

UTILITIES, INC. OF SANDALHAVEN

Located in Charlotte County, Florida



EVALUATION OF THE WASTEWATER RATE APPLICATION

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

August 17, 2012



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



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August 17, 2012

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

Subject: **Evaluation of the Wastewater Rate Application – Test Year Ending December 31, 2010**

Dear Mr. Davis:

Public Resources Management Group, Inc. (PRMG), on behalf of the Charlotte County Budget and Administrative Services Department (the "County"), has prepared an evaluation of the Minimum Filing Requirements and other information (the "Application") submitted by Utilities, Inc. of Sandalhaven (the "Company" or "Utility"). The purpose of the evaluation was to determine if the wastewater rates for service as filed by the Company on behalf of the Utility were reasonable and justifiable based on the information presented in the Application.

In order to evaluate the proposed rates by the Company for the Test Year ended December 31, 2010 (the "Test Year"), we relied upon i) information contained in the Application, as submitted by the Company; ii) financial and statistical information provided by or made available by the Company, including financial statements, fixed asset and accounting records, customer and expense analyses and other supporting information; and iii) County ordinances, general ratemaking practices used by the Florida Public Service Commission, and other information available to PRMG and the County.

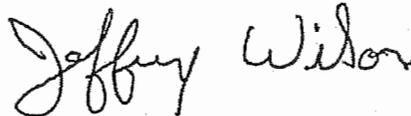
Since the accompanying analyses and calculations (as shown on the Tables included at the end of the Report) were predicated in part upon estimates and assumptions, the reliability is dependent upon future events and transactions. As such, this Report should not be considered as an audit or review of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

Mr. Roger Davis
Charlotte County Government
Budget & Administrative Services
August 17, 2012
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We appreciate the fine cooperation and assistance provided by the County in the review of the Company's Application and with the preparation of this report.

Respectfully submitted,

Public Resources Management Group, Inc.



Jeffrey M. Wilson
Supervising Consultant

Attachments

UTILITIES, INC. OF SANDALHAVEN
EVALUATION OF THE WASTEWATER RATE APPLICATION
FOR THE TEST YEAR ENDED DECEMBER 31, 2010

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EVALUATION OF THE WASTEWATER RATE APPLICATION FOR THE TEST YEAR ENDED DECEMBER 31, 2010

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UTILITIES, INC. OF SANDALHAVEN

EVALUATION OF THE WASTEWATER RATE APPLICATION FOR THE TEST YEAR ENDED DECEMBER 31, 2010

OVERVIEW

Utilities, Inc. of Sandalhaven (the "Company" or "Utility") has filed for i) an increase in overall wastewater revenues produced by the monthly rates for service; and ii) changes in other miscellaneous charges. The Company currently owns a wastewater utility system located in and under the jurisdiction (establishment of rates) of Charlotte County (the "County"). The rates for service were last established for the Company by the Florida Public Service Commission (the "FPSC") per Order No. PSC-07-0865-PAA-SU dated October 29, 2007. The FPSC currently had regulation over the rates of the Utility prior to the County taking over jurisdiction of the water and wastewater utilities located in the County.

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

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

When rates are functioning properly, the total charges by the Utility to its customers should equal the above referenced items (i.e., the "revenue requirements"). On September 28, 2011, the Company filed the Minimum Filing Requirements ("MFR") that requested revised monthly rates under the ratemaking approach briefly described above. The County requested additional information and the Company subsequently revised the MFR's and the official filing date was established on November 22, 2011. The proposed Company rates as contained in the MFR were predicated on the estimated revenue requirements for the historical Test Year ended December 31, 2010.

Public Resources Management Group, Inc. ("PRMG" or "Consultant") on behalf of the County staff, has reviewed the Company's MFRs and other information provided by the Company (collectively, the "Application"), evaluated financial and customer records, and have recommended changes to the proposed rates, fees, and charges as initially filed by the Company in the MFR and has prepared this report of such recommendations (the "Report") for consideration by the County.

RECOMMENDED WASTEWATER RATE ADJUSTMENTS

This Report includes an analysis and evaluation of the Company's Rate Application and the resulting Consultant's Recommendation. The Company is seeking rates that will increase test year wastewater revenues by \$1,059,807 or 219.07%. Based on a review of the MFR and other financial information as requested by the County and PRMG and provided by the Company, the Consultants on behalf of the County have determined a proposed wastewater revenue increase of \$192,684 or 35.86% which is being recommended for approval by the County. PRMG also recommends that i) certain charges for miscellaneous utility and customer-specific requested services and ii) AFPI charges designed to recover a rate of return on utility plant, including depreciation and property taxes on such utility plant, related to the non-used and useful portion of the Company's interconnect investment with the Englewood Water District ("EWD") should be approved to reflect the current costs of providing service. Table 3 at the end of this Report summarizes the Company Filed and Consultant's recommended overall wastewater rate adjustments, the financial results which are also summarized below:

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Description	Company Filed	Consultant Recommended	Difference
Total Test Year System Revenue Requirements	\$1,543,579	\$729,986	(\$813,593)
Total Test Year Rate Revenues Based on Current Rates	483,187	536,717	53,530
Miscellaneous Revenues	585	585	-
Total Test Year System Revenues	483,772	537,302	53,530
Proposed Test Year Additional Revenue Requirement	<u>\$1,059,807</u>	<u>\$192,684</u>	<u>(\$867,123)</u>
Percentage Increase to Test Year Rate Revenues	<u>219.07%</u>	<u>35.86%</u>	<u>-183.21%</u>

The remainder of the Report provides a discussion of the evaluation of the Company's Application by PRMG on behalf of the County as it relates to the development of the recommended wastewater rates, and fees and charges.

Company Investment – Rate Base

Table 4, at the end of this Report provides a summary of the requested and Consultant recommended rate base (investment) in for the wastewater utility for the Company. The recommended rate base (investment) served as the basis for the determination of the rate of return to be earned by the Company, which is a component of the revenue requirements of the Company. A summary of all the Consultant recommended rate base adjustments are also included on Table 4 for the wastewater system. The following is a brief description of the adjustments made to the Company's Filed Test Year Rate Base Investment:

1. Gross Plant in Service and Accumulated Depreciation were adjusted for non-documented Plant in Service additions requested since the Company's last rate proceeding. Based on the initial auditing of the Utility's Books and Records and additional information received from the Utility, we have identified that Plant In Service Account 354.3 - Structures and Improvements shall be reduced by (\$11,155) related to undocumented plant additions. A corresponding reduction to Accumulated Depreciation Account 354.3 – Structures and Improvements in the amount of (\$1,171) shall also be made for the Test Year related to undocumented plant additions. Also, during the discovery process it was acknowledge by the Utility that there was an error in the computation of Accumulated Depreciation filed for the Test Year. PRMG has adjusted Test Year Accumulated Depreciation by \$16,427 as a result of this error. Tables 5 and 6 included at the end of this Report, show an accounting of Plant in Service and Accumulated Depreciation for the Test Year December 31, 2010. As shown on the supporting Tables Test Year Wastewater Plant in Service (including land) is recommended to be \$8,538,747 and recommended Test Year Wastewater Accumulated Depreciation is recommended to be (\$1,837,444).
2. Tables 7 and 8 included at the end of this Report, show an accounting of Contributions in Aid of Construction (CIAC) and Accumulated Amortization of Contributions in Aid of Construction for the Test Year December 31, 2010. As

shown on the supporting Tables Test Year Wastewater CIAC is recommended to be (\$3,276,640) and recommended Test Year Wastewater Accumulated Amortization of CIAC is recommended to be \$1,201,130.

3. With respect to the amount of wastewater facilities that may be considered as being Non-Used and Useful and therefore not included as a component of rate base, the Company included in the Application an adjustment to recognize Non-Used and Useful plant. The Company has only recognized a Used and Useful adjustment on the wastewater treatment plant assets and not on the recent interconnect investment with EWD. Mr. Andrew Woodcock of Tetra Tech Engineering and Architecture reviewed the Utility's calculations and has recommended Used and Useful percentages for the Utility on behalf of the County. Based on his recommendation the appropriate used and useful percentage for the wastewater treatment plant (WWTP) is 59.89% although no non-used and useful adjustment is proposed for rate making purposes for the Utility's WWTP, because the Utility's contribution level (CIAC) would cause the Utility to incur a negative investment balance. This treatment is consistent with PSC Order No. PSC-07-0865-PAA-SU issued October 29, 2007 in Docket No. 060285-SU. The appropriate used and useful percentage for the impact fees paid to Englewood Water District (EWD) is 31.57%. The appropriate used and useful percentages for the facilities to interconnect to EWD is as follows:

Master Lift Station: 18.94%

Forcemain: 9.47%

Pumping Plant: 34.44%

Based on the recommend Used and Useful Percentages identified above PRMG is recommending on overall Non-Used and Useful Adjustments to the Utility's Rate Base investment of (\$3,761,671) comprised of a (\$4,357,459) Non-Used and Useful Plant in Service Adjustment and a \$595,789 Non-used and Useful Accumulated Depreciation Adjustment. PRMG is also recommending a corresponding (\$152,574) Non-Used and Useful Depreciation Expense Adjustment. A detailed calculation of the PRMG Recommended Non-Used and Useful adjustment is provided on Table 10.

4. PRMG is also recommending a non-used and useful adjustment in the amount of \$73,089 be made for the .96-acre portion of land held for future use. This adjustment is consistent with the treatment of Land in the Utility's last rate proceeding filed with the Florida Public Service Commission per Order No. PSC-07-0865-PAA-SU. PRMG is recommending a total land value of \$87,050 be included in the Test Year, Table 5 included at the end of this Report.
5. Working Capital is calculated following the standard industry practice of using one-eighth of the Operation and Maintenance Expenses; therefore, based on PRMG Recommend adjustments to Utility requested Operations and Maintenance Expenses

an adjustment of (\$15,306) is recommended to be made to the Company Filed allowance for working capital. Overall PRMG is recommending a working capital allowance of \$58,489 for the Test Year, Table 9 included at the end of this Report provides a detail calculation of the recommended working capital allowance.

Based on i) the Application, as filed by the Company; and ii) information contained in the Annual Reports previously filed by the Company to the County, the rate base for the wastewater system recommended for the determination of the Company's rate of return is as follows:

Wastewater System Rate Base For the Test Year December 31, 2010			
	<u>As Filed by Company [1]</u>	<u>Consultant Adjustments [2]</u>	<u>Recommended by Consultant</u>
Gross Plant in Service	\$8,392,467	(\$11,165)	\$8,381,302
Land	157,435	(70,385)	87,050
Less Non-Used and Useful Plant in Service	(131,494)	(3,630,177)	(3,761,671)
Less Accumulated Depreciation	(1,838,615)	1,171	(1,837,444)
Net Plant in Service	6,579,793	(3,710,555)	2,869,238
Contributions in Aid of Construction	(3,276,640)	0	(3,276,640)
Less Amortization of CIAC	1,201,130	0	1,201,130
Net Contributions in Aid of Const.	(\$2,075,510)	\$0	(\$2,075,510)
Provision for Working Capital [3]	73,795	(15,306)	58,489
Wastewater Rate Base	<u>\$4,578,077</u>	<u>(\$3,725,861)</u>	<u>\$852,216</u>

[1] As filed by Company per MFRs.

[2] Adjustments recommended by PRMG based on review of Application and financial and accounting records made available by the Company. Reference Table 5 for details and adjustment descriptions.

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

Operating Expenses

Table 13 at the end of this Report provides a summary of the recommended expenses for the wastewater system included in the development of the revenue requirements in support of the Consultant recommended rates. The development of the Test Year operating expenses includes both the direct cost of operating and maintaining the Utility (e.g., power and chemicals), as well as depreciation expense on utility plant, net of amortization of Contributions-in-aid-of-Construction (CIAC), tax-related expenses, and other related expenses. The following is a description of the adjustments made to the Company's requested operating expenses for purposes of determining the revenue requirements for rate determination purposes for the wastewater system:

Operations and Maintenance Expenses for the water and wastewater system as filed by the Company for the Test Year Period Ended December 31, 2010 were adjusted for the following:

1. The Filed Test Year 2010 operations and maintenance expenses were adjusted for the following items;

- a. As part of the review of the Utility's rate filing PRMG prepared a benchmark analysis for the Utility's contractual services, materials and supplies and miscellaneous expenses on a combined basis. PRMG determined to compare these expenses on a combined basis after a review of the Utility's historical expenses (2005 Last Rate Case) and current expenses (Test Year 2010), revealed that certain expenditures (Testing, Contract Operating Expenses and Other Direct Outside Services) were classified differently in the previous filing than they are in the current Test Year. Therefore, the accounts have been combined for benchmark comparison purpose so an appropriate comparison can be made. Based on the benchmark analysis PRMG has identified an adjustment to the Utility's operating expenses for contractual services, materials and supplies and miscellaneous expenses in the amount of (\$15,081). A detailed calculation of the recommended adjustment is calculated and included on Table 15 at the end of this Report. It is PRMG's opinion that such cost increases over and above the benchmark analysis are excessive and are not reasonable or necessary for providing service with the exception of required Testing Expenses which have been excluded for the analysis.
- b. Upon a review of the Utility rate filing it was determined that the Utility's level of inflow and infiltration (I&I) is excessive by 10.85%. The corresponding adjustment to purchase wastewater, purchased power and chemicals is (\$20,273), (\$2,295), and (\$1,344) respectively. Table 16 included at the end of this Report reflects a detailed calculation of the 10.85% excessive I&I percentage as well as the corresponding expense adjustments. The methodology used to calculate the excessive I&I percentage is consistent with the methodology used by the Florida Public Service Commission in determining excessive I&I.
- c. The Utility has recently rerated the wastewater treatment plant from 150,000 gallons per day to 99,000 gallons per day as a result of this rerating the Utility will no longer be required to perform ground water monitoring. Ground water monitoring expense included in the Test Year revenue requirements totaled \$14,535.00 in 2010. With the rerating of the Plant the ground water monitoring will not be required in the future and these well will be tapped saving the Utility the expense of having to monitor these wells. Therefore we have reduced operating expenses by \$14,535.00 to reflect these cost savings.
- d. Rate Case Expense was adjusted for assumed excessive cost that are not anticipated to be necessary for the completion of this case. The appropriate amount of rate case expense is subject to the evidence produced closer to the conclusion of the case. However, only prudently incurred rate case expenses should be allowed and amortized over four years. Table 18 including at the end of this Report, includes an estimate of Rate Case Expense for the Utility. The estimate was based on the Utility's last approved rate case expense from it prior rate proceeding escalated for inflation through Calendar Year 2010 resulting in an anticipated rate case expense for this proceeding in the amount of \$157,707. This amount is only an estimate and will be finalized closer to the conclusion of the case.

Table 14 at the end of this Report provides a summary of all the recommended operations and maintenance expense adjustments.

Depreciation Expense and CIAC Amortization Expense for the wastewater system as filed by the Company for the Test Year were adjusted for the following:

1. The recommended Test Year Plant In Service and Contributions In Aid of Construction balances as adjusted by PRMG based on documented additions since the prior rate proceeding.
2. Non-Used and Useful adjustment associated with the Company's Interconnect facilities.

Taxes other than income was adjusted to reflect the recommended Used and Useful Test Year Plant In Service balances as adjusted by PRMG based on the documented additions since the prior rate proceeding. Table 19 at the end of this Report, provides a detailed calculation of the Taxes Other Than Income expenses included in the operating expenses for the wastewater system.

Income Taxes have been adjusted based on the cumulative effect of all the recommended adjusts to the Company's Filed amounts. Table 20 at the end of this Report, provides a detailed calculation of the Test Year Income Tax included in the operating expenses for the wastewater system.

A summary of all the recommended operating expense adjustments and other operating expense adjustments are also included with Table 14 for the wastewater system and is summarized below:

Water System Operating Expenses			
For the Test Year Period Ended December 31, 2010			
	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Operation & Maintenance Expenses	\$590,360	(\$122,451)	\$467,909
Depreciation Expenses	388,263	(216,088)	172,175
Less CIAC Amortization	(84,983)	(3,828)	(88,811)
Amortization	0	0	0
Property Taxes	186,008	(71,757)	114,251
Income Taxes	85,782	(68,393)	17,389
Total Operating Expenses	<u>\$1,165,430</u>	<u>(\$482,517)</u>	<u>\$682,913</u>

[1] As filed by Company per MFR's.

[2] Adjustments recommended by PRMG based on review of financial and accounting records. Reference Table 13 for details and adjustment descriptions.

Test Year Revenues

During the review process it was discovered that the Utility inadvertently did not bill certain customers connected to the Utility during the Test Year. Therefore, PRMG is recommending that test year revenues should be increased to reflect the specific additional revenues, bills, and gallons of wastewater consumption from those customers who were not billed during the test

year. Based on information provided by the Utility and consumption data provide by the County staff is recommending an adjustment to Test Year Revenues in the amount of \$53,529. Table 22 at the end of this Report provides a detailed calculation of the annualized revenues under existing and proposed rates recommended for the Utility.

Rate of Return

As referenced in the Application, the Company requested an overall rate of return of 8.26% for the wastewater system in the determination of the Test Year revenue requirements. The County currently uses the leverage formula as adopted by the Florida Public Service Commission in the development of the return on equity. PRMG's determination of Cost of Capital is shown on Table 11 included at the end of this Report. The Florida Public Service Commission's most recent leverage formula per PSC Docket No. 120006-WS at the June 19, 2012 Commission Conference was used to calculate the cost of equity capital at 10.52%, (in that recommendation the FPSC recommended using the Commission's 2011 Leverage Graph formula per Order No. PSC 11-0287-PAA-WS through calendar year 2012). The recommended detailed calculation of the Utility's weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure are included on Table 11 at the end of this Report. Based on this information PRMG has calculated a 5.52% rate of return. The overall return allowed for the wastewater system is summarized below:

Wastewater System Rate of Return For the Test Year Ended December 31, 2010

	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Rate Base	\$4,578,077	(\$3,725,861)	\$852,216
Rate of Return	8.26%	(2.74%)	5.52%
Company Return on Investment	<u>\$378,149</u>	<u>(\$118,559)</u>	<u>\$47,073</u>

[1] As filed by Company per MFRs.

[2] Adjustments recommended by PRMG based on review of financial and accounting records. Reference Table 5 regarding the wastewater rate base calculation for details and adjustment descriptions.

RATE DESIGN – MONTHLY USER CHARGES

The Company has proposed and PRMG agrees the development of the proposed or recommended rates for wastewater service should be calculated by applying uniformly to all the Company's existing monthly user rates the required annual revenue requirement percentage increase determined to be necessary to recover the Company's costs. Table 1 at the end of this Report provides a summary of the current, proposed and recommended monthly user rates for the wastewater system.

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

OTHER MISCELLANEOUS CHARGES

Miscellaneous Service Charges

The Company has requested and PRMG also agrees that certain charges in miscellaneous charges for customer-specific requested services need to be recognized to reflect the current estimated cost of providing these services. Table 1A included at the end of this Report, contains a comparison of the Utility's Current, Proposed and PRMG recommended miscellaneous service charges. PRMG agrees with all the Utility's proposed miscellaneous service charges with the exception of the Company Existing and Proposed System Capacity Charges. The Utility has incorrectly reported their existing System Capacity Charges to be \$1,235.00 and they also propose this same amount for the proposed charge in the rate filing. PRMG has recently discovered that the actual approved System Capacity Charge for the Utility is \$2,628.00 as ordered by the Florida Public Service Commission per Order No. PSC-07-0865-PAA-WS. Therefore, PRMG is recommending the Utility keep the existing approved System Capacity Charge of \$2,628.00.

SUMMARY OF RECOMMENDED AFPI CHARGES

As a result of a portion of the Company's investment in the EWD interconnect being considered Non-Used and Useful, PRMG and the County are recommending the approval of AFPI charges to recover the cost associated with the non-used and useful asset. The implementation of a wastewater AFPI charge is appropriate to allow the Company to recapture those costs that are currently being considered as non-recoverable (since the investment is not classified as 100% used and useful). Table 24 included in at the end of this Report, provides a detailed calculation of the recommended AFPI charges for the Utility. As shown on Table 24 the charge will increase monthly until five years from the effective date, at which time the charge will be capped. Based on FPSC Order No. PSC-07-0865-PAA-SU, page 49 the total buildout ERC's are 2,298. The Utility currently service 1,123 ERC's therefore there are 1,175 ERC's remaining to reach buildout. Once the 1,175 ERC's have been connected to the Utility System the charge shall be discontinued. A summary of the Consultant recommended AFPI charges based on the analysis conducted by PRMG is included below:

(Remainder of page intentionally left blank)

Staff Recommended Wastewater AFPI Charges

	2012	2013	2014	2015	2016
Monthly Add-In Cost Factor	\$35.06	\$35.06	\$35.06	\$35.06	\$35.06
Average Test Year					
December	\$35.06	\$455.78	\$876.50	\$1,297.22	\$1,717.94
January	70.12	490.84	911.56	1,332.28	1,753.00
February	105.18	525.90	946.62	1,367.34	1,788.06
March	140.24	560.96	981.68	1,402.40	1,823.12
April	175.30	596.02	1,016.74	1,437.46	1,858.18
May	210.36	631.08	1,051.80	1,472.52	1,893.24
June	245.42	666.14	1,086.86	1,507.58	1,928.30
July	280.48	701.20	1,121.92	1,542.64	1,963.36
August	315.54	736.26	1,156.98	1,577.70	1,998.42
September	350.60	771.32	1,192.04	1,612.76	2,033.48
October	385.66	806.38	1,227.10	1,647.82	2,068.54
November	420.72	841.44	1,262.16	1,682.88	2,103.60

Future Period Rate Adjustment – Rate Case Expense Amortization

Included as a revenue requirement to be recovered from the monthly rates is rate case expense amortization. PRMG is recommending the wastewater rates be adjusted in the future to recognize the recovery of these cost. PRMG is recommending rates be adjusted after 4 years to reflect the cost recovery of the current rate proceeding's rate case expense amortization. Table 23 provides the calculation of the recommended rate reductions associated with rate case expense amortization in the future. The future recommended rates after the reduction of the rate case expense amortizations are also summarized on Table 1 at the end of this report.

SUMMARY OF RECOMMENDED RATES AND FEES

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

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UTILITIES, INC. OF SANDALHAVEN

**EVALUATION OF THE WASTEWATER RATE APPLICATION
FOR THE TEST YEAR ENDED DECEMBER 31, 2010**

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Table 1

Utilities, Inc. of Sandalhaven

Schedule of Existing and Proposed Rates
For the Test Year Ended 12/31/2010Consultant Recommendation Report
Dated 7/10/2012 - Preliminary

		SEWER					
		Company Filed		Consultant Recommended			
Line No.	Billing Category	Present Rate (1)	Proposed Rate	Proposed Monthly Rates	Rate Reduction After 4 Years Associated with Current Rate Case Expense Amortization (Table 23)	Adjusted Rates After 4 Years	
(a)	(b)	(c)	(d)	(e)	(h)	(i)	
Residential							
Single Family Dwelling							
1	5/8"x3/4" Meter	5/8 X 3/4 in.	\$20.79	66.39	\$28.25	(\$1.74)	\$26.51
2	1" Meter	Per Unit	\$20.79	66.39	\$28.25	(\$1.74)	\$26.51
Gallorage Charge							
3	0 - 8,000 gallons	Per Unit	\$4.67	14.91	\$6.34	(0.54)	\$5.80
Multi-Family Residential							
4	5/8"x 3/4" Meter	Meter Size	\$20.79	66.39	\$28.25	(\$1.74)	\$26.51
5	1.0" Meter	Meter Size	\$51.98	165.99	\$70.62	(4.35)	\$66.27
6	1.5" Meter	Meter Size	\$103.95	331.95	\$141.23	(8.70)	\$132.53
7	2.0" Meter	Meter Size	\$166.32	531.12	\$225.96	(13.92)	\$212.04
8	3.0" Meter	Meter Size	\$332.65	1,062.27	\$451.94	(27.84)	\$424.10
9	4.0" Meter	Meter Size	\$519.76	1,659.78	\$706.15	(43.50)	\$662.65
10	6.0" Meter	Meter Size	\$1,039.51	3,319.54	\$1,412.29	(87.00)	\$1,325.29
11	Gallorage Charge		\$5.61	17.91	\$7.62	(0.65)	\$6.97
General Service							
12	5/8"x 3/4" Meter		\$20.79	66.39	\$28.25	(\$1.74)	\$26.51
13	1.0" Meter		\$51.89	165.99	\$70.50	(\$4.35)	\$66.15
14	1.5" Meter		\$103.95	331.95	\$141.23	(\$8.70)	\$132.53
15	2.0" Meter		\$166.32	531.12	\$225.96	(\$13.92)	\$212.04
16	3.0" Meter		\$332.65	1,062.27	\$451.94	(\$27.84)	\$424.10
17	4.0" Meter		\$519.76	1,659.78	\$706.15	(\$43.50)	\$662.65
18	6.0" Meter		\$1,039.51	3,319.54	\$1,412.29	(\$87.00)	\$1,325.29
19	Gallorage Charge		\$5.61	17.91	\$7.62	(0.65)	\$6.97
20	Reserved Capacity-Flat Rate		\$20.32	64.89	\$27.61	(\$1.74)	\$25.87

Table 1A

Utilities, Inc. of Sandalhaven

Schedule of Miscellaneous Charges
For the Test Year Ended 12/31/2010

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary

Line No.	Type Charge	Present		Proposed		Adjustments		Proposed	
		Bus. Hrs.	After Hrs.	Bus. Hrs.	After Hrs.	Bus. Hrs.	After Hrs.	Bus. Hrs.	After Hrs.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	<u>Wastewater</u>								
1	Initial Connection Fee	\$15.00	\$22.50	\$21.00	\$42.00	\$0.00	\$0.00	\$21.00	\$42.00
2									
3	Normal Reconnection Fee	\$15.00	\$22.50	\$21.00	\$42.00	\$0.00	\$0.00	\$21.00	\$42.00
4									
5	Violation Reconnection Fee	Actual Cost	Actual Cost	Actual Cost	Actual Cost	\$0.00	\$0.00	Actual Cost	Actual Cost
6									
7	Premises Visit	\$10.00	\$15.00	\$21.00	\$42.00	\$0.00	\$0.00	\$21.00	\$42.00
8									
9		<u>Present</u>	<u>Proposed</u>	<u>Adjustment</u>	<u>Recommended</u>				
10	System Capacity Charge:								
11	Residential-per ERC								
12	or per Lot	\$1,235.00	\$1,235.00	\$1,393.00	\$2,628.00				
13	All others-per Gallon/Day	\$4.49	\$4.49	\$9.34	\$13.83				
14									
15	Other:								
16	Flow Meter Installation								
17	Residential	Actual Cost	Actual Cost	\$0.00	Actual Cost				
18	All others	Actual Cost	Actual Cost	\$0.00	Actual Cost				
19	Plan Review Charge	Actual Cost	Actual Cost	\$0.00	Actual Cost				
20	Inspection Charge	Actual Cost	Actual Cost	\$0.00	Actual Cost				

Table 2

Utilities, Inc. of Sandalhaven

Residential Service Rate Comparison
For the Test Year Ended 12/31/2010

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
Page 1 of 1

Line No.	Description	Sewer					
		Existing Rates	As Filed Rates	Difference From Current Rates	Consultant Proposed Rates	Difference From Current Rates	Difference From Proposed Rates
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Single Family Residential 5/8" x 3/4" Meter							
1	Base Charge	\$20.79	\$66.39	\$45.60	\$28.25	\$7.46	(\$38.14)
2	Usage Charge	\$4.67	\$14.91	\$10.24	\$6.34	\$1.67	(\$8.57)
Usage (Gallons)							
3	0	\$20.79	\$66.39	\$45.60	\$28.25	\$7.46	(\$38.14)
4	1,000	25.46	81.30	55.84	34.59	9.13	(\$46.71)
5	2,000	30.13	96.22	66.09	40.94	10.81	(\$55.28)
6	3,000	34.80	111.13	76.33	47.28	12.48	(\$63.85)
7	4,000	39.47	126.04	86.57	53.62	14.15	(\$72.42)
8	5,000	44.14	140.96	96.82	59.97	15.83	(\$80.99)
9	6,000	48.81	155.87	107.06	66.31	17.50	(\$89.55)
10	7,000	53.48	170.78	117.30	72.66	19.18	(\$98.12)
11	8,000	58.15	185.69	127.54	79.00	20.85	(\$106.69)

Table 3

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report

Dated 7/10/2012 - Preliminary

Page 1 of 1

Company Filed Versus Consultant Recommended Revenue Requirements
For the Test Year Ended 12/31/2010

Line No.	Description	Company Filed Sewer	Consultant Recommended Sewer	Difference
	(a)	(b)	(c)	(d)
1	Total Test Year System Revenue Requirements	\$ 1,543,579	\$ 729,986	\$ (813,593)
2				
3	Total Test Year System Rate Revenues Based on Current Rates	483,187	536,717	53,530
4	Miscellaneous Revenues	585	585	-
5				
6	Total Test Year System Revenues at Present Rates	483,772	537,302	53,530
7				
8	Proposed Test Year Additional Revenue Requirement	\$ 1,059,807	\$ 192,684	\$ (867,123)
9				
10	Percentage Increase to Total Test Year System Revenues	<u>219.07%</u>	<u>35.86%</u>	<u>-183.21%</u>

Table 4

Utilities, Inc. of Sandalhaven

Determination of Rate Base - Sewer
For the Test Year Ended 12/31/2010Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
Page 1 of 1

Line No.	Description	As Filed By Company			Consultant Adjustments		Consultant Recommended
		Simple Average Per Books	Utility Adjustments	Adjusted Utility Balance	Amount	Ref.	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Rate Base							
1	Utility Plant in Service	\$ 8,809,578	\$ (417,111)	\$ 8,392,467	\$ (11,165)	Table 5	\$ 8,381,302
2	Utility Land & Land Rights	157,435	-	157,435	(70,385)	Table 5	87,050
3	Less: Non-Used & Useful Plant		(131,494)	(131,494)	(3,630,177)	Table 10	(3,761,671)
4	Construction Work in Progress	-		-	-		-
5	Less: Accumulated Depreciation	(1,943,997)	105,381	(1,838,615)	1,171	Table 6	(1,837,444)
6	Less: CIAC	(3,276,640)	-	(3,276,640)	0	Table 7	(3,276,640)
7	Accumulated Amortization of CIAC	1,243,085	(41,956)	1,201,130	-	Table 8	1,201,130
8	Acquisition Adjustments	-		-	-		-
9	Accum. Amort. of Acq. Adjustments	-	-	-	-		-
10	Advances For Construction	-		-	-		-
11	Provision For Working Capital (1/8 of Operating Expenses)	73,280	515	73,795	(15,306)	Table 9	58,489
12	Sewer Rate Base	\$ 5,062,742	\$ (484,664)	\$ 4,578,077	\$ (3,725,861)		\$ 852,216
Rate of Return on Rate Base							
13	Percentage Return on Sewer Rate Base	-5.19%		8.26%	-2.74%	Table 13	5.52%
14	Return on Sewer Rate Base	\$ (262,855)		\$ 378,149	\$ (331,076)	Table 11	\$47,073

Table 5

Utilities, Inc. of Sandalhaven
Aqua Utilities Florida, Inc. - Dolomite Utility Corporation
 Sewer System Plant In Service
 For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Balance	2006				2007				2008			
		12/31/2005 Ending Balance [1] (b)	Company Additions (c)	Adjustments (d)	Retirements (e)	Original Cost Ending Balance (f)	Company Additions (g)	Adjustments (h)	Retirements (i)	Original Cost Ending Balance (j)	Company Additions (k)	Adjustments (l)	Retirements (m)	Original Cost Ending Balance (n)
INTANGIBLE PLANT														
1	351.1 Organization	\$ 27,106	\$ (20,365)	\$ -	\$ -	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741
2	352.1 Franchises	3,421	9,826	-	-	13,247	-	-	-	13,247	-	-	-	13,247
3	389.1 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
4	COLLECTION PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-
5	353.2 Land & Land Rights	128,588	27,672	-	-	156,260	1,241	-	-	157,501	(92)	-	-	157,409
6	354.2 Structures & Improvements	1,073,228	2,390,181	-	5,650	3,457,759	3,293,505	(11,156)	-	6,740,108	66,806	(3,518,949)	-	3,287,965
7	355.2 Power Generation Equipment	-	-	-	-	-	-	-	-	170	-	-	-	170
8	360.2 Collection Sewers - Force	203,712	3,848	-	-	207,560	-	-	2,188	205,372	16,084	-	-	221,456
9	361.2 Collection Sewers - Gravity	619,764	17,655	-	-	637,419	5,952	-	-	643,371	(121,722)	162,247	-	683,896
10	361.2 Manholes	-	-	-	-	-	-	-	-	-	-	-	-	-
11	362.2 Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-	-
12	363.2 Services to Customers	-	-	-	-	-	-	-	-	-	-	-	-	-
13	364.2 Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	-	-	-
14	365.2 Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	-	-	-
15	389.2 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
16	SYSTEM PUMPING PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-
17	353.3 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
18	354.3 Structures & Improvements	-	-	-	-	-	-	-	-	-	2,896,480	-	-	2,896,480
19	370.3 Receiving Wells	-	-	-	-	-	-	-	-	76,645	-	-	-	76,645
20	371.3 Pumping Equipment	-	-	-	-	-	-	-	-	18,572	-	-	-	18,572
21	389.3 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	255	-	-	-	255
22	TREATMENT AND DISPOSAL PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-
23	353.4 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
24	355.4 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
25	354.4 Structures & Improvements	-	-	-	-	-	-	-	-	-	588,888	-	-	588,888
26	380.4 Treatment & Disposal Equipment	141,723	413,955	-	2,087	553,591	16,729	-	-	570,320	5,849	(1,110)	-	575,059
27	381.4 Plant Sewers	-	-	-	-	-	-	-	-	-	-	-	-	-
28	382.4 Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	-	-	-
29	389.4 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
30	REUSE TREATMENT PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-
31	353.5 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
32	354.6 Structures & Improvements - Dist.	-	-	-	-	-	-	-	-	-	156	-	-	156
33	375.3 Transmission & Distribution System	-	207	-	-	207	-	-	-	2,019	-	-	-	2,226
34	380.5 Treatment & Disposal Equipment	-	-	-	-	-	-	-	-	-	1,110	-	-	1,110
35	381.5 Plant Sewers	-	-	-	-	-	-	-	-	13,696	-	-	-	13,696
36	390.5 Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
37	396.5 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
38	GENERAL PLANT	-	-	-	-	-	-	-	-	-	-	-	-	-
39	353.7 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
40	354.7 Structures & Improvements	-	-	-	-	-	-	-	-	-	33,425	-	-	33,425
41	390.7 Office Furniture & Equipment	752	1	-	-	753	18,536	-	-	19,289	89,973	-	-	109,262
42	391.7 Transportation Equipment	52,309	26,202	-	-	78,511	-	-	36,189	42,322	(10,416)	-	-	31,906
43	392.7 Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
44	393.7 Tools, Shop & Garage Equipment	17,841	1,497	-	-	19,338	679	-	-	20,017	8,983	-	-	29,000
45	394.7 Laboratory Equipment	4,310	280	-	-	4,590	3,506	-	-	8,096	-	-	-	8,096
46	395.7 Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
47	396.7 Communication Equipment	-	-	-	-	-	1,665	-	-	1,665	2,003	-	-	3,668
48	397.7 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
49	398.7 Other Tangible Plant	1,584	674	-	-	2,258	16,634	-	-	18,892	(18,892)	-	-	-
50	TOTAL SEWER UTILITY PLANT IN SERVICE	\$ 2,274,338	\$ 2,871,633	\$ -	\$ 7,737	\$ 5,138,234	\$ 3,358,447	\$ (11,156)	\$ 38,377	\$ 8,447,148	\$ 149,933	\$ 162,247	\$ -	\$ 8,759,328

[1] Amounts shown derived Last Rate Filing.

Table 5

Utilities, Inc. of Sandalhaven
Aqua Utilities Florida, Inc. - Dolomite Utility Corporation
 Sewer System Plant In Service
 For the Test Year Ended 12/31/2010

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
 Page 2 of 2

Line No.	Account Name	2009				2010			Consultant Recommended				Company Filed	Recommended Adjustments
		Company Additions	Adjustments	Retirements	Original Cost Ending Balance	Company Additions	Adjustments	Retirements	2010 Sewer Plant Original Cost	Simple Average Balance	Adjustments	Adjusted Simple Average Balance		
	(a)	(c)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)		
INTANGIBLE PLANT														
1	351.1 Organization	\$ -	\$ -	\$ -	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741	\$ 6,741	(6,741)	\$ 0	-	0
2	352.1 Franchises	31	-	-	13,278	3	-	-	13,281	13,280	(9,858)	3,421	3,421	0
3	389.1 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
4	COLLECTION PLANT													
5	353.2 Land & Land Rights	27	-	-	157,436	-	-	-	157,436	157,436	(157,063)	373	373	(0)
6	354.2 Structures & Improvements	17,591	-	-	3,305,556	-	(11,826)	766	3,292,964	3,299,260	(3,299,260)	(0)	-	(0)
7	355.2 Power Generation Equipment	-	-	-	170	-	-	-	170	170	96,319	96,489	96,489	0
8	360.2 Collection Sewers - Force	1,924	-	-	223,380	2,301	-	-	225,681	224,530	2,392,402	2,616,932	2,616,931	0
9	361.2 Collection Sewers - Gravity	(20,513)	21,699	-	685,082	662	-	-	685,744	685,413	(1)	685,413	685,413	0
10	361.2 Manholes	-	-	-	-	-	-	-	-	-	-	-	-	-
11	362.2 Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-	-
12	363.2 Services to Customers	-	-	-	-	-	-	-	-	-	119,225	119,225	119,225	-
13	364.2 Flow Measuring Devices	-	-	-	-	-	-	-	-	-	-	-	-	-
14	365.2 Flow Measuring Installations	-	-	-	-	-	-	-	-	-	-	-	-	-
15	389.2 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
16	SYSTEM PUMPING PLANT													
17	353.3 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
18	354.3 Structures & Improvements	-	-	-	2,896,480	-	-	-	2,896,480	2,896,480	5,857	2,902,337	2,913,493	(11,156)
19	370.3 Receiving Wells	90,828	-	-	167,473	-	-	-	167,473	167,473	432,925	600,398	600,398	0
20	371.3 Pumping Equipment	12,071	-	-	30,643	20,296	-	-	50,939	40,791	103,570	144,361	144,361	0
21	389.3 Other Plant & Misc. Equipment	-	-	-	255	79	-	-	334	295	(40)	255	255	(0)
22	TREATMENT AND DISPOSAL PLANT													
23	353.4 Land & Land Rights	-	-	-	-	-	-	-	-	-	157,072	157,072	157,072	-
24	355.4 Power Generation Equipment	-	-	-	-	-	-	-	-	-	193	193	193	-
25	354.4 Structures & Improvements	-	-	-	588,888	10,694	-	-	599,582	594,235	266	594,501	594,501	0
26	380.4 Treatment & Disposal Equipment	6,565	-	-	581,624	25,361	-	2,035	604,950	593,287	(225,584)	367,703	367,704	(0)
27	381.4 Plant Sewers	-	-	-	-	-	-	-	-	-	-	-	-	-
28	382.4 Outfall Sewer Lines	-	-	-	-	-	-	-	-	-	-	-	-	-
29	389.4 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	39	39	39	(0)
30	REUSE TREATMENT PLANT													
31	353.5 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
32	354.6 Structures & Improvements - Dist.	-	-	-	156	-	-	-	156	156	-	156	156	(0)
33	375.3 Transmission & Distribution System	721	-	-	2,947	-	-	-	2,947	2,947	-	2,947	2,947	0
34	380.5 Treatment & Disposal Equipment	-	-	-	1,110	-	-	-	1,110	1,110	-	1,110	1,110	0
35	381.5 Plant Sewers	10,121	-	-	23,817	345	-	-	24,162	23,990	-	23,990	23,990	(0)
36	390.5 Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
37	396.5 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
38	GENERAL PLANT													
39	353.7 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-
40	354.7 Structures & Improvements	-	-	-	33,425	-	-	-	33,425	33,425	5,335	38,760	38,760	(0)
41	390.7 Office Furniture & Equipment	11,604	-	-	120,866	930	-	-	121,796	121,331	(5,453)	115,879	115,879	(1)
42	391.7 Transportation Equipment	13,920	-	-	45,826	1,829	-	-	47,655	46,741	(6,631)	40,110	40,110	0
43	392.7 Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
44	393.7 Tools, Shop & Garage Equipment	814	-	-	29,814	500	-	-	30,314	30,064	191	30,255	30,255	0
45	394.7 Laboratory Equipment	-	-	-	8,096	621	-	501	8,216	8,156	-	8,156	8,156	0
46	395.7 Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
47	396.7 Communication Equipment	1,122	-	-	4,790	(1,043)	-	-	3,747	4,269	96	4,364	4,364	0
48	397.7 Miscellaneous Equipment	193	-	-	193	-	-	-	193	193	(193)	0	0	0
49	398.7 Other Tangible Plant	-	-	-	-	-	-	-	-	-	(15,691)	(15,691)	(15,691)	-
50	TOTAL SEWER UTILITY PLANT IN SERVICE	\$ 147,019	\$ 21,699	\$ -	\$ 8,928,046	\$ 62,578	\$ (11,826)	\$ 3,302	\$ 8,975,497	\$ 8,951,772	\$ (413,024)	\$ 8,538,747	\$ 8,549,902	\$ (11,155)

[1] Amounts shown derived Last Rate Filing.

Table 6

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
Dated 7/10/2012 - PreliminarySewer System Accumulated Depreciation
For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Company Filed			Consultants Recommendation		Adjusted Balance
		Simple Average	Adjustments	Adjusted Average	Errors in Company Filing	Undocumented Plant Additions	
	INTANGIBLE PLANT						
1	351.1 Organization	83,796	(83,796)	-	-	-	-
2	352.1 Franchises	4,657	(3,597)	1,060	-	-	1,060
3	389.1 Other Plant & Misc. Equipment	-	-	-	-	-	-
4	COLLECTION PLANT						
	353.2 Land & Land Rights						
5	354.2 Structures & Improvements	335,241	(335,241)	-	-	-	-
6	355.2 Power Generation Equipment	12	15,652	-	15,664	-	15,664
7	360.2 Collection Sewers - Force	127,756	208,464	336,219	-	-	336,219
8	361.2 Collection Sewers - Gravity	321,913	5,588	327,501	-	-	327,501
9	361.2 Manholes	-	-	-	-	-	-
10	362.2 Special Collecting Structures	-	-	-	-	-	-
11	363.2 Services to Customers	-	59,111	59,111	-	-	59,111
12	364.2 Flow Measuring Devices	-	-	-	-	-	-
13	365.2 Flow Measuring Installations	-	-	-	-	-	-
14	389.2 Other Plant & Misc. Equipment	-	-	-	-	-	-
15	SYSTEM PUMPING PLANT						
16	353.3 Land & Land Rights	-	-	-	-	-	-
17	354.3 Structures & Improvements	562,410	(27,530)	534,880	-	(1,171)	533,708
18	370.3 Receiving Wells	8,627	54,867	63,495	-	-	63,495
19	371.3 Pumping Equipment	2,669	19,459	22,128	-	-	22,128
20	389.3 Other Plant & Misc. Equipment	21	6	27	-	-	27
21	TREATMENT AND DISPOSAL PLANT						
22	353.4 Land & Land Rights	-	-	-	-	-	-
23	355.4 Power Generation Equipment	12	(173)	(161)	-	-	(161)
24	354.4 Structures & Improvements	-	9	9	-	-	9
25	380.4 Treatment & Disposal Equipment	98,866	(13,493)	85,373	-	-	85,373
26	381.4 Plant Sewers	-	588	588	-	-	588
27	382.4 Outfall Sewer Lines	-	-	-	-	-	-
28	389.4 Other Plant & Misc. Equipment	1	0	1	-	-	1
29	REUSE TREATMENT PLANT						
30	353.5 Land & Land Rights	-	-	-	-	-	-
31	354.6 Structures & Improvements - Dist.	11	2	13	-	-	13
32	375.3 Transmission & Distribution System	124	3	-	127	-	127
33	380.5 Treatment & Disposal Equipment	-	32	32	-	-	32
34	381.5 Plant Sewers	636	-	-	636	-	636
35	390.5 Office Furniture & Equipment	-	-	-	-	-	-
36	396.5 Communication Equipment	-	-	-	-	-	-
37	GENERAL PLANT						
38	353.7 Land & Land Rights	-	-	-	-	-	-
39	354.7 Structures & Improvements	291,682	(3,398)	288,284	-	-	288,284
40	390.7 Office Furniture & Equipment	52,839	(9,886)	42,952	-	-	42,952
41	391.7 Transportation Equipment	36,981	8,601	45,581	-	-	45,581
42	392.7 Stores Equipment	-	-	-	-	-	-
43	393.7 Tools, Shop & Garage Equipment	11,327	25	11,352	-	-	11,352
44	394.7 Laboratory Equipment	2,829	(669)	2,159	-	-	2,159
45	395.7 Power Operated Equipment	-	-	-	-	-	-
46	396.7 Communication Equipment	1,591	(7)	1,583	-	-	1,583
47	397.7 Miscellaneous Equipment	-	-	-	-	-	-
48	398.7 Other Tangible Plant	-	-	-	-	-	-
49							
50	TOTAL ACCUMULATED DEPRECIATION	\$ 1,943,997	\$ (105,381)	\$ 1,822,188	\$ 16,427	\$ (1,171)	\$ 1,837,444

[1] Based on recommended Plant in Service Adjustments shown on Table 5.

Table 7

Utilities, Inc. of Sandalhaven

Sewer System Contributions In Aid of Construction
For the Test Year Ended 12/31/2010

Consultant Recommendation Report
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Line No.	Account Name	Balance 12/31/2005 Original Cost Ending Balance [1]	2006				2007				2008			
			Company Additions	Adjustments	Retirements	Original Cost Ending Balance	Company Additions	Adjustments	Retirements	Original Cost Ending Balance	Company Additions	Adjustments	Retirements	Original Cost Ending Balance
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
Cash Contributions:														
1	271.21 Sewer Capacity and Extension Fees Collected	\$ 688,575	\$ 895,000	\$ 54,611	\$ -	\$ 1,638,186	\$ 10,000	\$ -	\$ -	\$ 1,648,186	\$ 68,075	\$ -	\$ -	\$ 1,716,261
Contributed Property:														
2	4030 - Organization	-	-	-	-	-	-	-	-	-	-	-	-	-
3	4050 - Struct - Pumping Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
4	4055 - Structures, Treatment Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
5	4070 - Struct - General Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
6	4100 - Force Mains	327,257	-	-	-	327,257	-	-	-	327,257	-	-	-	327,257
7	4105 - Gravity Mains	995,633	-	-	-	995,633	-	-	-	995,633	-	-	-	995,633
8	4110 - Special Coll. Struct. Manholes	-	-	-	-	-	-	-	-	-	-	-	-	-
9	4115 - Services to Customers	-	-	-	-	-	-	-	-	-	-	-	-	-
10	4150 - Lagoons	-	-	-	-	-	-	-	-	-	-	-	-	-
11	4165 - Treatment Equip	227,674	-	-	-	227,674	-	-	-	227,674	-	-	-	227,674
12	4260 - Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
13	TOTAL CIAC	\$ 2,239,139	\$ 895,000	\$ 54,611	\$ -	\$ 3,188,750	\$ 10,000	\$ -	\$ -	\$ 3,198,750	\$ 68,075	\$ -	\$ -	\$ 3,266,825

[1] Amounts shown derived from Last Rate Filing.

Table 7

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
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Sewer System Contributions In Aid of Construction
 For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	2009				2010			Consultant Recommendation				Company Filed (z)	Recommend Adjustments (aa)
		Company Additions (c)	Adjustments (p)	Retirements (q)	Test Year Ending Balance (r)	Company Additions (s)	Adjustments (t)	Retirements (u)	Sewer CIAC Ending Balance (v)	Simple Average Balance (w)	Adjustments (x)	Adjusted Simple Average Balance (y)		
1	Cash Contributions: 271.21 Sewer Capacity and Extension Fees Collected	\$ 9,815	\$ -	\$ -	\$ 1,726,076	\$ -	\$ -	\$ -	\$ 1,726,076	\$ 1,726,076	\$ -	\$ 1,726,076	1,671,465	(54,611)
2	Contributed Property: 4030 - Organization	-	-	-	-	-	-	-	-	-	-	-	340,846	340,846
3	4050 - Struct - Pumping Plant	-	-	-	-	-	-	-	-	-	-	-	356,584	356,584
4	4055 - Structures, Treatment Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
5	4070 - Struct - General Plant	-	-	-	-	-	-	-	-	-	-	-	76,270	76,270
6	4100 - Force Mains	-	-	-	327,257	-	-	-	327,257	327,257	-	327,257	336,394	9,137
7	4105 - Gravity Mains	-	-	-	995,633	-	-	-	995,633	995,633	-	995,633	97,788	(897,845)
8	4110 - Special Coll. Struct. Manholes	-	-	-	-	-	-	-	-	-	-	-	62,033	62,033
9	4115 - Services to Customers	-	-	-	-	-	-	-	-	-	-	-	185	185
10	4150 - Lagoons	-	-	-	-	-	-	-	-	-	-	-	62,927	62,927
11	4165 - Treatment Equip	-	-	-	227,674	-	-	-	227,674	227,674	-	227,674	272,150	44,476
12	4260 - Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-
13	TOTAL CIAC	\$ 9,815	\$ -	\$ -	\$ 3,276,640	\$ -	\$ -	\$ -	\$ 3,276,640	\$ 3,276,640	\$ -	\$ 3,276,640	\$ 3,276,640	\$ 0

[1] Amounts shown derived from Last Rate Filing.

Table 8

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
Dated 7/10/2012 - PreliminarySewer System Accumulated Amortization of CIAC
For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Company Filed		Consultants Recommendation		
		Simple Average	Adjusted Adjustments	Adjusted Average	Recommended Adjustments [1]	Adjusted Balance
	Cash Contributions:					
	271.21 Sewer Capacity Fees Collected	238,215	(34,806)	203,409	-	\$ 203,409
	Contributed Property:					
	4030 - Organization	(5,996)	5,996	-	-	-
	4050 - Struct - Pumping Plant	89,388	7,586	96,974	-	96,974
	4055 - Structures, Treatment Plant	-	79,334	79,334	-	79,334
	4070- Struct - General Plant	790,120	(790,120)	-	-	-
	4100 - Force Mains	34,347	(15,282)	19,065	-	19,065
	4105 - Gravity Mains	75,529	(19,478)	56,051	-	56,051
	4110 - Special Coll. Struct. Manholes	-	23,354	23,354	-	23,354
	4115 - Services to Customers	-	13,327	13,327	-	13,327
	4150 - Lagoons	45	17	62	-	62
	4165 - Treatment Equip	21,438	4,809	26,246	-	26,246
	4260 - Other Tangible Plant	-	683,308	683,308	-	683,308
	TOTAL ACCUMULATED AMORTIZATION OF CIAC	\$ 1,243,085	\$ (41,956)	\$ 1,201,130	\$ -	\$ 1,201,130

Table 9

Utilities, Inc. of Sandalhaven

Working Capital Allowance
For the Test Year Ended 12/31/2010

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
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Line No.	(a)	Sewer Test Year Amounts	(b)
1	Consultant Recommended Operation and Maintenance		
2	Expense Test Year Year	\$	467,909
3			
4	1/8 Operations and Maintenance Factor		12.50%
5			
6	Total Consultant Recommended Working Capital		
7	for Test Year	\$	58,489
8			
9	Company Filed Working Capital		
10	for Test Year		73,795
11			
12	Consultant Recommended Working Capital Adjustment		
13	for Test Year	\$	(15,306)

Table 10

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
Dated 7/10/2012 - PreliminaryDetermination of Non-Used and Useful - Sewer
For the Test Year Ended 12/31/2010

Page 1 of 3

Line No.	Description	Treatment Plant [1]	Capacity Fees Paid to EWD	Master Lift Station	Forcemain	Pumping Plant	Total Non-Used And Useful Amount Recognized
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Daily Flow Capacity [2]	150,000	300,000	500,000	1,000,000	275,000	
2							
3	Annual Average Daily Flow [3]	84,505	70,345	70,345	70,345	70,345	
4							
5	Current ERC - Test Year 2010 [4]	1,162	445	445	445	445	
6							
7	Current Growth Using Linear Regression [5]	186	186	186	186	186	
8							
9	Growth Cap at 5% per Year (Five Years) (Line 5 x 5.0% x 5 years)	291	111	111	111	111	
10	Adjustment for Growth that Cannot be Treated By the Treatment Plant[6]	(91)	91	91	91	91	
11	Adjusted Growth for Margin Reserve Purposes	199	203	203	203	203	
12							
13	Gallons Per Day Per ERC - Annual Average Daily Flow - (Line 3/Line 5)	73	158	158	158	158	
14							
15	Margin Reserve Allowance Based on 5 Year Growth (Line 9 x Line 11)	14,495	31,999	31,999	31,999	31,999	
16							
17	Current Usage Plus Margin Reserve Allowance (Line 3 + Line 15)	99,000	102,344	102,344	102,344	102,344	
18							
19	Excessive Inflow and Infiltration [7]	9,165	7,630	7,630	7,630	7,630	
20							
21	Adjusted Average Daily Flow with Margin Reserve Allowance (Line 17 - Line 19)	89,835	94,714	94,714	94,714	94,714	
22							
23	Used and Useful Percentage (Line 25/Line 1)	59.89%	31.57%	18.94%	9.47%	34.44%	
24	Non-Used and Useful Percentage	40.11%	68.43%	81.06%	90.53%	65.56%	
25	Recognized Non-Used and Useful Percentage for Rate Filing	0.00%	68.43%	81.06%	90.53%	65.56%	
26							
27	Plant In Service Average Balance 12/31/2010 [8]	\$ 979,141	\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844	
28	Non-Used and Useful Amount	\$ -	\$ 1,544,514	\$ 434,279	\$ 2,309,932	\$ 68,734	\$ 4,357,459
29							
30	Accumulated Depreciation [8]	\$ 173,352	\$ 406,281	\$ 75,008	\$ 267,919	\$ 22,017	
31	Non-Used and Useful Amount	\$ -	\$ 278,013	\$ 60,799	\$ 242,543	\$ 14,434	\$ 595,789
32							
33	Depreciation Expense [8]	2,224	\$ 90,285	\$ 21,431	\$ 76,548	\$ 6,291	
34	Non-Used and Useful Amount	\$ -	\$ 61,781	\$ 17,371	\$ 69,298	\$ 4,124	\$ 152,574

Footnotes on Page 2 of 3 and 3 of 3.

Table 10

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
 Page 2 of 3

Determination of Non-Used and Useful - Sewer
 For the Test Year Ended 12/31/2010

Footnotes:

- [1] No Non-Used and Useful adjustment is proposed for the Company's WWTP, because the Company's contribution level (CIAC) would cause the Company to incur a negative investment balance. This treatment is consistent with the FPSC prior rate Order No. PSC-07-0865-PAA-SU.
- [2] Daily Flow Capacity information by component derived from FPSC Order No. PSC-07-0865-PAA-SU. The WWTP design capacity of 150,000 gpd is used for the U&U Calculation
- [3] The average annual daily flows calculated as follows:

	Plant Flows	Interconnect Flows
Annual Flows	30,844,300	25,676,000
Annual Daily Average Flows	84,505	70,345

- [4] Current ERC's served by Company's Treatment Plant Facilities and Interconnect with EWD estimated as follows:

	Per Company Based on Meter Equivalent Factor And By Area	Allocation Factor By Area	Allocated ERC's Based on Single Family Flow Equivalent (Per Filing Sch. E-6)
Estimated ERC's Served By Treatment Plant	829	72.31%	1,162
Estimated ERC's Served By Interconnect	317	27.69%	445
Total System ERC's	1,146	100.00%	1,607

- [5] Current Growth using linear regression derived for Company's MFR's schedule E-6.
- [6] Operationally the WWTP is limited to a treatment capacity of 99,000 gpd
- [7] The determination of Excess Infiltration and Inflow was determined as follows:

Plant Flows (MG)	30.84
Purchased Sewer (MG)	25.68
Total	56.52
Average Annual Daily Flow (gpd)	154,850
Billed Water Flow -Single Family (gpd)	51,833
Less Flows Not Returned to the Wastewater System (20% of Water Use)	(10,367)
Adjusted Single Family Flow (gpd)	41,466
Billed Water Flow -Other (gpd)	60,838
Less Flows Not Returned to the Wastewater System (10% of Water Use)	(6,084)
Adjusted Other Flow (gpd)	54,755
Adjusted Flows Returned to the Wastewater System	96,221
Allowable Inflow (10% of Billed Water)	11,267
Length of 8" Pipe (ft)	38,605
Length of 6" Pipe (ft)	2,325
Total inch-miles	61.13
Allowable Infiltration (gpd at 500gpd/in-mi)	30,567

	Total	WWTP	EWD
Total Wastewater Flow	154,850	84,505	70,345
Percent Wastewater Flow	100.00%	54.57%	45.43%
less Water Returned to the Wastewater System	96,221	52,510	43,711
less Allowable Inflow	11,267	6,149	5,118
less Allowable Infiltration	30,567	16,681	13,886
Excess Inflow and Infiltration	16,795	9,165	7,630

Table 10

Utilities, Inc. of Sandalhaven
 Determination of Non-Used and Useful - Sewer
 For the Test Year Ended 12/31/2010

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
 Page 3 of 3

[8] Plant In Service, Accumulated Depreciation and Depreciation Expense associated with Non-Used and Useful derived as follows:

	Treatment Plant	Capacity Fees Paid to EWD	Lift Station	Forcemain	Pumping Plant
Plant Balance					
Balance 12/31/2005	\$ 979,141	\$ -			
Balance 12/31/2006	\$ 979,141	\$ 2,257,118			
Balance 12/31/2007		\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Balance 12/31/2008		\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Balance 12/31/2009		\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Balance 12/31/2010		\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Average Plant Balance					
Average Balance 12/31/2005	\$ 979,141	\$ -	\$ -	\$ -	\$ -
Average Balance 12/31/2006	\$ 979,141	\$ 1,128,559	\$ -	\$ -	\$ -
Average Balance 12/31/2007	\$ 979,141	\$ 2,257,118	\$ 267,884	\$ 1,275,803	\$ 52,422
Average Balance 12/31/2008	\$ 979,141	\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Average Balance 12/31/2009	\$ 979,141	\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Average Balance 12/31/2010	\$ 979,141	\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844
Depreciation Rate					
	32	25	25	40	18
	3.00%	4.00%	4.00%	3.00%	6.00%
Depreciation Expense					
Average Balance 12/31/2005	\$ 29,374	\$ -	\$ -	\$ -	\$ -
Average Balance 12/31/2006	\$ 29,374	\$ 45,142	\$ -	\$ -	\$ -
Average Balance 12/31/2007	\$ 29,374	\$ 90,285	\$ 10,715	\$ 38,274	\$ 3,145
Average Balance 12/31/2008	\$ 29,374	\$ 90,285	\$ 21,431	\$ 76,548	\$ 6,291
Average Balance 12/31/2009	\$ 29,374	\$ 90,285	\$ 21,431	\$ 76,548	\$ 6,291
Average Balance 12/31/2010	\$ 29,374	\$ 90,285	\$ 21,431	\$ 76,548	\$ 6,291
Total Accumulated Depreciation	\$ 176,245	\$ 406,281	\$ 75,008	\$ 267,919	\$ 22,017

Table 12

Utilities, Inc. of Sandalhaven
 Schedule of Adjustments to Rate Base
 For the Test Year Ended 12/31/2010

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
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Line No.	(a)	Sewer Test Year Adjustment	(b)
	Plant In Service		
1	A. Adjustment Related to Plant In Service. Refer to Table 4 for Sewer detail.		
2	Company Filed	\$	8,392,467
3	Consultant Recommended		8,381,302
4	Total Adjustments required to Plant In Services	\$	<u>(11,165)</u>
5			
6	Non-Used and Useful		
7	B. Adjustment Related to Non-Used and Useful. Refer to Table 4 for Sewer detail.		
8	Company Filed	\$	131,494
9	Consultant Recommended		3,761,671
10	Total Adjustments required to Non-Used and Useful	\$	<u>3,630,177</u>
11			
12	Land		
13	C. Adjustment Related to Land. Refer to Table 4 for Sewer detail.		
14	Company Filed	\$	157,435
15	Consultant Recommended	\$	87,050
16	Total Adjustments required to Lands	\$	<u>(70,385)</u>
17			
18	Accumulated Depreciation		
19	D. Adjustment Related to Accumulated Depreciation. Refer to Table 4 for Sewer detail.		
20	Company Filed	\$	1,838,615
21	Consultant Recommended	\$	1,837,444
22	Total Adjustments required to Accumulated Depreciations	\$	<u>(1,171)</u>
23			
24	Contributions In Aid of Construction		
25	E. Adjustment Related to Contributions In Aid of Construction. Refer to Table 4 for Sewer detail.		
26	Company Filed	\$	3,276,640
27	Consultant Recommended		3,276,640
28	Total Adjustments Required to Contributions In Aid of Construction	\$	<u>(0)</u>
29			
30	Accumulated Amortization of Contributions In Aid of Construction		
31	F. Adjustment Related to Accumulated Amortization of Contributions In Aid of Construction. Refer to Table 4 for Sewer detail.		
32	Company Filed	\$	1,201,130
33	Consultant Recommended		1,201,130
34	Total Adjustments Required to Accumulated Amortization of Contributions In Aid of Construction	\$	<u>-</u>
35			
36	Working Capital Allowance		
37	G. Adjustment Related to Working Capital Allowance. Refer to Table 4 for Sewer detail.		
38	Company Filed	\$	73,795
39	Consultant Recommended		58,489
40	Total Adjustments required to Working Capital Allowances	\$	<u>(15,306)</u>
41			
42	Total Rate Base Adjustments	\$	<u>(3,725,861)</u>

Table 13

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
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Utilities, Inc. of Sandalhaven

Constructed Income Statement - Sewer
For the Test Year Ended 12/31/2010

Line No.	Description	As Filed by Company					Consultant Recommended				Ref.	Test Year Year Ending 12/31/2010
		Test Year Per Books	Utility Test Year Adjustments	Utility Adjusted Test Year	Requested Revenue Adjustment	Requested Annual Revenues	Test Year Per Company	Consultant Adjustments	Adjusted Test Year	Revenue Increase		
(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Operating Revenues												
1	Measured Revenue	\$463,785	\$19,987	\$483,187	\$1,059,807	\$1,542,994	\$483,187	\$53,530	\$536,717	\$192,684	Table 22	\$729,401
2	Unmeasured Revenue	0	0	0	0	0	0	0	0	0	Table 22	0
3	Other Sewer Revenue	0	0	585	0	585	585	0	585	0	Table 22	585
4	Total Operating Revenues	\$463,785	\$19,987	\$483,772	\$1,059,807	\$1,543,579	\$483,772	\$53,530	\$537,302	\$192,684		\$729,986
Operating Expenses												
5	Total Operation & Maintenance Expenses	\$586,237	(\$64,610)	\$521,627	\$68,733	\$590,360	\$521,627	(\$53,718)	\$467,909	\$0	Table 14	\$467,909
6	Depreciation Expense (Used & Useful)	321,891	66,399	388,263	0	388,263	388,263	(216,088)	172,175	0	Table 17	172,175
7	Amortization of CIAC	(92,873)	7,894	(84,983)	0	(\$84,983)	(84,983)	(3,828)	(88,811)	0	Table 8	(88,811)
8	Amortization	0	0	0	0	\$0	0	0	0	0		0
9	Taxes Other than Income	147,098	(7,390)	139,708	46,300	186,008	139,708	(35,121)	104,587	9,663	Table 19	114,251
10	Income Taxes	(235,682)	235,682	0	85,782	85,782	0	0	0	17,389	Table 20	17,389
11	Total Operating Expenses	\$726,671	\$237,975	\$964,615	\$200,815	\$1,165,430	\$964,615	(\$308,755)	\$655,860	\$27,053		\$682,913
12	Income/(Loss) Before Taxes	(\$262,886)	(\$217,988)	(\$480,843)	\$858,992	\$378,149	(\$480,843)	\$362,284	(\$118,559)	\$165,632		\$47,073
13	Rate Base	\$5,062,742	(\$484,664)	\$4,578,077	\$0	\$4,578,077	\$4,578,077	(\$3,725,861)	\$ 852,216	\$0	Table 5	\$852,216
14	Return on Rate Base	(5.19%)		(10.50%)		8.26%	(10.50%)	(9.72%)	(13.91%)		Table 11	5.52%

Table 14

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
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Utilities, Inc. of Sandalhaven

Sewer Operations and Maintenance Expense
For the Test Year Ended 12/31/2010

Line No.	Account No.	Account Name	Company Filed			Consultant Recommendation				
			Per Books Test Year	Adjustments	Adjusted Year Ended 12/31/2010	Amount Over Benchmark (See Table 15)	Ground Water Monitoring [1]	Rate Case Expens (See Table 18)	Other Adjustments (See Table 16)	Adjusted Year Ended 12/31/2010
	(a)	(b)	(c)	(d)	(e)	(f)	(f)	(g)	(h)	(i)
1		OPERATING & MAINTENANCE EXPENSES								
2	701	Salaries & Wages - Employees	\$ 100,461	\$ 3,049	\$ 103,510	\$ -	\$ -	\$ -	\$ -	\$ 103,510
3	703	Salaries & Wages - Officers, Etc.	4,555	465	5,020	-	-	-	-	5,020
4	704	Employees Pensions & Benefits	16,691	3,996	20,687	-	-	-	-	20,687
5	710	Purchased Sewer	264,727	(77,806)	186,921	-	-	-	(20,273)	166,648
6	711	Sludge Removal	33,280	-	33,280	-	-	-	-	33,280
7	715	Purchased Power	21,161	-	21,161	-	-	-	(2,295)	18,866
8	716	Fuel for Power Purchased	-	-	-	-	-	-	-	-
9	718	Chemicals	12,649	(256)	12,393	-	-	-	(1,344)	11,049
10	720	Materials & Supplies	21,882	256	22,138	-	-	-	-	22,138
11	731	Contractual Services - Engineering	4	1	5	-	-	-	-	5
12	732	Contractual Services - Accounting	1,621	124	1,745	-	-	-	-	1,745
13	733	Contractual Services - Legal	414	30	444	-	-	-	-	444
14	734	Contractual Services - Mgmt. Fees	-	-	-	-	-	-	-	-
15	735	Contractual Services - Testing	-	-	-	-	-	-	-	-
16	736	Contractual Services - Other	27,633	841	28,474	-	-	-	-	28,474
17	741	Rental of Building/Real Prop.	-	-	-	-	-	-	-	-
18	742	Rental of Equipment	1	-	1	-	-	-	-	1
19	750	Transportation Expenses	5,679	3,389	9,068	-	-	-	-	9,068
20	756	Insurance - Vehicle	-	-	-	-	-	-	-	-
21	757	Insurance - General Liability	-	-	-	-	-	-	-	-
22	758	Insurance - Workman's Comp.	-	-	-	-	-	-	-	-
23	759	Insurance - Other	8,083	227	8,310	-	-	-	-	8,310
24	760	Advertising Expense	-	-	-	-	-	-	-	-
25	766	Reg. Comm. Exp. - Rate Case Amortization	46,937	68,757	115,694	-	-	(68,923)	-	46,772
26	767	Reg. Comm. Exp. - Other	551	-	551	-	-	-	-	551
27	770	Bad Debt Expense	(28,170)	2	(28,168)	-	-	-	-	(28,168)
28	775	Miscellaneous Expenses	48,078	1,048	49,126	(15,081)	(14,535)	-	-	19,510
29										
30		Total Operating & Maintenance Expenses	\$ 586,237	\$ 4,123	\$ 590,360	\$ (15,081)	\$ (14,535)	\$ (68,923)	\$ (23,913)	\$ 467,909

[1] Reflects adjustment for ground water monitoring expense which will not be required in the future as a result of the rerating of the wastewater treatment plant from 150,000 gallons per day to 99,000 gallons per day.

Table 15

Utilities, Inc. of Sandalhaven

Consultant Report
Dated: February 23, 2012Wastewater Operations and Maintenance Expense - Adjustment for Benchmark Analysis
For the Test Year Ended 12/31/2010

Line No.	Account No.	Account Name	Expense 12/31/2005 (c)	Expected Changes		Adjusted for Inflation and Growth (f)	Test Year Water Expense 12/31/2010 (g)	Amounts Over Benchmark (h)	Specific Adjustments		Recognized Adjustment For Rate Filing (k)
				CPI (d)	Growth (e)				Other (i)	Other (j)	
				11.83%	9%						
1		OPERATING & MAINTENANCE EXPENSES									
2	701	Salaries & Wages - Employees	\$ 88,593	\$ 10,484	\$ 8,117	\$ 107,194	\$ 105,510	\$ (3,684)	\$ -	\$ -	N/A
3	703	Salaries & Wages - Officers, Etc.	-	-	-	-	5,020	5,020	-	-	N/A
4	704	Employees Pensions & Benefits	21,663	2,564	1,985	26,211	20,687	(5,524)	-	-	N/A
5	710	Purchased Sewer	1,034	122	95	1,251	186,921	185,670	-	-	N/A
6	711	Sludge Removal	45,250	5,355	4,146	54,751	33,280	(21,471)	-	-	N/A
7	715	Purchased Power	19,638	2,324	1,799	23,761	21,161	(2,600)	-	-	N/A
8	716	Fuel for Power Purchased	-	-	-	-	-	-	-	-	N/A
9	718	Chemicals	29,201	3,456	2,675	35,332	12,393	(22,939)	-	-	N/A
10	720	Materials & Supplies	58,621	6,937	5,371	70,929	22,138	(48,791)	-	-	See Below
11	731	Contractual Services - Engineering	-	-	-	-	5	5	-	-	N/A
12	732	Contractual Services - Accounting	2,633	312	241	3,186	1,745	(1,441)	-	-	N/A
13	733	Contractual Services - Legal	-	-	-	-	444	444	-	-	N/A
14	734	Contractual Services - Mgmt. Fees	-	-	-	-	-	-	-	-	N/A
15	735	Contractual Services - Testing	-	-	-	-	-	-	-	-	N/A
16	736	Contractual Services - Other	1,224	145	112	1,481	28,474	26,993	-	-	See Below
17	741	Rental of Building/Real Prop.	-	-	-	-	-	-	-	-	N/A
18	742	Rental of Equipment	-	-	-	-	1	1	-	-	N/A
19	750	Transportation Expenses	7,014	830	643	8,487	9,068	581	-	-	N/A
20	756	Insurance - Vehicle	-	-	-	-	-	-	-	-	N/A
21	757	Insurance - General Liability	-	-	-	-	-	-	-	-	N/A
22	758	Insurance - Workman's Comp.	-	-	-	-	-	-	-	-	N/A
23	759	Insurance - Other	11,456	1,356	1,050	13,861	8,310	(5,552)	-	-	N/A
24	760	Advertising Expense	-	-	-	-	-	-	-	-	N/A
25	766	Reg. Comm. Exp. - Rate Case Amortization	14,280	1,690	1,308	17,278	115,694	98,416	-	-	N/A
26	767	Reg. Comm. Exp. - Other	-	-	-	-	551	551	-	-	N/A
27	770	Bad Debt Expense	832	98	76	1,007	(28,168)	(29,175)	-	-	N/A
28	775	Miscellaneous Expenses	13,030	1,542	1,194	15,766	49,126	33,360	-	-	See Below
29											
30											
31		Total Operating & Maintenance Expenses	\$ 314,469	\$ 37,215	\$ 28,812	\$ 380,496	\$ 590,360	\$ 209,864	\$ -	\$ -	\$ -
32											
33	720	Materials and Supplies	58,621				22,138				
34	736	Contractual Services - Other	1,224				28,474				
35	775	Miscellaneous Expenses	13,030				49,126				
36		Combined Expenses	72,875				99,738				
37		Less Sewer Testing Included Above	(14,921)				(14,535)				
38		Adjusted Combined Expense	57,954	6,858	5,310	70,122	85,203	15,081	-	-	(15,081)

Footnotes

[1] The following are the expected changes in the FPSC GDP Implicit Price Deflator Index and ERC growth since the last rate filing.

FPSC GDP Implicit Price Deflator Index	Index	
	Factor	Cumulative Index Factor
12/2006	2.74%	2.74%
12/2007	3.09%	5.91%
12/2008	2.39%	8.45%
12/2009	2.55%	11.21%
12/2010	0.56%	11.83%
Calculated Growth		
ERC's 12/31/2005	925	
ERC's 12/31/2010	1,010	
Percent Increase in EDU's	9%	

Table 16

Utilities, Inc. of Sandalhaven

Sewer Operations and Maintenance Expense - Adjustment To Test Year Expenses
For the Test Year Ended 12/31/2010Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
Page 1 of 1

Line No.	Description	Testing (b)	(c)	Expense Adjustment (d)
1	Purchased Wastewater Cost Adjustment For Excessive Inflow and Infiltration: [1]			
2	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-10.85%
3	Requested 2010 Purchased Wastewater Expense			\$ 186,921
4	Recommended Adjustment to Purchased Wastewater Expense			\$ (20,273)
5				
6				
7	Purchased Power Cost Adjustment For Excessive Inflow and Infiltration: [1]			
8	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-10.85%
9	Requested 2010 Purchased Power Expense			\$ 21,161
10	Recommended Adjustment to Purchased Power Expense			\$ (2,293)
11				
12				
13	Chemicals Cost Adjustment: [1]			
14	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-10.85%
15	Requested 2010 Chemicals Expense			\$ 12,393
16	Recommended Adjustment to Chemicals Expense			\$ (1,344)

Footnote:

- [1] An adjust is recommended to Company's Purchased Wastewater, Purchased Power and Chemical Costs for excessive inflow and infiltration. The determination of the excessive flows was calculated as follows:

Plant Flows (MG)	30.84		
Purchased Sewer (MG)	25.68		
Total	56.52		
Average Annual Daily Flow	154,850		
Billed Wastewater Flow (AADF) - Based on Water Use	112,671		
Less Flows Not Returned to the Wastewater System (20% of Water Use)	(22,534)		
Adjusted Flows Returned to the Wastewater System	90,137		
Allowable Inflow (10% of Returned Water)	9,014		
Length of 8" Pipe (ft)	40,930		
Total inch-miles	62.02		
Allowable Infiltration (gpd at 500gpd/in-mi)	31,008		
		Total	WWTW
Total Wastewater Flow	154,850	84,505	70,345
Percent Wastewater Flow	100.00%	54.57%	45.43%
less Water Returned to the Wastewater System	90,137	49,190	40,947
less Allowable Inflow	9,014	4,919	4,095
less Allowable Infiltration	31,008	16,921	14,086
Excess Inflow and Infiltration	24,692	13,475	11,217

The determination of Excess Infiltration and Inflow was determined as follows:

Plant Flows (MG)	30.84		
Purchased Sewer (MG)	25.68		
Total	56.52		
Average Annual Daily Flow (gpd)	154,850		
Billed Water Flow -Single Family (gpd)	51,833		
Less Flows Not Returned to the Wastewater System (20% of Water Use)	(10,367)		
Adjusted Single Family Flow (gpd)	41,466		
Billed Water Flow -Other (gpd)	60,838		
Less Flows Not Returned to the Wastewater System (10% of Water Use)	(6,084)		
Adjusted Other Flow (gpd)	54,755		
Adjusted Flows Returned to the Wastewater System	96,221		
Allowable Inflow (10% of Billed Water)	11,267		
Length of 8" Pipe (ft)	38,605		
Length of 6" Pipe (ft)	2,325		
Total inch-miles	61.13		
Allowable Infiltration (gpd at 500gpd/in-mi)	30,567		
		Total	WWTW
Total Wastewater Flow	154,850	84,505	70,345
Percent Wastewater Flow	100.00%	54.57%	45.43%
less Water Returned to the Wastewater System	96,221	52,510	43,711
less Allowable Inflow	11,267	6,149	5,118
less Allowable Infiltration	30,567	16,681	13,886
Excess Inflow and Infiltration Amount (GPD)	16,795	9,165	7,630
Excess Inflow and Infiltration Percentage	10.85%	10.85%	10.85%

Table 17

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
Dated 7/10/2012 - PreliminarySewer System Test Year Depreciation Expense
For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Average Service Life (Yrs) (b)	Annual Depr. Rate (c)	2010 Test Year Depreciation Expense	
				Average Original Plant (d)	Depreciation Expense (e)
1	INTANGIBLE PLANT				
2	351.1 Organization	40	2.50%	\$ 0	0
3	352.1 Franchises	40	2.50%	3,421	86
4	389.1 Other Plant & Misc. Equipment	18	5.56%	-	-
5	COLLECTION PLANT				
6	353.2 Land & Land Rights			373	
7	354.2 Structures & Improvements	32	3.13%	(0)	(0)
8	355.2 Power Generation Equipment	20	5.00%	96,489	4,824
9	360.2 Collection Sewers - Force	30	3.33%	2,616,932	87,144
10	361.2 Collection Sewers - Gravity	45	2.22%	500,213	11,105
11	361.2 Manholes	30	3.33%	185,200	6,167
12	362.2 Special Collecting Structures	40	2.50%	-	-
13	363.2 Services to Customers	38	2.63%	119,225	3,136
14	364.2 Flow Measuring Devices	5	20.00%	-	-
15	365.2 Flow Measuring Installations	38	2.63%	-	-
16	389.2 Other Plant & Misc. Equipment	18	5.56%	-	-
17	SYSTEM PUMPING PLANT				
18	353.3 Land & Land Rights			-	
19	354.3 Structures & Improvements	25	4.00%	2,902,337	116,093
20	370.3 Receiving Wells	30	3.33%	600,398	19,993
21	371.3 Pumping Equipment	18	5.56%	144,361	8,026
22	389.3 Other Plant & Misc. Equipment	18	5.56%	255	14
23	TREATMENT AND DISPOSAL PLANT				
24	353.4 Land & Land Rights			157,072	
25	355.4 Power Generation Equipment	20	5.00%	193	10
26	354.4 Structures & Improvements	32	3.13%	594,501	18,608
27	380.4 Treatment & Disposal Equipment	18	5.56%	367,703	20,444
28	381.4 Plant Sewers	35	2.86%	-	-
29	382.4 Outfall Sewer Lines	30	3.33%	-	-
30	389.4 Other Plant & Misc. Equipment	18	5.56%	39	2
31	REUSE TREATMENT PLANT				
32	353.5 Land & Land Rights			-	
33	354.6 Structures & Improvements - Dist.	32	3.13%	156	5
34	375.3 Transmission & Distribution System	43	2.33%	2,947	69
35	380.5 Treatment & Disposal Equipment	18	5.56%	1,110	62
36	381.5 Plant Sewers	35	2.86%	23,990	686
37	390.5 Office Furniture & Equipment	15	6.67%	-	-
38	396.5 Communication Equipment	10	10.00%	-	-
39	GENERAL PLANT				
40	353.7 Land & Land Rights			-	
41	354.7 Structures & Improvements	40	2.50%	38,760	969
42	390.7 Office Furniture & Equipment	6	16.67%	115,879	19,317
43	391.7 Transportation Equipment	6	16.67%	40,110	6,686
44	392.7 Stores Equipment	18	5.56%	-	-
45	393.7 Tools, Shop & Garage Equipment	16	6.25%	30,255	1,891
46	394.7 Laboratory Equipment	15	6.67%	8,156	544
47	395.7 Power Operated Equipment	12	8.33%	-	-
48	396.7 Communication Equipment	10	10.00%	4,364	436
49	397.7 Miscellaneous Equipment	15	6.67%	0	0
50	398.7 Other Tangible Plant	10	10.00%	(15,691)	(1,569)
51					
52	TOTAL ACCUMULATED DEPRECIATION			\$ 8,538,747	\$ 324,749
53					
54	Less Test Year Non-Used and Useful Depreciation Expense			\$	(152,574)
55	Net Test Year Depreciation Expense			\$	172,175

Table 17A

Utilities, Inc. of Sandhaken

Consultant Recommendation Report
Dated 7/10/2012 - PreliminarySewer System Accumulated Amortization of CIAC
For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Average Service Life (Yrs) (b)	Annual Depr. Rate (c)	2010	
				Average Original Plt. (u)	Amortization Expense (v)
1	Cash Contributions: 271.21 Sewer Capacity Fees Collected	40	2.50%	\$ 1,726,076	\$ 43,152
2	Contributed Property:				
2	4030 - Organization	40	2.50%	-	-
3	4050 - Struct - Pumping Plant	32	3.13%	-	-
3	4055 - Structures, Treatment Plant	32	3.13%	-	-
4	4070- Struct - General Plant	40	2.50%	-	-
4	4100 - Force Mains	30	3.33%	327,257	10,898
5	4105 - Gravity Mains	45	2.22%	995,633	22,103
5	4110 - Special Coll. Struct. Manholes	30	3.33%	-	-
6	4115 - Services to Customers	38	2.63%	-	-
6	4150 - Lagoons	38	2.63%	-	-
7	4165 - Treatment Equip	18	5.56%	227,674	12,659
	4260 - Other Tangible Plant	18	5.56%	-	-
8	TOTAL ACCUMULATED AMORTIZATION OF CIAC			\$ 3,276,640	\$ 88,811

Table 18

Utilities, Inc. of Sandalhaven

Rate Case Expense
For the Test Year Ended 12/31/2010Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
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Line No.	Firm or Vendor Name (a)	Name (b)	Type of Service Rendered (c)	Total Projected Hours (d)	Hourly Rate per Person (e)	Consultant Recommended		
						Company Filed Amounts (f)	Expense Adjustment (g)	Recommended Ending 12/31/10 (h)
1	Rose, Sundstrom & Bentley, LLP	Christian Marcelli	Legal Fees	120	315.00	37,800	(13,523)	24,277
2	Rose, Sundstrom & Bentley, LLP	Martin Friedman	Legal Fees	120	340.00	40,800	(14,596)	26,204
3	Rose, Sundstrom & Bentley, LLP	n/a	Various Expenses (travel, photocopies, phone calls) associated with legal fe	-	-	8,000	(2,862)	5,138
4	M&R Consultants	Frank Seidman	Prepare MFRs, U&U Analysis, Assist w data requests, audit, testimony, hear	300	150.00	45,150	(16,152)	28,998
5	Charlotte County		Filing Fee	n/a	n/a	3,500	(1,252)	2,248
6	Water Service Corp.	Barrett, Jason	Assist w/MFRs, data requests, audit facilitation	40	31.00	1,240	(444)	796
7	Water Service Corp.	Ciecierski, Daniel	Assist w/MFRs, data requests, audit facilitation	325	31.00	10,075	(3,604)	6,471
8	Water Service Corp.	DiPasquale, Susan	Assist w/MFRs, data requests, audit facilitation	40	38.05	1,522	(544)	978
9	Water Service Corp.	Durham, Rick	Assist w/MFRs, data requests, audit facilitation	20	117.59	2,352	(841)	1,510
10	Water Service Corp.	Flynn, Patrick	Assist w/MFRs, data requests, audit, testimony, hearing.	200	81.00	16,200	(5,795)	10,405
11	Water Service Corp.	Gongre, Bryan	Assist w/MFRs, data requests, audit facilitation	50	38.05	1,903	(681)	1,222
12	Water Service Corp.	Hanks, Peggy	Assist w/MFRs, data requests, audit facilitation	20	38.05	761	(272)	489
13	Water Service Corp.	Hoy, John	Assist w/MFRs, data requests, audit facilitation	40	132.00	5,280	(1,889)	3,391
14	Water Service Corp.	Krugler, Adrienne	Billing Analyst, Implementation of Rates	50	49.00	2,450	(876)	1,574
15	Water Service Corp.	Nedved, Spencer	Assist w/MFRs, data requests, audit facilitation	200	29.00	5,800	(2,075)	3,725
16	Water Service Corp.	Povich, Erin	Assist w/MFRs, data requests, audit, testimony, hearing.	350	44.00	15,400	(5,509)	9,891
17	Water Service Corp.	Sasic, Karen	Assist w/MFRs, data requests, audit facilitation	10	65.00	650	(233)	417
18	Water Service Corp.	Valrie, Lawanda	Assist w/MFRs, data requests, audit facilitation	120	22.00	2,640	(944)	1,696
19	Water Service Corp.	Weeks, Kirsten	Assist w/MFRs, data requests, audit, testimony, hearing.	250	56.00	14,000	(5,008)	8,992
20	Water Service Corp.	Williams, John III	Assist w/MFRs, data requests, audit, testimony, hearing.	30	61.00	1,830	(655)	1,175
21	Water Service Corp.	Winans, Nicole Denise	Assist w/MFRs, data requests, audit facilitation	150	40.00	6,000	(2,146)	3,854
22	Water Service Corp.		Customer notices	n/a	n/a	5,000	(1,789)	3,211
23	Water Service Corp.		Travel, Airfare	n/a	n/a	1,200	(429)	771
24	Water Service Corp.		Travel, Hotel/Accommodation	n/a	n/a	1,600	(572)	1,028
25	Water Service Corp.		Travel, Rental Car	n/a	n/a	400	(143)	257
26	Water Service Corp.		Temp Services	n/a	n/a	2,000	(715)	1,285
27	Water Service Corp.		Fed Ex & other misc.	n/a	n/a	12,000	(4,293)	7,707
28								
29	Estimate Through Hearing Process					245,552	(87,845)	157,707
30	Prior unamortized rate case expense, adjusted							29,379
31								
32	Amortization Period (Years)					4	4	4
33								
34	Amortization Rate Case Expense Current Filing					\$ 61,388	\$ (21,961)	\$ 39,427
35	Prior unamortized rate case expense, adjusted					\$ 29,379	\$ (22,034)	\$ 7,345
36	Total Rate Case Expense Amortization - Sewer					\$ 90,767	\$ (43,995)	\$ 46,772

[1] Adjustments to rate case expense based on last approved rate case expense escalated for inflation.

FPSC GDP Implicit Price Deflator Index
12/2006
12/2007
12/2008
12/2009
12/2010

Index Factor	Cumulative Index Factor
2.74%	2.74%
3.09%	5.91%
2.39%	8.45%
2.55%	11.21%
0.56%	11.83%

Rate Case Expense Approved in Last Rate Filing
Order No. PSC-07-0865-PAA

\$ 141,019
\$ 157,707

Rate Case Expense Adjusted for Inflation

Table 19

Utilities, Inc. of Sandalhaven
Taxes Other Than Income Taxes

Consultant Recommendation Report
Dated 7/10/2012 - Preliminary
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Line No.	Description (a)	Historical Test Year (b)	Adjustments	Adjusted Test Year (c)
1	Taxes Other than Income:			
2				
3	Regulatory Assessment Fees:			
4	Gross Operating Revenues	\$536,717	\$193,269	\$729,986
5				
6	Fees Due:			
7	Total Regulatory Assessment Fees (5.0% of Gross Operating Revenue)	26,836	9,663	36,499
8				
9	Property Taxes *	67,955	-	67,955
10	Other Taxes and Licences	219	-	219
11	Payroll Taxes	9,577	-	9,577
12				
13	Total Taxes Other Than Income	\$ 104,587	\$ 9,663	\$ 114,251
14				
15	Footnotes:			
16	*Property Tax Calculation:			
17	Adjusted Test Year Taxable Assests - Used and Useful	4,192,443	-	4,192,443
18	Adjustments	-	-	-
19	Adjusted Test Year Taxable Assests	4,192,443	-	4,192,443
20	Effective Tangible Rate	1.62%	1.62%	1.62%
21	Test Year Amount	67,955	-	67,955

Table 20

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
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Income Tax Calculation and System Revenue Requirements
 For the Test Year Ended 12/31/2010

Line No.	Description	(a)	Sewer Test Year	(b)
Income Tax Calculation:				
1	Rate Base		\$	852,216
2	Rate of Return			5.52%
3				
4	Required Operating Income			47,073
5				
6	Less: Interest Charges			
7	Rate Base			852,216
8	Weighted Cost of Debt			2.14%
9				
10	Interest Expense			18,251
11				
12	Taxable Income			28,822
13				
14	Federal Income Tax Rate			34.00%
15	State Income Tax Rate			5.50%
16	Composite Tax Rate			37.63%
17	Pretax Multiplier			160.33%
18	Pretax Net Income			46,211
19				
20	Composite Tax Rate			37.63%
21				
22	Income Tax		\$	17,389
23				
24	Revenue Requirements:			
25	Operations and Maintenance Expense		\$	467,909
26	Depreciation (Used & Useful)			172,175
27	Amortization of CIAC			(88,811)
28	Amortization of Property Loss			-
29	Taxes Other than Income			114,251
30	Income Tax			17,389
31	Required Net Income			47,073
32				
33	Total Revenue Requirements			729,986
34				
35	Less Other Miscellaneous Revenues			585
36				
37	Revenue Requirements Related to Monthly Rates and Charges		\$	729,401
38	Adjustments			-
39	Revenue Requirements Related to Metered Revenues		\$	729,401

Table 21

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
 Dated 7/10/2012 - Preliminary
 Page 1 of 1

Adjustments to Operating Income
 For the Test Year Ended 12/31/2010

Line No.	(a)	Sewer Test Year	(b)
1	(A) Adjustments to Water Revenues		
2	Refer to Table 13 for detailed calculation.		
3	Company Filed	\$	1,542,994
4	Consultant Recommended	\$	729,401
5			
6	Total adjustments to Water Revenues	\$	(813,593)
7			
8	(B) Adjustments to Miscellaneous Service and Other Water Revenues		
9	Refer to Table 13 for detailed calculation.		
10	Company Filed	\$	585
11	Consultant Recommended	\$	585
12	Adjustment required to Miscellaneous Service and Other Water Revenues	\$	-
13			
14	(C) Adjustments to Operating Expenses		
15	Refer to Table 13 for detailed calculation.		
16	Company Filed	\$	590,360
17	Consultant Recommended	\$	467,909
18			
19	Total adjustments to Operating Expenses	\$	(122,451)
20			
21	(D) Adjustment Related to Depreciation Expense to reflect adjusted Plant in Service and County Authorized Depreciation Rates		
22	Refer to Table 13 for detailed calculation.		
23	Company Filed	\$	388,263
24	Consultant Recommended	\$	172,175
25	Total Adjustments required to Depreciation Expense	\$	(216,088)
26			
27	(E) Adjustment Related to Accumulated Amortization Expense to reflect adjusted CIAC Balances and County Authorized Amortization Rates		
28	Refer to Table 13 for detailed calculation.		
29	Company Filed	\$	(84,983)
30	Consultant Recommended	\$	(88,811)
31	Total Adjustments required to Accumulated Amortization Expense	\$	(3,828)
32			
33	(F) Adjustment Related to Amortization Expense		
34	Refer to Table 13 for detailed calculation.		
35	Company Filed	\$	-
36	Consultant Recommended	\$	-
37	Total Adjustments required to Accumulated Amortization Expense	\$	-
38			
39	(G) Taxes Other Than Income		
40	Refer to Table 13 for detailed calculation.		
41	Company Filed	\$	186,008
42	Consultant Recommended	\$	114,251
43	Total Adjustments required to Taxes Other than Income	\$	(71,757)
44			
45	(H) Income Tax adjustments related to Consultant Recommended Operating Income and Allowed Rate of Return.		
46	Refer to Table 13 for detailed calculation.		
47	Company Filed	\$	85,782
48	Consultant Recommended	\$	17,389
49	Total Adjustments required to Income Taxes	\$	(68,393)
50			
51	Total Operating Expenses Adjustments	\$	(482,517)
52			
53	Total Adjustments to Net Operating Income	\$	(331,076)

Table 22

Utilities, Inc. of Sandalhaven

Calculation of Annualized Revenues Under Existing and Proposed Rates
For the Test Year Ended 12/31/2010Consultant Recommendation Report
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Line No.	Description	Company Filed			Adjustments			Consultant Recommended			Annualized Revenues Existing Rates		Annualized Revenues Proposed Rates	
		Avg Mon Customers	# Annual Bills	Consumption in 1,000 gallons	Avg Mon Customers	# Annual Bills	Consumption in 1,000 gallons	Avg Mon Customers	# Annual Bills	Consumption in 1,000 gallons	Existing Rates	Revenue	Proposed Rates	Revenue
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
Residential														
1	Single Family Dwelling													
2	5/8"x3/4" Meter	735	8,824		13	156	748	8,980		\$20.79	\$ 186,694	\$28.25	\$ 253,646	
3	1" Meter	1	15		0	0	1	15		\$20.79	\$ 312	\$28.25	\$ 424	
	1" Meter	0	0		1	12	1	12		\$20.79	\$ 249	\$28.25	\$ 339	
4	Gallonge Charge													
5	0 - 8,000 gallons			16,935					18,086	\$4.67	\$ 84,462	\$6.34	\$ 114,751	
6														
7	Total Residential Single Family	737	8,839	16,935	14	168	751	9,007	18,086	\$	271,717	\$	369,159	
8														
Multi-Family Residential														
10	5/8"x 3/4" Meter									\$20.79	\$ -	\$28.25	\$ -	
11	1.0" Meter									\$51.98	\$ -	\$70.62	\$ -	
12	1.5" Meter				0	0		0	0	\$103.95	\$ -	\$141.23	\$ -	
13	2.0" Meter							0	0	\$166.32	\$ -	\$225.96	\$ -	
14	3.0" Meter	1	12	2,118	0	0	1	12	2,118	\$332.65	\$ 3,992	\$451.94	\$ 5,423	
15	4.0" Meter									\$519.76	\$ -	\$706.15	\$ -	
16	6.0" Meter	2	24	8,416	0	0	2	24	8,416	\$1,039.51	\$ 24,948	\$1,412.29	\$ 33,895	
17										\$	28,940	\$	39,318	
18														
19	Gallonge Charge			10,534					10,534	\$5.61	\$ 59,096	\$7.62	\$ 80,288	
20														
21	Total Multi-Family Residential	3	36		0	0	3	36		\$	88,036	\$	119,607	
22														
23	Total Residential	740	8,875	27,469	14	168	754	9,043	28,620	\$	359,753	\$	488,766	
24														
Commercial														
26	5/8"x 3/4" Meter	19	224	2,466	3	36	22	260	5,104	\$20.79	\$ 5,405	\$28.25	\$ 7,344	
27	1.0" Meter	3	36	1,686	0	0	3	36	1,686	\$51.89	\$ 1,868	\$70.50	\$ 2,538	
28	1.5" Meter	3	36	755	3	36	6	72	1,253	\$103.95	\$ 7,484	\$141.23	\$ 10,168	
29	2.0" Meter	6	72	4,861	3	36	9	108	7,818	\$166.32	\$ 17,963	\$225.96	\$ 24,404	
30	3.0" Meter	4	51	1,904	0	0	4	51	1,904	\$332.65	\$ 16,965	\$451.94	\$ 23,049	
31	4.0" Meter	0	0	0	0	0	0	0	0	\$519.76	\$ -	\$706.15	\$ -	
32	6.0" Meter	0	0	0	0	0	0	0	0	\$1,039.51	\$ -	\$1,412.29	\$ -	
33										\$	49,686	\$	67,504	
34														
35	Gallonge Charge			11,672					17,765	\$5.61	\$ 99,663	\$7.62	\$ 135,404	
36														
37	Total Commercial	35	419		9	108	44	527		\$	149,349	\$	202,907	
38														
Reserved Capacity-Flat Rate														
39	Reserved Capacity-Flat Rate													
40	5/8"x 3/4" Meter	113	1,359	N/A	0	0	113	1,359	N/A					
41	Total Reserved Capacity-Flat Rate	113	1,359	0	0	0	113	1,359	0	\$20.32	\$ 27,615	\$27.61	\$ 37,518	
42														
43														
44	Subtotal	888	10,653	27,469	23	276	911	10,929	46,385	\$	536,717	\$	729,191	

Table 23

Utilities, Inc. of Sandalhaven

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Calculation of Rate Reduction after Four Year for Rate Case Expense
 For the Test Year Ended 12/31/2010

Line No.	Description	Billing Units	EDU/Unit	EDU's	Rate Reduction After 4 Years Associated with Prior Rate Case Expense	
					Rate	Check
	(a)	(b)	(c)	(d)	(e)	(f)
Sewer						
Base Charge						
Single Family Dwelling						
1	5/8"x3/4" Meter	8,839	1.00	8,839	\$1.74	\$15,380
Multi-Family Residential						
2	5/8"x3/4" Meter	0	1.00	0	\$1.74	\$0
3	1.0" Meter	0	2.50	0	4.35	-
4	1.5" Meter	0	5.00	0	8.70	-
5	2.0" Meter	0	8.00	0	13.92	-
6	3.0" Meter	12	16.00	192	27.84	334
7	4.0" Meter	0	25.00	0	43.50	-
8	6.0" Meter	24	50.00	1,200	87.00	2,088
9	Total Multi-Family Residential	36		1,392		\$2,422
Commercial						
10	5/8"x3/4" Meter	224	1.00	224	\$1.74	\$390
11	1.0" Meter	36	2.50	90	4.35	157
12	1.5" Meter	36	5.00	180	8.70	313
13	2.0" Meter	72	8.00	576	13.92	1,002
14	3.0" Meter	51	16.00	816	27.84	1,420
15	4.0" Meter	0	25.00	0	43.50	-
16	6.0" Meter	0	50.00	0	87.00	-
17	Total Commercial	419		1,886		\$3,282
Reserved Capacity-Flat Rate						
18	5/8"x 3/4" Meter	1,359	1.00	1,359	\$1.74	\$2,365
19	Total All Classes	10,653		13,476		23,448
Less Flat Rate Customers						
Adjusted Billing Units						
				13,476		
20	Base Facility Revenue Requirement				\$23,386	
21	Less Revenues from Flat Rate Customers				\$0	
22	Adjusted Base Facility Revenue Requirements				\$23,386	
23	BASE CHARGE PER EDU				\$1.74	
Consumption Charge						
24	Residential	16,935	Billing Factor	1	Factored Gallons	16935
25	Multi-Family	10,534		1.2	12640.8	
26	Commercial	11,672		1.2	14006.4	
27	Total	39,141			43,582	
28	Consumption Revenue Requirement				\$23,386	
29	CONSUMPTION CHARGE - PER 1,000 GALLONS				\$ 0.54	
30	Total Sewer Rate Case Expense				\$46,772	\$46,983

Table 24

Utilities, Inc. of Sandalhaven
 Calculation of AFPI - Sewer
 For the Test Year Ended 12/31/2010

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Line No.	Description	Adjusted Value	Source Schedule
	(a)	(b)	(c)
1	Cost of Qualifying Assets (NU&U)	\$4,357,459	Table 10
2	Accumulated Depreciation (NU&U)	\$595,789	Table 10
3	No. of Future Customers (ERC's) (1)	1,175	
4	Annual Depreciation Expense (NU&U)	\$152,574	Table 10
5	Weighted Cost of Equity	3.22%	Table 11
6	Millage Rate	1.62%	
7	Annual Property Tax	\$60,973.01	Table 10
8	Annual Other Costs	\$0	
9	Cost of Qualifying Assets less Deprec.	\$3,761,671	
10	Cost per ERC	3,201.42	
11	Rate of Return	5.52%	Table 11
12	Return per ERC	176.83	
13	Annual Reduction in Return per ERC: (Depr Expn * Rate of Return/ERCs)	7.17	
14	State Income Tax Rate	5.50%	
15	Federal Income Tax Rate	34.00%	
16	Composite Tax Rate	37.63%	
17	Pre-Tax Rate of Return (Equity % Times Tax Rate/1-Tax Rate + After Tax Rate of Return)	7.47%	
18	Tax Factor (Pre-Tax Return/ After Tax Return)	1.3516	
19	Annual Deprec. Expense (NU&U) per ERC	\$129.85	
20	Annual Property Tax per ERC	\$51.89	

Footnote:

(1) The maximum number of Future Customers (ERC's) was based on System build out of 2,298 ERC Less existing ERC's of 1123 (includes Reserve Capacity). The Company shall be allowed to collect the AFPI charge for a maximum number of 1,175 ERC's

Table 24

Utilities, Inc. of Sandalhaven
 Calculation of AFPI - Sewer
 For the Test Year Ended 12/31/2010

Consultant Recommendation Report
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Calculation of Carrying Cost per ERC

	2010	2011	2012	2013	2014
21 Unfunded Other Costs	-	-	-	-	-
22 Unfunded Annual Depreciation Expense	\$129.85	\$129.85	\$129.85	\$129.85	\$129.85
23 Unfunded Annual Property Tax	\$51.89	\$51.89	51.89	51.89	51.89
24 Subtotal Unfunded Annual Expense	181.74	181.74	181.74	181.74	181.74
25 Unfunded Expense Prior Year	-	181.74	363.48	545.23	726.97
26 Total Unfunded Expenses	181.74	363.48	545.23	726.97	908.71
27 Return on Expenses Prior Year	-	\$7.17	\$14.34	\$21.52	\$28.69
28 Return on Plant Current Year (per ERC)	176.83	169.66	162.49	155.32	148.14
29 Earnings Prior Year	-	176.83	353.67	530.50	707.33
30 Compound Earnings from Prior Year	-	-	-	-	-
31 Total Compound Earnings	176.83	353.67	530.50	707.33	884.17
32 Earnings Expansion Factor Taxes	1.352	1.352	1.352	1.352	1.352
33 Revenue Required to Fund Earnings	239.00	478.00	717.00	956.00	1,195.00
34 Revenue Required to Fund Expenses	181.74	363.48	545.23	726.97	908.71
35 Subtotal	420.74	841.48	1,262.22	1,682.97	2,103.71
36 Year over Year		420.74	420.74	420.74	420.74
Monthly Charge Allocation (FPSC Method)					
37 Monthly Add-In Cost Factor	\$35.06	\$35.06	\$35.06	\$35.06	\$35.06
Average Test Year					
38 December	\$35.06	\$455.78	\$876.50	\$1,297.22	\$1,717.94
39 January	70.12	490.84	911.56	1,332.28	1,753.00
40 February	105.18	525.90	946.62	1,367.34	1,788.06
41 March	140.24	560.96	981.68	1,402.40	1,823.12
42 April	175.30	596.02	1,016.74	1,437.46	1,858.18
43 May	210.36	631.08	1,051.80	1,472.52	1,893.24
44 June	245.42	666.14	1,086.86	1,507.58	1,928.30
45 July	280.48	701.20	1,121.92	1,542.64	1,963.36
46 August	315.54	736.26	1,156.98	1,577.70	1,998.42
47 September	350.60	771.32	1,192.04	1,612.76	2,033.48
48 October	385.66	806.38	1,227.10	1,647.82	2,068.54
49 November	420.72	841.44	1,262.16	1,682.88	2,103.60