals disposal agreement with Rainbow Ranch dated July 20, 2009, the Utility is charged a fee of \$0.12 per gallon for the hauling, treatment, and disposal of approximately 12,000 to 18,000 gallons per week of liquid sludge. The annual expected cost for this effort is approximately \$100,000 per year.

3.7 Regulatory Compliance

Operation of the Plantation Bay WWTF is regulated by the FDEP under the Domestic Wastewater Facility Permit No. FLA 011597. The FDEP permit was originally issued on August 8, 2008 with three subsequent revisions on September 4, 2009, January 26, 2010, and May 18, 2010 respectively. While the current permit will expire on August 7, 2013, efforts should commence immediately to renew the permit. The facility is also subject to requirements contained within Administrative Order No. AO 111 NE.

A review of the FDEP records for the period January 2010 through December 2012 was conducted to determine if this facility has been in compliance with FDEP rules and

regulations. A review of FDEP public access records for the plant show routine compliance evaluation inspections of the facility were conducted last conducted on August 17, 2011 and December 22, 2011. On both occasions, the plant was deemed by the FDEP to be "In Compliance" during the inspections.

A review of the monthly Discharge Monitoring Reports (DMR) as submitted from the Utility to the FDEP did show the plant reporting several violations of the effluent pollutant quality parameters during the period January 2010 through December 2012 as shown in **Table 3-6**.

Table 3-6: Plantation Bay WWTF DMR Reported Effluent Violations

<i>Date</i>	<i>Parameter</i>	<i>Permit Limitation</i>	<i>Reported Value</i>
October 2011	Fecal Coliform	< 25 #/100 mL Single Sample	35 #/100 mL
April 2012	Fecal Coliform	< 25 #/100 mL Single Sample	58 #/100 mL
April 2012	Fecal Coliform	> 75% samples are non-detect	67% samples were non-detect
June 2012	Fecal Coliform	< 25 #/100 mL Single Sample	46 #/100 mL
September 2012	Fecal Coliform	< 25 #/100 mL Single Sample	34 #/100 mL

The operators describe on the DMRs responding to the permit limit exceedance by increasing the chlorine residual as a response to the elevated fecal coliform result.

3.8 Condition Assessment

3.8.1 Lift Stations

An inspection of select lift stations was conducted on January 8, 2013. The condition of the lift station generally correlates to age of the station. Within Plantation Bay, the lift stations were installed as the community was developed so the stations range in age. The stations are generally in fair to good condition. Significant corrosion from exposure to hydrogen sulfide was evident in the wet wells at the Aldenham LN and Hampstead LN South stations. Installation of a coating system to prevent further deterioration is recommended. During our inspection of the Hampstead LN station, we observed one of the pumps was missing. This unit should be replaced to provide the required level of redundancy at this station. Continued maintenance of these lift stations is critical to maintaining a reliable collection system. Utilities maintenance records indicate electrical panels have been replaced at a few lift stations. This replacement will be an on-going occurrence as the stations age. Wade Trim observed that none of the lift stations are equipped with identification signs that provide an emergency contact phone number. It is recommend that such signage to be installed.

3.8.2 Treatment Plant

An inspection of the physical condition of the WWTF was conducted on January 8, 2013.

During the inspection, Wade Trim observed the mechanical screen had not been cleaned for the day and had a significant accumulation of material to cause the screen to be by-passing a significant amount of the influent flow.

Ring Steel Plant

The ring steel plant exhibits evidence of problematic structural concerns and some degree of corrosion due to its age. Some time ago, the Utility performed a leak repair where the exterior wall meets the base slab by placing concrete around the base of the tank. The exterior tank walls show evidence of a deformation at several locations from differential hydrostatic pressure. An interior compartment wall that separates the aeration zone from the digester zone is highly deformed from uneven dewatering of the digester zone. The wall is likely no longer water tight. A small segment of walkway has been damaged as a result of the wall deformation and this section of walkway should be chained-off.

There is a moderate amount of corrosion on most of the metal tank components at or near the water line. The amount of corrosion observed is consistent with the age of the tank. Steps should be taken by the Utility to limit further corrosion to ensure the long-term useful operability of the tank. Additionally, existing corrosion apparent on the structural members of the walkway system should be addressed immediately. Based on observations, the process tank most likely has a significant accumulation of grit/sand at the bottom of the tank that should be removed as part of a rehabilitation project

The secondary biological treatment system appears to be operating well. The aeration diffusers were providing a good rolling mixing pattern. The mixed liquor was well aerated and did not exhibit any unusual offensive odor. There was no significant accumulation of floating scum or foam on the surface of the aeration zone or the clarifier. Pin floc was observed on the surface of the clarifier which typically results from a presence of old sludge. The clarifier weirs need to be cleaned of biological growth to improve the balance of flow. At the time of the site visit, the digester was full and therefore it would not be possible to waste biosolids.

Filters

The filter system appears to be in fair to poor physical condition. The steel tanks show evidence of moderate corrosion that require spot repairs. Complete sand blasting of the steel structure may reveal additional areas requiring spot repairs. The filters are reportedly manually backwashed as the solenoid and valves are no longer functional. The media appears to be in need of replacement as the operator has placed a high level pump in one cell to prevent a high level overflow. It is recommended the ladder to access the tank be replaced with stairs to improve the access to the tank.

Chlorine Contact Tank/Mudwell

The Chlorine Contact Tank/Mudwell concrete structure appears to be in good condition. A slot has been cut in an interior tank wall to allow the filter waste which collects in the mudwell to overflow into the Chlorine Contact Tank. The plant currently does not have on-line pH, turbidity, or chlorine residual monitoring. At the time of the site visit, the treated water within the Chlorine Contact Tank was turbid and exhibited poor clarity for typical reclaimed water.

Percolation/Effluent Storage Pond

The on-site reclaimed water pond was in good condition. The slopes of the bank appear to be adequately stabilized. Control of aquatic weeds is a continuing concern to maintain the operation of the pond.

Blower Building

The Blower Building and the four centrifugal aeration blowers all appear to be in good condition.

4.0 RECOMMENDED WATER CAPITAL IMPROVEMENT PROJECTS

The Capital Improvement Projects (CIP) presented herein includes proposed projects to the Plantation Bay Utility system to:

- Immediately address issues identified in the FDEP consent order and bring the Utility back into compliance;
- Identify capital improvement projects to be performed between years 2013 and 2017 to increase efficiency, optimize performance and upgrade equipment in obvious need of maintenance; and
- Identify Renewal and Replacement (R&R) projects to be performed mostly between years 2018 and 2022 that are recommended for maintenance of the Utility

The projects discussed in the following sections are based on a review of correspondence with permitting agencies, sampling documentation obtained over the past three years, and visual inspection of above ground structures observed during site visits to the Plantation Bay Utility facilities.

4.1 *Consent Order Projects*

The consent order projects presented in **Table 4-1** are comprised of six projects that address the non-compliance issues identified in the Administrative Orders. It is therefore recommended that the identified consent order projects be given the highest priority and commence immediately to prevent fines and legal action. Due to the effort required by these projects, approximately 12 months to 24 months should be allotted for design and construction. Detailed cost estimation for the consent order projects including engineering and permitting is provided in **Appendix E**.

Table 4-1: Consent Order CIP Projects

<i>CIP No.</i>	<i>Description</i>	<i>Project Type</i> ³	<i>Estimated Project Cost</i> _{1,2}
COP-1	Construction of a new Mechanical Bar Screen Structure	WW	\$541,000
COP-2	Construction of Redundant Wastewater Treatment Unit	WW	\$1,442,000
COP-3	Rehabilitation of Existing Sand Bed Filters	WW	\$321,000
COP-4	Construction of Redundant Chlorine Contact Chamber	WW	\$95,000
COP-5	Construction of an Effluent Storage Pond	WW	\$866,000
COP-6	Reuse Instrumentation and Control Improvements	WW	\$143,000
TOTAL			\$3,408,000

(1) Pricing based on ENR Construction Cost Index = 9291 (June 2012)

(2) Estimates of probable costs are Class 5 order-of-magnitude estimates as defined by AACE and rounded to the nearest thousand dollars.

(3) Project type abbreviation: Water Related Projects (Water), Wastewater Related Projects (WW)

4.2 Identified CIP Projects

Wade Trim has identified twelve CIP projects in **Table 4-2** relating to the treatment plants as well as the water supply wells. These projects include intricate design, studies, and replacement of critical equipment needed to improve operations and system reliability. It is recommended that the CIP projects identified be performed within the years 2013 and 2017 as these projects are either safety related or provide maintenance to critical equipment in poor condition. Detailed cost estimation for the CIP projects including engineering and permitting is provided in **Appendix F**.

Table 4-2: Identified CIP Projects

<i>CIP No.</i>	<i>Description</i>	<i>Project Type</i> ³	<i>Estimated Project Cost</i> ^{1,2}
CIP-1	Installation of New Water Supply Wells	Water	\$300,000
CIP-2	Chemical Optimization Study	Water	\$44,000
CIP-3	Lime Slaker Replacement	Water	\$486,000
CIP-4	Accelerator Softener - Mixer Replacement	Water	\$49,000
CIP-5	Transfer Tank Contact Time Evaluation	Water	\$14,000
CIP-6	Emergency Generator Replacement	Water	\$358,000
CIP-7	Transfer Pump Replacement	Water	\$97,000
CIP-8	High Service Pump Replacement	Water	\$133,000
CIP-9	Backwash Pump Replacement	Water	\$76,000
CIP-10	Polymer and Polymer Mixing System Addition	Water	\$124,000
CIP-11	Installation of New Recarbonation System	Water	\$45,000
CIP-12	Conversion of the Existing Gaseous Chlorine System to Liquid Sodium Hypochlorite	Water	\$171,000
CIP-13	Water Supply Well Water Quality Study	Water	\$50,000
TOTAL			1,947,000

(1) Pricing based on ENR Construction Cost Index = 9291 (June 2012)

(2) Estimates of probable costs are Class 5 order-of-magnitude estimates as defined by AACE and rounded to the nearest thousand dollars.

(3) Project type abbreviation: Water Related Projects (Water), Wastewater Related Projects (WW)

4.3 Identified R&R Projects

Table 4-3 provides a list of ten renewal and replacement (R&R) projects. These projects are routine maintenance and permitting activities that are typically repeated at annual intervals to ensure proper operation of critical components and permits. Detailed cost estimation for the R&R projects including engineering and permitting is provided in Appendix G.

Table 4-3: Identified R&R Projects

<i>CIP No.</i>	<i>Description</i>	<i>Project Type³</i>	<i>Estimated Project Cost^{1,2}</i>
RR-1	Maintenance on Above Ground Storage Tank	Water	\$31,000
RR-2	Clean and Re-grade Lime Sludge Storage Pond	Water	\$49,000
RR-3	Consumptive Use Permit – Compliance Report	Water	\$18,000
RR-4	Consumptive Use Permit Renewal	Water	\$130,000
RR-5	Sand Blast and Paint Lime Slaker Silo	Water	\$54,000
Water R&R Project Subtotal			\$282,000
RR-6	Clean and Refurbish Original WWTP	WW	\$276,000
RR-7	Replacement of Existing Lift Stations	WW	\$1,620,000
RR-8	WWTP Permit Renewal (2013)	WW	\$49,000
RR-9	WWTP Permit Renewal (2018)	WW	\$49,000
Wastewater R&R Projects Subtotal			\$1,994,000
R&R Project Combined Total			\$2,276,000

(1) Pricing based on ENR Construction Cost Index = 9291 (June 2012)

(2) Estimates of probable costs are Class 5 order-of-magnitude estimates as defined by AACE and rounded to the nearest thousand dollars.

(3) Project type abbreviation: Water Related Projects (Water), Wastewater Related Projects (WW)

4.4 Schedule for Recommended Projects

Figure 4-1 provides the recommended schedule for initiating the consent order, capital improvement, and renewal and replacement projects. Prioritization has been given to the consent order projects for the wastewater treatment plant to be back in compliance.

Figure 4-1: Recommended Commencement of Projects

PROJECT NUMBER	TASK	Project Type	Commence Project	Year										
				2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
CONSENT ORDER PROJECTS														
COP-1	Construction of a new Mechanical Bar Screen Structure	Wastewater	2013	█										
COP-2	Construction of Redundant Wastewater Treatment Unit	Wastewater	2013	█										
COP-3	Rehabilitation of Existing Sand Bed Filters	Wastewater	2013	█										
COP-4	Construction of Redundant Chlorine Contact Chamber	Wastewater	2013	█										
COP-5	Construction of an Effluent Storage Pond	Wastewater	2013	█										
COP-6	Reuse Instrumentation and Control Improvements	Wastewater	2013	█										
IDENTIFIED CIP PROJECTS														
CIP-1	Installation of New Water Supply Wells	Water	2014		█									
CIP-2	Chemical Optimization Study	Water	2014		█									
CIP-3	Lime Slaker Replacement	Water	2014		█									
CIP-4	Accelerator Softener - Mixer Replacement	Water	2013	█										
CIP-5	Transfer Tank Contact Time Evaluation	Water	2015			█								
CIP-6	Emergency Generator Replacement	Water	2015			█								
CIP-7	Transfer Pump Replacement	Water	2015			█								
CIP-8	High Service Pump Replacement	Water	2016				█							
CIP-9	Backwash Pump Replacement	Water	2017					█						
CIP-10	Polymer and Polymer Mixing System Addition	Water	2016				█							
CIP-11	Installation of New Recarbonation System	Water	2016				█							
CIP-12	Conversion of the Existing Gaseous Chlorine System to Liquid Sodium Hypochlorite	Water	2013											
CIP-13	Water Supply Well Water Quality Study	Water	2013	█										
IDENTIFIED R&R PROJECTS														
RR-1	Maintenance on Above Ground Storage Tank	Water	Every 3 Years			█			█				█	
RR-2	Clean and Re-grade Lime Sludge Storage Pond	Water	Every 2 Years	█		█		█		█			█	
RR-3	Consumptive Use Permit – Compliance Report	Water	2015			█								
RR-4	Consumptive Use Permit Renewal	Water	2016				█							
RR-5	Sand Blast and Paint Lime Slaker Silo	Water	2018						█					
RR-6	Clean and Refurbish Original WWTP	Wastewater	2015			█								
RR-7	Replacement of Existing Lift Stations	Wastewater	2015 - 2022			█	█	█	█	█	█	█	█	█
RR-8	WWTP Permit Renewal (2013)	Wastewater	2013	█										
RR-9	WWTP Permit Renewal (2018)	Wastewater	2018							█				

5.0 CONCLUSIONS

In the development of this report, Wade Trim has reviewed available data and reports including, but not limited to:

- All associated FDEP permits, SJRWMD permits, and associated records.
- Public Service Commission (PSC) Reports

In addition, Wade Trim has conducted a physical inspection of the water supply wells, water treatment plant, wastewater treatment plant, and sanitary sewer lift stations in the Plantation Bay Utility system located in Flagler County.

Based on the information reviewed, analyses performed, and assumptions made, the following principle conclusions were drawn with respect to the Plantation Bay Utility system:

- Two repetitive administrative orders have been issued against the wastewater plant for not providing the continuous monitoring. In addition redundant treatment processes and a redundant effluent disposal site is required by the orders to remain in compliance. As of the writing of this report, there appears to have been no action on the part of existing owner to address the orders and time schedule provided by the FDEP in the Administrative Orders. Wade Trim is aware of a draft FDEP consent order identifying penalties and legal action. It is recommended that the consent projects identified in this report commence immediately to bring the wastewater facility into compliance.
- The water and wastewater facilities have been in service approximately 28 years with many major components nearing their useful life. Visual inspection of various treatment structures identified serious corrosion and lack of maintenance. It is recommended that critical equipment identified in this report be replaced or refurbished in a timely manner as shown on the project schedule.
- Half of the installed well fields are unusable due to high color in Wells 3 and 4. The combined water volume supplied by Wells 1 and 2 are not capable of meeting the existing treatment capacity of the water treatment plant. It is recommended that a study of the water supply wells be conducted to either improve the water quality produced from Wells 3 and 4 and install additional wells. As new developments are platted and the Plantation Bay population increases, this effort will help the Utility to stay ahead of future water demands.
- Currently one operator is responsible for the maintenance and oversight of the water treatment plant, wastewater treatment plant, and sanitary sewer lift stations. As plant demands reach 300,000 gallons per day, staffing needs will

increase in accordance with permitting rules. The Utility owner needs to be aware and plan for the required increased staffing.

Recommended improvements related to needed capital improvement projects were presented in Section 4. The improvements include items to resolve non-compliance issues at the wastewater facility and to improve the condition of the various unit processes throughout the Utility for efficient and effective operation.

Appendix C

Utility System Financial Analysis

**by Mr. Rob Ori of the Public
Resources Management Group**

Flagler County, Florida

Plantation Bay Utility Company

Summary of Inputs for Analysis

1	Flagler County, Florida							
2	Plantation Bay Utility Company							
3	Pro Forma Year of Forecast Period	2013						
4	Test Year of Forecast Period	2011						
5	Initial Renewal and Replacement Fund Deposit	5.00%						
6	Operating Contingency	7.00%						
7	Bad Debt Expense Allowance	1.25%						
			Debt 1	Debt 2				
8	Bond Term		30	30				
9	Interest Rate		2.40%	3.00%				
10	Loan Origination Fee / Issue Costs		2.00%	2.00%				
11	Coverage Requirement		15.00%	15.00%				
12	Months Applicable to Current Year Rate Increase				11.5	RateIncreaseMonths		
							2013	2014
13	Interest Income - Short-term Rate	S					0.20%	0.30%
14	Interest Income - Long-term Rate	L					1.20%	1.30%
							2015	2016
							0.50%	0.75%
							1.50%	1.75%
							2017	
							1.00%	
							2.00%	
15	Number of Months for Fiscal Year 2013 Under County Operations		4.5					
16	SRF Loan Rate Covenant Requirement		1.15					

Table 1

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Net Revenue Requirements

Line No.		Fiscal Year Ending September 30,					
		Annual 2013	Partial Period [1]	2014	2015	2016	2017
1	Operating Expenses [2]	\$ 791,514	\$ 296,818	\$ 929,017	\$ 979,296	\$ 995,971	\$ 1,033,920
	Other Revenue Requirements:						
2	Debt Service - Acquisition Element [3]	267,116	100,169	267,116	267,116	267,116	267,116
3	Debt Service - Capital Improvement Element [3]	-	-	-	-	242,685	242,685
4	Payment of FAC Loan [4]	107,623	40,359	107,623	107,623	107,623	107,623
5	Deposit to Renewal and Replacement Fund [5]	51,848	19,443	72,671	126,553	145,996	193,626
6	Other Capital Funded from Rates [6]	-	-	10,000	11,000	12,000	13,000
7	Transfer to Operating Reserves	-	-	-	-	-	-
8	Total Other Revenue Requirements	426,587	159,971	457,410	512,292	775,420	824,050
9	Gross Revenue Requirements	1,218,101	456,789	1,386,427	1,491,588	1,771,391	1,857,970
	Less Other Available Revenues						
10	Other Operating Revenues [7]	12,415	4,656	12,436	12,457	12,478	12,499
11	Interest Income [8]	1,013	380	1,190	2,000	2,660	2,870
12	Impact Fees Applied to Debt Service Payments [9]	-	-	-	-	-	-
13	Transfer from Operating Reserves	-	-	-	-	-	-
14	Total Other Available Revenues	13,428	5,036	13,626	14,457	15,138	15,369
15	Net Revenue Requirements	1,204,673	451,753	1,372,801	1,477,131	1,756,253	1,842,601
16	Rate Revenues from Existing Rates	1,024,533	384,200	1,044,972	1,071,355	1,097,653	1,123,867
17	Revenue from Prior Years Rate Adjustments [10]	-	-	261,243	267,839	411,620	575,982
18	Total Applicable Rate Revenues	\$ 1,024,533	384,200	1,306,215	1,339,194	1,509,273	1,699,849
19	Revenue Surplus / (Deficiency)		(67,553)	(66,586)	(137,937)	(246,980)	(142,752)
20	Percent of Then Applicable Rate Revenue		(17.58%)	(6.37%)	(12.88%)	(22.50%)	(12.70%)
21	Percent Rate Increase Recognized		25.00%	0.00%	10.00%	10.00%	10.00%
22	Percent to be Recovered (months)		87.5%	95.8%	95.8%	95.8%	95.8%
23	Adjusted Rate Adjustments		21.88%	0.00%	9.58%	9.58%	9.58%
24	Cumulative Compound Rate Adjustments		25.00%	25.00%	37.50%	51.25%	66.38%
25	Revenue from Current Year Rate Adjustment [11]		84,044	-	128,295	144,588	162,846
26	Total Adjusted Rate Revenue		468,244	1,306,215	1,467,489	1,653,861	1,862,694
	Adjusted Revenue Surplus / (Deficiency)						
27	Amount	\$	16,491	\$ (66,586)	\$ (9,642)	\$ (102,392)	\$ 20,093
28	Percent of Rate Revenue		3.52%	(5.10%)	(0.66%)	(6.19%)	1.08%

[1] Assumes the County will begin operation on May 15, 2013 so reflects only 4.5 months of operation in Fiscal Year 2013.

[2] Amounts shown derived from Table 5.

[3] Amounts shown derived from Table 8A.

[4] Amounts shown derived from Table 8B.

[5] Amounts shown derived from Table 7; recognizes increasing deposit from rates expressed as a percent of previous year Gross Revenues during the Forecast Period.

[6] Amounts shown derived from Table 6; assumes that County will fund general equipment and vehicles from operations.

[7] Amounts shown derived from Table 4; includes miscellaneous customer service charges and sales of reclaimed water.

[8] Amounts shown derived from Table 9.

[9] Projected impact fee revenues shown derived from Table 4B; none are anticipated during the Forecast Period.

[10] Amounts shown reflects the application of prior period rate adjustments assumed for the Forecast Period (line 21).

[11] Amounts shown reflect additional revenue assumed to be earned based on application of the then current year rate adjustment.

Table 2

Flagler County, Florida
Plantation Bay Utility Company

Summary of Projected Coverage

Line No.		Fiscal Year Ending September 30, [1]				
		Partial Yr. [2] 2013	2014	2015	2016	2017
	Revenues from Rates					
1	Rate Revenues - Current Rates	\$ 384,200	\$ 1,044,972	\$ 1,071,355	\$ 1,097,653	\$ 1,123,867
2	Rate Revenues - Additional Rate Adjustments	84,044	261,243	396,134	556,208	738,827
3	Total Revenues from Rates	\$ 468,244	\$ 1,306,215	\$ 1,467,489	\$ 1,653,861	\$ 1,862,694
4	Other Operating Revenue	5,036	13,626	14,457	15,138	15,369
5	Gross Revenue	\$ 473,280	\$ 1,319,841	\$ 1,481,946	\$ 1,668,999	\$ 1,878,063
6	Operating Expenses	296,818	929,017	979,296	995,971	1,033,920
7	Net Revenues	\$ 176,462	\$ 390,824	\$ 502,650	\$ 673,028	\$ 844,143
8	Impact Fees	383,483	-	-	-	107,030
9	Net Revenues Including Impact Fees	\$ 559,945	\$ 390,824	\$ 502,650	\$ 673,028	\$ 951,173
10	SRF Loan Deposit [3]	100,169	267,116	267,116	509,801	509,801
	SRF Loan Coverage					
11	Calculated	5.59	1.46	1.88	1.32	1.87
12	Minimum per Loan Agreement [4]	1.15	1.15	1.15	1.15	1.15
	Other Required Deposits					
13	Payments of Subordinated Loans [5]	40,359	107,623	107,623	107,623	107,623
14	Minimum Transfer to Renewal and Replacement Fund [6]	19,443	51,908	79,096	81,109	96,813
15	Remaining Funds for Capital Improvements and Other System Purposes [7]	\$ 399,974	\$ (35,823)	\$ 48,815	\$ (25,505)	\$ 236,936

[1] Unless otherwise noted, amounts shown derived from Table 1.

Table 3

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Proposed Monthly Service Rates

Line No.	Current Company [1]	Fiscal Year Ending September 30					
		2013	2014	2015	2016	2017	
1	Annual Rate Adjustment [2]		25.00%	0.00%	10.00%	10.00%	10.00%
Water System (Residential and General Service)							
Base Facilities Charge (per bill rendered)							
2	5/8-inch by 3/4-inch	\$ 11.62	\$ 14.53	\$ 14.53	\$ 15.98	\$ 17.58	\$ 19.34
3	Full 3/4-inch	17.45	21.81	21.81	23.99	26.39	29.03
4	1-inch	29.08	36.35	36.35	39.99	43.99	48.39
5	1 1/2-inch	58.14	72.68	72.68	79.95	87.95	96.75
6	2-inch	93.04	116.30	116.30	127.93	140.72	154.79
7	3-inch	186.09	232.61	232.61	255.87	281.46	309.61
8	4-inch	290.75	363.44	363.44	399.78	439.76	483.74
9	6-inch	581.54	726.93	726.93	799.62	879.58	967.54
10	Usage Charge (per 1,000 gallons)	\$ 3.34	\$ 4.18	\$ 4.18	\$ 4.60	\$ 5.06	\$ 5.57
Wastewater System (Residential and General Service)							
Base Facilities Charge (per bill rendered)							
All Meter Sizes - Residential Service [3]							
		\$ 18.95	\$ 23.69	\$ 23.69	\$ 26.06	\$ 28.67	\$ 31.54
General Service							
11	5/8-inch by 3/4-inch	\$ 18.95	\$ 23.69	\$ 23.69	\$ 26.06	\$ 28.67	\$ 31.54
12	Full 3/4-inch	28.44	35.55	35.55	39.11	43.02	47.32
13	1-inch	47.37	59.21	59.21	65.13	71.64	78.80
14	1 1/2-inch	94.75	118.44	118.44	130.28	143.31	157.64
15	2-inch	151.61	189.51	189.51	208.46	229.31	252.24
16	3-inch	303.23	379.04	379.04	416.94	458.63	504.49
17	4-inch	473.77	592.21	592.21	651.43	716.57	788.23
18	6-inch	947.59	1,184.49	1,184.49	1,302.94	1,433.23	1,576.55
Usage Charge (per 1,000 gallons)							
19	Residential Service [3]	\$ 3.66	\$ 4.58	\$ 4.58	\$ 5.04	\$ 5.54	\$ 6.09
20	General Service	\$ 4.40	\$ 5.50	\$ 5.50	\$ 6.05	\$ 6.66	\$ 7.33
		<u>Residential Customer Bill Impact - FY 2013</u>					
21	Monthly Billed Water and Wastewater Use (gallons)		-	5,000	10,000		
22	Reason for Flow Selection		(Base Facility)	Typical	Max Sewer		
23	Current Company Rates	\$ 30.57	\$ 65.57	\$ 100.57			
		<u>Proposed Fiscal Year 2013 Rates</u>					
24	Amount	38.22	82.02	125.82			
25	Difference	\$ 7.65	\$ 16.45	\$ 25.25			
		<u>Residential Customer Bill Impact - FY 2015</u>					
26	Monthly Billed Water and Wastewater Use (gallons)		-	5,000	10,000		
27	Proposed Fiscal Year 2013 Rates	\$ 38.22	\$ 82.02	\$ 125.82			
		<u>Proposed Fiscal Year 2015 Rates</u>					
28	Amount	42.04	90.24	138.44			
29	Difference	\$ 3.82	\$ 8.22	\$ 12.62			
30	Amount - Increase Above Current Company Rates	\$ 11.47	\$ 24.67	\$ 37.87			

[1] Amounts reflect rates in effect immediately prior to the acquisition of the utility by the County; became effective for service rendered on and after July 1, 2012 as approved by the Florida Public Service Commission.

[2] Amounts derived from Table 1; all years would include allowances for any inflationary price index rate adjustments.

[3] Residential Service base facility charge applicable to all meter sizes since there is a monthly cap on usage of 10,000 gallons; there is usage cap for the billing of the wastewater flow charge for general service customers.

Table 4

**Flagler County, Florida
Plantation Bay Utility Company**

Projected Revenues - Existing Rates

Line No.	Test Year	Fiscal Year Ending September 30					
		2011	2013	2014	2015	2016	2017
Water System Rate Revenue							
1	Existing Rate Revenues - FY 2011	\$ 435,363	\$ 447,030	\$ 455,921	\$ 467,511	\$ 479,064	\$ 490,580
2	Meter Equivalents		1,589	1,634	1,669	1,714	1,759
3	Assumed Customer Growth - ERCs		45	35	45	45	45
4	Projected Meter Equivalents	1,589	1,634	1,669	1,714	1,759	1,804
5	Average Rate Per Meter Equivalent	\$ 273.99	\$ 273.99	\$ 273.58	\$ 273.17	\$ 272.76	\$ 272.35
6	Allowance for Conservation / Revenue Adjustment		-0.15%	-0.15%	-0.15%	-0.15%	-0.15%
7	Adjusted Average Rate Per Meter Equivalent	\$ 273.58	\$ 273.17	\$ 272.76	\$ 272.35	\$ 271.94	\$ 271.94
Wastewater System Rate Revenue							
8	Existing Rate Revenues - FY 2011	\$ 562,621	\$ 577,503	\$ 589,051	\$ 603,844	\$ 618,589	\$ 633,287
9	Meter Equivalents		1,536	1,579	1,613	1,656	1,699
10	Assumed Customer Growth - ERCs		43	34	43	43	43
11	Projected Meter Equivalents	1,536	1,579	1,613	1,656	1,699	1,742
12	Average Rate Per Meter Equivalent	\$ 366.29	\$ 366.29	\$ 365.74	\$ 365.19	\$ 364.64	\$ 364.09
13	Allowance for Conservation / Revenue Adjustment		-0.15%	-0.15%	-0.15%	-0.15%	-0.15%
14	Adjusted Average Rate Per Meter Equivalent	\$ 365.74	\$ 365.19	\$ 364.64	\$ 364.09	\$ 363.54	\$ 363.54
15	Total Rate Revenue - Existing Rates		\$ 1,024,533	\$ 1,044,972	\$ 1,071,355	\$ 1,097,653	\$ 1,123,867
Other Operating Revenue							
16	Reuse Sales	\$ 2,038	\$ 2,058	\$ 2,079	\$ 2,100	\$ 2,121	\$ 2,142
17	Bulk Wastewater Sales	-	-	-	-	-	-
18	Other Income	10,357	10,357	10,357	10,357	10,357	10,357
19	Total Other Operating Revenue	\$ 12,395	\$ 12,415	\$ 12,436	\$ 12,457	\$ 12,478	\$ 12,499

Table 4A

Flagler County, Florida
Plantation Bay Utility Company

Summary of Historical Operations - Water and Wastewater Utility System

Line No.	Calendar Year Ended December 31, 2009 [1]					Calendar Year Ended December 31, 2010 [1]					Calendar Year Ended December 31, 2011 [1]				
	Plantation Bay		Combined Total			Plantation Bay		Combined Total			Plantation Bay		Combined Total		
	Water	Sewer	Unadjusted	Adjustments	Adjusted	Water	Sewer	Unadjusted	Adjustments	Adjusted	Water	Sewer	Unadjusted	Adjustments	Adjusted
	All	All				All	All				All	All			
	Sales Revenue														
	Water System														
1	\$ 388,362	\$ -	\$ 388,362	\$ -	\$ 388,362	\$ 407,330	\$ -	\$ 407,330	\$ -	\$ 407,330	\$ 413,242	\$ -	\$ 413,242	\$ -	\$ 413,242
2	20,122	-	20,122	-	20,122	20,030	-	20,030	-	20,030	22,121	-	22,121	-	22,121
3	\$ 408,484	\$ -	\$ 408,484	\$ -	\$ 408,484	\$ 427,360	\$ 0	\$ 427,360	\$ -	\$ 427,360	\$ 435,363	\$ -	\$ 435,363	\$ -	\$ 435,363
	Wastewater System														
4	\$ -	\$ 513,070	\$ 513,070	\$ -	\$ 513,070	\$ -	\$ 528,405	\$ 528,405	\$ -	\$ 528,405	\$ -	\$ 531,911	\$ 531,911	\$ -	\$ 531,911
5	-	29,602	29,602	-	29,602	-	29,535	29,535	-	29,535	-	30,710	30,710	-	30,710
6	\$ -	\$ 542,672	\$ 542,672	\$ -	\$ 542,672	\$ -	\$ 557,940	\$ 557,940	\$ -	\$ 557,940	\$ -	\$ 562,621	\$ 562,621	\$ -	\$ 562,621
7	\$ 408,484	\$ 542,672	\$ 951,156	\$ -	\$ 951,156	\$ 427,360	\$ 557,940	\$ 985,300	\$ -	\$ 985,300	\$ 435,363	\$ 562,621	\$ 997,984	\$ -	\$ 997,984
	Other Operating Revenue and Income														
8	\$ -	\$ 627	\$ 627	\$ -	\$ 627	\$ -	\$ 4,125	\$ 4,125	\$ -	\$ 4,125	\$ -	\$ 2,038	\$ 2,038	\$ -	\$ 2,038
9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	10,591	(371)	10,220	-	10,220	12,808	(956)	11,852	-	11,852	11,363	(1,006)	10,357	-	10,357
11	\$ 10,591	\$ 256	\$ 10,847	\$ -	\$ 10,847	\$ 12,808	\$ 3,169	\$ 15,977	\$ -	\$ 15,977	\$ 11,363	\$ 1,032	\$ 12,395	\$ -	\$ 12,395
12	\$ 419,075	\$ 542,928	\$ 962,003	\$ -	\$ 962,003	\$ 440,168	\$ 561,109	\$ 1,001,277	\$ -	\$ 1,001,277	\$ 446,726	\$ 563,653	\$ 1,010,379	\$ -	\$ 1,010,379

Table 4B

Flagler County, Florida
Plantation Bay Utility Company

Summary of Estimated Impact Fee Revenue

Line No.	Fiscal Year Ending September 30					
	2013	2014	2015	2016	2017	
Water System						
1	ERC Growth	8	35	45	45	45
2	Connection Fee Credit per Purchase and Sales Agreement	150	142	107	62	17
3	ERC's Paying Impact Fees	0	0	0	0	28
4	ERC's Receiving Impact Fee Credit	8	35	45	45	17
5	Preliminary Impact Fee	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940	\$ 1,940
6	Impact Fee Revenue Recognized	\$ -	\$ -	\$ -	\$ -	\$ 54,320
Wastewater System						
7	ERC Growth	8	34	43	43	43
8	Connection Fee Credit per Purchase and Sales Agreement	150	142	108	65	22
9	ERC's Paying Impact Fees	0	0	0	0	21
10	ERC's Receiving Impact Fee Credit	8	34	43	43	22
11	Preliminary Impact Fee	\$ 2,510	\$ 2,510	\$ 2,510	\$ 2,510	\$ 2,510
12	Impact Fee Revenue Recognized	\$ -	\$ -	\$ -	\$ -	\$ 52,710
13	Connection Fees (pre paid) to be Received at Closing	\$ 383,483	\$ -	\$ -	\$ -	\$ -
14	Total System Impact Fees Recognized	\$ 383,483	\$ -	\$ -	\$ -	\$ 107,030

Table 5
Flagler County, Florida
Plantation Bay Utility Company

Summary of Historical Operations - Reported Operating Expenses

Line No.	Test Year [1] 2011	Fiscal Year 2013				Esc Ref. [2]	Fiscal Year Ending September 30				
		Escalator	Basis	Amount	Adjustments		As Adjusted	2014	2015	2016	2017
Operating Expenses											
1	\$ -			\$ -	\$ 200,000	\$ 200,000	Labor	\$ 203,000	\$ 209,090	\$ 215,363	\$ 221,824
2	-			-	30,000	30,000	Labor	30,450	31,364	32,305	33,274
3	-			-	92,000	92,000	Labor	93,380	96,181	99,066	102,038
4	-			-	-	-	Inflation	-	-	-	-
5	-			-	-	-	Inflation	-	-	-	-
6	50,326	6.83%	2-yr Inflation Plus Growth	53,763	-	53,763	Infl&EDU	56,091	58,245	60,983	63,867
7	74,994	10.83%	2-yr Energy Inflation Plus Growth	83,116	-	83,116	Inflation	84,363	85,797	87,513	89,351
8	-			-	-	-	Inflation	-	-	-	-
9	42,328	17.83%	2-yr Chemical Inflation	49,875	-	49,875	Infl&EDU	52,035	54,033	56,573	59,249
10	9,890	8.83%	2-yr Inflation Plus Growth	10,763	-	10,763	Infl&EDU	11,229	11,660	12,208	12,785
11	12,378	4.00%	2-yr Inflation	12,873	-	12,873	Inflation	13,066	13,288	13,554	13,839
12	5,858	4.00%	2-yr Inflation	6,092	5,000	11,092	Inflation	11,258	11,449	11,678	11,923
13	732	4.00%	2-yr Inflation	761	9,239	10,000	Inflation	10,150	10,323	10,529	10,750
14	110,000	50.00%	2-yr Inflation plus Increase Operation Allowance	165,000	(115,000)	50,000	Infl&EDU	52,165	54,168	56,714	59,397
15	13,188	50.00%	2-yr Inflation plus Increase Operation	19,782	-	19,782	Infl&EDU	20,639	21,432	22,439	23,500
16	185,048	50.00%	2-yr Inflation plus Increase Operation	277,572	(167,572)	110,000	Infl&EDU	114,763	119,170	124,771	130,673
17	-	4.00%	2-yr Inflation	-	-	-	Inflation	-	-	-	-
18	-	4.00%	2-yr Inflation	-	-	-	Inflation	-	-	-	-
19	-	4.00%	2-yr Inflation	-	-	-	Inflation	-	-	-	-
20	16,956	20.00%	2-yr Insurance Factor	20,347	-	20,347	Insurance	22,382	24,620	27,082	29,790
21	-			-	-	-	Inflation	-	-	-	-
22	-			-	-	-	Inflation	-	-	-	-
23	-			-	-	-	Inflation	-	-	-	-
24	-			-	-	-	Inflation	-	-	-	-
25	-		Allowance for Indirect Costs - General Fund	-	50,000	50,000	Inflation	50,750	51,613	52,645	53,751
26	-			-	-	-	Inflation	-	-	-	-
27	-	1.25%	Provide Allowance for Uncollectibles	13,857	-	13,857	Calculation	16,328	18,344	20,673	23,284
28	24,935	4.00%	2-yr Inflation	25,932	-	25,932	Margin	26,191	26,453	26,718	26,985
Other County Expenses:											
29	-		Identified by County Consulting Engineer-PRMG Reclass as OpEx	-	49,000	49,000	Calculation	-	-	-	-
30	-		Identified by County Consulting Engineer-PRMG Reclass as OpEx	-	-	-	Calculation	-	18,000	-	-
31	-		Identified by County Consulting Engineer-PRMG Reclass as OpEx	-	-	-	Calculation	-	-	-	-
32	-		Identified by County Consulting Engineer-PRMG Reclass as OpEx	-	49,000	49,000	Calculation	-	-	-	-
33	-	7.00%	Provide Allowance for Unanticipated Expenses / Reduced Rev.	51,781	14,117	65,898	Calculation	60,777	64,066	65,157	67,640
34	\$ 546,633			\$ 791,514	\$ 215,784	\$ 1,007,298		\$ 929,017	\$ 979,296	\$ 995,971	\$ 1,033,920
Other Utility Expenses											
35	\$ 283,095	-100.00%	Eliminate, non-cash and recognize RR Deposit	-	-	-	Inflation	-	-	-	-
36	(141,186)	-100.00%	Eliminate, non-cash and recognize RR Deposit	-	-	-	Inflation	-	-	-	-
37	-	-100.00%	Eliminate, non-cash and recognize RR Deposit	-	-	-	Inflation	-	-	-	-
38	45,467	-100.00%	Eliminate, no taxes paid by County; no PILOT Assumed	-	-	-	Inflation	-	-	-	-
39	69,158	-100.00%	Eliminate, no taxes paid by County; no PILOT Assumed	-	-	-	Inflation	-	-	-	-
40	-	-100.00%	Eliminate, no taxes paid by County; no PILOT Assumed	-	-	-	Inflation	-	-	-	-
41	-	-100.00%	Eliminate, no taxes paid by County; no PILOT Assumed	-	-	-	Inflation	-	-	-	-
42	\$ 256,534			\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
43	\$ 803,167			\$ 791,514	\$ 215,784	\$ 1,007,298		\$ 929,017	\$ 979,296	\$ 995,971	\$ 1,033,920

Footnotes:
[1] Amounts shown derived from Table 4A.
[2] Amounts shown derived from Table 4B.

Table 5A

Flagler County, Florida
Plantation Bay Utility Company

Summary of Historical Operations - Reported Operating Expenses

Line No.	Calendar Year Ended December 31, 2010 [1]			Calendar Year Ended December 31, 2011 [1]			Source
	Water	Wastewater	Total	Water	Wastewater	Total	
Operating Expenses							
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Annual Report, Pages W-10(a) and S-10(a)
2	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
3	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
4	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
5	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
6	-	60,718	60,718	-	50,326	50,326	Annual Report, Pages W-10(a) and S-10(a)
7	28,902	41,835	70,737	30,524	44,470	74,994	Annual Report, Pages W-10(a) and S-10(a)
8	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
9	39,663	-	39,663	42,328	-	42,328	Annual Report, Pages W-10(a) and S-10(a)
10	498	14,982	15,480	1,264	8,626	9,890	Annual Report, Pages W-10(a) and S-10(a)
11	8,175	8,176	16,351	6,189	6,189	12,378	Annual Report, Pages W-10(a) and S-10(a)
12	3,357	3,194	6,551	2,929	2,929	5,858	Annual Report, Pages W-10(a) and S-10(a)
13	7,069	7,069	14,138	366	366	732	Annual Report, Pages W-10(a) and S-10(a)
14	55,000	55,000	110,000	55,000	55,000	110,000	Annual Report, Pages W-10(a) and S-10(a)
15	10,535	2,050	12,585	13,188	-	13,188	Annual Report, Pages W-10(a) and S-10(a)
16	127,096	75,723	202,819	91,443	93,605	185,048	Annual Report, Pages W-10(a) and S-10(a)
17	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
18	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
19	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
20	8,391	8,391	16,782	8,478	8,478	16,956	Annual Report, Pages W-10(a) and S-10(a)
21	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
22	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
23	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
24	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
25	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
26	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
27	-	-	-	-	-	-	Annual Report, Pages W-10(a) and S-10(a)
28	8,740	9,937	18,677	12,058	12,877	24,935	Annual Report, Pages W-10(a) and S-10(a)
29	\$ 297,426	\$ 287,075	\$ 584,501	\$ 263,767	\$ 282,866	\$ 546,633	
Other Utility Expenses							
30	\$ 107,387	\$ 151,082	\$ 258,469	\$ 131,669	\$ 151,426	\$ 283,095	Annual Report, Pages W-3 and S-3
31	-	-	-	(61,256)	(79,930)	(141,186)	Annual Report, Pages W-3 and S-3
32	-	-	-	-	-	-	Annual Report, Pages W-3 and S-3
33	19,808	25,250	45,058	20,103	25,364	45,467	Annual Report, Pages W-3 and S-3
34	35,359	35,359	70,718	34,579	34,579	69,158	Annual Report, Pages W-3 and S-3
35	-	-	-	-	-	-	Annual Report, Pages W-3 and S-3
36	-	-	-	-	-	-	Annual Report, Pages W-3 and S-3
37	\$ 162,554	\$ 211,691	\$ 374,245	\$ 125,095	\$ 131,439	\$ 256,534	
38	\$ 459,980	\$ 498,766	\$ 958,746	\$ 388,862	\$ 414,305	\$ 803,167	

Table 5B

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Escalation Factors

Line No.			Fiscal Year Ending September 30			
			2014	2015	2016	2017
1	Constant	Constant	1.0000	1.0000	1.0000	1.0000
2	General Inflation - CBO August 2012 - CPI	Inflation	1.0150	1.0170	1.0200	1.0210
3	Labor	Labor	1.0150	1.0300	1.0300	1.0300
4	General Insurance	Insurance	1.1000	1.1000	1.1000	1.1000
5	Construction Cost Index (20-year ENR Ave.)	ENR	1.0330	1.0330	1.0330	1.0330
6	Marginal	Margin	1.0100	1.0100	1.0100	1.0100
7	Customer Growth plus Inflation	Inf&EDU	1.0433	1.0384	1.0470	1.0473

Table 6

**Flagler County, Florida
Plantation Bay Utility Company**

Capital Improvement Program - Requirements and Funding Sources

Line No.	Funding Basis	Fiscal Year Ending September 30							Total Forecast Period		
		2013	PRMG Cost Adjustment	Timing Adjustments	As Adjusted 2013	2014	2015	2016		2017	
Capital Improvement Plan - Expenditures											
Acquisition of Utility System:											
1	Acquisition of Water System	Loan1	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -	\$ -	\$ -	\$ -	\$ 5,500,000
2	Acquisition of Wastewater System	Loan1	-	-	-	-	-	-	-	-	-
Capital Expenditures Per Engineer's Condition Assessment:											
Wastewater Plant Consent Order Rehabilitation											
3	Construction New Mechanical Bar Screen Structure	Loan2	541,000	-	(459,850)	81,150	459,850	-	-	-	541,000
4	Construct Redundant Wastewater Treatment Unit	Loan2	1,442,000	-	(1,225,700)	-	-	-	-	-	-
5	Construct Redundant Wastewater Treatment Unit	Grant	-	-	-	216,300	1,442,000	-	-	-	1,658,300
6	Rehabilitation of Existing Sand Bed Filters	Loan2	321,000	-	(272,850)	48,150	272,850	-	-	-	321,000
7	Construction Redundant Chlorine Contact Chamber	Loan2	95,000	-	(80,750)	14,250	80,750	-	-	-	95,000
8	Construction Effluent Storage Pond	Loan2	866,000	-	(736,100)	-	494,200	-	-	-	494,200
9	Construction Effluent Storage Pond	Grant	-	-	-	129,900	211,800	-	-	-	341,700
10	Construction Effluent Storage Pond	Impact	-	-	-	-	160,000	-	-	-	160,000
11	Reuse Instrumentation and Control Improvements	Loan2	143,000	-	(121,550)	21,450	121,550	-	-	-	143,000
12	Installation of New Water Supply Wells	Loan2	-	-	-	-	140,000	-	-	-	140,000
13	Installation of New Water Supply Wells	Impact	-	-	-	-	160,000	-	-	-	160,000
14	Chemical Optimization Study	Loan2	-	-	-	-	44,000	-	-	-	44,000
15	Lime Slaker Replacement	Loan2	-	-	-	-	486,000	-	-	-	486,000
16	Accelerator Softener - Mixer Replacement	Loan2	49,000	-	(49,000)	-	49,000	-	-	-	49,000
17	Transfer Tank Contact Time Evaluation	Loan2	-	-	-	-	14,000	-	-	-	14,000
18	Emergency Generator Replacement	Loan2	-	-	-	-	358,000	-	-	-	358,000
19	Transfer Pump Replacement	Loan2	-	-	-	-	97,000	-	-	-	97,000
20	High Service Pump Replacement	Loan2	-	-	-	-	-	133,000	-	-	133,000
21	Backwash Pump Replacement	R&R	-	-	-	-	-	-	76,000	-	76,000
22	Polymer and Polymer Mixing System Addition	Loan2	-	-	-	-	-	124,000	-	-	124,000
23	Installation of New Re-carbonation System Water	Loan2	-	-	-	-	45,000	-	-	-	45,000
24	Conversion of the Existing Gaseous Chlorine System to Liquid	Loan2	171,000	-	(145,350)	25,650	145,350	-	-	-	171,000
25	Water Supply Well Water Quality Study	Loan2	50,000	-	-	50,000	-	-	-	-	50,000
26	Above-ground Storage Tank Rehabilitation Work	R&R	-	-	-	-	-	31,000	-	33,000	64,000
27	Consumptive Use Permit Renewal	R&R	-	-	-	-	-	-	130,000	-	130,000
28	Clean and Refurbish Original Wastewater Treatment Plant	Loan2	-	-	-	-	276,000	-	-	-	276,000
Additional Ongoing Renewals and Replacements - PRMG Allowance:											
29	Water Meter Replacement Program	R&R	-	-	-	-	-	13,000	13,800	14,500	41,300
30	Allowance for Water Distribution / Hydrants /Services Replacement	R&R	-	-	-	-	-	10,000	12,500	15,000	37,500
31	Allowance for Miscellaneous Valves and Equipment	R&R	-	-	-	-	-	5,000	5,250	5,500	15,750
32	Allowance for Lift Station Renewals and Replacements	R&R	-	-	-	-	13,500	14,500	15,500	16,500	60,000
33	Allowance for Manhole Renewals and Replacement	R&R	-	-	-	-	-	2,000	2,500	3,000	7,500
34	Allowance for General Water Treatment and General Plant	R&R	-	-	-	-	-	10,000	10,500	11,000	31,500
35	Allowance for General Sewer Treatment and General Plant	R&R	-	-	-	-	-	12,500	13,000	13,500	39,000
36	Vehicles and Equipment	Rev	-	-	-	-	10,000	11,000	12,000	13,000	46,000
37	Total Capital Improvement Plan - Expenditures		\$ 9,178,000	\$ -	\$ (3,091,150)	\$ 6,086,850	\$ 5,035,850	\$ 411,000	\$ 291,050	\$ 125,000	\$ 11,949,750
Capital Improvement Plan - Funding											
38	Annual Operating Revenues	Rev	-	-	-	\$ 10,000	\$ 11,000	\$ 12,000	\$ 13,000	\$ 13,000	\$ 46,000
39	Operating Reserves	Reserves	-	-	-	-	-	-	-	-	-
40	Renewal and Replacement Fund	R&R	-	-	-	13,500	98,000	279,050	112,000	-	502,550
41	Utility Debt - First Series	Loan1	-	-	-	5,500,000	-	-	-	-	5,500,000
42	Utility Debt - Second Series	Loan2	-	-	-	240,650	3,038,550	302,000	-	-	3,581,200
43	Impact Fees	Impact	-	-	-	-	320,000	-	-	-	320,000
44	Grants and Contributions	Grant	-	-	-	346,200	1,653,800	-	-	-	2,000,000
45	Total Capital Improvement Plan - Funding					\$ 6,086,850	\$ 5,035,850	\$ 411,000	\$ 291,050	\$ 125,000	\$ 11,949,750

Table 7

**Flagler County, Florida
Plantation Bay Utility Company**

Development of Renewal and Replacement Fund Deposit

Line No.		Fiscal Year Ending September 30,				
		2013	2014	2015	2016	2017
1	Fiscal Year of Analysis	2013	2013	2014	2015	2016
	Prior Year Gross Revenues					
2	Existing Rates	\$ 384,200	\$ 1,024,533	\$ 1,306,215	\$ 1,339,194	\$ 1,509,273
3	Additional Rates	-	-	261,243	267,839	411,620
4	Other Operating Revenues and Income	4,656	13,626	14,457	15,138	15,369
5	Total Applicable Revenue	\$ 388,856	\$ 1,038,159	\$ 1,581,915	\$ 1,622,171	\$ 1,936,262
	Renewal and Replacement (Capital) Fund Deposit:					
6	Funding Requirement - Percent of Prior Period Gross Revenue	5.00%	5.00%	5.00%	5.00%	5.00%
7	Funding Requirement - Amount	\$ 19,443	\$ 51,908	\$ 79,096	\$ 81,109	\$ 96,813
8	Additional Funding Percent	0.00%	2.00%	3.00%	4.00%	5.00%
9	Additional Funding - Amount	\$ -	\$ 20,763	\$ 47,457	\$ 64,887	\$ 96,813
10	Total Deposit Recognized	\$ 19,443	\$ 72,671	\$ 126,553	\$ 145,996	\$ 193,626
11	Percent of Applicable Revenue	5.00%	7.00%	8.00%	9.00%	10.00%

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Debt Service Payments - SRF Loan

Line No.	Assumptions	Fiscal Year Ending September 30				
		2013	2014	2015	2016	2017
Loan 1 Assumptions:						
1	Term - Years	30				
2	Start Year	2013				
3	Number of Months - Start Year	4.5				
4	Interest Rate	2.40%				
5	Loan Administration Fee	2.00%				
6	Project Cost	Loan1	\$ 5,500,000			
Amount Borrowed:						
7	Project Cost		\$ 5,500,000			
8	Loan Administration Fee		110,000			
9	Capitalized Interest		-			
10	Reserve Allowance (months of annual payment)	0	-			
11	Loan Contingency	1.00%	56,100			
12	Total SRF Loan		\$ 5,666,100			
13	Annual Loan Repayment		\$ 267,116	\$ 100,169	\$ 267,116	\$ 267,116
Loan 2 Assumptions:						
14	Term - Years	20				
15	Start Year	2013				
16	Number of Months - Start Year	4.5				
17	Interest Rate	2.40%				
18	Loan Administration Fee	2.00%				
19	Project Cost	Loan2	\$ 3,581,200			
Amount Borrowed:						
20	Project Cost		\$ 3,581,200			
21	Loan Administration Fee		71,624			
22	Capitalized Interest		128,600			
23	Reserve Allowance (months of annual payment)	0	-			
24	Loan Contingency	1.00%	37,814			
25	Total SRF Loan		\$ 3,819,238			
26	Annual Loan Repayment		\$ 242,685	\$ -	\$ -	\$ 242,685
Capitalized Interest						
27	Annual Project Expenditures	Loan2	\$ 240,650	\$ 3,038,550	\$ 302,000	\$ -
28	Average Outstanding Balance		120,325	1,762,825	3,475,400	-
29	Capitalized Interest	2.40%	\$ 2,900	\$ 42,300	\$ 83,400	\$ -

Table 8B

Flagler County, Florida
Plantation Bay Utility Company

Summary of Debt Service Payments - Working Capital Loan

Line No.	Assumptions	Fiscal Year Ending September 30				
		2013	2014	2015	2016	2017
Subordinate Loan						
1	Term - Years	5				
2	Start Year	2013				
3	Number of Months - Start Year	4.5				
4	Interest Rate	2.50%				
5	Loan Administration Fee / Issue Costs	1.50%				
6	Total Loan Amount	\$ 500,000				
Amount Borrowed:						
7	Accounts Receivable Purchase	\$ 137,500				
8	Acquisition Transaction Costs	150,000				
9	Loan Issue Costs	7,500				
10	Renewal and Replacement Fund Deposit	-				
11	Working Capital Deposit	205,000				
12	Total Subordinate Loan	<u>\$ 500,000</u>				
13	Annual Loan Repayment	\$ 107,623	\$ 40,359	\$ 107,623	\$ 107,623	\$ 107,623

Table 9

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Cash Balances and Interest Income

Line No.	Rate S or L	Fiscal Year Ending September 30,				
		2013	2014	2015	2016	2017
Cash Summary:						
1		\$ 313,616	\$ 247,030	\$ 237,388	\$ 104,996	\$ 125,089
2		19,443	78,614	107,167	4,113	85,739
3		383,863	64,533	64,853	65,343	173,563
4		-	-	-	-	-
5		<u>\$ 716,922</u>	<u>\$ 390,177</u>	<u>\$ 409,408</u>	<u>\$ 174,452</u>	<u>\$ 384,391</u>
Revenue Fund / Operating Fund (Reserves)						
6		\$ -	\$ 313,616	\$ 247,030	\$ 237,388	\$ 104,996
7		297,125	-	-	-	-
8		-	-	-	-	-
9		16,491	-	-	-	20,093
10		<u>313,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,093</u>
11		-	-	-	-	-
12		-	-	-	30,000	-
13		-	66,586	9,642	102,392	-
14		<u>-</u>	<u>66,586</u>	<u>9,642</u>	<u>132,392</u>	<u>-</u>
15	S	0.20%	0.30%	0.50%	0.75%	1.00%
16		310	840	1,210	1,280	1,150
17	Y	310	840	1,210	1,280	1,150
18		\$ 313,616	\$ 247,030	\$ 237,388	\$ 104,996	\$ 125,089
19	90	\$ 197,879	\$ 232,254	\$ 244,824	\$ 248,993	\$ 258,480
20		Yes	Yes	No	No	No
Renewal and Replacement Fund						
21		\$ -	\$ 19,443	\$ 78,614	\$ 107,167	\$ 4,113
22		-	-	-	-	-
23		19,443	72,671	126,553	145,996	193,626
24		-	-	-	30,000	-
25		<u>19,443</u>	<u>72,671</u>	<u>126,553</u>	<u>175,996</u>	<u>193,626</u>
26		-	13,500	98,000	279,050	112,000
27		<u>-</u>	<u>13,500</u>	<u>98,000</u>	<u>279,050</u>	<u>112,000</u>
28	S	0.20%	0.30%	0.50%	0.75%	1.00%
29		20	150	460	420	450
30	Y	20	150	460	420	450
31		<u>\$ 19,443</u>	<u>\$ 78,614</u>	<u>\$ 107,167</u>	<u>\$ 4,113</u>	<u>\$ 85,739</u>

Table 9

**Flagler County, Florida
Plantation Bay Utility Company**

Summary of Cash Balances and Interest Income

	Rate S or L	Fiscal Year Ending September 30,				
		2013	2014	2015	2016	2017
Impact Fee Fund						
Beginning Balance		\$ -	\$ 383,863	\$ 64,533	\$ 64,853	\$ 65,343
Transfer In - Contributions		383,483	-	-	-	107,030
Total Transfers In		383,483	-	-	-	107,030
Transfers Out - Capital Expenditures		-	320,000	-	-	-
Transfers Out - Debt Service Payments		-	-	-	-	-
Total Transfers Out		-	320,000	-	-	-
Interest Rate	S	0.20%	0.30%	0.50%	0.75%	1.00%
Interest Income		380	670	320	490	1,190
Recognize Interest In Revenue Requirements	N	-	-	-	-	-
Ending Balance		\$ 383,863	\$ 64,533	\$ 64,853	\$ 65,343	\$ 173,563
Debt Reserve Fund						
Beginning Balance		\$ -	\$ -	\$ -	\$ -	\$ -
Transfer In - SRF Loan 1		-	-	-	-	-
Transfer In - SRF Loan 2		-	-	-	-	-
Total Transfers In		-	-	-	-	-
Transfers Out - Payment of Final Payment		-	-	-	-	-
Transfer Out - SRF Loan 1		-	-	-	-	-
Transfer Out - SRF Loan 2		-	-	-	-	-
Total Transfers Out		-	-	-	-	-
Interest Rate	L	0.20%	0.30%	0.50%	0.75%	1.00%
Interest Income		-	-	-	-	-
Recognize Interest In Revenue Requirements	Y	-	-	-	-	-
Ending Balance		\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Sinking Fund						
Annual Debt Payments		\$ 100,169	\$ 267,116	\$ 267,116	\$ 509,801	\$ 509,801
Average Annual Balance in Fund		25,042	66,779	66,779	127,450	127,450
Interest Rate	S	0.20%	0.30%	0.50%	0.75%	1.00%
Interest Income	Y	\$ 50	\$ 200	\$ 330	\$ 960	\$ 1,270
Interest Earnings Recap:						
Unrestricted Earnings	Y	\$ 380	\$ 1,190	\$ 2,000	\$ 2,660	\$ 2,870
Restricted Earnings	N	380	670	320	490	1,190
Total Earnings		\$ 760	\$ 1,860	\$ 2,320	\$ 3,150	\$ 4,060

Appendix D

Utility Valuation Analysis Report

January 31, 2013

Mr. Armando Martinez
City Manager, City of Bunnell
1769 E. Moody Blvd.
P.O. Box 756
Bunnell, Florida 32110

RE: Plantation Bay Utility Company Valuation Analysis

Dear Mr. Martinez:

The accompanying report for the Plantation Bay Utility Company ("Plantation") water and sewer system presents an analysis of value of the Plantation system based upon 1) the comparable sales of certain water and sewer utility systems that have occurred recently in Florida, and 2) the net income and subsequent borrowing capacity of the Plantation system under the ownership and operation of the City of Bunnell ("City").

We have developed the valuation analyses presented herein in accordance with generally accepted standards and industry practices for developing and evaluating water and sewer utility system values. The development of the analysis included such procedures as we considered necessary to evaluate the reasonableness of the assumptions and data provided by Plantation and City management relied upon in the preparation of the valuation analyses contained herein.

Based upon the information and assumptions presented herein, we have determined a minimum value for the Plantation system of \$7.4 based upon the borrowing capacity of net revenue of the system and a maximum value of \$8.3 million based upon the comparable sales of other water and sewer utility systems. The City has negotiated an acquisition price of \$5.5 million that is less than the available borrowing capacity of the Plantation system under City ownership and operation. As such, the annual revenue from the Plantation system will not only meet its annual operations and maintenance, acquisition debt service (including coverage), and capital cost requirements, but will also provide positive cash flow to the City's Water & Sewer Enterprise Fund.

Very truly yours,



Andrew J. Burnham
Senior Vice President
Burton & Associates

**Plantation Bay Utility Company
Valuation Analysis**

**Valuation Analysis
Including
Summaries of Significant Assumptions,
Data, and Multi-Year Forecast Results**

January 31, 2013

Prepared by:
Burton & Associates, Inc.

Plantation Bay Utility Company Valuation Analysis

SUMMARY OF SIGNIFICANT ASSUMPTIONS, DATA, AND MULTI-YEAR FORECAST RESULTS

Prepared January 31, 2013

This report will present and discuss an analysis of value of the Plantation Bay Utility Company ("Plantation") system based upon 1) the comparable sales of certain water and sewer utility systems that have occurred recently in Florida, and 2) the net income and borrowing capacity of the Plantation system under the ownership and operation of the City of Bunnell ("City").

Description of Valuation Analysis

The valuation of the Plantation system was conducted to provide the City with an unbiased, professional analysis of the value of the Plantation assets and its customer base to the City.

There are three approaches which are widely recognized throughout the industry for valuing water and sewer utility systems; Replacement Cost New Less Depreciation, Income, and Comparable Sales. Each of the three approaches or analyses results in a separate finding that is then weighted to determine an overall value for the utility system. Often times, utility valuations place a significantly greater weighting or importance to the results of the Income Analysis due to the importance of net revenues being able to cover the annual principal and interest requirements of the borrowing necessary to acquire the utility system. In fact, some utility valuations rely entirely on the results of the Income Analysis, as any acquisition price greater than the borrowing capacity of the net revenue of the system is not financially feasible.

The valuation analysis presented herein for the Plantation system was conducted using the Comparable Sales and Income Approaches.

Basis of Presentation

The accompanying valuation analysis consists of the following schedules:

- Schedule 1 "Comparable Sales Analysis",
- Schedule 2 "Historical Water Accounts & Meter Equivalents",
- Schedule 3 "Historical Sewer Accounts & Meter Equivalents",
- Schedule 4 "Historical Water Operating Revenue",
- Schedule 5 "Historical Sewer Operating Revenue",
- Schedule 6 "Historical Water Operating Expenses",
- Schedule 7 "Historical Sewer Operating Expenses",
- Schedule 8 "Income Analysis"

Plantation Bay Utility Company

Valuation Analysis

Comparable Sales Analysis

This valuation method is not typically given as significant a weighting in utility valuations as the Income Analysis, as business, market, political, regulatory, and other influences are unique to each individual utility system. All utilities are different, and the Comparable Sales Analysis typically does not consider the service area characteristics, growth potential, age and condition of the facilities, the permitting status, type of treatment, etc.

The Comparable Sales Analysis presented herein identified the parameters of several utility acquisitions occurring within the past 10 years. For each transaction, we listed the respective selling and purchasing entities, as well as the year of the sale, purchase price, and number of Equivalent Residential Connections ("ERCs") at the time of acquisition. We then summed all the purchase prices and ERC's in order to compute a weighted purchase price per ERC and applied that to the estimated FY 2013 ERCs of the Plantation system.

Schedule 1 presents the base data for each of the utility transactions included in the Comparable Sales Analysis and identifies a weighted purchase price of \$2,630 per ERC. Applying this price per ERC to the estimated number of water and sewer system ERC's of the Plantation system yields a comparable sales valuation of \$8,288,932.

Income Analysis

The Income Analysis identifies the amount of debt that could be issued to acquire a utility system for which the annual repayment requirements of the debt could be supported by the net revenues of the utility for the entire duration of the bond/loan. Specifically, this analysis determined the maximum amount of annual debt service the projected net revenue of the Plantation system would be able to support under City ownership and operation. This debt service was used to establish a par amount of an acquisition borrowing based upon an assumed interest rate and term that could be issued to acquire the system. Assumed costs of issuance for the borrowing were deducted from the total borrowing amount to determine the net available proceeds for acquisition of the Plantation system. We then projected the annual revenue and expenses for the Plantation system over a ten-year projection period to ensure that net revenues would be able to support the annual acquisition debt service.

In order to initiate the analysis, we obtained detailed billing history for the Plantation system, including five years of annual financial reports from 2007 to 2011, and unaudited 2012 results. We also integrated data from the City regarding its anticipated operating as well as renewal and replacement requirements for the Plantation system. We also incorporated many of the assumptions and policies from the City's recently completed FY 2011 Financial Management Plan (Final Report dated September 17, 2011) that would affect the financial management plan for the Plantation system, such as minimum debt service coverage levels, minimum levels of working capital reserves, escalation rates for operating costs, rate indexing policies, etc.

Plantation Bay Utility Company

Valuation Analysis

The following identifies the base data and key assumptions reflected in the Income Analysis:

1. Acquisition Parameters

The analysis assumes that the acquisition occurs by the end of the first quarter of FY 2013. However, it should be noted that the revenue and operating expense projections of the analysis as presented herein reflect a full year of City ownership and operation of the Plantation system for presentation purposes as the partial year impacts in the year of acquisition are expected to be minimal. The analysis currently assumes the acquisition borrowing of the Plantation system will be via a State Revolving Fund ("SRF") Loan with a 2.75% interest rate, financing costs equal to 1.50% of the total loan amount, and a 30-year term.

2. Customer Base

Schedules 2 (water) and 3 (sewer) present a summary of the historical number of accounts by meter size and number of Equivalent Residential Connections ("ERCs") by year for 2007 to 2011 per the Annual Reports filed with the Florida Public Service Commission ("FPSC"), as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of this history, the Income Analysis reflects an annual growth rate in customers and demands of 0.50% per year.

3. Revenue Projections & Assumed Rate Increases

Schedules 4 (water) and 5 (sewer) present the historical revenues of the Plantation system by year for 2007 to 2011 per the Annual Reports filed with the FPSC, as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of that information, the estimated FY 2013 revenues of the system reflect the FY 2012 unaudited results, normalized to reflect a full year of revenue based upon the current rates of the Plantation system that were implemented on July 1, 2012. In FY 2014 and each year thereafter, it is assumed that the City would apply its approved 5% annual water and sewer rate indexing adjustment policy per its ordinance to the rates of the Plantation system.

4. Operating Expenditures

Schedules 6 (water) and 7 (sewer) present the historical operating expenses of the Plantation system by year for 2007 to 2011 per the Annual Reports filed with the FPSC, as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of that historical data, the estimated FY 2013 expenses of the system reflect the FY 2012 unaudited actual amounts, with adjustments to account for known and measurable changes to expenses under City ownership and operation. In total, it is expected that the City will be able to operate the Plantation system for approximately \$30,000 or 5% less than the current owners of the system.

Plantation Bay Utility Company Valuation Analysis

5. Other Important Assumptions & Financial Planning Policies

- Required debt service coverage ratio of 1.15 times annual debt service
- Target debt service coverage ratio of at least 1.30 times annual debt service
- Operating cost inflation rates consistent with the City's FY 2011 Financial Management Plan conducted for its Water & Sewer Enterprise Fund.
- Annual contribution to renewal and replacement funding equal to 5% of annual gross revenues. In FY 2013, this equals slightly more than \$50,000.

Based upon the information and assumptions described herein, the acquisition of the infrastructure and customer bases of the Plantation system by the City for \$7,431,436 million would provide sufficient revenue to fund the estimated acquisition debt service, projected ongoing operating costs, and capital improvement requirements of the system over a ten-year projection period. Schedule 8 of this report provides the supporting detail of the Income Analysis, including annual projections of revenue, operating expenses, capital spending, reserves, and debt service coverage for the system under City ownership and operation.

Conclusions of the Valuation Analysis

Based upon the principal considerations, assumptions, and the results of the analysis as summarized in this report, which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The Plantation system has a value of \$8.3 million based upon the comparable sales of other utility systems in Florida and has an income-based value of \$7.4 million based upon the borrowing capacity of the net income the system would generate under City ownership and operation.
2. The negotiated acquisition price of \$5.5 million is less than the value of the system under both the Comparable Sales and Income Approaches and will 1) preserve borrowing capacity of the system for future capital improvements as may be required, and 2) provide positive annual cash flow to the City's Water & Sewer Enterprise Fund.
3. The projected revenues and operating expenses for the Plantation system, described herein, are reasonable based on the system's historical data, anticipated growth, and rate adjustments discussed herein. Projected revenues are sufficient to (i) pay projected operating expenses; (ii) pay the annual debt service requirements of the acquisition financing; (iii) fund annual renewal and replacement requirements; and (iv) provide for adequate operating reserves.

Comparable Sales Analysis

Schedule 1

	Name of Utility (Seller)	Name of Purchaser	System Type	Year Purchased	Purchase Price	Water ERC's	Sewer ERC's	Total ERC's	Price/ERC	
1	Florida Water Services, Inc. - Fox Run, Leliani Heights, and Fisherman's Haven	Martin County	W/S	2003	\$ 2,350,000	660	630	1,290	\$ 1,822	
2	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest	JEA (Duval County)	W/S	2003	\$ 25,000,000	6,426	5,832	12,258	\$ 2,039	
3	Florida Water Services - Palm Coast System	City of Palm Coast	W/S	2003	\$ 82,772,934	27,464	20,147	47,611	\$ 1,739	
4	Florida Water Services - Spring Hill System	Hermando County	W/S	2003	\$ 35,574,025	34,622	8,021	42,643	\$ 834	
5	Florida Water Services - Marco Island and Marco Shores Systems	City of Marco Island	W/S	2003	\$ 85,313,143	16,160	6,109	22,269	\$ 3,831	
6	Florida Water Services - Citrus	Florida Governmental Utility Authority	W/S	2003	\$ 16,058,337	11,648	6,382	18,030	\$ 891	
7	Florida Water Services - Lehigh	Florida Governmental Utility Authority	W/S	2003	\$ 34,503,538	11,460	8,427	19,887	\$ 1,735	
8	Little Sumter Utility Co.	Village Center Comm. Devel. District	W/S	2003	\$ 86,400,000	10,755	8,854	19,609	\$ 4,406	
9	Burkim Enterprises, Inc. - System Serving Snug HarborLakes and Villages	Brevard County (Condemnation)	W/S	2005	\$ 1,200,000	483	483	966	\$ 1,242	
10	Village of Royal Palm Beach	City of Leesburg, Florida	W/S	2006	\$ 86,613,143	11,796	11,731	23,527	\$ 3,681	
11	St. Johns Service Company	St. Johns County, Florida	W/S	2006	\$ 27,000,000	8,337	7,623	15,960	\$ 1,692	
12	Aloha Utilities, Inc.	Florida Governmental Utility Authority	W/S	2008	\$ 90,500,000	17,108	16,154	33,262	\$ 2,721	
13	North Fort Myers Utility, Inc.	Florida Governmental Utility Authority	W/S	2010	\$ 55,000,000	1,894	11,165	13,059	\$ 4,212	
14	North Sumter Utility Company	North Sumter County Utility Dependent District	W/S	2010	\$ 179,906,099	18,611	18,499	37,110	\$ 4,848	
15	On Top of the World System	Bay Laurel CCDD	W/S	2010	\$ 34,000,000	5,516	5,412	10,928	\$ 3,111	
16	Alafaya Utilities	City of Oviedo	S	2011	\$ 28,750,000	-	9,060	9,060	\$ 3,173	
17	Mad Hatter Utilities	Florida Governmental Utility Authority	W/S	2012	\$ 14,000,000	3,846	3,287	7,133	\$ 1,963	
18	Rainbow Springs Utilities, Inc.	City of Dunnellon	W/S	2012	\$ 5,950,000	2,617	1,503	4,120	\$ 1,444	
19	Total Purchase Price & ERC's and Average Price per ERC					\$ 890,891,219	189,403	149,319	338,722	\$ 2,630

Comparable Sales Avg. \$ / ERC	\$ 2,630
Plantation Bay W&S ERC's (2013 est.)	3,167
Plantation Bay Comparable Sale Value	\$ 8,288,932

Historical Water Accounts & Meter Equivalents

Schedule 2

Source: Page W-13 of Annual Reports (2007 - 2011) and data per utility (2012)

METER SIZE	TYPE OF METER	EQUIVALENCY FACTOR	2007		2008		2009		2010		2011		2012	
			METERS	METER EQUIVALENTS	METERS	METER EQUIVALENTS	METERS	METER EQUIVALENTS	METERS	METER EQUIVALENTS	METERS	METER EQUIVALENTS	METERS	METER EQUIVALENTS
			Residential 5/8"		1.0	-	-	-	-	-	-	-	-	-
Residential 1"	Displacement	2.5	-	-	-	-	-	-	-	-	-	-	-	-
Residential 1.5"	Displacement	5.0	-	-	0	-	-	-	-	-	-	-	-	-
All Residential		1.0	1,467	1,467	1,468	1,468	1,451	1,451	1,474	1,474	1,486	1,486	1,492	1,492
5/8"	Displacement	1.0	9	9	20	20	13	13	13	13	13	13	19	19
3/4"	Displacement	1.5	-	-	-	-	-	-	-	-	-	-	-	-
1"	Displacement	2.5	3	8	3	8	7	18	3	8	4	10	4	10
1 1/2"	Displacement or Turbine	5.0	5	25	3	15	5	25	3	15	3	15	3	15
2"	Displacement, Compound or Turbine	8.0	1	8	2	16	2	16	2	16	3	24	2	16
3"	Displacement	15.0	-	-	-	-	-	-	-	-	-	-	-	-
3"	Compound	16.0	1	16	1	16	1	16	1	16	1	16	1	16
3"	Turbine	17.5	-	-	-	-	-	-	-	-	-	-	-	-
4"	Displacement or Compound	25.0	1	25	1	25	1	25	1	25	1	25	1	25
4"	Turbine	30.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Displacement or Compound	50.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Turbine	62.5	-	-	-	-	-	-	-	-	-	-	-	-
8"	Compound	80.0	-	-	-	-	-	-	-	-	-	-	-	-
8"	Turbine	90.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Compound	115.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Turbine	145.0	-	-	-	-	-	-	-	-	-	-	-	-
12"	Turbine	215.0	-	-	-	-	-	-	-	-	-	-	-	-
			1,487	1,558	1,498	1,568	1,480	1,564	1,497	1,567	1,511	1,589	1,522	1,593
Annual Growth Rate in Meter Equivalents				N/A		0.64%		-0.26%		0.19%		1.44%		0.25%

Historical Sewer Accounts & Meter Equivalents

Schedule 3

METER SIZE	TYPE OF METER	EQUIVALENCY FACTOR	2007		2008		2009		2010		2011		2012	
			METERS	METER EQUIVALENTS										
Residential 5/8"		1.0	-	-	-	-	-	-	-	-	-	-	-	-
Residential 1"	Displacement	2.5	-	-	-	-	-	-	-	-	-	-	-	-
All Residential		1.0	1,320	1,320	1,370	1,370	1,399	1,399	1,428	1,428	1,446	1,446	1,470	1,470
5/8"	Displacement	1.0	8	8	10	10	8	8	8	8	8	8	9	9
3/4"	Displacement	1.5	-	-	-	-	-	-	-	-	-	-	-	-
1"	Displacement	2.5	3	8	2	5	2	5	3	8	4	10	3	8
1 1/2"	Displacement or Turbine	5.0	5	25	3	15	3	15	3	15	3	15	3	15
2"	Displacement, Compound or Turbine	8.0	1	8	2	16	2	16	2	16	2	16	2	16
3"	Displacement	15.0	-	-	-	-	-	-	-	-	-	-	-	-
3"	Compound	16.0	1	16	1	16	1	16	1	16	1	16	1	16
3"	Turbine	17.5	-	-	-	-	-	-	-	-	-	-	-	-
4"	Displacement or Compound	25.0	-	-	1	25	1	25	1	25	1	25	1	25
4"	Turbine	30.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Displacement or Compound	50.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Turbine	62.5	-	-	-	-	-	-	-	-	-	-	-	-
8"	Compound	80.0	-	-	-	-	-	-	-	-	-	-	-	-
8"	Turbine	90.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Compound	115.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Turbine	145.0	-	-	-	-	-	-	-	-	-	-	-	-
12"	Turbine	215.0	-	-	-	-	-	-	-	-	-	-	-	-
			1,338	1,385	1,389	1,457	1,416	1,484	1,446	1,516	1,465	1,536	1,489	1,559
Annual Growth Rate In Meter Equivalents				N/A		5.24%		1.85%		2.12%		1.35%		1.46%

Historical Water Operating Revenue

Schedule 4

Source: Page W-9 of Annual Reports (2007 - 2011) and data per utility (2012)

DESCRIPTION	2007	2008	2009	2010	2011	2012
Water Sales: Unmetered Water Revenue						
Metered Water Revenue:						
Metered Sales to Residential Customers	\$ 373,781	\$ 376,875	\$ 388,362	\$ 407,330	\$ 413,242	\$ 414,939
Metered Sales to Commercial Customers	17,069	18,893	20,122	20,030	22,121	21,282
Metered Sales to Industrial Customers	-	-	-	-	-	-
Metered Sales to Public Authorities	-	-	-	-	-	-
Metered Sales to Multiple Family Dwellings	-	-	-	-	-	-
Other Revenues						
Total Metered Sales	390,850	395,768	408,484	427,360	435,363	436,221
Fire Protection Revenue:						
Public Fire Protection	-	-	-	-	-	-
Private fire Protection	-	-	-	-	-	-
Total Fire Protection Revenue	-	-	-	-	-	-
Other Sales to Public Authorities						
Sales to Irrigation Customers	-	-	-	-	-	-
Sales for Resale	-	-	-	-	-	-
Interdepartmental Sales	-	-	-	-	-	-
Total Water Sales	390,850	395,768	408,484	427,360	435,363	436,221
Other Water Revenues:						
Guaranteed Revenues	-	-	-	-	-	-
Forfeited Discounts	-	-	-	-	-	-
Miscellaneous Service Revenues	7,972	10,289	10,447	11,748	11,363	10,708
Rents From Water Property	-	-	-	-	-	-
Interdepartmental Rents	-	-	-	-	-	-
Other Water Revenues:	5,304	-	144	1,060	-	-
	0	0	0	0	0	0
Total Other Water Revenues	\$ 13,276	\$ 10,289	\$ 10,591	\$ 12,808	\$ 11,363	\$ 10,708
Total Water Operating Revenues	\$ 404,126	\$ 406,057	\$ 419,075	\$ 440,168	\$ 446,726	\$ 446,929

Historical Sewer Operating Revenue

Schedule 5

Source: Page S-9 of Annual Reports (2007 - 2011) and data per utility (2012)

DESCRIPTION	2007	2008	2009	2010	2011	2012
WASTEWATER SALES						
Measured Revenues:						
Residential Revenues	471,615	491,626	513,070	528,405	531,911	554,030
Commercial Revenues	17,447	27,020	29,602	29,535	30,710	30,624
Industrial Revenues	-	-	-	-	-	-
Revenues From Public Authorities	-	-	-	-	-	-
Multiple Family Dwelling Revenues (U	-	-	-	-	-	-
Total Measured Revenues	489,062	518,646	542,672	557,940	562,621	584,654
Revenues From Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues From Other Systems	-	-	-	-	-	-
Interdepartmental Revenues	-	-	-	-	-	-
Total Wastewater Sales	489,062	518,646	542,672	557,940	562,621	584,654
Other Wastewater Revenues						
Guaranteed Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Sludge	-	-	-	-	-	-
Forfeited Discounts	-	-	-	-	-	-
Rents From Wastewater Property	-	-	-	-	-	-
Interdepartmental Rents	-	-	-	-	-	-
Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)	-	-	(371)	(956)	(1,006)	(859)
Total Other Wastewater Revenues	\$ -	\$ -	\$ (371)	\$ (956)	\$ (1,006)	\$ (859)
RECLAIMED WATER SALES						
Measured Reuse Revenues:						
Residential Reuse Revenues	\$ 2,886	\$ 1,720	\$ 627	\$ 4,125	\$ 2,038	\$ 2,708
Commercial Reuse Revenues	-	-	-	-	-	-
Industrial Reuse Revenues	-	-	-	-	-	-
Reuse Revenues From Public Authorities:	-	-	-	-	-	-
Total Measured Reuse Revenues	2,886	1,720	627	4,125	2,038	2,708
Reuse Revenues From Other Systems	-	-	-	-	-	-
Total Reclaimed Water Sales	2,886	1,720	627	4,125	2,038	2,708
Total Sewer Operating Revenues	\$ 491,948	\$ 520,366	\$ 542,928	\$ 561,109	\$ 563,653	\$ 586,503

Historical Water Operating Expenses

Schedule 6

Source: Page W-10 of Annual Reports (2007 - 2011) and data per utility (2012)

ACCOUNT NAME

	2007	2008	2009	2010	2011	2012
Salaries and Wages - Employees	\$ 1,191	\$ 4,354	\$ -	\$ -	\$ -	\$ -
Salaries and Wages - Officers, Directors and Majority Stockholders	-	-	-	-	-	-
Employee Pensions and Benefits	-	-	-	-	-	-
Purchased Water	-	-	-	-	-	-
Purchased Power	26,396	26,147	30,319	28,902	30,524	30,613
Fuel for Power Production	-	-	-	-	-	-
Chemicals	30,854	35,517	36,861	39,663	42,328	52,267
Materials and Supplies	683	68	468	498	1,264	288
Contractual Services - Engineering	8,715	18,653	15,976	8,175	6,189	7,741
Contractual Services - Accounting	4,086	2,931	1,782	3,357	2,929	1,948
Contractual Services - Legal	2,713	2,855	-	7,069	366	221
Contractual Services - Mgt. Fees	58,234	55,000	55,000	55,000	55,000	60,000
Contractual Services - Testing	8,872	12,086	16,109	10,535	13,198	12,033
Contractual Services - Other	86,198	139,088	115,409	127,096	91,443	8,066
Contractual Services - Other/Source	-	-	-	-	-	19,135
Contractual Services - Other/W Treatment	-	-	-	-	-	75,590
Contractual Services - Other/T&D	-	-	-	-	-	15,953
Contractual Services - Other/Customer	-	-	-	-	-	8,279
Contractual Services - Other/G&A	-	-	-	-	-	429
Rental of Building/Real Property	-	-	-	-	-	-
Rental of Equipment	-	-	-	-	-	-
Transportation Expense	-	-	-	-	-	-
Insurance - Vehicle	-	-	-	-	-	-
Insurance - General Liability	8,836	7,938	8,003	8,391	8,478	8,727
Insurance - Workmen's Comp.	-	-	-	-	-	-
Insurance - Other	529	-	-	-	-	-
Advertising Expense	-	-	-	-	-	-
Regulatory Commission Expenses - Amortization of Rate Case Expense	-	-	-	-	-	-
Regulatory Commission Exp. - Other	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-
Miscellaneous Expenses	9,864	6,504	7,104	8,740	12,058	10,521
Total Water Utility Expenses	\$ 247,171	\$ 311,141	\$ 287,031	\$ 297,426	\$ 263,777	\$ 311,811

Historical Sewer Operating Expenses

Schedule 7

Source: Page 5-10 of Annual Reports (2007 - 2011) and data per utility (2012)

ACCOUNT NAME	2007	2008	2009	2010	2011	2012
Salaries and Wages - Employees	\$ 1,059	\$ 4,354	\$ -	\$ -	\$ -	\$ -
Salaries and Wages - Officers, Directors and Majority Stockholders	-	-	-	-	-	-
Employee Pensions and Benefits	-	-	-	-	-	-
Purchased Sewage Treatment	-	-	-	-	-	-
Sludge Removal Expense	59,583	81,722	74,360	60,718	50,326	41,110
Purchased Power	39,133	39,427	45,306	41,835	44,470	45,388
Fuel for Power Production	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-
Materials and Supplies	8,873	13,521	9,452	14,982	8,626	288
Contractual Services - Engineering	16,585	18,245	14,701	8,176	6,189	7,741
Contractual Services - Accounting	3,632	2,931	1,782	3,194	2,929	1,948
Contractual Services - Legal	2,412	2,855	-	7,069	366	221
Contractual Services - Mgt. Fees	51,766	55,000	55,000	55,000	55,000	60,000
Contractual Services - Testing	996	1,933	-	2,050	-	-
Contractual Services - Other	63,477	80,677	70,146	75,723	93,605	-
Contractual Services - Other/Pump Maintenance	-	-	-	-	-	12,739
Contractual Services - Other/T&D Operating Expenses	-	-	-	-	-	74,046
Contractual Services - Other/T&D Maintenance Expenses	-	-	-	-	-	100
Contractual Services - Other/Customer	-	-	-	-	-	8,279
Contractual Services - Other/G&A	-	-	-	-	-	1,370
Contractual Services - Other/Reclaimed	-	-	-	-	-	6,093
Rental of Building/Real Property	-	-	-	-	-	-
Rental of Equipment	-	-	-	-	-	-
Transportation Expense	-	-	-	-	-	-
Insurance - Vehicle	-	-	-	-	-	-
Insurance - General Liability	7,854	7,938	8,003	8,391	8,478	8,727
Insurance - Workmen's Comp.	-	-	-	-	-	-
Insurance - Other	471	-	-	-	-	-
Advertising Expense	-	-	-	-	-	-
Regulatory Commission Expenses - Amortization of Rate Case Expense	9,670	9,670	9,670	-	-	-
Regulatory Commission Expenses - Other	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-
Miscellaneous Expenses	8768	5879	5998	9937	12877	11365
Total Wastewater Utility Expenses	\$ 274,279	\$ 324,152	\$ 294,418	\$ 287,075	\$ 282,866	\$ 279,414

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Assumed Customer Growth - Water System		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Assumed Customer Growth - Sewer System		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Water Revenue	CY 2012	Rate Increase	0.50%	5.00%							
Residential	\$ 414,939	\$	419,099	\$	442,254	\$	466,689	\$	492,474	\$	519,683
Commercial	\$ 21,282	\$	21,495	\$	22,682	\$	23,936	\$	25,258	\$	26,654
Multi Family	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-
Irrigation	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-
Fire Protection	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-
Sewer Revenue		Rate Increase	0.50%	5.00%							
Residential	\$ 554,030	\$	559,584	\$	590,501	\$	623,127	\$	657,554	\$	693,884
Commercial	\$ 30,624	\$	30,931	\$	32,640	\$	34,443	\$	36,346	\$	38,354
Multi Family	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-
Reclaimed	\$ 2,708	\$	2,735	\$	2,886	\$	3,046	\$	3,214	\$	3,392
Other Miscellaneous	\$ -	Rate Increase	N/A	0.00%							
Other Water Revenue	\$ 10,708	\$	10,708	\$	10,762	\$	10,815	\$	10,869	\$	10,924
Interest Income	\$ -	\$	149	\$	265	\$	1,084	\$	3,655	\$	8,346
Other Sewer Revenue	\$ (859)	\$	(859)	\$	(863)	\$	(867)	\$	(872)	\$	(876)
TOTAL REVENUE	\$ 1,033,432	\$	1,043,843	\$	1,101,128	\$	1,162,772	\$	1,228,499	\$	1,300,360
Rates (% of Prevailing Rates)			100%								

ACCOUNT NAME	CY 2012	Adj. City Op.	Inflation Factor												
Salaries and Wages - Employees	\$ -	\$90,000	3.00%	\$	90,000	\$	92,700	\$	95,481	\$	98,345	\$	101,296	\$	104,335
Salaries and Wages - Officers, Directors and Stockholders	\$ -		3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Employee Pensions and Benefits	\$ -	\$18,000	8.50%	\$	18,000	\$	19,530	\$	21,190	\$	22,991	\$	24,945	\$	27,066
Purchased Water/Sewage Treatment	\$ -		5.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Sludge Removal Expense	\$ 41,110		5.00%	\$	41,110	\$	43,166	\$	45,324	\$	47,590	\$	49,969	\$	52,468
Purchased Power	\$ 76,000		5.00%	\$	76,000	\$	79,800	\$	83,790	\$	87,980	\$	92,379	\$	96,998
Fuel for Power Production	\$ -		5.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Chemicals	\$ 52,267		5.00%	\$	52,267	\$	54,881	\$	57,625	\$	60,506	\$	63,531	\$	66,708
Materials and Supplies	\$ 575		2.50%	\$	575	\$	589	\$	604	\$	619	\$	635	\$	651
Contractual Services - Engineering	\$ 15,482		3.00%	\$	15,482	\$	15,947	\$	16,425	\$	16,918	\$	17,426	\$	17,948
Contractual Services - Accounting	\$ 3,897		3.00%	\$	3,897	\$	4,014	\$	4,134	\$	4,258	\$	4,386	\$	4,517
Contractual Services - Legal	\$ 442		3.00%	\$	442	\$	455	\$	469	\$	483	\$	497	\$	512
Contractual Services - Mgt. Fees	\$ 120,000		3.00%	\$	120,000	\$	123,600	\$	127,308	\$	131,127	\$	135,061	\$	139,113
Contractual Services - Testing	\$ 12,033		3.00%	\$	12,033	\$	12,394	\$	12,766	\$	13,149	\$	13,543	\$	13,950
Contractual Services - Other	\$ 8,066		3.00%	\$	8,066	\$	8,308	\$	8,557	\$	8,814	\$	9,078	\$	9,351
Contractual Services - Other/Source	\$ 19,135		3.00%	\$	19,135	\$	19,709	\$	20,300	\$	20,909	\$	21,536	\$	22,182
Contractual Services - Other/W Treatment	\$ 75,590	\$ (75,590)	3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Contractual Services - Other/T&D	\$ 15,953		3.00%	\$	15,953	\$	16,432	\$	16,925	\$	17,433	\$	17,956	\$	18,494
Contractual Services - Other/Customer	\$ 16,558		3.00%	\$	16,558	\$	17,055	\$	17,567	\$	18,094	\$	18,637	\$	19,196
Contractual Services - Other/G&A	\$ 1,799		3.00%	\$	1,799	\$	1,853	\$	1,908	\$	1,966	\$	2,025	\$	2,085
Contractual Services - Other/Pump Maintenance	\$ 12,739		3.00%	\$	12,739	\$	13,122	\$	13,515	\$	13,921	\$	14,338	\$	14,768
Contractual Services - Other/T&D Operating Expenses	\$ 74,046	\$ (74,046)	3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Contractual Services - Other/T&D Maintenance Expenses	\$ 100		3.00%	\$	100	\$	103	\$	106	\$	109	\$	113	\$	116
Contractual Services - Other/Reclaimed	\$ 6,093		3.00%	\$	6,093	\$	6,276	\$	6,464	\$	6,658	\$	6,858	\$	7,063
Rental of Building/Real Property	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Rental of Equipment	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Transportation Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - Vehicle	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - General Liability	\$ 17,454		4.00%	\$	17,454	\$	18,152	\$	18,878	\$	19,633	\$	20,418	\$	21,235
Insurance - Workmen's Comp.	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - Other	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Advertising Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Regulatory Commission Expenses - Amort. of Rate Case Exp.	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Regulatory Commission Exp. - Other	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Bad Debt Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Miscellaneous Expenses	\$ 21,886		2.50%	\$	21,886	\$	22,483	\$	22,994	\$	23,569	\$	24,158	\$	24,762
Contingency	\$ -	\$10,000	2.50%	\$	10,000	\$	10,250	\$	10,506	\$	10,769	\$	11,038	\$	11,314
New Item	\$ -	\$0	2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Utility Expenses	\$ 591,226	\$ (31,636)		\$	559,590	\$	580,767	\$	602,897	\$	625,840	\$	649,823	\$	674,832

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Net Operating Revenue (NOR)	\$ 484,253	\$ 520,360	\$ 559,435	\$ 602,659	\$ 650,538	\$ 703,944	\$ 758,405	\$ 816,914	\$ 879,720	\$ 947,088
Less: Debt Service on Acquisition Borrowing	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)
NOR After Debt Service	\$ 111,751	\$ 147,858	\$ 186,933	\$ 230,157	\$ 278,035	\$ 331,442	\$ 385,903	\$ 444,411	\$ 507,217	\$ 574,586
Less: Cash-Funded Capital/R&R (5% of Gross Revenues)	\$ (52,192)	\$ (55,056)	\$ (58,114)	\$ (61,425)	\$ (65,018)	\$ (68,939)	\$ (72,966)	\$ (77,252)	\$ (81,813)	\$ (86,663)
Residual Cash Flow to City Water & Sewer Enterprise Fund	\$ 59,559	\$ 92,802	\$ 128,820	\$ 168,732	\$ 213,017	\$ 262,503	\$ 312,937	\$ 367,159	\$ 425,405	\$ 487,923
Calculated Debt Service Coverage	1.30	1.40	1.50	1.62	1.75	1.89	2.04	2.19	2.36	2.54
Ending Operating Reserve	\$ 59,559	\$ 152,360	\$ 281,180	\$ 449,912	\$ 662,930	\$ 925,433	\$ 1,238,370	\$ 1,605,529	\$ 2,030,934	\$ 2,518,857
Reserves as Number of Months of Operating Expenses	1.28	3.15	5.60	8.63	12.24	16.46	21.20	26.46	32.21	38.45
Acquisition Borrowing - Par Amount	\$ 7,542,908									
Less: Cost of Issuance	\$ (111,472)									
Less: DS Reserve	\$ -									
Less: Capitalized Interest	\$ -									
Less: Identified Capital Expenditures	\$ -									
Less: Other	\$ -									
Net Available for Utility Acquisition	\$ 7,431,436									

Net Available for Utility Acquisition	\$ 7,431,436
Plantation Bay W&S ERC's (2013 est.)	3,167
Acquisition Price per ERC	\$ 2,346

Appendix E

City/County Interlocal Agreement for the Plantation Bay Utility

**PLANTATION BAY UTILITY
INTERLOCAL AGREEMENT**

This Agreement is made and entered into this 6th day of February, 2013 between the City of Bunnell, a municipal corporation of the State of Florida (“City” or “Party”) and Flagler County, a political subdivision of the State of Florida (“County” or “Party”) and hereafter collectively be referred to as the “Parties.”

RECITALS

WHEREAS, Plantation Bay Utility Co., owns and operates a potable water and sanitary wastewater utility system (“Utility System”) pursuant to a certificate of authorization issued by the Florida Public Service Commission to serve an area within Flagler County and Volusia County; and,

WHEREAS, the service territory of the Utility System is located within unincorporated Volusia and Flagler Counties; and,

WHEREAS, the City and County have cooperated with one another such that respectively they are acquiring the potable water and central wastewater assets of the Utility System with the understanding that ownership and operation of the Utility System will be handled on a joint basis between the two Parties; and,

WHEREAS, the Parties now wish to enter into an interlocal agreement to establish their respective rights and obligations concerning the ownership, operation, maintenance, financing, expansion, and control of the Utility System.

WHEREAS, this Interlocal Agreement is authorized pursuant to the provisions of Chapters 125, 163, and 166, Florida Statutes, and other applicable law.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1. Recitals. The above Recitals are true and correct and are hereby incorporated into this Agreement.

SECTION 2. Definitions. The following terms shall have the meanings set forth below:

2.1 **Consent of the Parties** means the affirmative vote or written consent of the Parties holding a majority of the voting percentages.

2.2 **Deadlock** means a standstill, state of inaction or of neutralization caused by: the opposition of the Parties; an impasse in management; the action or inaction of the one of the Parties, a tie vote (i.e. 50/50), or a Party’s refusal to vote or to join in a

Consent of the Parties within thirty (30) days of a matter being presented to the Parties. Subject to any provision herein requiring unanimous Consent of the Parties, action at the direction of a Party with greater than fifty percent (50%) Utility interest over the objection of the other Party shall not constitute a Deadlock.

2.3 Fair Market Value means, as to any property, the price at which a willing and able seller would sell, and a willing and able buyer would buy, such property having full knowledge of the facts, and assuming such party acts on an arm's-length basis with the expectation of concluding the purchase and sale within a reasonable time.

2.4 Fiscal Year means the annual accounting period for the Utility System ending September 30 of each year.

2.5 Income or Loss means an amount equal to the Utility System's income or loss for such Fiscal Year or period determined in accordance with generally accepted governmental accounting standards for utility operations.

2.6 Utility means the Plantation Bay Utility System.

SECTION 3. Shared Responsibility. The City and County shall have equally shared legal responsibility for all aspects of the Utility, to include but not be limited to: meeting all financial, regulatory, environmental and liability requirements; providing water, sewer, and reuse service within the designated service area; and operating all other aspects of the Utility, regardless of whichever Party is authorized to act.

SECTION 4. Service Territory. The Parties acknowledge the existing water, wastewater, and reclaimed water service territory as depicted on Exhibit "A" (hereafter the "Service Territory"). The Parties agree that each will adopt the Service Territory for the Utility as shown on Exhibit A and it will be generally described as being bordered by US Hwy. #1 to the west and south; I-95 to the east; and the current Palm Coast City limits to the north (Northern limit shall conform to the demarcation shown for the Flagler County Service Area in the 2007 water settlement agreement as filed with the Flagler County Circuit Court in April 2007). The Service Territory may be modified by an amendment hereto to encompass more or less area provided the modification is in compliance with any agreements entered into on behalf of the Utility.

The Parties agree the Utility System shall not offer to serve, nor will it serve any entity or customer outside of the Service Territory unless the Parties jointly agree in writing to do so. The Parties acknowledge their joint desire to pursue, as they may deem appropriate, the following future long-term utility service projects (presented in no specific order of priority) which may require an increase in the adopted Service Territory:

1. Service within the City Limits of the City of Bunnell west of US 1.
2. Interconnection with the CITY's Water/Wastewater Systems.
3. Service replacement/interconnection/supplementation of the County Service area along Old Kings Road and the Eagle Lakes Plant.
4. Interconnection with the Volusia County Water/Wastewater Systems.

5. Economic Projects that will provide substantial job creation and/or capital investment.

SECTION 5. Rates and Charges. The current water, wastewater and reclaimed water rates being charged within the Service Territory are attached as Exhibit "B." Upon acquisition of the Utility System, the Parties agree to promptly conduct rate proceedings to fix user rates. The Parties hereby acknowledge that, based on the data presently available to them, an increase will be necessary to operate the Utility System responsibly. The adjusted rates shall be as determined after notice to customers and evidence presented at a hearing as required by Florida law and the standards of the Utility. Utility related charges shall be set by resolution.

5.1 The Parties agree to conduct the initial rate study after all debt service terms, grants and capital expenditures are finalized. The County will be responsible for administering and overseeing the initial rate study. The Parties shall have their costs for the study reimbursed by the Utility System. Both Parties shall participate in the conduct of the study and at a minimum the rates shall cover all operational expenses, capital costs not already financed, and all debt service costs of the Utility, including the repayment of any outstanding due diligence costs related to the acquisition and the costs of the rate study.

5.2 The Parties agree that Utility rates will stand on their own merit to meet the financial requirements of the Plantation Bay Utility System and shall not be tied to the charges assessed and collected by the City or County for their respective utility systems. Nor shall the Utility rates be based on any permitted charges authorized under Section 180.191 Florida Statutes, or any successor law. Utility rates shall be established as required by state law and the standards adopted by the Parties for the Utility. This provision shall survive the termination of this Agreement.

5.3 Should the City and County agree pursuant to the terms of this Agreement that the County shall be sole owner of the Utility System, and the City becomes a bulk sale customer of the Utility, the County shall provide water and wastewater services at its cost which shall be calculated by factoring in only the production, treatment, and distribution (pump/main lines) costs for water service and factoring in only the collection/transmission, treatment, and disposal costs for wastewater service. There shall not be service charges in excess of direct costs and the overhead for these Utility services. Additionally, the following provisions apply, all of which shall survive the termination of this Agreement.

5.4 Neither Party shall be permitted to charge hydrant and other fire flow fees to the other.

5.5 Neither Party shall be permitted to assess capital charges or capacity fees for short-term capacity usage, if determined available and supplied for a period not to exceed 5 years.

5.6 Neither Party shall deny providing available utility capacity to the other Party in the secondary service areas shown in Exhibit A, upon the payment of applicable capacity charges. Available Utility capacity shall be determined by the maximum usage of the facility less current usage, plus committed capacity, less 20% of the remaining capacity.

SECTION 6. Permits/Regulatory Matters. The Parties agree to retain the permits issued by the St. Johns River Water Management District (“SJRWMD”) and the Florida Department of Environmental Protection (“DEP”) for the Utility System as stand-alone permits, rather than incorporated into any other City or County permitted water allocation or capacity. The Parties shall approve all new permits or renewals of existing permits for the Utility System as required from time to time.

SECTION 7. Annexation. The City agrees not to pursue annexation into the City limits of any property within the Utility’s service area either non-voluntarily, as a requirement of providing utility service, or by any other coercive method. A purely voluntary annexation which is unrelated and unconnected with the provision of Utility services is permitted.

SECTION 8. Policy and Oversight The City Council of Bunnell and the Flagler County Board of County Commissioners shall fulfill the typical role each currently fills with the current utilities each body operates. For the purpose of conducting business and taking action with respect to the Utility System, they shall meet jointly when feasible, but may act independently if necessary. In the event of a Deadlock of the Parties, the matter shall, at the request of any Party, be resolved pursuant to the dispute resolution process in this Agreement. Consent of the Parties shall be necessary to affect any of the following actions:

- (a) The entry into or modification of any utility agreement or developer agreement that does not meet the Utility’s standard development agreement guidelines.
- (b) Any agreement for purchase or sale of real estate, bulk service or other agreement directly or indirectly impacting the development of the Utility System; or the amendment or modification thereof;
- (b) Sale, exchange or transfer of all or any portion of the Utility System or any of its operations;
- (c) The adoption of a budget and any increase in the overall adopted budget. If an impasse occurs with the adoption of a budget, the prior year's budget will remain in effect until resolved;
- (d) Expenditure of more than \$50,000 for an item not in a budget approved by the Parties (in a single transaction or series of related transactions) for capital items (as defined under generally accepted accounting principles);

(e) The commencement of any legal action or proceedings or the waiver, settlement, compromise, or confession of any judgment with respect to any claims or causes of action against or by any third parties;

(f) Require an additional monetary contribution, including its due date;

(g) The setting of rates, fees, and charges; and

(h) Approval of any loans/debt, provided, however, that the initial loan provided in Subsection 11.1 and any loans made prior to closing on the Utility System are hereby deemed approved.

SECTION 9. Administration and Management . The City Manager and County Administrator shall have equal authority for the overall management and administration of the Utility System. They shall operate the Utility System as its own enterprise fund and not to be part of any other enterprise fund maintained by either the County or City, nor to be part of the general fund of either the County or City. They shall meet at least once quarterly and more frequently as needed to administer and manage the Utility System. Together or through their designees they shall:

(a) Act as the overall manager of the Utility System with the duties and authority to act as a single management unit to provide for its operation and maintenance, including obtaining any governmental approvals or permits;

(b) Oversee permitting and construction of facilities to insure proper completion consistent with the goals and objectives contained herein;

(c) Acquire equipment and property other than real property;

(d) Oversee contractual obligations with respect to the Utility System;

(e) Obtain insurance for the assets and operation of the Utility System;

(f) Insure that all accounting and operational books and records are properly maintained;

(g) Direct the expenditure and investment of funds in accordance with Florida Statutes Section 218.415 as amended from time-to-time or its successor;

(h) Oversee the development of an annual budget for consideration and approval of the Parties.

(i) Develop grant applications, financing recommendations and other similar financially related activities to assist the Utility System with meeting its financial short and long term needs and obligations;

(j) Approve standard utility/developer agreements for utilities in accordance with adopted guidelines; and

(k) Address any other issue not addressed herein as necessary to properly manage the Utility System realizing that such arrangements may change over time.

SECTION 10. Utility Operations. Daily operations of the Utility System shall generally be handled in the following manner. It is understood by the Parties that additional personnel and other changes may be necessary to develop the most effective, cost efficient method of operating the Utility System.

10.1 Utility Manager – The Utility Manager shall be the City Utility Manger who shall oversee the daily physical operations of the utility system. This shall include but not be limited to direct and indirect supervision of plant operators, meter readers, scheduling, non-capital system repairs, emergency repairs, testing, reporting, and compliance, system maintenance, etc.

a. Cost Reimbursement - The Utility shall reimburse the City for half of all direct expenses related to the Utility Manager.

b. Administrative Support – The Utility shall reimburse the City for half of all direct expense related to City’s Utility Manager’s Administrative Assistant.

10.2 Plant Operations – The Utility shall hire at least two full-time employees whose primary purpose is to operate the plant facilities and perform other services as needed for the Utility. These employees may also assist as needed in work related to the distribution/collection system. These employees shall be employees of the City and their direct cost of wages and benefits shall be reimbursed or paid by the Utility System. Dual certification employees (water and wastewater) shall be hired if possible. Single certification employees shall be hired with a requirement to become dual certified within 24 months of employment. When additional assistance is needed the City will provide utility individuals, teams and/or equipment from the City’s Utility Personnel per subsection 10.6 below.

10.3 Distribution/Collection System Maintenance – The Utility shall hire at least two full-time persons to work on maintenance of the distribution/collection system. These persons shall be employees of the City and their direct cost of wages and benefits shall be reimbursed or paid by the Utility System. They shall be certified accordingly for that work. Other utility employees from the plant will assist with distribution/collection maintenance to the greatest extent possible. When additional assistance is needed the City will provide utility individuals, teams and/or equipment from the City’s Utility Personnel per subsection 10.6 below.

10.4 Meter Reading - The Utility shall either hire a full time meter reader or shall reimburse the City for this service or some combination thereof as determined by the County Administrator and City Manager. If an employee(s) is hired the employer will be the City’s. When additional assistance is needed the City will provide utility individuals and/or equipment from the City’s Utility Personnel per subsection 10.6 below.

10.5 Billing - The Utility shall either hire a part- or full-time billing person or shall reimburse the City for this service or some combination thereof as determined by the County Administrator and City Manager. If an employee (s) is hired the employee will be the City's employee. When additional assistance is needed the City will provide utility individuals and/or equipment from the City's Utility Personnel per subsection 10.6 below.

10.6 Additional Assistance to the Utility System – When additional assistance is needed the City will provide utility individuals, teams and/or equipment from the City's Utility Personnel. Reimbursement for personnel will occur at the direct cost for wages and benefits for the time expended on the Utility assignment. Equipment reimbursement will be per a working hourly rate established by the County Administrator and City Manager working with the Utility Manager. Supplies utilized shall be purchased directly by the Utility whenever possible, but if supplied by the City they shall be reimbursed at cost plus 10% overhead or replaced directly to the City by the Utility. Additional assistance provided shall be billed monthly by the City to the Utility.

10.7 Assistance Provided by the Utility System – Reimbursement for Utility personnel and equipment to the City or County shall be made in the same manner as provided in subsection 10.6. In some cases swapping of services may be permitted between the two entities without cross billing as approved by the City Manager and County Administrator.

10.8 The County Administrator and City Manager may determine that for any of the foregoing the County shall be the entity providing employees or supplies and in such event the provisions related to hiring, control and reimbursement shall be made applicable to the County in the same manner as provided for the City.

SECTION 11. Utility Finances and Accounting - The finances for the Utility shall be the administrative responsibility of the County. The Utility System's accounting records shall be maintained in accordance with generally accepted governmental accounting standards as promulgated by the Governmental Accounting Standards Board. The City, and its designated personnel, shall have access to the records at all reasonable times.

11.1 The County shall secure a short-term loan for five (5) years or less, for up to \$500,000 for any operational and start-up costs and for the potential reimbursement of costs not covered by loan proceeds to purchase the Utility System and may include due diligence costs, legal fees, loan origination costs, operating cash, purchase of tools and equipment, repairs, capital improvements, and such other costs as may be agreed to by the County Administrator and City Manager if not prohibited by the lending instruments.

11.2 The Utility shall hire a part or full-time employee to perform the finance and accounting functions. This employee shall be an employee of the County and the Utility shall pay or reimburse the County for the direct cost of the wage and benefits of such

employee on a monthly basis. When additional assistance is needed the County will provide finance personnel from the County. Reimbursement for such personnel shall be at the employee's hourly rate including benefits paid by the County for the time spent on the Utility assignment. Additional assistance provided shall be billed monthly by the County to the Utility.

11.3 The County shall annually audit the financial statements of the Utility System through the County's annual independent audit. The County shall be reimbursed by the Utility System for the costs related to the annual audit of the Utility System.

11.4 The County shall maintain separate bank accounts for the Utility System with qualified public depositories as defined in Chapter 280 Florida Statutes, and the funds shall not be commingled with any other funds of the County unless specifically authorized by the City. At its expense, the City may retain an independent auditor to audit the books of the Utility System.

11.5 The County shall provide to the City, within 20 days after the end of each of fiscal quarter and at the end of each fiscal year the following financial statements for the operation of the Utility System:

- (a) Balance sheet as of the end of such period;
- (b) Statement of income or loss and a statement of Party capital accounts for such period; and
- (c) Statement of cash flows for such period.

SECTION 12. Utility System Capital Improvements. The County will diligently pursue construction of the Utility System's capital improvements in a timely manner in accordance with the Utility Engineer's Report and available funds.

12.1 The County Engineer or designee will oversee and manage the procurement, contracting, and construction of capital projects with assistance provided by the City Engineer. The County Engineer shall bill the Utility monthly for engineering services performed by the County Engineering Department at the employee's hourly rate including benefits paid by the County for time spent on the project.

12.2 Capital improvements shall be designed, bid, and constructed in accordance with any County, State, and Federal requirements, as applicable, to include any specific grant or loan requirements of any agency. All work shall be procured as required by state law, the County's procurement policies and any requirement imposed by a grant funding source. For competitive bid or RFP process, the Parties shall each provide an equal number of staff representatives to sit on any evaluation committee.

12.3 Prior to entering into a contract for construction of the capital improvements ("Construction Contract"), the County shall set forth protocols for the City to review and inspect the capital improvement projects including, but not limited to, the following City rights:

(a) Inspection of capital improvements either as primary inspector or as assistant with the primary inspector as determined on a case by case basis by the City Manger and County Administrator;

(b) Approval of the construction contract, and associated cost of the capital improvement, as a condition of execution by the County;

(b) Receipt of monthly construction progress reports;

(c) Receipt each month of contractor draw requests or invoices, proof of payment to contractors and associated construction lien waivers;

(d) Review of change orders that affect the design of the Utility System that, in the aggregate, increase the contract cost by more than ten percent (10%).

12.4 The County shall be responsible for providing documentation as may be required by any granting or funding agency or institution for any capital improvement funded or financed by grant, loan, or some other form of credit. The County shall be reimbursed by the Utility for the County personnel assigned this work in meeting such obligations based on the direct costs of the employee's wage and benefits for the time expended, including any out of pocket costs, as incurred or expended by the County.

12.5 The County Administrator and City Manager may agree subject to notice to their respective boards that the foregoing activities in Section 12 can be principally performed by the City. In that event the provisions of Section 12 shall be made applicable to the City in the same manner as provided for the County.

SECTION 13. Professional Services. Legal, planning, consultant and procurement professional services (including, but not limited to, work required by or for granting or lending agencies and work associated with engineering, surveying, economic or other experts) for the Utility shall be provided by the County and such services shall be reimbursed by the Utility on a monthly basis. Reimbursement for such services when performed by employees of the County shall be at the employee's hourly rate including benefits paid by the County for time spent on the Utility assignment. The use of County employees shall not prevent the County from procuring outside consultants to perform any work in aid of County personnel working on Utility matters or to perform any work for the Utility System in lieu of using County personnel. In such cases and with the consent of the City Manager, the County shall adhere to the County's procurement policies and the other provisions of this Agreement and provided that such consultant or expert costs are within the adopted annual Utility budget. The County Administrator and City Manager may agree to use City personnel in like fashion for Utility assignments and the City shall be reimbursed in like manner.

ARTICLE 14. Termination. This Agreement shall terminate upon the occurrence of any one of the following events:

- (a) Upon Consent of the Parties; and
- (b) Upon implementation of the County's Option to Acquire after twenty years.

SECTION 15. City or County Sale. In the event either Party desires to sell its ownership/rights in the Utility, the other Party shall have the right of first refusal in accordance with the procedures and for the purchase amounts specified herein:

15.1 The Party desiring to sell shall notify the other Party by certified mail, return receipt requested, of its desire to sell. The other Party shall have sixty (60) calendar days from the date the certified mail was sent, to respond in turn by certified mail, return receipt requested, either for or against acquiring the selling Party's interest. If the offer to sell is accepted, the obligation to buy/sell shall be considered mutually binding upon the Parties at the consideration provided in Section 15.2. If the offer to sell is refused by the other Party, the selling Party is free to sell its interest at current fair market value. In such event the selling Party shall be deemed to convey a one (1%) percent interest to the other Party such that the other Party will then have a fifty-one (51%) percent interest in the Utility System. Such conveyance of the one (1%) interest shall survive the termination of this Agreement.

15.2 The selling Party shall be entitled to one-half (½) the purchase price including the 150 credits valued at \$5,000 per credit (for a total of \$3,125,000), less one-half (½) of any outstanding debt or credits related to the original purchase of the assets from Plantation Bay Utility Company.

15.3 Costs of Closing. The purchasing Party shall bear any transfer costs, excluding any costs the selling Party incurs such as for its own legal counsel. Any title insurance premium shall be borne by the purchasing Party and any other closing adjustments that are usual and customary shall be paid by the purchasing Party as of the date of Closing.

15.4 Cooperation and Interest. Any Party transferring its Utility interest shall execute or cause to be executed or delivered any and all documents required to fully transfer such interest to the acquiring Party. Any monetary amounts owed by the selling Party at the time of Closing must be paid out of the sale proceeds in full. Following the date of Closing, the selling Party shall have no further rights to any funds or Utility assets following the date of Closing, and all such rights shall vest in the selling Party's transferee. Upon the consummation of the sale at the Closing, this Agreement shall terminate except for any rights and obligations that survive pursuant to the provisions of this Agreement.

SECTION 16. County Option to Acquire. After twenty years the County shall have the option, but not the obligation, to acquire the Utility from the City at a fixed

amount of \$3,125,000. If the County exercises this option no deduction for any purchase debt or credits or other outstanding debt shall be deducted.

16.1 The County may exercise this option by providing notice after approval of the option by the Board of County Commissioners. Such notice shall be sent the City by certified mail, return receipt requested.

16.2 The County shall pay for all closing costs and shall release, or hold the City harmless, from all debt and other future liabilities as of the effective date of closing.

16.3 The City shall transfer its Utility interest by executing or causing to be executed or delivered any and all documents required to fully transfer such interest to the County, and allow for a smooth and orderly transition. Following the date of Closing, the selling Party shall have no further rights to any funds or Utility assets, and all such rights shall vest in the County. Upon the consummation of the sale at the Closing, this Agreement shall terminate except for any rights and obligations that survive pursuant to the provisions of this Agreement.

SECTION 17. Events of Default and Dispute Resolution.

17.1 Event of Default. The following shall constitute a default under the terms of this Agreement:

(a) Failure to provide a monetary contribution that is due in a timely manner as required herein; provided that, at the election of the non-defaulting Party, this may be treated as an abandonment;

(b) Failure to proceed with the Utility System construction and operation as set forth in the Utility's adopted Capital Improvements Plan and any FDEP consent order; or,

(c) Failure of a Party's management representative to participate in the management of the Utility System or attend meetings.

17.2 Cure of a Default. In the event either Party determines that a default of this Agreement has occurred, then such Party shall provide written notice of said default and specify a demand for cure. The defaulting Party shall provide a written response within thirty (30) days and provide a plan for curing the default. Said cure must be completed within ninety (90) days from the date of written response. In the event a Party denies the existence of a default as provided or has not cured the default, such matter shall be resolved through the dispute resolution process.

17.3 Dispute Resolution Process. The Parties agree to resolve any Deadlock, or dispute related to the performance of this Agreement, in the following manner.

(a) Any Party may initiate the dispute resolution process by providing written notice to the other Party. After transmittal and receipt of a notice specifying the area(s) of disagreement, the Parties or their representatives shall meet at reasonable times and places, as mutually agreed upon, to discuss the issues. If discussions between the Parties fail to meet or resolve the dispute within thirty (30) days of the notice described in this section, the Parties shall appoint a mutually acceptable neutral third-party to act as a mediator. The mediation contemplated by this section is intended to be a cost effective, informal and non-adversarial process, with the objective of helping the Parties reach a mutually acceptable and voluntary agreement. The decision-making shall rest solely with the Parties. The mediator shall assist the Parties in identifying issues, fostering joint problem-solving and exploring settlement alternatives. The mediator's fees and costs in connection with any such dispute resolution shall be divided evenly between the Parties. Attorney's fees shall be borne by the respective Party incurring said fees.

(b) If the Parties are unable to reach a mediated settlement within sixty (60) days of the mediator's appointment or if no mediator is appointed, either Party may terminate the settlement discussions by written notice to the other Party. In such event, either party may initiate the dispute resolution process in Chapter 164 Florida Statutes. Any action initiated based upon a claimed default shall not terminate this Agreement and both Parties shall continue to operate under the terms of this Agreement.

SECTION 18. General Provisions.

18.1 Term. This Agreement shall have an unlimited term and may be terminated only upon of the events under Section 14 or as a result of any final action pursuant to Florida Statutes Chapter 164.under the default procedures provided in Section 17.

18.2 Rights of Creditors and Third Parties under Agreement. This Agreement is entered into by the Parties for the exclusive benefit of the Parties and their successors and assignees. No third party shall have any rights under this Agreement.

18.3 Notices. Except as otherwise provided in this Agreement, any notice required or permitted to be given pursuant to the provisions of this Agreement shall be effective as of the date of receipt. The current addresses of the Parties are:

City Manager
City of Bunnell
1769 E. Moody Blvd.
Bunnell, FL 32110
386-437-7500
amartinez@bunnellcity.us

City Attorney
City of Bunnell
P.O. Box 819
Bunnell, FL 32110
386-437-1668
attorneynowell@gmail.com

County Administrator
Flagler County
1769 East Moody Blvd., Bldg. #2

County Attorney
Flagler County
1769 East Moody Blvd., Bldg #2

Bunnell, FL 32110
386-313-4000
ccoffey@flaglercounty.org

Bunnell, FL 32110
386-313-4005
ahadeed@flaglercounty.org

18.4 **Applicable Law.** This Agreement and the rights of the Parties shall be governed by, construed and enforced in accordance with the laws of the State of Florida, without regard to the conflict of laws rules thereof.

18.5 **Counterparts.** This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one Agreement binding on all parties hereto, notwithstanding that all the Parties are not signatories to the original or the same counterpart.

18.6 **Severability.** If any one or more of the provisions of this Interlocal Agreement is held to be contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall, for any reason whatsoever, be held invalid, then such covenants or provisions shall be null and void, shall be deemed separable from the remaining covenants or provisions of this Interlocal Agreement, and shall in no way affect the validity of the remaining covenants or provisions of this Interlocal Agreement; provided, however, that the public interest in the terms set forth herein is not substantially adversely impacted.

18.7 **Inurement.** Except as herein otherwise provided, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. This Agreement shall survive any future annexations that may occur of all or any part of the Service Territory and this Agreement shall not be used as a basis for supporting or not supporting annexation of all or any portion of the Service Territory except as provided by Section 7 hereof.

18.8 **Exhibits.** Exhibits and Schedules, if any, referred to in this Agreement are incorporated by reference into this Agreement.

18.9 **Amendments.** Except as otherwise specifically provided for herein, any amendment of this Agreement must be in writing and approved by both Parties.

18.10 **Exercise of Discretion.** In the event that any matter herein requires, permits, or contemplates Consent of the Parties, such Party(s) may exercise such consent rights in its sole and absolute discretion without any fiduciary or other duty to any other person, except as may be limited by the law applicable to local government utilities.

18.11 **Sovereign Immunity.** Each party to this Interlocal Agreement expressly retains all rights, benefits and immunities of sovereign immunity that they presently enjoy under the Constitution and statues of the State of Florida, and particularly with respect to Chapter 768, Florida Statutes. Notwithstanding anything set forth in any section of this Interlocal Agreement to the contrary, nothing in this Interlocal Agreement shall be deemed as a waiver of immunity or the limits of liability of either Party beyond any statutory limited waiver of immunity or limits of liability which may have been

adopted by the Florida Legislature or may be adopted by the Florida Legislature, and any liability of either Party for damages shall not exceed the statutory limits of liability, regardless of the number or nature of any claim which may arise including but not limited to a claim sounding in tort, equity or contract. Nothing in this Interlocal Agreement shall inure to the benefit of any third party for the purposes of allowing any claim against any party, which would otherwise be barred under the doctrine of Sovereign Immunity or by operation of law.

18.12 Public Records. The Parties acknowledge that all documents related to this Agreement or the Utility System are subject to the provisions of Chapter 119, Florida Statutes. Such documents shall be available for inspection and copying upon request and/or payment of any reasonable expenses associated therewith.

18.13 Authority to Execute Agreement. The Parties agree and acknowledge that they have complied with the requirements of Florida Statutes Section 163.01 in exercising their home rule powers in executing this Agreement. The Parties agree that this Agreement is valid, binding, and enforceable, and each Party warrants that it has the requisite power and authority to be bound by this Agreement. The Parties agree that they shall not challenge in any administrative or judicial forum the validity or enforceability of this Agreement.

18.14 Legal Venue. The venue for all lawsuits involving any dispute, controversy, or claim arising out of or in connection with this Agreement shall be brought in the Circuit Court of Flagler County, Florida.

18.15. Amendments and Waivers. Except as provided herein, no amendment or modification of this Interlocal Agreement shall be binding upon the Parties unless evidenced in a writing signed by duly authorized officers of each Party. Any waiver on the part of any Party of any provision or condition of this Interlocal Agreement must be in a writing signed by the Party to be bound by such waiver.

18.16. Further Assurances. Each Party shall from time to time execute and deliver all documents and instruments and do all things and acts as any other Party reasonably requires to effectively carry out, clarify or more completely express the intent and meaning of this Interlocal Agreement. Except where this Interlocal Agreement expressly provides for a different standard, if this Interlocal Agreement provides for a determination, decision, consent or approval of a Party, the Party shall act in a commercially reasonable manner and without unreasonable delay.

18.17 Indemnity. No official, employee or agent of any Party, (each of whom shall be an "Indemnitee") shall have any liability, responsibility or accountability in damages or otherwise for any loss suffered in the operation of the Utility System subject to the provisions of Florida Statutes Chapter 768. Each Indemnitee shall be indemnified by the Parties and the Parties hereby agree to indemnify, pay, protect and hold harmless each Indemnitee from and against any and all liabilities, obligations, losses, damages, actions, judgments, suits, proceedings, costs, expenses and disbursements of any kind or nature arising out of such Indemnitee's connection with the Utility System, provided that

the same were not the result of (as determined by a final adjudication) fraud, bad faith, gross negligence or willful misconduct on the part of the Indemnitee. The foregoing includes, without limitation, all reasonable legal fees, costs and expenses of defense, appeal and settlement of any and all suits, actions or proceedings instituted against such Indemnitee and all costs of investigation in connection therewith that may be imposed on, incurred by or asserted against an Indemnitee in any way relating to or arising out of the Utility System. Nothing in this section shall limit the rights of any Party against any other Party for breach of this Agreement.

SECTION 19. Effective Date. The County shall file an executed copy of this Agreement with the Clerk of the Circuit Court for Flagler County pursuant to Section 163.01, Florida Statutes at the County's expense. This Agreement shall not be effective until executed by both parties..

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SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

ATTEST:

CITY OF BUNNELL

Daniel E. Davis, City Clerk

By: _____
Catherine D. Robinson, Mayor

Date: _____

FLAGLER COUNTY, FLORIDA

Gail Wadsworth, Clerk of the Court

By: _____
Nate McLaughlin, Chair

Approved as to form and legality:

EXHIBIT "A"

SERVICE TERRITORY DESCRIPTION/MAP

[PLACEHOLDER]