

Florida Governmental Utility Authority



2009 Water and Wastewater Revenue Sufficiency Analysis

Golden Gate Utility System

June 15, 2009



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



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Mr. Robert E. Sheets
Chief Executive Officer
Florida Governmental Utility Authority
1500 Mahan Drive, Suite 250
Tallahassee, FL 32308

Subject: **Golden Gate 2009 Revenue Sufficiency Analysis**

Dear Mr. Sheets:

Public Resources Management Group, Inc. (PRMG) has completed the review of the sufficiency of the water and wastewater user rates for the Florida Governmental Utility Authority (the "FGUA") as it relates to the Golden Gate water and wastewater system (the "Golden Gate System") located in Collier County (the "County") and presents this report for your consideration. This report outlines the analyses and assumptions used to determine the ability of the existing water and wastewater user rates to meet the expenditure requirements of the Golden Gate System and recommends proposed rate adjustments in order to meet such projected revenue requirements for consideration by the FGUA.

MAJOR ISSUES AFFECTING UTILITY SYSTEM

Based on our discussions with and information provided by the FGUA and its Consultants, the major issues currently affecting the utility system include:

1. The cost of operating the System is anticipated to increase on average approximately 4.0% annually due to a variety of factors, including the ongoing effects of inflation, increases power costs above general inflation levels, system growth, and the recognition of the allowed cost index adjustment contained in the existing Contract Operations and Customer Services Agreement with Severn Trent Environmental Service, Inc. ("STES").
2. In addition to the above, the rate of System growth has significantly slowed when compared to previous projections. The change in the average number of active customers from Fiscal Year 2008 to Fiscal Year 2009 has actually decreased by approximately 150 accounts. This is primarily the result of negative economic conditions affecting both the State and the utility service area, which has had a direct impact on the annual rate revenues earned as well as the amount growth-related funds received for the benefit of the System.

3. The combination of increasing Operating Expenses and slower to negative growth in Golden Gate System revenues has had a corresponding negative financial impact on the operating margins of such system.
4. Including the current Fiscal Year planned capital expenditures and anticipated capital expenditures through Fiscal Year 2013, the capital improvement program identified for the System was estimated to approximate \$10,268,000. In order to fund this capital plan, the Golden Gate System will require the need for additional debt/loans and a significant pay-as-you-go capital funding plan.
5. The rates for service should be adjusted to i) promote the overall creditworthiness of the Golden Gate System; ii) to comply with the rate covenant as defined in the Indenture of Trust (the "Trust Indenture") which authorized the issuance of the outstanding senior lien bonds as well as the rate coverage requirements as delineated in the Loan Agreements associated with funds secured through the State Revolving Fund loan program as administered by the Florida Department of Environmental Protection (FDEP); and iii) to meet certain financial targets (operating margins) identified for such system.

Based on the financial forecast and funding plan for the Golden Gate System, the following rate adjustments are required:

Fiscal Year	Recommended Water Rate Adjustments			Recommended Wastewater Rate Adjustments		
	Price Index Adjust. [2]	Additional Adjustment	Total Increase	Price Index Adjust. [2]	Additional Adjustment	Total Increase
2009 [1]	2.50%	5.00%	7.50%	2.50%	5.00%	7.50%
2010	1.50%	0.70%	2.20%	1.50%	0.70%	2.20%
2011	2.20%	2.00%	4.20%	2.20%	2.00%	4.20%
2012	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%
2013	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%

[1] Fiscal Year 2009 rate adjustments adopted and implemented by the FGUA Board effective as of November 1, 2008.

[2] Assumes continuation of the application of the annual price index rate adjustment during the Forecast Period which follows historical precedent of the FGUA Board.

The proposed rates adjustments, if implemented on a timely basis are anticipated to be sufficient to: i) meet the rate covenants of the Trust Indenture and the rate coverage requirements defined in the SRF Loan Agreements; and ii) to meet the funding requirements of the Golden Gate System for the Fiscal Years 2009 through 2013.

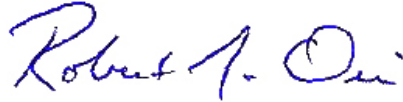
Following this letter is the report summarizing our assumptions and analyses and our rate adjustment recommendations and conclusions for consideration by the FGUA.

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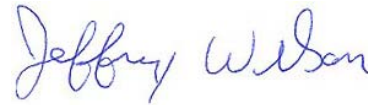
We appreciate the opportunity to assist the FGUA in the review of the ability of the existing water and wastewater rates for the Golden Gate System to meet its expenditure requirements.

Very truly yours,

Public Resources Management Group, Inc.

A handwritten signature in blue ink that reads "Robert J. Ori". The signature is written in a cursive style with a large initial 'R'.

Robert J. Ori
President

A handwritten signature in blue ink that reads "Jeffrey M. Wilson". The signature is written in a cursive style with a large initial 'J'.

Jeffrey M. Wilson
Senior Consultant

FLORIDA GOVERNMENTAL UTILITY AUTHORITY
2009 WATER AND WASTEWATER REVENUE SUFFICIENCY ANALYSIS
GOLDEN GATE UTILITY SYSTEM

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2009 WATER AND WASTEWATER REVENUE SUFFICIENCY ANALYSIS
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2009 WATER AND WASTEWATER REVENUE SUFFICIENCY ANALYSIS

GOLDEN GATE UTILITY SYSTEM

INTRODUCTION

The Golden Gate water and wastewater system (the “Golden Gate System”) was purchased by the Florida Governmental Utility Authority (“FGUA”) on April 16, 1999. The Golden Gate System is located in Collier County approximately 4 miles east of the City of Naples and is surrounded on all sides by the Collier County Water-Sewer District. The Golden Gate System is operated separately and distinct from the other FGUA utility systems and is accounted for as a separate enterprise fund of the FGUA for which rates for service are pledged for the expenditure requirements of the utility system. The rates derived from the other utility systems owned and operated by the FGUA cannot be utilized to meet the financial obligations of the Golden Gate System; such obligations must be met solely by the rates and charges of the Golden Gate System. During the Fiscal Year 2008, the Golden Gate System provided service to approximately 3,459 average water accounts and 2,234 average wastewater accounts. The majority of properties served by the Golden Gate System are classified as single-family residential. Commercial development consists of support facilities to the surrounding residents.

As a result of the negative economic pressures being experienced in the State, the reductions in water use due to water use restrictions being imposed by the South Florida Water Management District (SFWMD), and the need to continue to fund the operating expenses as well as the identified capital needs of the Golden Gate System, Public Resources Management Group, Inc. (PRMG) was retained to prepare a water and wastewater revenue sufficiency analysis for the Golden Gate System. Specifically, PRMG was tasked with analyzing the revenue requirements (expenditure needs) of the Golden Gate System, update the capital expenditure financing analysis to fully fund the identified capital improvement plan, evaluate the ability of the System revenues to meet the financial objectives of the FGUA, and to determine the potential need for rate adjustments during the forecast period assumed in the analysis in order to strategically evaluate the System’s overall financial position.

The analysis included in this report recognizes a forward-looking projection over the next five years, covering the Fiscal Years 2009 through 2013 (the "Forecast Period"). The remainder of this report provides a discussion of the water and wastewater system rates and charges, historical and projected customer statistics, identification of the Golden Gate System revenue requirements and estimated sufficiency of the existing rates to fund such requirements.

EXISTING RATES FOR SERVICE

The sales revenues derived from the monthly rates or user charges associated with the development of the revenue sufficiency analysis was based on rates currently in effect as of November 1, 2008 (based on bills rendered on and after the effective date). Such rates were approved by the FGUA Board pursuant to the adoption of Resolution No. 2008-08 on September 17, 2008 (the “Rate Resolution”). The current rates for the individually metered residential, master-metered (multi-family) residential, and the general (commercial or non-residential) services are generally consistent in terms of both rate structure and level. The rates for monthly water and wastewater service include: i) a monthly service charge which varies by meter size for

the water and wastewater systems and which serves as the minimum bill; ii) a volumetric charge based on metered water consumption for both the water and wastewater systems (water consumption charges for the individually metered residential class of service vary by consumption level to promote water conservation); and iii) for the wastewater system, a maximum residential billing threshold of 6,000 gallons per residential customer. The following is a summary of the monthly water rates for service as recently adopted by the FGUA and delineated in the Rate Resolution:

Golden Gate System - Monthly Water Rates	
	Existing Rates – Effective November 1, 2008
Monthly Service Charges:	
All Classes of Retail Service	
Meter Size	
5/8-inch x 3/4-inch	\$21.91
3/4-inch	32.87
1-inch	54.79
1-1/2-inch	109.57
2-inch	175.32
3-inch	350.67
4-inch	547.92
6-inch	1,095.82
8-inch	1,753.33
Consumption Charges (per 1,000 gallons):	
Individually Metered Residential Class	
Block 1 (0 - 6,000)	\$4.95
Block 2 (6,001 - 10,000)	5.44
Block 3 (10,001- 20,000)	6.18
Block 4 Above 20,000	7.73
General Service and Master Metered Residential Service)	\$5.18

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The following is a summary of the monthly wastewater rates for service as recently adopted by the FGUA and delineated in the Rate Resolution:

Golden Gate System - Monthly Wastewater Rates

	Existing Rates – Effective November 1, 2008
Monthly Service Charges:	
Individually Metered Residential Service - All Meter Sizes	\$28.58
General Service and Master Metered Residential:	
Meter Size	
5/8-inch x 3/4-inch	\$28.58
3/4-inch	42.88
1-inch	71.46
1-1/2-inch	142.90
2-inch	228.64
3-inch	428.71
4-inch	714.52
6-inch	1,429.03
8-inch	2,286.46
Consumption (Usage) Charges (per 1,000 gallons):	
Residential Service (not to exceed 6,000 gallons per month per unit)	\$5.70
General Service and Master Metered Residential Service	6.85

Connection Fees

In addition to the monthly rates for water and wastewater service, the FGUA currently charges a Connection Fee (capacity or impact fee) based on the proportionate share of: i) the cost of water production and transmission facilities; and ii) wastewater treatment, effluent disposal, and transmission capacity of the Golden Gate System. The Connection Fee is a one-time fee charged to new connections requesting capacity in order to reimburse the FGUA for the capital costs related to construction, expansion or unused capacity. The obligation for the payment of these charges by a new customer or developer arises prior to the provision of service. The following summarizes the Golden Gate System Connection Fees as delineated in the Rate Resolution.

	Connection Fees per Rate Resolution [1]
Water System - Charge per ERC	\$1,950
Wastewater System - Charge per ERC	\$1,565

[1] ERC equates to average water and wastewater usage requirements of a single-family residential customer.

Price Indexing Rate Adjustment Clause

As a component of the monthly rates for water and wastewater service, the FGUA has also adopted a Price Indexing Rate Adjustment Clause as part of the Rate Resolution. The purpose of this index rate adjustment is to allow the FGUA the ability to adjust the monthly rates for water and wastewater service to account for the estimated general inflationary effects on the cost of daily operations without a formal rate hearing or analysis; the intent being to preserve the Net Revenue margins for the ongoing financial benefit of the Golden Gate System. The application of a rate index to account for such cost increases is common in the public utility industry and is also allowed by the Florida Public Service Commission which regulates investor-owned utilities. With respect to the Rate Resolution, the price index rate adjustment is generally applied annually and is based on the application of seventy-five percent (75%) of the U.S. Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. City Average, Services. The approved annual index is applied uniformly to the rates for monthly water and wastewater service. Pursuant to the Rate Resolution, the application of the automatic annual price index adjustment shall be presented to the FGUA Board as part of the annual budgetary process and is planned to generally become effective on October 1 of each Fiscal Year subject to FGUA Board approval.

CUSTOMER STATISTICS

In order to evaluate the ability of the rates for the System to meet the expenditure or revenue requirements of the System, it is necessary to identify the customer billing determinants for which rates are applied and revenues are derived. Tables 1 and 2 at the end of this report reflect the historical and projected customer accounts as well as sales (billed usage), respectively for the Water System. Similar historical and projected information regarding customers and billed usage for the Wastewater System is also shown on Tables 1 and 2, respectively at the end of this Report.

Water System

The Golden Gate System had historically experienced a steady increase in customers and water sales until the most recent economic downturn starting during the Fiscal Year 2007. As can be seen below, the Water System has actually experienced a decrease of approximately 150 active average water accounts since the Fiscal Year 2008. This is primarily the result of negative economic conditions which plague the State, including the Golden Gate utility service area. For the purposes of the financial forecast reflected in this report, we have assumed that current negative economic conditions would continue for the next two years; therefore we have not reflected any customer growth for the Water System for Fiscal Years 2009 and 2010. We have assumed beginning in Fiscal Year 2011 that the Water System would gradually begin to see a slight increase in customer connections. Table 1 and Table 2 at the end of this Report summarizes the historical and projected customer accounts in service, water sales and average customer usage statistics for each specific customer class for the Golden Gate Water System. The historical and projected customer accounts for the Water System are summarized below:

Water System			
Fiscal Year Ending September 30	Average Annual Water Accounts	Water Sales (000s of gallons)	Average Monthly Water Use per Account
2004 [1]	3,493	433,230	10,335
2005 [1]	3,535	421,139	9,929
2006 [1]	3,658	448,639	10,220
2007 [1]	3,558	463,917	10,866
2008 [1]	3,459	436,488	10,515
2009 [2]	3,419	413,925	10,088
2010 [2]	3,419	413,925	10,088
2011 [2]	3,446	416,525	10,072
2012 [2]	3,488	420,333	10,041
2013 [2]	3,540	424,946	10,003
Average Annual Compound Growth Rate [3]	<u>0.15%</u>	<u>-0.21%</u>	

[1] Amounts shown reflect actual statistics as reported for the Water System and were derived from Table 1.

[2] Amounts shown reflect estimated statistics developed by PRMG and were derived from Table 2.

[3] Average annual compound growth rate for Fiscal Year 2004 to Fiscal Year 2013.

Wastewater System

The historical and projected customer (account) statistics for the Wastewater System are shown on Tables 1 and 2, respectively at the end of this Report and are summarized as follows:

Wastewater System			
Fiscal Year Ending September 30	Average Annual Water Accounts	Billed Wastewater Flow (000s of gallons)	Average Monthly Billed Wastewater Flow per Account
2004 [1]	2,337	253,396	8,925
2005 [1]	2,354	262,989	9,220
2006 [1]	2,421	262,854	8,959
2007 [1]	2,372	260,550	9,051
2008 [1]	2,234	232,918	8,495
2009 [2]	2,218	226,973	8,333
2010 [2]	2,218	226,973	8,333
2011 [2]	2,236	228,382	8,318
2012 [2]	2,263	230,271	8,286
2013 [2]	2,297	232,480	8,243
Average Annual Compound Growth Rate [3]	<u>-0.19%</u>	<u>-0.95%</u>	

[1] Amounts shown reflect actual statistics as reported for the Wastewater System and were derived from Table 1.

[2] Amounts shown reflect estimated statistics developed by PRMG and were derived from Table 2.

[3] Average annual compound growth rate for Fiscal Year 2004 to Fiscal Year 2013.

With respect to the financial forecast, the projected customer and billing forecast as shown above and as fully detailed on Tables 1 and 2 at the end of this report served as a basis for the determination of the estimated revenues from existing utility rates.

REVENUE REQUIREMENTS

The revenue requirements of a utility system generally include: i) the cost of operations and maintenance; ii) the funding of capital improvements to the utility plant in service, including the performance of renewals, replacements, betterments, and upgrades; iii) the repayment of any financing costs associated with the funding of utility plant in service or the acquisition of such assets from third parties; and iv) the funding of any required reserves necessary to meet the financial requirements of the utility system. Such utility expenditures (defined as the "Gross Revenue Requirements") less any other operating revenues derived from utility system operations represent the Net Revenue Requirements which need to be recovered from the monthly rates for ongoing utility service. The evaluation of the revenue sufficiency analysis for the Golden Gate System recognized these cost components in the overall analysis. The determination of the Net Revenue Requirements of the Golden Gate System was based on the: i) the actual Fiscal Year 2008 operating results as reported by the FGUA; ii) the Fiscal Year 2009 Adopted Budget, as amended and adjusted, and Fiscal Year 2010 Proposed Budget for the System as prepared by the FGUA Contract Manager; and iii) discussions with both the FGUA and the Contract Manager. The estimate of the Net Revenue Requirements of the Golden Gate System is summarized on Table 3 at the end of this report.

Principal Considerations and Assumptions

In the preparation of the financial projections for the Golden Gate System contained in this report and the conclusions that follow, PRMG has made certain assumptions with respect to conditions that may occur in the future. While we believe the assumptions are reasonable for the development of the financial forecast contained in this report, they are dependent upon future events and actual conditions may differ from those assumed. In addition, for our projections, estimates and studies, we have used and relied upon certain information and assumptions provided to us or prepared by others, including: i) information for the recent financial operations of the Golden Gate System, including information contained in the FGUA Comprehensive Annual Financial Reports and other financial reports as provided by Government Services Group, Inc., the FGUA Contract Manager for the Golden Gate System (the "Contract Manager"); ii) information provided by the FGUA Contract Manager as it relates to the capital improvement program; iii) information and assumptions provided to us by Severn Trent Environmental Service, Inc. (STES or the "Contract Operator"), such as data regarding the recent historical customer sales statistics; iv) projections of the cost of daily operations contained in the existing Contract Operations and Customer Services Agreements with the Contract Operator as initially bid by the Contract Operator and as provided by the Contract Manager; and v) other information provided by the Contract Manager of FGUA with respect to Golden Gate System operations and capital needs. While we believe use thereof to be reasonable for the purpose of this report, we offer no further assurances with respect thereto. To the extent that actual conditions differ from those assumed by us herein or from information or assumptions provided to us, or prepared by others, the actual results will vary from those estimated and projected herein.

In making the financial projections and estimates summarized in this report, the principal considerations and assumptions made by us and the principal information and assumptions provided to us, or prepared by others, include the following:

1. The approved Fiscal Year 2009 Operating Budget, as amended and adjusted by the FGUA, and the Proposed Fiscal Year 2010 Operating Budget prepared and provided by the FGUA served as a base line for the expenditure projections and the underlying assumptions therein are assumed to be reasonable and reflect anticipated operations. The Operating Expenses were compared to actual results and trends in Operating Expenses for Fiscal Years 2007 and 2008 and adjusted where necessary; and incorporated into the Fiscal Year 2009 and Fiscal Year 2010 components of the financial forecast, except for adjustments and assumptions as noted hereunder.
2. Projected revenues from existing (adopted) rates and charges for the System were based on the schedule of rates and charges reflected in the Rate Resolution as approved by the FGUA Board. Projected revenues from rates for the Forecast Period recognize the imposition of any approved rate adjustments which were assumed to be applied uniformly to the monthly rates for service effective on October 1st of each respective Fiscal Year. The following is a summary of the most recent approved rate adjustments adopted by the FGUA Board which were recognized during the Forecast Period:

Fiscal Year	Recommended Water Rate Adjustments			Recommended Wastewater Rate Adjustments		
	Price Index Adjust. [2]	Additional Adjustment	Total Increase	Price Index Adjust. [2]	Additional Adjustment	Total Increase
2009 [1]	2.50%	5.00%	7.50%	2.50%	5.00%	7.50%
2010	1.50%	0.70%	2.20%	1.50%	0.70%	2.20%
2011	2.20%	2.00%	4.20%	2.20%	2.00%	4.20%
2012	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%
2013	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%

[1] Fiscal Year 2009 rate adjustments adopted and implemented by the FGUA Board effective as of November 1, 2008.

[2] Assumes continuation of the application of the annual price index rate adjustment during the Forecast Period which follows historical precedent of the FGUA Board.

As can be seen above, the FGUA Board has adopted and implemented revised rates for monthly water and wastewater service during the Fiscal Year 2009. For the remainder of the Forecast Period and recognizing the intent of the Rate Resolution, we have recognized the continued annual application of the price index rate adjustment. The FGUA Board has consistently adjusted the rates annually by a rate index and it has been assumed that the FGUA Board would continue this rate adjustment process during the Forecast Period. No additional rate adjustment above the application of the price index rate adjustment as provided in the Rate Resolution has been adopted by the FGUA Board at this time.

3. The projection of revenues from existing and anticipated rates also recognizes additional revenues associated with the recognition of the Heritage Park apartment complex (“Heritage Park”) as a customer of the Golden Gate System. Heritage Park is an apartment complex that has historical been provided water and wastewater service from the System, but was not previously accounted for through the billing and collection process. Based on

discussions with the FGUA's Contract Manager, the FGUA started billing Heritage Park as of March 2009. Based on discussions with the Contract Manager and the initial billing of service to the community, it has been projected that Heritage Park will increase the water and wastewater rate revenue (under existing rates effective November 1, 2008) by an additional \$168,000 annually (\$14,000 per month).

4. Based on discussions with the FGUA's Contract Manager and in order to provide increased revenue stability to the Golden Gate System and equitably recover the costs of providing service from all customers of the utility service area, it has been assumed for the purposes of the financial forecast that the FGUA would begin implementing an Inactive Account Charge to all inactive customers of the Golden Gate System who currently have metered service at their premise. Based on the directive of the Contract Manager, the Inactive Account Charge has been assumed to be set equal to the monthly water and wastewater base charges currently in effect and applied monthly to all inactive water and wastewater customers, respectively. As of April 2009, the Golden Gate System currently had approximately 530 inactive but connected water accounts and 385 inactive but connected wastewater accounts. For the purposes of the Financial Forecast it has been assumed that the FGUA would begin implementation of these charges effective October 1, 2009. Given the uncertainty regarding the actual implementation and collection of this new charge, PRMG has recognized only 50% of the potential additional revenue from the Inactive Account Charges in our projection of the Systems water and wastewater sales revenues over the Forecast Period. Based on the assumptions described above the Financial Forecast recognizes approximately \$135,000 in annual additional water and wastewater operating revenues during the Forecast Period. It is important to mention that if the FGUA does not implement this new charge or has trouble with billing and collecting the revenues associated with this new charge, it would have an adverse effect on the projected financial performance of the Golden Gate System during the Forecast Period and a larger rate increase when compared to what is recommended in this report would probably be required to recover the expected operating revenue shortfall.
5. The Golden Gate System receives other operating revenues from previously adopted miscellaneous and customer related service charges for specific customers' service requests or needs. Examples of such revenues include turn-on and turn-off charges, initiation of service charges, late payment fees, and returned check charges. Such amounts were generally held constant or increased to recognize Golden Gate System growth (more customers served) for the Forecast Period, based on historical trends and reported actual receipts.
6. Coincident with the purchase of the Golden Gate System by the FGUA, the FGUA entered into the Operations and Customer Services Agreement with the Contract Operator to provide for the daily operations and maintenance of the Golden Gate System. Severn Trent Environmental Services, Inc ("STES") has been the Contract Operator since the purchase of the Golden Gate System by the FGUA and is the current operator of the system and was contracted to: i) operate and maintain the utility facilities; ii) perform certain minor renewals and replacements to Utility Facilities' components; and iii) perform other services as mutually agreed to during the term of the Operations Agreement. With respect to the

projection of costs, such costs were escalated for the Forecast Period based on i) the actual costs being billed for such service by STES as reported by the FGUA for the Fiscal Year 2009; and ii) the terms and conditions for the escalation of costs as defined in the current Operations and Customer Services Agreement with STES which provides for inflationary and growth adjustments to the cost of providing this component of the contracted services. The current Operations and Customer Services Agreement with STES is in effect through September 30, 2011. Although it is expected that the FGUA will rebid and award a new Operations and Customer Services Agreement by the end of the term of the existing agreement, the financial forecast assumes that STES will continue to provide the required operation, maintenance, and replacement services for the FGUA through the Forecast Period under the same terms and conditions of the current agreement. The maintenance of the current terms was recognized due to the uncertainty of what the new terms and conditions and corresponding base price for services may be as a result of the possible rebid for the operation, maintenance and replacement services. For that period of time after agreement expiration during the Forecast Period, the base cost of the operation, maintenance and replacement services was escalated at 3.0% annually.

Based on the assumptions stated above, the estimated contracted cost for the daily operation, maintenance and replacement as well as the additional contracted service cost related to meter installation and service (taps) of the Golden Gate System for the Forecast Period was assumed as follows:

<u>Fiscal Year</u>	<u>Anticipated Annual Operations and Maintenance Expense</u>
2009	\$1,828,229
2010	1,897,000
2011	1,961,853
2012	2,025,593
2013	2,089,089

7. Simultaneously with the initial purchase of the Golden Gate System by the FGUA, the FGUA entered into an agreement for the customer service activities for Golden Gate System with STES which is a component of the Current Operations and Customer Services Agreement. The customer services activities include, but are not limited to, the monthly reading of meters, billing for utility services, and providing customer services associated with billing inquiries, new service connections, coordination of meter renewals and identification of delinquent accounts.

8. With respect to the projection of the cost of operations in accordance with the customer service and billing component of the Operations and Customer Services Agreement, such amounts were escalated for the Forecast Period based on i) the actual costs being billed by STES for such service as reported by the FGUA for the Fiscal Year 2009; and ii) the terms and conditions for the escalation of costs as defined in the current Operations and Customer Services Agreement with STES which provides for inflationary and growth adjustments to the cost of providing this component of the contracted services. As previously mentioned, the current Operations and Customer Services Agreement with STES is in effect through September 30, 2011. Although it is expected that the FGUA will rebid and award a new

Operations and Customer Services Agreement by the end of the term of the existing agreement, the financial forecast assumes that STES will continue to provide the required customer and billing services for the FGUA through the Forecast Period under the same terms and conditions of the current agreement. The maintenance of the current terms was recognized due to the uncertainty of what the new terms and conditions and corresponding base price for services may be as a result of the possible rebid for the customer and billing services. For that period of time after agreement expiration during the Forecast Period, the base cost of the customer and billing services was escalated at 3.0% annually.

Based on the assumptions stated above, the estimated contract cost for the customer service and billing function of the Golden Gate System for the Forecast Period was assumed to be as follows:

<u>Fiscal Year</u>	<u>Anticipated Annual Customer Service and Billing Expense</u>
2009	\$248,587
2010	257,000
2011	264,723
2012	272,677
2013	280,874

9. The FGUA Board has contracted the management of the daily operations of the FGUA to the Governmental Services Group, Inc. (GSG and previously referred to as the “Contract Manager”). Based on discussions with the Contract Manager and the current agreement between the parties, the management services include, but are not limited to, performing the contract oversight of the Operations and Customer Services Agreements between STES and the FGUA, the contracting of accounting, auditing, and banking services, engineering services, financial advisory services, utility rate services, and laboratory costs, and the performance of such functions as the FGUA clerk which would include the scheduling of Board meetings, recording of meeting minutes, and being the custodian of the records of the FGUA. The forecast assumes that GSG will continue to provide the required management and contract oversight role for the FGUA through the Forecast Period, which recognizes the mutually agreed extension/renewal of the Management Contract. The amount of this expenditure was based on the Fiscal Year 2009 adopted and Fiscal Year 2010 proposed budget for such expenses, as provided by GSG which was developed in accordance with the Management Contract and escalated for the Forecast Period at an annual allowance equal to the consumer price index assumed in the financial analysis based on discussions with GSG. Based on these parameters, the amount of FGUA contract management expenses recognized for the forecast period is summarized below:

<u>FGUA Contract Management Expenses</u>	
<u>Fiscal Year</u>	<u>Anticipated Annual Cost</u>
2009	\$147,593
2010	133,044
2011	138,098
2012	143,934
2013	150,405

10. Purchased power costs were based on the FGUA's Fiscal Year 2009 Adopted Operating Budget and the Fiscal Year 2010 Proposed Operating Budget for Fiscal Years 2009 and 2010 and subsequently escalated by 5% annually and also by the anticipated change in customer growth for Fiscal Years 2011 through 2013.
11. An allowance for bad debt expenses has been included as a component of the Operating Expenses to recognize that a certain amount of the revenues may be considered as being uncollectible and therefore written off throughout the Fiscal Year. Accordingly, the bad debt expenses were included as a component of the FGUA Board expenses. This expense was estimated to be approximately \$150,000 annually or approximately 2.5% of the total retail water and wastewater sales, respectively, based on recent trends experienced by the utility and discussions with the Contract Manager. Such amounts were escalated based on projected increases in sales revenue due to System growth.
12. A contingency allowance of three percent (2.0%) of total operating expenses was recognized in each Fiscal Year of the Forecast Period for the Golden Gate System. The allowance has been included in order to have funds available to meet unknown or unplanned expenditures that may occur throughout each Fiscal Year and to recognize potential changes in revenues, which may occur due to weather, conservation, and other factors. This allowance averages approximately \$50,000 annually during the Forecast Period and is included as an Operating Expense for the Golden Gate System with respect to the determination of the Net Revenues of such system.
13. As of October 1, 2008, the FGUA had a total principal amount of \$36,990,000 of Senior Lien Outstanding Bonds attributable to the Golden Gate System as summarized below:

<u>Issue</u>	<u>Principal Outstanding as of October 1, 2008</u>
Outstanding Bonds [1]:	
Utility Revenue Bonds (Golden Gate Utility System), Series 1999 (the "Series 1999 Bonds")	\$24,345,000
Utility Revenue Bond (Golden Gate Utility System), Series 2005 (the "Series 2005 Bonds")	<u>12,645,000</u>
Total Golden Gate System Outstanding Bonds	<u>\$36,990,000</u>

[1] Reflects Bonds issued pursuant to the provisions of the Trust Indenture and have a senior lien on the Pledged Funds (essentially the Net Revenues) of the Golden Gate System after the payment of the Operating Expenses.

The debt service requirements included in this Report for the Outstanding Bonds were based on the actual debt service schedules for each issue and are presented on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts). Furthermore, the amounts shown are based on the monthly funding requirements of the various sinking funds as required by the Trust Indenture for the Outstanding Bonds that authorized the issue of the respective debt (essentially an accrual basis) as opposed to when the debt service requirements are actually paid.

14. The FGUA has recognized a liability associated with a repayment obligation for subordinated or junior lien debt that was issued to finance capital improvements to the Golden Gate System. All of the subordinate lien debt represents loans derived from the State of Florida's State Revolving Loan Fund that is administered by the Florida Department of Environmental Protection (FDEP) (the "Subordinate Lien Debt"). The State Revolving Loan Fund program provides low-interest loans to public utilities such as the FGUA to help finance capital projects. Repayment of the Subordinate Lien Debt is secured by the Pledged Revenues as defined in the loan agreement for each loan issued by the FDEP (collectively, the "Loan Agreement"), which represents the Net Revenues and Connection (Impact) Fees less payment of all Senior Lien Bonds (as discussed above in Assumption No. 13). A summary of the Subordinate Lien Debt liability as reported by the FGUA as of September 30, 2008, is summarized below:

Subordinate Lien Debt	Liability Outstanding as of September 30, 2008 [1]	Loan Status	SRF Loan Parameters		
			Annual Interest Rate	Estimated Annual Loan Payment Amount	Maturity Date
Clean Water State Revolving Fund Loan – CS12090902P	\$1,323,719	Project Completed and Loan Officially Closed with FDEP; Loan Payments being made	3.05% and 2.95% [2]	\$104,475	Fiscal Year 2024
Drinking Water State Revolving Fund Construction Loan – DW1127 010	<u>1,575,685</u>	Project Completed and Loan Officially Closed with FDEP; Loan Payments being made	2.86% and 2.81% [3]	123,296	Fiscal Year 2024
Total Subordinate Lien Debt Liability	<u>\$2,899,404</u>				

[1] Amount estimated to be an outstanding liability as of September 30, 2008 based on total amount borrowed (includes service fee and capitalized interest during construction) and the loan repayment schedule provided by the FGUA.

[2] The preconstruction activities loan component interest rate was 3.05% and the construction loan component interest rate was 2.95%.

[3] The initial loan was amended by the FGUA and the FDEP; which amendment had an annual interest rate of 2.81%.

The Subordinate Lien debt service requirements included in this report for the outstanding subordinate loans were based on the actual loan repayment schedules for each issue based on the parameters of the loans as approved by the FDEP. The loan repayments are presented on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts). The amounts shown are based on the Monthly Loan Deposits or funding requirements (an accrual basis) as required by the various Loan Agreements, which authorized the issuance of the loans as opposed to when the loan service requirements may actually be paid by the FGUA to the FDEP.

15. In order to fund the five-year capital improvement program of the Golden Gate System, the FGUA has taken out a line of credit with SunTrust Banks, Inc. ("SunTrust") to be used as interim financing for certain water and wastewater capital improvement projects. The line of credit was in the amount of \$3,801,000 of which as of June 1, 2009 the FGUA has currently drawn \$500,000. The financial forecast assumes the FGUA will draw an additional \$3,187,918 in order fund certain capital improvement projects for a total amount borrowed on the line of credit of \$3,687,918 through the Fiscal Year 2010. Based on

discussions with the Contract Manager, the FGUA is paying only the cost of interest on what is borrowed from SunTrust; the interest rates assumed during the use of the line of credit ranged from 2.877% to 3.5% during the period that the loan is outstanding. Based on discussion with the FGUA's Contract Manager, the line of credit is anticipated to be repaid and converted into permanent financing on October 1, 2010. For the purposes of the financial forecast it has been assumed the FGUA will obtain a bank qualified Note/Loan or some other similar financing instrument to repay the line of credit and convert the \$3,687,918 into a permanent debt obligation. With respect to the issuance of the additional permanent debt, the following was assumed for the development of the financial forecast: i) the debt would be on parity with the System's existing Outstanding Bonds; ii) a repayment term of 20 years; iii) an average annual interest rate of 6.0%; iv) level debt service payments with no interest expense being capitalized; v) the funding of the Debt Service Reserve Account requirement in the amount of \$371,842; and vi) the funding of cost of issuance expenses. It was further assumed that the Note/Loan would be dated and issued on or about October 1, 2010 (which is the beginning of the Fiscal Year 2011) and the debt service payments on the Note payable from rates was assumed to initiate at the beginning of Fiscal Year 2011 and be paid on a level basis during the repayment term.

16. As reflected in the Trust Indenture which authorized the issuance of the Outstanding Bonds, the Golden Gate System is required to and will establish and make annual deposits into the Renewal and Replacement Fund. Based on the provisions of the Trust Indenture, the Renewal and Replacement Fund has been established to provide a minimum dedicated source of monies for the funding of ongoing capital improvements related to the renewal, replacement, betterment, and upgrade of existing Golden Gate System utility assets. Based on the provisions of the Trust Indenture, the minimum deposit to the Renewal and Replacement Fund shall be calculated as an amount equal to five percent (5%) of the Gross Revenues derived from the preceding Fiscal Year of the Golden Gate System (or some other amount as determined by the Consulting Engineer, and defined herein as the "Renewal and Replacement [R&R] Fund Requirement"). For the purposes of developing the funding requirements from rates and based on the near-term forecast of the capital needs of the Golden Gate System as provided by the Contract Manager of the FGUA, PRMG has recognized an anticipated deposit to the Renewal and Replacement Fund of 5.0% of the previous years' Gross Revenues over the Forecast Period. Based on the estimate of total Golden Gate System revenues derived from the application of rates and other charges for utility service, other available income which will accrue to the benefit of the utility (e.g., interest earnings), and the assumed level of funding requirements as delineated in this assumption, the following annual deposits to the Renewal and Replacement Fund were assumed for the Forecast Period.

<u>Fiscal Year</u>	<u>R&R Fund Requirement</u>
2009	\$290,521
2010	277,142
2011	301,704
2012	327,225
2013	345,084

Based on the projections of deposits to and capital expenditures funded from the Renewal and Replacement Fund as identified in the financial forecast and the beginning cash balance in such fund (estimated as of October 1, 2008), the ending balance in the fund at the end of the Forecast Period was estimated to approximate in excess of \$597,000.

17. Investment income on available funds of the Golden Gate System has been estimated utilizing average annual interest rates of approximately 1.0% to 2.5% based on the nature of the investment. The interest rates have been applied to estimated average fund balances in operating and unrestricted funds (e.g., Renewal and Replacement Fund) available to the Golden Gate System which would generally be considered as unrestricted with respect to the determination of Net Revenues as defined in the Trust Indenture. We have also assumed that any interest earnings on the Water and Wastewater Connection Fee Funds and the Construction Funds, established from the issuance of utility revenue bonds, if any, will be retained in the respective funds and not be available for the determination of the Net Revenues of the Golden Gate System. Table 9 at the end of this report provides the detailed summary of the estimated available fund balances and the determination of the interest income assumed during the Forecast Period.
18. The anticipated five-year capital improvement plan for the Golden Gate System is summarized on Table 8 at the end of this report. The capital improvement plan was based on projections made by the FGUA Contract Manager who is responsible for the engineering and capital planning aspects of the Golden Gate System which is based, in part, on information provided by the Contract Operator. Based on the information provided by the FGUA relative to the capital improvement program, the following is a summary of the capital expenditures anticipated for the Golden Gate System and the expected funding sources relative to such program recognized in the development of the financial forecast included in this report:

Golden Gate System – Capital Improvement Plan [1]						
	Fiscal Year Ending September 30,					
	2009	2010	2011	2012	2013	Total
Capital Projects:						
Water System	\$4,299,010	\$228,500	\$181,500	\$166,500	\$166,500	\$5,042,010
Wastewater System	4,442,256	320,500	154,500	154,500	154,500	5,226,256
Total Capital Projects	<u>\$8,741,266</u>	<u>\$549,000</u>	<u>\$336,000</u>	<u>\$321,000</u>	<u>\$321,000</u>	<u>\$10,268,266</u>
Estimated Funding Sources:						
Renewal and Replacement Fund	\$1,038,342	\$258,000	\$315,000	\$321,000	\$321,000	2,253,342
Previously Issued Bonds	4,512,378	136,000	21,000	0	0	4,669,378
Connection Fees	157,628	0	0	0	0	157,628
Line of Credit / Future Debt	<u>3,032,918</u>	<u>155,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,187,918</u>
Total Estimated Funding Sources	<u>\$8,741,266</u>	<u>\$549,000</u>	<u>\$336,000</u>	<u>\$321,000</u>	<u>\$321,000</u>	<u>\$10,268,266</u>

[1] Amounts shown derived from Table 8.

19. For the purposes of this analysis, no funds from available Connection Fees, if any, have been included in the development of the financial analyses as it relates to potential rate impacts since such amounts are available only for capital projects for new customer growth or to pay expansion related service payments. It should be noted that such funds will be

recognized in future periods to fund growth related capital projects, thus reducing project funding from utility revenues which are paid from rates for the water and wastewater system.

20. As provided by the Trust Indenture, the FGUA may establish a Rate Stabilization Account. The FGUA has not historically made any deposits into such account and there is no cash balance on deposit in the account. For the purposes of the financial forecast presented in this report, no deposits to or subsequent use of funds associated with the Rate Stabilization Account have been assumed.
21. All contracts, agreements, statutes, rules and regulations which have been relied upon by us in preparing this report and the projected operating results contained herein, will be fully enforceable and remain in effect in accordance with their terms and conditions, and such terms and conditions will be complied with by the parties involved throughout the study period. We make no representations or warranties and provide no opinion concerning the enforceability or legal interpretation of such contractual and legal requirements.

ADEQUACY OF EXISTING UTILITY RATE REVENUES

The net revenue requirements of the Golden Gate System as presented on Table 3 and shown below are based upon i) the customer forecast identified herein; ii) the existing rates for service; iii) the operating expense assumptions as discussed above; iv) the Capital Improvement Plan as identified by the FGUA and funding analysis assumed herein; and v) the rate covenants as defined in the Trust Indenture and subordinate loan documents, all as discussed throughout this report. The purpose of the development of the net revenue requirements is to determine the level of revenue from monthly user rates required to meet the estimated financial obligations of the Golden Gate System.

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Below is a summary presentation of the projected net revenue requirements and overall recommended rate adjustments for the Golden Gate System:

Projected Water and Wastewater System Net Revenue Requirements [1]					
	<u>2009 [2]</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenue Requirements	\$5,891,530	\$6,165,670	\$6,546,463	\$6,669,854	\$6,789,831
Revenue From Existing Water and Wastewater Rates:	<u>5,913,867</u>	<u>6,147,561</u>	<u>6,179,222</u>	<u>6,221,630</u>	<u>6,280,852</u>
Revenue Surplus/(Deficiency) Under Existing Rates:					
Amount	<u>22,338</u>	<u>(18,109)</u>	<u>(367,241)</u>	<u>(448,224)</u>	<u>(508,980)</u>
Percent of Rate Revenue	<u>0.38%</u>	<u>(0.29%)</u>	<u>(5.94%)</u>	<u>(7.20%)</u>	<u>(8.10%)</u>
RATE RECOMMENDATIONS:					
Effective Increase					
Index Rate Increase (Water and Wastewater)	0.00%	1.50%	2.20%	2.20%	2.20%
Additional Projected Increase Water Increase	0.00%	0.70%	2.00%	0.00%	0.00%
Additional Projected Increase Wastewater Increase	0.00%	0.70%	2.00%	0.00%	0.00%
Months Rate Increase in Effect	12	12	12	12	12
Revenue From Water and Wastewater Rates:					
Current Year Rate Adjustment	0	135,246	265,235	145,762	150,387
Prior Year Rate Adjustment	<u>0</u>	<u>0</u>	<u>135,900</u>	<u>403,900</u>	<u>554,900</u>
Adjusted Water and Wastewater Rate Revenue	<u>\$5,913,867</u>	<u>\$6,282,807</u>	<u>\$6,580,357</u>	<u>\$6,771,292</u>	<u>\$6,986,138</u>
Revenue Surplus/Deficient Proposed Rate Adjustments	22,338	117,138	33,894	101,438	196,307
As Percent of Existing Revenue	<u>0.38%</u>	<u>1.86%</u>	<u>0.52%</u>	<u>1.50%</u>	<u>2.81%</u>

[1] Amounts derived from Table 3 at the end of the report.

[2] The 7.5% rate adjustment as approved by the FGUA Board for Fiscal Year 2009 is already reflected in revenues from existing rates.

The recommended rate adjustments are anticipated to produce additional rate revenues, as identified above, which will be transferred to the Operating Fund to fund additional reserves / working capital. These reserves are necessary in order to: i) provide funds to maintain adequate working capital target levels and to provide funds in case of extraordinary events (e.g., hurricane); ii) provide additional funding future capital improvements; iii) to assist in the overall rate phasing process and provide future funds for rate stabilization purposes; and iv) to promote the overall creditworthiness of the Golden Gate System, especially recognizing that additional financing has been assumed in the capital funding plan. Based on the assumptions as delineated earlier in this report, it is estimated that at the end of the Forecast Period, the estimated ending working capital balance will approximate \$1.2 million which should meet the financial targets assumed for this analysis.

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Debt Service Compliance

In addition to funding the net revenue requirements (i.e., expenditure requirements), revenues must be sufficient to meet the debt service coverage requirements of the outstanding debt. Section 6.06 of the Trust Indenture for the Golden Gate System which authorized the issuance of the Outstanding Bonds requires that the FGUA shall maintain rates, fees and charges as will always provide in each Fiscal Year:

“... (A) Net Revenues adequate at all times to pay in each Fiscal Year at least 110% of the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year, and (B) Net Revenues adequate to pay at least 100% of (1) the Annual Debt Service on all Outstanding Bonds becoming due in such Fiscal Year, and (2) any amounts (a) required by the terms hereof to be deposited in the Reserve Account or with any issue of a Reserve Account Insurance Policy or Reserve Account Letter of Credit, (b) required by the terms hereof to be deposited in the Renewal or Replacement Fund in Such Fiscal Year, and (c) required by the terms of Sections 4.05(A) and 4.06(A) hereof to be repaid to the Water Connection Fees Fund and Wastewater Connection Fees Fund, respectively, in such Fiscal Year. Such rates, fees or other charges shall not be so reduced so as to be insufficient to provide adequate Net Revenues for the purposes provided therefore by this Indenture.”

As summarized on Table 4 at the end of this report, the anticipated revenue for the water and wastewater system, assuming that the FGUA adopts the proposed rates as recommended in this report for each respective Fiscal Year of the Forecast Period, should be adequate during such period to meet the rate covenant requirements as delineated in the Trust Indenture. The projected debt service coverage for the FGUA's outstanding utility revenue bonds is summarized on the following table:

Fiscal Year	Debt Service Coverage					
	Senior Lien Coverage [1]		Subordinate Lien Coverage (LOC) [2]		Subordinate Lien Coverage (SRF) [3]	
	Calculated	Required	Calculated	Required	Calculated	Required
2009	124%	110%	121%	110%	128%	120%
2010	130%	110%	124%	110%	164%	120%
2011	120%	110%	120%	110%	122%	120%
2012	123%	110%	123%	110%	190%	120%
2013	127%	110%	127%	110%	246%	120%

[1] Includes the Outstanding Bonds and additional parity bonds anticipated to be issued during the Forecast Period; does not include Connection Fees.

[2] Includes the Outstanding Bonds, additional parity bonds anticipated to be issued during the Forecast Period and the Line of Credit; does not include Connection Fees.

[3] Reflects loan repayment requirements for the SRF Loans from the State as administered by the FDEP; required coverage based on the Loan Agreement and is after the payment of the Senior Lien Bonds and includes Connection Fees as a component of the Pledged Revenues for repayment of such loans.

PROPOSED RATES FOR SERVICE

The following is a summary of the existing and proposed monthly water rates for service reflecting the proposed 2.2% rate adjustment recommended to be made effective at the beginning (i.e., October 1) of Fiscal Year 2010. The rate increase is recommended to be applied uniformly to all monthly user rates at this time.

Golden Gate System - Monthly Water Rates		
	Existing Rates – Effective November 1, 2008	Proposed Rates – Effective October 1, 2009
Monthly Service Charges:		
All Classes of Retail Service:		
Meter Size		
5/8-inch x 3/4-inch	\$21.91	\$22.39
3/4-inch	32.87	33.59
1-inch	54.79	56.00
1-1/2-inch	109.57	111.98
2-inch	175.32	179.18
3-inch	350.67	358.38
4-inch	547.92	559.97
6-inch	1,095.82	1,119.93
8-inch	1,753.33	1,791.90
Consumption Charges (per 1,000 Gallons):		
Individually Metered Residential Class		
Block 1 (0 - 6,000)	\$4.95	\$5.06
Block 2 (6,001- 10,000)	5.44	5.56
Block 3 (10,001- 20,000)	6.18	6.32
Block 4 Above 20,000	7.73	7.90
General Service and Master Metered Residential Service	\$5.18	\$5.29

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The following is a summary of the existing and proposed monthly wastewater rates for service reflecting the proposed 2.2% rate adjustment recommended to be made effect at the beginning (i.e., October 1) of Fiscal Year 2010. The rate increase is recommended to be applied uniformly to all monthly user rates at this time.

Golden Gate System - Monthly Wastewater Rates		
	Existing Rates – Effective November 1, 2008	Proposed Rates – Effective October 1, 2009
Monthly Service Charges:		
Individually Metered Residential Service - All Meter Sizes	\$28.58	\$29.21
General Service and Master Metered Residential Service:		
Meter Size		
5/8-inch x 3/4-inch	\$28.58	\$29.21
3/4-inch	42.88	43.82
1-inch	71.46	73.03
1-1/2-inch	142.90	146.04
2-inch	228.64	233.67
3-inch	428.71	438.14
4-inch	714.52	730.24
6-inch	1,429.03	1,460.47
8-inch	2,286.46	2,336.76
Consumption (Usage) Charges (per 1,000 gallons):		
Residential Service		
(not to exceed 6,000 gallons per month per unit)	\$5.70	\$5.83
General Service and Master Metered Residential Service	6.85	7.00

RATE COMPARISONS

Tables 14 through 16 provide a comparison of the monthly cost of providing water and wastewater service for a 5/8-inch x 3/4-inch or smaller water meter at various usage levels calculated under the approved FGUA rates as contained in the Rate Resolution and the proposed Fiscal Year 2010 rates as identified in this report. Also included in the comparison are bills calculated under the rates of other neighboring Florida utilities as of the billing month of June 2009. The monthly bills for the various Florida utilities used for the comparison are exclusive of local taxes, if any. Additionally, for municipally-owned utility systems, such utilities may apply to customers located outside the corporate limits of such municipality a surcharge up to 25% when compared to the rates for service to customers located within the corporate limits as allowed pursuant to Florida Statute 180.191. The 5/8-inch x 3/4-inch meter or smaller comparison was prepared since this represents the majority of the utility's water and wastewater residential customers and the majority of the customers for the other utilities reflected in the comparison. The average usage for the water system is approximately 6,000 gallons a month. A comparison of the average customer using 6,000 gallons of monthly water and wastewater service between the Golden Gate System and the neighboring or other utilities included in our survey as shown on Tables 14 and 16 is reflected below:

Residential Service
Assuming 6,000 Gallons of Usage [1]

	Water	Wastewater	Total
Florida Governmental Utility Authority: Golden Gate			
Golden Gate System - Existing Rates	\$51.61	\$62.78	\$114.39
Golden Gate System - Proposed FY 2010	52.75	64.19	116.94
Other Florida Utilities:			
Bonita Springs Utilities, Inc.	\$33.30	\$49.47	\$82.77
City of Cape Coral [2]	27.29	49.66	76.95
Charlotte County [2]	47.88	48.89	96.77
City of Everglades City	25.00	32.20	57.20
City of Fort Myers [2]	31.73	67.10	98.83
City of LaBelle	24.57	29.92	54.49
City of Marco Island [2]	50.77	51.83	102.60
City of Naples [2]	13.89	38.07	51.96
City of North Port [2]	33.86	50.12	83.98
City of Punta Gorda [2]	25.47	32.14	57.61
City of Sanibel	28.35	50.43	78.78
Collier County [2]	31.41	46.71	78.12
Hillsborough County [2]	30.25	37.35	67.60
FGUA - Lehigh Acres System (Lee County) [2]	37.55	60.49	98.04
Lee County [2]	27.64	44.16	71.80
Polk County	16.80	56.00	72.80
Port Labelle Utility System (Hendry/Glades County)	40.00	32.02	72.02
Sarasota County [2]	30.43	57.19	87.62
Other Florida Utilities' Average	\$30.90	\$46.32	\$77.22

[1] Unless otherwise noted, amounts shown reflect residential rates in effect June 2009 and are exclusive of taxes or franchise fees, if any, and reflect rates charged for inside the city service. All rates are as reported by the respective utility. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.

[2] Utility is currently involved in a rate study, is planning to conduct a rate study, or plans to implement a fee revision within the next twelve months.

CONCLUSIONS AND OBSERVATIONS

Based on the assumptions and analysis reflected in this report as it relates to the overall financial needs and service requirements of the System, PRMG has identified and recommends the following:

1. The existing rates for the Golden Gate System are not anticipated to be sufficient to meet the forecasted financial needs of such system, which is primarily due to i) increases in Operating Expenses; ii) the need to continue to fund capital improvements to such system; iii) the need to provide a dedicated funding program for renewals and replacements of the system's existing infrastructure; and iv) the need to meet the annual debt service coverage requirements as defined in the Trust Indenture that authorized the issuance of the utility's Outstanding Bonds and the rate coverage requirements as defined in the Loan Agreements associated with securing funds through the State Revolving Fund loan program.
2. Based on the financial forecast and funding plan for the System, the following adjustments have been identified and are recommended during the Forecast Period:

Fiscal Year	Recommended Water Rate Adjustments			Recommended Wastewater Rate Adjustments		
	Price Index Adjust. [2]	Additional Adjustment	Total Increase	Price Index Adjust. [2]	Additional Adjustment	Total Increase
2009 [1]	2.50%	5.00%	7.50%	2.50%	5.00%	7.50%
2010	1.50%	0.70%	2.20%	1.50%	0.70%	2.20%
2011	2.20%	2.00%	4.20%	2.20%	2.00%	4.20%
2012	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%
2013	2.20%	0.00%	2.20%	2.20%	0.00%	2.20%

[1] Fiscal Year 2009 rate adjustments adopted and implemented by the FGUA Board effective as of November 1, 2008.

[2] Assumes continuation of the application of the annual price index rate adjustment during the Forecast Period which follows historical precedent of the FGUA Board.

3. The proposed rates adjustments, if implemented are anticipated to be sufficient to: i) meet the rate covenants as defined in the Trust Indenture and the rate coverage requirements identified in the SRF Loan Agreements; and ii) meet the other funding requirements of the Golden Gate System assumed in this report for the Fiscal Years 2009 through 2013.
4. The financial forecast assumes that the FGUA would begin implementing an Inactive Account Charge to all inactive customers of the system who current have metered service at their premise. The financial forecast recognizes approximately \$135,000 in additional water and wastewater sales revenues associated with this new charge. To the extent the FGUA does not implement this new charge or has trouble with billing and collecting the revenues associated with this new charge, a larger rate increase than what is identified herein for the Fiscal Year 2010 applicable to the water and wastewater systems would be required to recover the assumed additional revenue shortfall absent the application of the new fee.
5. The FGUA should continue to closely monitor the financial performance of the Golden Gate System due the recent loss of customers experienced in the service territory to ensure the System continues to generate the anticipated water and wastewater sales revenues.

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Table 1
Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Summary of Historical Customer Statistics

Line No.	Description	Fiscal Year Ended September 30,				
		2004	2005	2006	2007	2008
Water						
Residential Service						
1	Average Monthly Customers	3,120	3,173	3,282	3,177	3,080
2	Average Monthly Consumption (000s)	21,996	21,943	22,254	22,788	22,288
3	Total Billed Sales (000s)	263,957	263,316	267,049	273,450	267,456
4	Avg. Monthly Use Per Customer	7,051	6,916	6,781	7,173	7,237
Commercial Service						
5	Average Monthly Customers	250	251	266	273	262
6	Average Monthly Consumption (000s)	7,161	6,917	7,307	7,807	6,400
7	Total Billed Sales (000s)	85,928	83,000	87,680	93,687	76,805
8	Avg. Monthly Use Per Customer	28,691	27,612	27,469	28,598	24,406
Multi-Family Service						
9	Average Monthly Customers	114	111	110	108	107
10	Average Monthly Consumption (000s)	6,945	6,235	7,826	8,065	6,996
11	Total Billed Sales (000s)	83,345	74,822	93,910	96,780	83,948
12	Avg. Monthly Use Per Customer	61,014	55,971	71,144	74,676	65,278
Trailer Service						
13	Average Monthly Customers	0	0	0	0	0
14	Average Monthly Consumption (000s)	0	0	0	0	0
15	Total Billed Sales (000s)	0	0	0	0	0
16	Avg. Monthly Use Per Customer	0	0	0	0	0
Public Authority Service						
17	Average Monthly Customers	10	10	10	10	10
18	Average Monthly Consumption (000s)	333	305	333	317	690
19	Total Billed Sales (000s)	3,994	3,660	3,992	3,802	8,280
20	Avg. Monthly Use Per Customer	33,286	30,503	33,269	31,679	69,000
Total Water Service						
21	Average Monthly Customers	3,493	3,535	3,658	3,558	3,459
22	Average Monthly Consumption (000s)	36,103	35,095	37,387	38,660	36,374
23	Total Billed Sales (000s)	433,230	421,139	448,639	463,917	436,488
24	Avg. Monthly Use Per Customer	10,335	9,929	10,220	10,866	10,515

Footnotes on Page 2 of 2.

Table 1
Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Summary of Historical Customer Statistics

Line No.	Description	Fiscal Year Ended September 30,				
		2004	2005	2006	2007	2008
Wastewater						
Residential Service						
25	Average Monthly Customers	2,061	2,079	2,141	2,036	1,962
26	Average Monthly Consumption (000s)	9,627	10,173	9,891	9,574	8,613
27	Total Billed Sales (000s)	115,521	122,070	118,687	114,893	103,354
28	Avg. Monthly Use Per Customer	4,671	4,892	4,620	4,703	4,391
Commercial Service						
29	Average Monthly Customers	179	181	188	232	182
30	Average Monthly Consumption (000s)	4,929	5,126	5,548	5,573	4,614
31	Total Billed Sales (000s)	59,151	61,507	66,573	66,875	55,373
32	Avg. Monthly Use Per Customer	27,563	28,287	29,509	24,021	25,308
Multi-Family Service						
33	Average Monthly Customers	89	85	84	95	82
34	Average Monthly Consumption (000s)	6,225	6,331	6,180	6,241	5,679
35	Total Billed Sales (000s)	74,702	75,974	74,156	74,890	68,148
36	Avg. Monthly Use Per Customer	70,341	74,135	73,567	65,693	69,610
Trailer Service						
37	Average Monthly Customers	0	0	0	0	0
38	Average Monthly Consumption (000s)	0	0	0	0	0
39	Total Billed Sales (000s)	0	0	0	0	0
40	Avg. Monthly Use Per Customer	0	0	0	0	0
Public Authority Service						
41	Average Monthly Customers	8	8	8	9	8
42	Average Monthly Consumption (000s)	335	287	287	324	504
43	Total Billed Sales (000s)	4,022	3,438	3,438	3,892	6,042
44	Avg. Monthly Use Per Customer	41,894	35,817	35,817	36,033	62,940
Total Wastewater Service						
45	Average Monthly Customers	2,337	2,354	2,421	2,372	2,234
46	Average Monthly Consumption (000s)	21,116	21,916	21,905	21,712	19,410
47	Total Billed Sales (000s)	253,396	262,989	262,854	260,550	232,918
48	Avg. Monthly Use Per Customer	8,925	9,220	8,959	9,051	8,495

Footnotes:

(1) Derived from billing information provided by Severn Trent Environmental Services, Inc. (STES).

Table 2
Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Summary of Projected Customer Statistics

Line No.	Description	Projected Fiscal Year Ending, September 30 (1)				
		2009	2010	2011	2012	2013
Water						
Residential Service						
1	Average Monthly Customers	3,040	3,040	3,065	3,105	3,155
2	Average Monthly Consumption (000s)	20,408	20,408	20,576	20,844	21,180
3	Total Billed Sales (000s)	244,892	244,892	246,906	250,128	254,156
4	Avg. Monthly Use Per Customer	6,713	6,713	6,713	6,713	6,713
Commercial Service						
5	Average Monthly Customers	262	262	264	266	268
6	Average Monthly Consumption (000s)	6,400	6,400	6,449	6,498	6,547
7	Total Billed Sales (000s)	76,805	76,805	77,391	77,977	78,562
8	Avg. Monthly Use Per Customer	24,406	24,406	24,406	24,406	24,406
Multi-Family Service						
9	Average Monthly Customers	107	107	107	107	107
10	Average Monthly Consumption (000s)	6,996	6,996	6,996	6,996	6,996
11	Total Billed Sales (000s)	83,948	83,948	83,948	83,948	83,948
12	Avg. Monthly Use Per Customer	65,278	65,278	65,278	65,278	65,278
Public Authority Service						
17	Average Monthly Customers	10	10	10	10	10
18	Average Monthly Consumption (000s)	690	690	690	690	690
19	Total Billed Sales (000s)	8,280	8,280	8,280	8,280	8,280
20	Avg. Monthly Use Per Customer	69,000	69,000	69,000	69,000	69,000
Total Water Service						
25	Average Monthly Customers	3,419	3,419	3,446	3,488	3,540
26	Average Monthly Consumption (000s)	34,494	34,494	34,710	35,028	35,412
27	Total Billed Sales (000s)	413,925	413,925	416,525	420,333	424,946
28	Avg. Monthly Use Per Customer	10,088	10,088	10,072	10,041	10,003

Footnotes on Page 2 of 2

Table 2
Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Summary of Projected Customer Statistics

Line No.	Description	Projected Fiscal Year Ending, September 30 (1)				
		2009	2010	2011	2012	2013
Wastewater						
Residential Service						
29	Average Monthly Customers	1,946	1,946	1,962	1,987	2,019
30	Average Monthly Consumption (000s)	8,117	8,117	8,184	8,291	8,425
31	Total Billed Sales (000s)	97,410	97,410	98,211	99,492	101,095
32	Avg. Monthly Use Per Customer	4,172	4,172	4,172	4,172	4,172
Commercial Service						
33	Average Monthly Customers	182	182	184	186	188
34	Average Monthly Consumption (000s)	4,614	4,614	4,665	4,716	4,766
35	Total Billed Sales (000s)	55,373	55,373	55,981	56,588	57,195
36	Avg. Monthly Use Per Customer	25,308	25,308	25,308	25,308	25,308
Multi-Family Service						
37	Average Monthly Customers	82	82	82	82	82
38	Average Monthly Consumption (000s)	5,679	5,679	5,679	5,679	5,679
39	Total Billed Sales (000s)	68,148	68,148	68,148	68,148	68,148
40	Avg. Monthly Use Per Customer	69,610	69,610	69,610	69,610	69,610
Public Authority Service						
45	Average Monthly Customers	8	8	8	8	8
46	Average Monthly Consumption (000s)	504	504	504	504	504
47	Total Billed Sales (000s)	6,042	6,042	6,042	6,042	6,042
48	Avg. Monthly Use Per Customer	62,940	62,940	62,940	62,940	62,940
Total Wastewater Service						
53	Average Monthly Customers	2,218	2,218	2,236	2,263	2,297
54	Average Monthly Consumption (000s)	18,914	18,914	19,032	19,189	19,373
55	Total Billed Sales (000s)	226,973	226,973	228,382	230,271	232,480
56	Avg. Monthly Use Per Customer	8,333	8,333	8,318	8,286	8,243

Footnotes:

(1) Reflects customer growth and customer sales forecast for rate revenue purposes.

Table 3

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Projected Net Revenue Requirements - Combined Systems

Line No.	Description	Projected Fiscal Year Ending September 30,				
		2009	2010	2011	2012	2013
Operating Expenses:						
1	Board Expenses	\$ 330,628	\$ 505,200	\$ 574,413	\$ 587,727	\$ 602,003
2	Operating and Management Services	2,583,451	2,653,044	2,748,574	2,844,896	2,942,787
3	Professional Services	111,598	107,800	111,034	114,365	117,796
4	Special Projects	107,000	43,790	45,104	46,457	47,851
5	Combined Systems Operating Expenses:	<u>\$ 3,132,677</u>	<u>\$ 3,309,834</u>	<u>\$ 3,479,125</u>	<u>\$ 3,593,445</u>	<u>\$ 3,710,436</u>
Other Revenue Requirements:						
6	Existing Debt Service	\$ 2,715,534	\$ 2,715,835	\$ 2,715,108	\$ 2,715,977	\$ 2,714,502
7	Proposed Debt Service	58,014	124,559	371,842	371,842	371,842
8	Special Assessment Debt	49,677	49,677	49,677	49,677	49,677
9	Transfer to R&R Fund	290,521	277,142	301,704	327,225	345,084
10	Transfer to Capital Improvement Fund	0	0	0	0	0
11	Transfer to Operating Reserves	0	0	0	0	0
12	Total Other Revenue Requirements	<u>\$ 3,113,745</u>	<u>\$ 3,167,213</u>	<u>\$ 3,438,332</u>	<u>\$ 3,464,721</u>	<u>\$ 3,481,105</u>
13	Gross Revenue Requirements	<u>\$ 6,246,423</u>	<u>\$ 6,477,047</u>	<u>\$ 6,917,456</u>	<u>\$ 7,058,166</u>	<u>\$ 7,191,541</u>
Less Income and Funds from Other Sources:						
14	Other Revenues	\$ 231,216	\$ 241,000	\$ 260,416	\$ 272,236	\$ 282,733
15	Interest Income	24,000	20,700	60,900	66,400	69,300
16	Impact Fees Used to Pay Debt Service	0	0	0	0	0
17	Special Assessment Revenue	49,677	49,677	49,677	49,677	49,677
18	Transfer From Operating Reserves	50,000	0	0	0	0
19	Net Revenue Requirements	<u>\$ 5,891,530</u>	<u>\$ 6,165,670</u>	<u>\$ 6,546,463</u>	<u>\$ 6,669,854</u>	<u>\$ 6,789,831</u>
20	Revenue From Existing Water and Wastewater Rates:	\$ 5,913,867	\$ 6,147,561	\$ 6,179,222	\$ 6,221,630	\$ 6,280,852
Revenue Surplus/(Deficiency) Under Existing Rates:						
21	Amount	\$ 22,338	\$ (18,109)	\$ (367,241)	\$ (448,224)	\$ (508,980)
22	Percent of Rate Revenue	<u>0.38%</u>	<u>(0.29%)</u>	<u>(5.94%)</u>	<u>(7.20%)</u>	<u>(8.10%)</u>
RATE RECOMMENDATIONS:						
Effective Increase						
23	Index Rate Increase (Water and Wastewater)	0.00%	1.50%	2.20%	2.20%	2.20%
24	Additional Projected Increase Water Increase	0.00%	0.70%	2.00%	0.00%	0.00%
25	Additional Projected Increase Wastewater Increase	0.00%	0.70%	2.00%	0.00%	0.00%
26	Months Rate Increase in Effect	12	12	12	12	12
Revenue From Water and Wastewater Rates:						
27	Current Year Rate Adjustment	-	135,246	265,235	145,762	150,387
28	Prior Year Rate Adjustment	-	-	135,900	403,900	554,900
29	Adjusted Water and Wastewater Rate Revenue	<u>\$ 5,913,867</u>	<u>\$ 6,282,807</u>	<u>\$ 6,580,357</u>	<u>\$ 6,771,292</u>	<u>\$ 6,986,138</u>
30	Revenue Surplus Deficiency Under Proposed Rate Adjustments	22,338	117,138	33,894	101,438	196,307
31	As Percent of Existing Revenue	<u>0.38%</u>	<u>1.86%</u>	<u>0.52%</u>	<u>1.50%</u>	<u>2.81%</u>

Table 4

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Projected Debt Service Coverage Analysis - Water and Wastewater System

Line No.	Description	Fiscal Year Ending September 30,				
		2009	2010	2011	2012	2013
System Revenues:						
1	Water and Wastewater Rate Revenue	\$ 5,913,867	\$ 6,282,807	\$ 6,580,357	\$ 6,771,292	\$ 6,986,138
2	Other Operating Revenue	280,893	241,000	260,416	272,236	282,733
3	Unrestricted Interest Income	24,000	20,700	60,900	66,400	69,300
4	Total Gross System Revenues	\$ 6,218,760	\$ 6,544,507	\$ 6,901,674	\$ 7,109,927	\$ 7,338,171
5	Operating Expenses:	\$3,132,677	\$3,309,834	\$3,479,125	\$3,593,445	\$3,710,436
6	Net Revenues - Without Connection	\$3,086,083	\$3,234,673	\$3,422,549	\$3,516,483	\$3,627,735
7	Connection Fees	0	0	0	62,547	77,305
8	Net Revenues - With Connection Fees	3,086,083	3,234,673	3,422,549	3,579,030	3,705,040
Annual Debt Service - Senior Lien Debt:						
9	Existing Debt Payments	\$2,487,763	\$2,488,064	\$2,487,338	\$2,488,206	\$2,486,731
10	Proposed Debt Payments	0	0	371,842	371,842	371,842
11	Total Senior Lien Indebtedness	\$2,487,763	\$2,488,064	\$2,859,180	\$2,860,048	\$2,858,573
Senior Lien Coverage - Without Connection Fees						
12	Coverage Ratio - Calculated	124%	130%	120%	123%	127%
13	Coverage Ratio - Required	110%	110%	110%	110%	110%
Senior Lien Coverage - With Connection Fees						
14	Coverage Ratio - Calculated	124%	129%	130%	126%	130%
15	Coverage Ratio - Required	120%	120%	120%	120%	120%
Annual Debt Service - Subordinate Lien Debt (Line of Credit):						
16	Proposed Debt Payments	\$58,014	\$124,559	\$0	\$0	\$0
17	Total Subordinate Lien Indebtedness (LOC) Debt Service	\$58,014	\$124,559	\$0	\$0	\$0
18	Total Senior Lien Debt Service	\$2,487,763	\$2,488,064	\$2,859,180	\$2,860,048	\$2,858,573
	Total Senior Lien and Subordinate (LOC) Debt Service	\$2,545,777	\$2,612,623	\$2,859,180	\$2,860,048	\$2,858,573
Subordinate Lien Coverage (Line of Credit)						
19	Coverage Ratio - Calculated	121%	124%	120%	123%	127%
20	Coverage Ratio - Required	110%	110%	110%	110%	110%
21	Net Available for Subordinate Lien Coverage - With Connection Fees	\$540,306	\$622,050	\$563,369	\$718,982	\$846,467
Annual Debt Service - Subordinate Lien Debt (SRF Loans):						
22	Existing Debt Payments	\$227,771	\$227,771	\$227,771	\$227,771	\$227,771
23	Total Subordinate Lien Indebtedness (SRF)	\$227,771	\$227,771	\$227,771	\$227,771	\$227,771
Subordinate Lien Coverage (SRF)						
24	Coverage Ratio - Calculated	128%	164%	122%	190%	246%
25	Coverage Ratio - Required	120%	120%	120%	120%	120%
26	Net Revenue Available after Payment of Debt Service	\$312,536	\$394,279	\$335,599	\$428,663	\$541,390
Required Transfers						
27	Renewal and Replacement Fund	290,521	277,142	301,704	327,225	345,084
28	Other Required Transfers	0	0	0	0	0
29	Available for Other System Purposes	\$22,015	\$117,138	\$33,894	\$101,438	\$196,307

Table 5

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Operating Expense Budget

Line No.	Description	Budget 2009	Adjustments	Adjusted 2009	Budget 2010	Adjustments	Adjusted 2010	Basis	Allocation Percentages		Adjusted 2009		2010	
									Water System	Wastewater System	Water System	Wastewater System	Water System	Wastewater System
Board Expenses														
1	Bank Fees	\$31,800	\$0	\$31,800	\$32,000	\$0	\$32,000	Accounts	58.35%	41.65%	\$18,556	\$13,244	\$18,673	\$13,327
2	Collection Agency	3,793	0	3,793	4,000	0	4,000	Revenues	57.19%	42.81%	2,169	1,624	2,288	1,712
3	Travel	0	0	0	0	0	0	Accounts	58.35%	41.65%	0	0	0	0
4	Telephone/Cellphone	517	0	517	1,000	0	1,000	Accounts	58.35%	41.65%	302	215	584	416
5	Postage	1,191	0	1,191	2,000	0	2,000	Accounts	58.35%	41.65%	695	496	1,167	833
6	Rents & Leases	41,674	0	41,674	44,000	0	44,000	Accounts	58.35%	41.65%	24,317	17,356	25,675	18,325
7	Property & Casualty Insurance	46,990	0	46,990	45,000	0	45,000	Assets	49.72%	51.21%	23,365	23,625	22,375	22,625
8	Copy/Delivery Charges	6,646	0	6,646	9,000	0	9,000	Accounts	58.35%	41.65%	3,878	2,768	5,252	3,748
9	Customer Information Program	14,684	0	14,684	19,000	0	19,000	Accounts	58.35%	41.65%	8,568	6,116	11,087	7,913
10	Legal Ads	6,448	0	6,448	6,000	0	6,000	Accounts	58.35%	41.65%	3,763	2,686	3,501	2,499
11	Miscellaneous	165	0	165	0	0	0	Accounts	58.35%	41.65%	96	69	0	0
12	Board Meetings	218	0	218	1,000	0	1,000	Accounts	58.35%	41.65%	127	91	584	416
13	Bad Debts	50,000	0	50,000	150,000	0	150,000	Revenues	57.19%	42.81%	28,595	21,405	85,785	64,215
14	Record Storage	327	0	327	0	0	0	Revenues	57.19%	42.81%	187	140	0	0
15	Regulatory/Permit Fees	124,715	0	124,715	186,200	0	186,200	Assets	49.72%	51.21%	62,012	62,703	92,585	93,615
16	Cash Overage/Shortage	13	0	13	0	0	0	Accounts	58.35%	41.65%	7	5	0	0
17	Reserve for Contingencies	0	0	0	4,000	0	4,000	Expenses	58.73%	41.45%	0	0	2,349	1,651
18	Property Taxes	0	600	600	1,000	0	1,000	Assets	49.72%	51.21%	298	302	497	503
19	Office Supplies	400	0	400	0	0	0	Expenses	58.73%	41.45%	235	165	0	0
20	Dues & Subscriptions	448	0	448	1,000	0	1,000	Expenses	58.73%	41.45%	263	185	587	413
21	Total Board Expenses	\$330,628	\$0	\$330,628	\$505,200	\$0	\$505,200				\$177,435	\$153,194	\$272,988	\$232,212
Operating and Management Services														
22	Operations & Maintenance Contract	\$1,795,931	\$0	\$1,795,931	\$1,852,000	\$0	\$1,852,000	Contract	60.75%	39.25%	\$1,091,082	\$704,849	\$1,125,145	\$726,855
23	Additional Operations & Maintenance Services	32,298	0	32,298	45,000	0	45,000	Direct-W	100.00%	0.00%	32,298	0	45,000	0
24	Billing & Customer Service Contract	247,966	0	247,966	256,000	0	256,000	Accounts	58.35%	41.65%	144,693	103,273	149,381	106,619
25	Additional Billing & Customer Service	621	0	621	1,000	0	1,000	Accounts	58.35%	41.65%	362	259	584	416
26	Management Contract	147,593	0	147,593	133,044	0	133,044	Revenues	57.19%	42.81%	84,409	63,184	76,088	56,956
27	Plan Review & Inspection Services	0	0	0	2,000	0	2,000	Accounts	58.35%	41.65%	0	0	1,167	833
28	Security Monitoring Fees	984	0	984	1,000	0	1,000	Accounts	58.35%	41.65%	574	410	584	416
29	Electric Power	339,186	0	339,186	345,000	0	345,000	Assets	49.72%	51.21%	168,654	170,532	171,545	173,455
30	Vehicle Maintenance	0	0	0	0	0	0	Assets	49.72%	51.21%	0	0	0	0
31	Fuel	0	0	0	0	0	0	Assets	49.72%	51.21%	0	0	0	0
32	Interest Paid (on customer deposit refunds)	10,873	0	10,873	10,000	0	10,000	Revenues	57.19%	42.81%	6,218	4,655	5,719	4,281
33	Assessment	8,000	0	8,000	8,000	0	8,000	Direct-W	100.00%	0.00%	8,000	0	8,000	0
34	Total Operating and Management Service	2,583,451	0	2,583,451	2,653,044	0	2,653,044				1,536,290	1,047,162	1,583,212	1,069,832

Table 5

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Operating Expense Budget

Line No.	Description	Budget 2009	Adjustments	Adjusted 2009	Budget 2010	Adjustments	Adjusted 2010	Basis	Allocation Percentages		Adjusted 2009		2010		
									Water System	Wastewater System	Water System	Wastewater System	Water System	Wastewater System	
Professional Services															
35	Financial Advisor	12,762	0	12,762	13,000	0	13,000	Accounts	58.35%	41.65%	7,447	5,315	7,586	5,414	
36	Audit Fees	19,500	0	19,500	20,000	0	20,000	Accounts	58.35%	41.65%	11,379	8,121	11,670	8,330	
37	Other Contractual Services	0	0	0	0	0	0	Assets	49.72%	51.21%	0	0	0	0	
38	Engineering Services	0	0	0	0	0	0	Assets	49.72%	51.21%	0	0	0	0	
39	Legal - General Counsel	50,000	0	50,000	53,800	0	53,800	Revenues	57.19%	42.81%	28,595	21,405	30,768	23,032	
40	Legal - Utility Counsel	16,076	0	16,076	8,000	0	8,000	Revenues	57.19%	42.81%	9,194	6,882	4,575	3,425	
41	Software Support	6,000	0	6,000	6,000	0	6,000	Accounts	58.35%	41.65%	3,501	2,499	3,501	2,499	
42	Construction Services	7,260	0	7,260	7,000	0	7,000	Assets	49.72%	51.21%	3,610	3,650	3,481	3,519	
43	Other	0	0	0	0	0	0	Accounts	58.35%	41.65%	0	0	0	0	
44	Total Professional Services	111,598	0	111,598	107,800	0	107,800				63,725	47,872	61,581	46,219	
Special Projects															
45	Integrated Water Resource Management Plan	10,000	0	10,000	0	0	0	Accounts	58.35%	41.65%	5,835	4,165	0	0	
46	Environmental Assessment	12,757	0	12,757	0	0	0	Accounts	58.35%	41.65%	7,444	5,313	0	0	
47	Performance Audit - Customer Billing	10,000	0	10,000	0	0	0	Accounts	58.35%	41.65%	5,835	4,165	0	0	
48	Web Page Enhancements	4,029	0	4,029	4,790	0	4,790	Accounts	58.35%	41.65%	2,351	1,678	2,795	1,995	
49	New Customer Expansion Analysis	0	0	0	0	0	0	Accounts	58.35%	41.65%	0	0	0	0	
50	Disaster Recovery Plan	3,000	0	3,000	0	0	0	Accounts	58.35%	41.65%	1,751	1,249	0	0	
51	Vulnerability Assessment	3,344	0	3,344	0	0	0	Accounts	58.35%	41.65%	1,951	1,393	0	0	
52	Cross Connection Control Policy & Implementing	35,000	0	35,000	37,000	0	37,000	Accounts	58.35%	41.65%	20,423	14,577	21,590	15,410	
53	Fixed Asset & Inventory Audit	0	0	0	0	0	0	Accounts	58.35%	41.65%	0	0	0	0	
54	Rate Study	15,000	0	15,000	0	0	0	Accounts	58.35%	41.65%	8,753	6,247	0	0	
55	Munis - Management	1,120	0	1,120	1,000	0	1,000	Accounts	58.35%	41.65%	654	466	584	416	
56	Digital Imaging and Records Management	12,750	0	12,750	0	0	0	Accounts	58.35%	41.65%	7,440	5,310	0	0	
57	Web Interface Electronic Payments	0	0	0	1,000	0	1,000	Accounts	58.35%	41.65%	0	0	584	416	
58	Litigation Reserve	0	0	0	0	0	0	Accounts	58.35%	41.65%	0	0	0	0	
59	Total Special Projects	107,000	0	107,000	43,790	0	43,790				62,437	44,563	25,552	18,238	
60	TOTAL OPERATING EXPENSES	\$3,132,677	\$0	\$3,132,677	\$3,309,834	\$0	\$3,309,834				\$1,839,886	\$1,292,791	\$1,943,334	\$1,366,500	

Table 6

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Projected Operating Expenses

Line No.	Description	Adjusted 2009	Escalation Reference	2010	2011	2012	2013
Board Expenses							
1	Bank Fees	\$31,800	Inflation	\$32,000	\$32,960	\$33,949	\$34,967
2	Collection Agency	3,793	Inflation	4,000	4,120	4,244	4,371
3	Travel	0	Inflation	0	0	0	0
4	Telephone/Cellphone	517	Inflation	1,000	1,030	1,061	1,093
5	Postage	1,191	Water Rev	2,000	2,076	2,164	2,261
6	Rents & Leases	41,674	Cust-Water	44,000	45,320	46,680	48,080
7	Property & Casualty Insurance	46,990	Water Rev	45,000	45,231	45,538	45,957
8	Copy/Delivery Charges	6,646	Inflation	9,000	9,342	9,737	10,174
9	Customer Information Program	14,684	Inflation	19,000	19,722	20,555	21,479
10	Legal Ads	6,448	Inflation	6,000	6,180	6,365	6,556
11	Miscellaneous	165	Inflation	0	0	0	0
12	Board Meetings	218	Inflation	1,000	1,030	1,061	1,093
13	Bad Debts	50,000	Water Rev	150,000	150,773	151,807	153,252
14	Record Storage	327	Inflation	0	0	0	0
15	Regulatory/Permit Fees	124,715	Inflation	186,200	191,786	197,540	203,466
16	Cash Overage/Shortage	13	Inflation	0	0	0	0
17	Reserve for Contingencies	0	Inflation	4,000	62,784	64,906	67,068
18	Property Taxes	600	Calculated	1,000	1,030	1,061	1,093
19	Office Supplies	400	Calculated	0	0	0	0
20	Dues & Subscriptions	448	Calculated	1,000	1,030	1,061	1,093
21	Total Board Expenses	\$330,628		\$505,200	\$574,413	\$587,727	\$602,003
Operating and Management Services							
22	Operations & Maintenance Contract	1,795,931	Cust-Water	1,852,000	1,909,786	1,967,080	2,026,092
23	Additional Operations & Maintenance Services	32,298	Cust-Water	45,000	52,067	58,513	62,997
24	Billing & Customer Service Contract	247,966	Cust-Water	256,000	263,685	271,596	279,743
25	Additional Billing & Customer Service	621	Cust-Water	1,000	1,038	1,082	1,130
26	Management Contract	147,593	Cust-Water	133,044	138,098	143,934	150,405
27	Plan Review & Inspection Services	0	Cust-Water	2,000	2,076	2,164	2,261
28	Security Monitoring Fees	984	Cust-Water	1,000	1,033	1,070	1,109
29	Electric Power	339,186	Electric	345,000	362,250	380,363	399,381
30	Vehicle Maintenance	0	Inflation	0	0	0	0
31	Fuel	0	Water Rev	0	0	0	0
32	Interest Paid (on customer deposit refunds)	10,873	Inflation	10,000	10,300	10,609	10,927
33	Assessment	8,000	Inflation	8,000	8,240	8,487	8,742
34	Total Operating and Management Services	\$2,583,451		\$2,653,044	\$2,748,574	\$2,844,896	\$2,942,787
Professional Services							
35	Financial Advisor	12,762	Inflation	13,000	13,390	13,792	14,205
36	Audit Fees	19,500	Inflation	20,000	20,600	21,218	21,855
37	Other Contractual Services	0	Input	0	0	0	0
38	Engineering Services	0	Inflation	0	0	0	0
39	Legal - General Counsel	50,000	Inflation	53,800	55,414	57,076	58,789
40	Legal - Utility Counsel	16,076	Inflation	8,000	8,240	8,487	8,742
41	Software Support	6,000	Inflation	6,000	6,180	6,365	6,556
42	Construction Services	7,260	Inflation	7,000	7,210	7,426	7,649
43	Other	0	Inflation	0	0	0	0
44	Total Professional Services	\$111,598		\$107,800	\$111,034	\$114,365	\$117,796
Special Projects							
45	Integrated Water Resource Management Plan	10,000	Inflation	0	0	0	0
46	Environmental Assessment	12,757	Inflation	0	0	0	0
47	Performance Audit - Customer Billing	10,000	Inflation	0	0	0	0
48	Web Page Enhancements	4,029	Inflation	4,790	4,934	5,082	5,234
49	New Customer Expansion Analysis	0	Inflation	0	0	0	0
50	Disaster Recovery Plan	3,000	Inflation	0	0	0	0
51	Vulnerability Assessment	3,344	Inflation	0	0	0	0
52	Cross Connection Control Policy & Implementin	35,000	Inflation	37,000	38,110	39,253	40,431
53	Fixed Asset & Inventory Audit	0	Inflation	0	0	0	0
54	Rate Study	15,000	Inflation	0	0	0	0
55	Munis - Management	1,120	Inflation	1,000	1,030	1,061	1,093
56	Digital Imaging and Records Management	12,750	Inflation	0	0	0	0
57	Web Interface Electronic Payments	0	Inflation	1,000	1,030	1,061	1,093
58	Litigation Reserve	0	Inflation	0	0	0	0
59	Total Special Projects	\$107,000		\$43,790	\$45,104	\$46,457	\$47,851
60	TOTAL OPERATING EXPENSES	\$3,132,677		\$3,309,834	\$3,479,125	\$3,593,445	\$3,710,436

Table 7
Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Summary of Projected Water and Wastewater Sales Revenue

Line No.	Description	Projected Fiscal Year Ending September 30,				
		2009	2010	2011	2012	2013
	WATER SALES					
1	Residential	\$2,119,008	\$2,119,008	\$2,136,421	\$2,164,283	\$2,200,950
2	Commercial	567,070	567,070	571,682	575,242	585,508
3	Multi-Family	630,197	687,382	687,382	687,382	687,382
4	Public Authority	75,371	75,371	75,371	75,371	75,371
5	Inactive Account Fees	-	69,674	66,124	60,603	53,767
6	Total Water Sales Revenues	<u>\$3,391,645</u>	<u>\$3,518,504</u>	<u>\$3,536,980</u>	<u>\$3,562,880</u>	<u>\$3,602,978</u>
	WASTEWATER SALES					
7	Residential	\$1,222,635	\$1,222,635	\$1,232,689	\$1,248,569	\$1,268,676
8	Commercial	536,558	536,558	542,776	548,137	552,983
9	Multi-Family	681,342	722,157	722,157	722,157	722,157
10	Public Authority	81,688	81,688	81,688	81,688	81,688
11	Inactive Account Fees	-	66,020	62,933	58,200	52,370
12	Total Wastewater Sales Revenues	<u>\$2,522,222</u>	<u>\$2,629,057</u>	<u>\$2,642,242</u>	<u>\$2,658,750</u>	<u>\$2,677,874</u>

Table 8

Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Capital Improvement Program

Line No.	Description	Project Number	Funding Source	Projected Fiscal Year Ending September 30,					6-Year Total
				2009	2010	2011	2012	2013	
<u>CAPITAL IMPROVEMENT PROGRAM - WATER SYSTEM</u>									
1	Miscellaneous Renewal & Replacement	GG004	RR	-	-	51,500	51,500	51,500	\$ 154,500
2	Fire Hydrant Replacement	GG005	RR	-	33,000	33,000	36,000	36,000	138,000
3	Water Meter Replacement Program	GG006	RR	-	29,000	29,000	29,000	29,000	116,000
4	Utility Relocation	GG045	FutDebt1	-	77,500	-	-	-	77,500
5	Rehab Green Blvd. Booster Station	GG052	2005Bonds	-	21,000	21,000	-	-	42,000
6	Relocate Well 5 and Well 8 control panel	GG055	2005Bonds	-	21,000	-	-	-	21,000
7	WTP RO Membrane Replacement	GG011	RR	-	26,000	26,000	-	-	52,000
8	WTP RO Membrane Replacement	GG011	RR	-	-	-	29,000	29,000	58,000
9	Isolation Valve Replacement	GG011	RR	-	21,000	21,000	21,000	21,000	84,000
10	2009 R&R Projects	GG050	RR	519,171	-	-	-	-	519,171
11	2009 - Series 1999 and 2005 Bond Proceed Projects	GG053	2005Bonds	2,256,189	-	-	-	-	2,256,189
12	2009 - LOC Projects	GG056	FutDebt1	1,516,459	-	-	-	-	1,516,459
13	2009 Water Capacity Fee Projects	GG049	WimpactFees	7,191	-	-	-	-	7,191
14	Total Water System Capital Improvement Program			\$ 4,299,010	\$ 228,500	\$ 181,500	\$ 166,500	\$ 166,500	\$ 5,042,010
<u>CAPITAL IMPROVEMENT PROGRAM-WASTEWATER SYSTEM</u>									
15	Infiltration / Inflow Removal	GG001	RR	\$ -	\$ 103,000	\$ 103,000	\$ 103,000	\$ 103,000	\$ 412,000
16	Lift Station Pump Replacement	GG002	2005Bonds	-	53,000	-	-	-	53,000
17	Lift Station Check Valve Replacement	GG002	2005Bonds	-	16,000	-	-	-	16,000
18	Miscellaneous Renewal & Replacement	GG004	RR	-	-	51,500	51,500	51,500	154,500
19	Utility Relocation	GG045	FutDebt1	-	77,500	-	-	-	77,500
20	Manhole Rehabilitation	GG056	2005Bonds	-	10,000	-	-	-	10,000
21	WW System Collection & Transmission Improvements	GG014	RR	-	46,000	-	-	-	46,000
22	Rehabilitate WWTP Lamson Aeration Blower	GG048	2005Bonds	-	15,000	-	-	-	15,000
23	2009 R&R Projects	GG051	RR	519,171	-	-	-	-	519,171
24	2009 - Series 1999 and 2005 Bond Proceed Projects	GG050	2005Bonds	2,256,189	-	-	-	-	2,256,189
25	2009 - LOC Projects	GG050	FutDebt1	1,516,459	-	-	-	-	1,516,459
26	2009 Wastewater Capacity Fee Projects	GG023	WimpactFees	150,437	-	-	-	-	150,437
27	Total Wastewater System Capital Improvement Program			\$ 4,442,256	\$ 320,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 5,226,256

Table 8

Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System

Capital Improvement Program

Line No.	Description	Project Number	Funding Source	Projected Fiscal Year Ending September 30,					6-Year Total
				2009	2010	2011	2012	2013	
<u>CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES</u>									
<u>Water System</u>									
28	Operating Reserves		Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	Rate Revenues		Rates	-	-	-	-	-	-
30	Series 1999 and 2005 Bond Proceeds		2005Bonds	2,256,189	42,000	21,000	-	-	2,319,189
31	Water Impact Fees		WimpactFees	7,191	-	-	-	-	7,191
32	Renewal & Replacement		RR	519,171	109,000	160,500	166,500	166,500	1,121,671
33	Future Debt 1		FutDebt1	1,516,459	77,500	-	-	-	1,593,959
34	Future Debt 2		FutDebt2	-	-	-	-	-	-
35	Future Debt 3		FutDebt3	-	-	-	-	-	-
36	Total Water System Funding Sources			\$ 4,299,010	\$ 228,500	\$ 181,500	\$ 166,500	\$ 166,500	\$ 5,042,010
<u>Wastewater System Funding Sources</u>									
37	Operating Reserves		Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	Rate Revenues		Rates	-	-	-	-	-	-
39	Series 1999 and 2005 Bond Proceeds		2005Bonds	2,256,189	94,000	-	-	-	2,350,189
40	Water Impact Fees		WimpactFees	150,437	-	-	-	-	150,437
41	Renewal & Replacement		RR	519,171	149,000	154,500	154,500	154,500	1,131,671
42	Future Debt 1		FutDebt1	1,516,459	77,500	-	-	-	1,593,959
43	Future Debt 2		FutDebt2	-	-	-	-	-	-
44	Future Debt 3		FutDebt3	-	-	-	-	-	-
45	Total Wastewater System Funding Sources			\$ 4,442,256	\$ 320,500	\$ 154,500	\$ 154,500	\$ 154,500	\$ 5,226,256
<u>Combined Systems Funding Sources</u>									
46	Operating Reserves		Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	Rate Revenues		Rates	-	-	-	-	-	-
48	Series 1999 and 2005 Bond Proceeds		2005Bonds	4,512,378	136,000	21,000	-	-	4,669,378
49	Impact Fees		WimpactFees	157,628	-	-	-	-	157,628
50	Renewal & Replacement		RR	1,038,342	258,000	315,000	321,000	321,000	2,253,342
51	Future Debt 1		FutDebt1	3,032,918	155,000	-	-	-	3,187,918
52	Future Debt 2		FutDebt2	-	-	-	-	-	-
53	Future Debt 3		FutDebt3	-	-	-	-	-	-
54	Total Combined Systems Funding Sources			\$ 8,741,266	\$ 549,000	\$ 336,000	\$ 321,000	\$ 321,000	\$ 10,268,266

Table 9

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Cash and Investments and Development of Interest Income

Line No.	Description	Investment Reference	Fiscal Year Ending September 30,				
			2009	2010	2011	2012	2013
ENDING CASH BALANCE SUMMARY:							
1	OPERATING RESERVE FUND		\$790,092	\$907,230	\$941,124	\$1,042,562	\$1,238,869
2	CUSTOMER DEPOSITS		0	0	0	0	0
3	RENEWAL AND REPLACEMENT FUND		561,223	580,365	567,069	573,294	597,378
4	DEBT SERVICE RESERVE SUBACCOUNT		0	0	371,842	371,842	371,842
5	CAPITAL IMPROVEMENT FUND (Less Impact Fee Account)		0	0	0	0	0
6	WATER CAPITAL CONTRIBUTION FEE ACCOUNT		381,839	385,639	395,239	446,589	509,089
7	WASTEWATER CAPITAL CONTRIBUTION FEE ACCOUNT		110,288	111,388	114,188	138,885	169,291
8	CONSTRUCTION FUND		762,478	633,378	627,978	643,678	659,778
9	TOTAL PROJECTED END OF YEAR BALANCES		<u>\$2,605,920</u>	<u>\$2,617,999</u>	<u>\$3,017,440</u>	<u>\$3,216,851</u>	<u>\$3,546,247</u>
OPERATING RESERVE FUND							
10	Beginning Balance	(U)	\$967,754	\$790,092	\$907,230	\$941,124	\$1,042,562
11	Transfers In - Operations		0	0	0	0	0
12	Transfers In - Debt Defeasance/Maturity		0	0	0	0	0
13	Total Funds Available		<u>967,754</u>	<u>790,092</u>	<u>907,230</u>	<u>941,124</u>	<u>1,042,562</u>
14	Transfers Out - CIP		0	0	0	0	0
15	Transfers Out - Capital Improvement Fund		0	0	0	0	0
16	Transfers Out - R&R Fund		200,000	0	0	0	0
17	Total Transfers Out of Funds		<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
18	Transfers In - End of Year Surplus		22,338	117,138	33,894	101,438	196,307
19	Transfers Out - End of Year Deficiency		0	0	0	0	0
20	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
21	Interest Income on Fund		8,700	7,900	22,700	23,500	26,100
22	Ending Balance		<u>790,092</u>	<u>907,230</u>	<u>941,124</u>	<u>1,042,562</u>	<u>1,238,869</u>
23	Target - Days of Operating Expenses		90	90	90	90	90
24	Target Minimum Available Cash		772,441	816,123	857,866	886,055	914,902
	Target Minimum Cash Balance Met - Yes or No		Yes	Yes	Yes	Yes	Yes
25	Percent Allocable to Water System		57.19%	57.19%	57.19%	57.19%	57.19%
26	Amount Allocable to Water System		4,976	4,518	12,982	13,440	14,927
27	Amount Allocable to Wastewater System		3,724	3,382	9,718	10,060	11,173
CUSTOMER DEPOSITS							
28	Beginning Balance		\$0	\$0	\$0	\$0	\$0
29	Transfers In		0	0	0	0	0
30	Transfers Out		0	0	0	0	0
31	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
32	Interest Income on Fund		0	0	0	0	0
33	Use of Interest Income to Fund Revenue Requiriements	<input type="checkbox"/> (U)	0	0	0	0	0
34	Ending Balance		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
35	Percent Allocable to Water System		58.35%	58.35%	58.35%	58.35%	58.35%
36	Amount Allocable to Water System		0	0	0	0	0
37	Amount Allocable to Wastewater System		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Table 9

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Cash and Investments and Development of Interest Income

Line No.	Description	Investment Reference	Fiscal Year Ending September 30,				
			2009	2010	2011	2012	2013
RENEWAL AND REPLACEMENT FUND							
38	Beginning Balance		\$1,109,044	\$561,223	\$580,365	\$567,069	\$573,294
39	Transfers In - Operations		290,521	277,142	301,704	327,225	345,084
	Transfers In - Operating Reserves		200,000	0	0	0	0
40	Transfers Out - CIP		1,038,342	258,000	315,000	321,000	321,000
41	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
42	Interest Income on Fund		8,400	5,700	14,300	14,300	14,600
43	Use of Interest Income to Fund Revenue Requiriements	<input type="checkbox"/> (U)	8,400	5,700	14,300	14,300	14,600
44	Ending Balance		\$ 561,223	\$ 580,365	\$ 567,069	\$ 573,294	\$ 597,378
45	Percent Allocable to Water System		57.19%	57.19%	57.19%	57.19%	57.19%
46	Amount Allocable to Water System		4,804	3,260	8,178	8,178	8,350
47	Amount Allocable to Wastewater System		\$3,596	\$2,440	\$6,122	\$6,122	\$6,250
DEBT SERVICE RESERVE SUBACCOUNT							
48	Beginning Balance		\$0	\$0	\$0	\$371,842	\$371,842
49	Transfers In - Senior Lien Bond Proceed Funded Reserve		0	0	371,842	0	0
50	Transfers Out - Debt 1		0	0	0	0	0
51	Transfers Out - Debt 2		0	0	0	0	0
52	Transfers Out - Debt 3		0	0	0	0	0
53	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
54	Interest Income on Fund		0	0	4,600	9,300	9,300
55	Use of Interest Income to Fund Revenue Requiriements	<input type="checkbox"/> (U)	0	0	4,600	9,300	9,300
56	Ending Balance		0	0	371,842	371,842	371,842
57	Percent Allocable to Water System		50.85%	50.85%	50.85%	50.85%	50.85%
58	Amount Allocable to Water System		0	0	2,339	4,729	4,729
59	Amount Allocable to Wastewater System		\$0	\$0	\$2,261	\$4,571	\$4,571
CAPITAL IMPROVEMENT FUND (Less Impact Fee Account)							
60	Beginning Balance		\$0	\$0	\$0	\$0	\$0
61	Transfers In - Operations		0	0	0	0	0
	Transfers In - General Reserves		0	0	0	0	0
62	Transfers Out - CIP		0	0	0	0	0
63	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
64	Interest Income on Fund		0	0	0	0	0
65	Use of Interest Income to Fund Revenue Requiriements	<input type="checkbox"/> (U)	0	0	0	0	0
66	Ending Balance		0	0	0	0	0
67	Percent Allocable to Water System		49.72%	49.72%	49.72%	49.72%	49.72%
68	Amount Allocable to Water System		0	0	0	0	0
69	Amount Allocable to Wastewater System		\$0	\$0	\$0	\$0	\$0
WATER CAPITAL CONTRIBUTION FEE ACCOUNT							
70	Beginning Balance		\$385,230	\$381,839	\$385,639	\$395,239	\$446,589
71	Transfers In - Capital Contribution Fee Revenue		0	0	0	40,950	50,700
72	Transfers Out -CIP		7,191	0	0	0	0
73	Transfers Out -Payment of Debt Service		0	0	0	0	0
74	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
75	Interest Income on Fund		3,800	3,800	9,600	10,400	11,800
76	Use of Interest Income to Fund Revenue Requiriements	<input type="checkbox"/> (R)	0	0	0	0	0
77	Ending Balance		381,839	385,639	395,239	446,589	509,089
78	Percent Allocable to Water System		100.00%	100.00%	100.00%	100.00%	100.00%
79	Amount Allocable to Water System		3,800	3,800	9,600	10,400	11,800
80	Amount Allocable to Wastewater System		\$0	\$0	\$0	\$0	\$0

Table 9

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Cash and Investments and Development of Interest Income

Line No.	Description	Investment Reference	Fiscal Year Ending September 30,				
			2009	2010	2011	2012	2013
WASTEWATER CAPITAL CONTRIBUTION FEE ACCOUNT							
81	Beginning Balance		\$258,925	\$110,288	\$111,388	\$114,188	\$138,885
82	Transfers In - Capital Contribution Fee Revenue		0	0	0	21,597	26,605
83	Transfers Out - Capital Improvements		150,437	0	0	0	0
84	Transfers Out -Payment of Debt Service		0	0	0	0	0
85	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
86	Interest Income on Fund		1,800	1,100	2,800	3,100	3,800
87	Use of Interest Income to Fund Revenue Requiriemts	<input type="checkbox"/> (R)	0	0	0	0	0
88	Ending Balance		110,288	111,388	114,188	138,885	169,291
89	Percent Allocable to Water System		0.00%	0.00%	0.00%	0.00%	0.00%
90	Amount Allocable to Water System		0	0	0	0	0
91	Amount Allocable to Wastewater System		\$1,800	\$1,100	\$2,800	\$3,100	\$3,800
CONSTRUCTION FUND							
92	Beginning Balance		\$5,244,956	\$762,478	\$633,378	\$627,978	\$643,678
93	Transfers In - New Debt Proceeds		3,032,918	155,000	0	0	0
94	Transfer Out - CIP Draw Down		7,545,296	291,000	21,000	0	0
95	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
96	Interest Income on Fund		29,900	6,900	15,600	15,700	16,100
97	Use of Interest Income to Fund Revenue Requiriemts	<input type="checkbox"/> (R)	0	0	0	0	0
98	Ending Balance		762,478	633,378	627,978	643,678	659,778
99	Percent Allocable to Water System		20.29%	19.77%	23.34%	28.09%	27.67%
100	Amount Allocable to Water System		6,067	1,364	3,641	4,410	4,455
101	Amount Allocable to Wastewater System		\$23,833	\$5,536	\$11,959	\$11,290	\$11,645
SINKING FUND ACCOUNT							
102	Sinking Fund Deposit		\$2,773,547	\$2,840,394	\$3,086,950	\$3,087,819	\$3,086,344
103	Average Balance (25% of Annual Debt Service)		693,387	710,098	771,738	771,955	771,586
104	Interest Rate		1.00%	1.00%	2.50%	2.50%	2.50%
105	Interest Income on Fund		6,900	7,100	19,300	19,300	19,300
106	Use of Interest Income to Fund Revenue Requiriemts	<input type="checkbox"/> (U)	6,900	7,100	19,300	19,300	19,300
107	Percent Allocable to Water System		50.848%	50.848%	50.848%	50.848%	50.848%
108	Amount Allocable to Water System		3,508	3,610	9,814	9,814	9,814
109	Amount Allocable to Wastewater System		\$3,392	\$3,490	\$9,486	\$9,486	\$9,486
INTEREST INCOME SUMMARY							
Unrestricted Interest Income							
110	Allocated To Water System		\$13,288	\$11,388	\$33,313	\$36,160	\$37,819
111	Allocated To Wastewater System		10,712	9,312	27,587	30,240	31,481
112	Total		\$24,000	\$20,700	\$60,900	\$66,400	\$69,300
Restricted Interest Income							
113	Allocated To Water System		\$9,867	\$5,164	\$13,241	\$14,810	\$16,255
114	Allocated To Wastewater System		25,633	6,636	14,759	14,390	15,445
115	Total		\$35,500	\$11,800	\$28,000	\$29,200	\$31,700
Total Interest Income							
116	Allocated To Water System		\$23,155	\$16,552	\$46,554	\$50,970	\$54,074
117	Allocated To Wastewater System		36,345	15,948	42,346	44,630	46,926
118	Total		\$59,500	\$32,500	\$88,900	\$95,600	\$101,000

Table 10

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Existing and Proposed Water and Wastewater Rates

Line No.	Description	Existing Rates	Proposed Rates Effective October 1, 2009
Water System:			
All Classes of Retail Service			
Base Facility			
1	5/8" x 3/4"	\$21.91	\$22.39
2	3/4"	32.87	33.59
3	1"	54.79	56.00
4	1 1/2"	109.57	111.98
5	2"	175.32	179.18
6	3"	350.67	358.38
7	4"	547.92	559.97
8	6"	1,095.82	1,119.93
9	8"	1,753.33	1,791.90
Consumption Charge			
Residential Class			
11	Per 1,000 Gallons		
12	Block 1 (0 - 6)	\$4.95	\$5.06
13	Block 2 (6 - 10)	5.44	5.56
14	Block 3 (10 - 20)	6.18	6.32
15	Block 4 (20 +)	7.73	7.90
16	General Service, Multi-Family	\$5.18	\$5.29
Wastewater System:			
Residential			
Base Facility			
17	All Meter Sizes	\$28.58	\$29.21
18	Gallorage Charge per 1,000 gal.	\$5.70	\$5.83
19	Maximum Gallorage Charge	6,000.00	6,000.00
General Service, Multi-Family			
Base Facility			
20	5/8" x 3/4"	\$28.58	\$29.21
21	3/4"	42.88	43.82
22	1"	71.46	73.03
23	1 1/2"	142.90	146.04
24	2"	228.64	233.67
25	3"	428.71	438.14
26	4"	714.52	730.24
27	6"	1,429.03	1,460.47
28	8"	2,286.46	2,336.76
29	Gallorage Charge per 1,000 gal.	\$6.85	\$7.00
30	Maximum Gallorage Charge	None	None

Table 11

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Bill Comparison for Existing to Proposed Residential Water Rates

<u>Existing Rates</u>		<u>Proposed Rates - FY 2010</u>		
\$21.91 Base Rate		\$22.39 Base Rate		
<u>Rate per kgal per ERU:</u>		<u>Rate per kgal per ERU:</u>		
\$4.95	6,000	\$5.06	6,000	
\$5.44	10,000	\$5.56	10,000	
\$6.18	20,000	\$6.32	20,000	
\$7.73	N/A	\$7.90	N/A	
\$0.00	N/A	\$0.00	N/A	
<u>Monthly Use (gal)</u>	<u>Existing Rate 2008</u>	<u>Proposed October 2009</u>		
	<u>Total Bill</u>	<u>Total Bill</u>	<u>Increase</u>	<u>%</u>
0	\$21.91	\$22.39	\$0.48	2.2%
1,000	26.86	27.45	0.59	2.2%
2,000	31.81	32.51	0.70	2.2%
3,000	36.76	37.57	0.81	2.2%
4,000	41.71	42.63	0.92	2.2%
5,000	46.66	47.69	1.03	2.2%
6,000	51.61	52.75	1.14	2.2%
7,000	57.05	58.31	1.26	2.2%
8,000	62.49	63.87	1.38	2.2%
9,000	67.93	69.43	1.50	2.2%
10,000	73.37	74.99	1.62	2.2%
11,000	79.55	81.31	1.76	2.2%
12,000	85.73	87.63	1.90	2.2%
13,000	91.91	93.95	2.04	2.2%
14,000	98.09	100.27	2.18	2.2%
15,000	104.27	106.59	2.32	2.2%
16,000	110.45	112.91	2.46	2.2%
17,000	116.63	119.23	2.60	2.2%
18,000	122.81	125.55	2.74	2.2%
19,000	128.99	131.87	2.88	2.2%
20,000	135.17	138.19	3.02	2.2%

Table 12

**Florida Governmental Utility Authority
2009 Water and Wastewater Rate Evaluation
Golden Gate System**

Bill Comparison for Existing to Proposed Residential Wastewater Rates

Existing Rates		Proposed Rates - FY 2010		
\$28.58 Base Rate		\$29.21 Base Rate		
Rate per kgal per ERU:		Rate per kgal per ERU:		
\$5.70	6,000	\$5.83	6,000	
\$0.00	N/A	\$0.00	N/A	
\$0.00	N/A	\$0.00	N/A	
\$0.00	N/A	\$0.00	N/A	
\$0.00	N/A	\$0.00	N/A	

Monthly Use (gal)	Existing Rate 2008	Proposed Oct. 2009		
	Total Bill	Total Bill	Increase	%
0	\$28.58	\$29.21	\$0.63	2.2%
1,000	34.28	35.04	0.76	2.2%
2,000	39.98	40.87	0.89	2.2%
3,000	45.68	46.70	1.02	2.2%
4,000	51.38	52.53	1.15	2.2%
5,000	57.08	58.36	1.28	2.2%
6,000	62.78	64.19	1.41	2.2%
7,000	62.78	64.19	1.41	2.2%
8,000	62.78	64.19	1.41	2.2%
9,000	62.78	64.19	1.41	2.2%
10,000	62.78	64.19	1.41	2.2%
11,000	62.78	64.19	1.41	2.2%
12,000	62.78	64.19	1.41	2.2%
13,000	62.78	64.19	1.41	2.2%
14,000	62.78	64.19	1.41	2.2%
15,000	62.78	64.19	1.41	2.2%
16,000	62.78	64.19	1.41	2.2%
17,000	62.78	64.19	1.41	2.2%
18,000	62.78	64.19	1.41	2.2%
19,000	62.78	64.19	1.41	2.2%
20,000	62.78	64.19	1.41	2.2%

Table 13

Florida Governmental Utility Authority
 2009 Water and Wastewater Rate Evaluation
 Golden Gate System

Bill Comparison for Existing to Proposed Residential Water and Wastewater Rates

Monthly Use (gal)	Existing Rate 2008		Proposed Oct. 2009		
	Total Bill		Total Bill	Increase	%
0	\$50.49		\$51.60	\$1.11	2.2%
1,000	61.14		62.49	1.35	2.2%
2,000	71.79		73.38	1.59	2.2%
3,000	82.44		84.27	1.83	2.2%
4,000	93.09		95.16	2.07	2.2%
5,000	103.74		106.05	2.31	2.2%
6,000	114.39		116.94	2.55	2.2%
7,000	119.83		122.50	2.67	2.2%
8,000	125.27		128.06	2.79	2.2%
9,000	130.71		133.62	2.91	2.2%
10,000	136.15		139.18	3.03	2.2%
11,000	142.33		145.50	3.17	2.2%
12,000	148.51		151.82	3.31	2.2%
13,000	154.69		158.14	3.45	2.2%
14,000	160.87		164.46	3.59	2.2%
15,000	167.05		170.78	3.73	2.2%
16,000	173.23		177.10	3.87	2.2%
17,000	179.41		183.42	4.01	2.2%
18,000	185.59		189.74	4.15	2.2%
19,000	191.77		196.06	4.29	2.2%
20,000	197.95		202.38	4.43	2.2%

Table 14
Florida Governmental Utility Authority

2009 Water and Wastewater Rate Evaluation - Golden Gate

Comparison of Typical Monthly Residential Bills for Water Service (1)

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter							
		0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
1	Golden Gate System - Existing Rates	\$21.91	\$31.81	\$41.71	\$51.61	\$62.49	\$73.37	\$104.27	\$135.17
2	Golden Gate System - Proposed FY 2010	\$22.39	\$32.51	\$42.63	\$52.75	\$63.87	\$74.99	\$106.59	\$138.19
<u>Other Florida Utilities:</u>									
3	Bonita Springs Utilities, Inc. (2)	\$11.88	\$19.02	\$26.16	\$33.30	\$41.98	\$50.66	\$74.64	\$101.66
4	City of Cape Coral	11.43	16.57	21.71	27.29	33.31	39.33	61.93	95.78
5	Charlotte County (2)	20.94	29.92	38.90	47.88	58.20	68.52	99.72	135.83
6	City of Everglades City	13.00	13.00	17.00	25.00	33.00	41.00	71.00	101.00
7	City of Fort Myers (2)	7.36	14.58	21.80	31.73	44.37	57.01	96.51	155.76
8	City of LaBelle	13.83	17.41	20.99	24.57	28.15	31.73	40.68	49.63
9	City of Marco Island (2)	29.05	36.29	43.53	50.77	58.01	65.25	83.35	101.45
10	City of Naples	7.05	9.33	11.61	13.89	16.60	20.60	30.60	44.85
11	City of North Port (2)	13.56	19.36	25.16	33.86	42.56	54.72	91.24	141.08
12	City of Punta Gorda (2)	6.75	12.99	19.23	25.47	31.71	37.95	55.90	73.85
13	City of Sanibel	11.00	16.60	22.20	28.35	35.05	41.75	61.25	83.50
14	Collier County (2)	16.59	21.15	25.71	31.41	38.25	45.09	67.84	90.59
15	Hillsborough County (2)	11.70	17.50	23.30	30.25	38.35	46.45	66.70	92.95
16	FGUA - Lehigh Acres System (Lee County)	11.75	20.35	28.95	37.55	47.45	57.35	84.02	113.69
17	Lee County (2)	10.60	16.28	21.96	27.64	34.62	41.60	61.00	84.28
18	Polk County	7.23	9.97	13.16	16.80	20.44	24.08	42.23	60.38
19	Port Labelle Utility System (Hendry/Glades County)	20.00	25.50	32.00	40.00	48.00	59.00	86.50	114.00
20	Sarasota County (2)	15.29	19.93	24.57	30.43	36.29	46.45	81.81	130.47
21	Other Florida Utilities' Average	\$13.28	\$18.65	\$24.33	\$30.90	\$38.13	\$46.03	\$69.83	\$98.37

- (1) Unless otherwise noted, amounts shown reflect residential rates in effect June 2009 and are exclusive of taxes or franchise fees, if any. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- (2) Utility is currently involved in a rate study, is planning to conduct a rate study, or plans to implement a fee revision within the next twelve months following the comparison preparation date.

Table 15
Florida Governmental Utility Authority

2009 Water and Wastewater Rate Evaluation - Golden Gate

Comparison of Typical Monthly Residential Bills for Wastewater Service (1)

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter							
		0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
1	Golden Gate System - Existing Rates	\$28.58	\$39.98	\$51.38	\$62.78	\$62.78	\$62.78	\$62.78	\$62.78
2	Golden Gate System - Proposed FY 2010	\$29.21	\$40.87	\$52.53	\$64.19	\$64.19	\$64.19	\$64.19	\$64.19
<u>Other Florida Utilities:</u>									
3	Bonita Springs Utilities, Inc. (2)	\$27.81	\$35.03	\$42.25	\$49.47	\$56.69	\$63.91	\$81.96	\$85.57
4	City of Cape Coral	13.90	25.82	37.74	49.66	61.58	73.50	103.30	133.10
5	Charlotte County (2)	26.63	34.05	41.47	48.89	56.31	63.73	63.73	63.73
6	City of Everglades City	13.00	19.40	25.80	32.20	38.60	45.00	61.00	77.00
7	City of Fort Myers (2)	12.44	30.02	47.60	67.10	88.52	109.94	163.49	217.04
8	City of LaBelle	17.50	21.64	25.78	29.92	34.06	34.06	34.06	34.06
9	City of Marco Island (2)	23.69	33.07	42.45	51.83	51.83	51.83	51.83	51.83
10	City of Naples	16.89	23.95	31.01	38.07	45.13	52.19	52.19	52.19
11	City of North Port (2)	21.74	31.20	40.66	50.12	59.58	69.04	78.50	78.50
12	City of Punta Gorda (2)	23.80	26.58	29.36	32.14	34.92	37.70	37.70	37.70
13	City of Sanibel	50.43	50.43	50.43	50.43	50.43	50.43	50.43	50.43
14	Collier County (2)	25.35	32.47	39.59	46.71	53.83	60.95	78.75	78.75
15	Hillsborough County (2)	12.75	20.95	29.15	37.35	45.55	45.55	45.55	45.55
16	FGUA - Lehigh Acres System (Lee County)	19.75	33.33	46.91	60.49	60.49	60.49	60.49	60.49
17	Lee County (2)	16.62	25.80	34.98	44.16	53.34	57.93	57.93	57.93
18	Polk County (2)	26.96	36.64	46.32	56.00	60.84	60.84	60.84	60.84
19	Port Labelle Utility System (Hendry/Glades County)	10.00	17.34	24.68	32.02	39.36	39.36	39.36	39.36
20	Sarasota County (2)	14.17	28.51	42.85	57.19	71.53	85.87	85.87	85.87
21	Other Florida Utilities' Average	\$20.75	\$29.24	\$37.72	\$46.32	\$53.48	\$59.02	\$67.05	\$72.77

- (1) Unless otherwise noted, amounts shown reflect residential rates in effect June 2009 and are exclusive of taxes or franchise fees, if any. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- (2) Utility is currently involved in a rate study, is planning to conduct a rate study, or plans to implement a fee revision within the next twelve months following the comparison preparation date.

Table 16
Florida Governmental Utility Authority

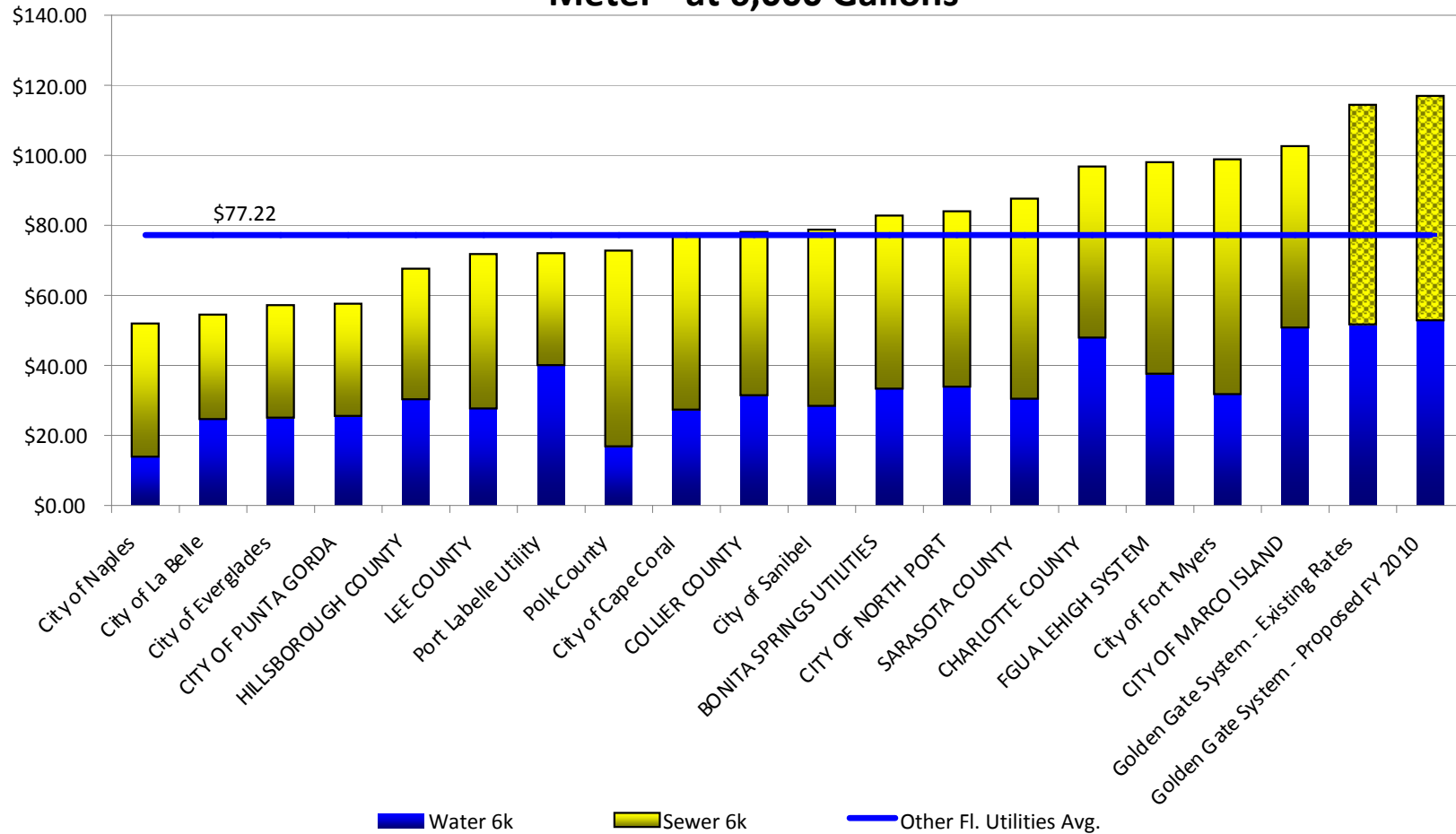
2009 Water and Wastewater Rate Evaluation - Golden Gate

Comparison of Typical Monthly Residential Bills for Water and Wastewater Service (1)

Line No.	Description	Residential Service for a 5/8" or 3/4" Meter							
		0 Gallons	2,000 Gallons	4,000 Gallons	6,000 Gallons	8,000 Gallons	10,000 Gallons	15,000 Gallons	20,000 Gallons
1	Golden Gate System - Existing Rates	\$50.49	\$71.79	\$93.09	\$114.39	\$125.27	\$136.15	\$167.05	\$197.95
2	Golden Gate System - Proposed FY 2010	\$51.60	\$73.38	\$95.16	\$116.94	\$128.06	\$139.18	\$170.78	\$202.38
<u>Other Florida Utilities:</u>									
3	Bonita Springs Utilities, Inc. (2)	\$39.69	\$54.05	\$68.41	\$82.77	\$98.67	\$114.57	\$156.60	\$187.23
4	City of Cape Coral	25.33	42.39	59.45	76.95	94.89	112.83	165.23	228.88
5	Charlotte County (2)	47.57	63.97	80.37	96.77	114.51	132.25	163.45	199.56
6	City of Everglades City	26.00	32.40	42.80	57.20	71.60	86.00	132.00	178.00
7	City of Fort Myers (2)	19.80	44.60	69.40	98.83	132.89	166.95	260.00	372.80
8	City of LaBelle	31.33	39.05	46.77	54.49	62.21	65.79	74.74	83.69
9	City of Marco Island (2)	52.74	69.36	85.98	102.60	109.84	117.08	135.18	153.28
10	City of Naples	23.94	33.28	42.62	51.96	61.73	72.79	82.79	97.04
11	City of North Port (2)	35.30	50.56	65.82	83.98	102.14	123.76	169.74	219.58
12	City of Punta Gorda (2)	30.55	39.57	48.59	57.61	66.63	75.65	93.60	111.55
13	City of Sanibel	61.43	67.03	72.63	78.78	85.48	92.18	111.68	133.93
14	Collier County (2)	41.94	53.62	65.30	78.12	92.08	106.04	146.59	169.34
15	Hillsborough County (2)	24.45	38.45	52.45	67.60	83.90	92.00	112.25	138.50
16	FGUA - Lehigh Acres System (Lee County)	31.50	53.68	75.86	98.04	107.94	117.84	144.51	174.18
17	Lee County (2)	27.22	42.08	56.94	71.80	87.96	99.53	118.93	142.21
18	Polk County (2)	34.19	46.61	59.48	72.80	81.28	84.92	103.07	121.22
19	Port Labelle Utility System (Hendry/Glades County)	30.00	42.84	56.68	72.02	87.36	98.36	125.86	153.36
20	Sarasota County (2)	29.46	48.44	67.42	87.62	107.82	132.32	167.68	216.34
21	Other Florida Utilities' Average	\$34.02	\$47.89	\$62.05	\$77.22	\$91.61	\$105.05	\$136.88	\$171.15

- (1) Unless otherwise noted, amounts shown reflect residential rates in effect June 2009 and are exclusive of taxes or franchise fees, if any. This comparison is intended to show comparable charges for similar service for comparison purposes only and is not intended to be a complete listing of all rates and charges offered by each listed utility.
- (2) Utility is currently involved in a rate study, is planning to conduct a rate study, or plans to implement a fee revision within the next twelve months following the comparison preparation date.

Figure 1
Combined Water & Sewer Typical Monthly Bill for 5/8 Inch
Meter - at 6,000 Gallons



* Capitalize Utilities: i) are involved in a rate study; ii) are planning to conduct a rate study; or iii) will implement rate revisions within twelve months.