

UTILITIES, INC. OF SANDALHAVEN

Located in Charlotte County, Florida



EVALUATION OF THE WASTEWATER RATE APPLICATION

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

March 9, 2012
Draft Subject to Change



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



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Draft Subject to Change

March 9, 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 preliminary 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
March 9, 2012
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Draft Subject to Change

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.

Henry L. Thomas
Vice President, Principal

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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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 \$183,796 or 37.28% 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	\$676,834	\$866,745
Total Test Year Rate Revenues Based on Current Rates	483,187	492,453	9,266
Miscellaneous Revenues	585	585	0
Total Test Year System Revenues	483,772	493,038	9,266
Proposed Test Year Additional Revenue Requirement	\$1,059,807	\$183,796	(\$876,011)
Percentage Increase to Test Year Rate Revenues	<u>219.07%</u>	<u>37.28%</u>	<u>(181.79%)</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 was adjusted for non-documented Plant in Service additions requested since the Company's last rate proceeding. Table 5 included at the end of this Report, reflect the recommended Gross Plant in Service balances for the Wastewater System.
2. Accumulated Depreciation and Accumulated Amortization of CIAC balances were recalculated since the last time Plant in Service and CIAC balances were established (12/31/2005) and adjusted based on the recommended Plant in Service and CIAC adjustments. Table 6 at the end of this Report, reflects the recommended Accumulated Depreciation balances for the wastewater system. Table 8 included at the end of this Report, reflects the recommended Accumulated Amortization of CIAC balances for wastewater system.
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. PRMG has recommended a Used and Useful adjustment associated with the Company's interconnect cost with EWD but no Used-Useful adjustment

associated with the Company’s treatment plant facilities. Consistent with the prior FPSC ruling per Order No. PSC-07-0865-PAA-SU the Company’s existing treatment facilities have been essentially fully contributed by customers and developers (CIAC contributions) the effect of making a Used and Useful reduction to rate base for fully contributed assets would result in a negative rate base investment for the Company, therefore, no used and useful adjustment is recommended for the Company’s treatment facilities. Table 10 at the end of the Report provides a detailed analysis of the recommended Used and Useful adjustment.

4. The provision for the wastewater systems Working Capital Allowance included in the Rate Base investment for the Company was based on 1/8 (12.5% which is equal to 45 days calculated on a 360 day year) of the recommended Test Year operations and maintenance expense for the wastewater system. This method for determining the Working Capital Allowance for the Company is consistent with the Company’s prior rate proceedings and with the County’s Ordinances and Rules and Regulations for establishing rates.

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**

	As Filed by Company [1]	Consultant Adjustments [2]	Recommended by Consultant
Gross Plant in Service	\$8,392,467	(\$36,592)	\$8,355,875
Land	157,435	(363)	157,072
Less Non-Used and Useful Plant in Service	(131,494)	(3,911,456)	(4,042,950)
Less Accumulated Depreciation	(1,838,615)	(57,029)	(1,895,645)
Net Plant in Service	6,579,793	(4,005,442)	2,574,351
Contributions in Aid of Construction	(3,276,640)	0	(3,276,640)
Less Amortization of CIAC	1,201,130	10,430	1,211,560
Net Contributions in Aid of Const.	(\$2,075,510)	\$10,431	(\$2,065,080)
Provision for Working Capital [3]	73,795	(18,630)	55,165
Wastewater Rate Base	<u>\$4,578,077</u>	<u>(\$4,013,641)</u>	<u>\$564,436</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. Contractual Services Testing and Other for the test year were significantly above the prior years expenditures for these accounts, therefore, these cost were normalized based on a three year average expenditure for these accounts in order to reflect these cost on a forward looking basis.
 - b. Miscellaneous Expenses were adjusted for amounts exceeding the benchmark inflation and growth allowance for this account since the time of the Company's last rate filing.
 - c. Purchased Power Costs were adjusted to reflect flows which were calculated to be attributable to excessive inflow and infiltration.
 - d. Chemical Costs were adjusted to reflect flows which were calculated to be attributable to excessive inflow and infiltration.
 - e. Purchased Wastewater Costs were adjusted to reflect flows which were calculated to be attributable to excessive inflow and infiltration.
 - f. Rate Case Expense was adjusted for assumed excessive cost that are not anticipated to be necessary for the completion of this case. Rate Case Expense was also adjusted to remove prior rate case expense amortization expense included in the Company's projections because the prior rate case expense balance will have been fully amortized by the Company by the time the new proposed rates go into effect (estimated December 2011). The actual rate case expense will need to be updated based on actual expenditures incurred by the Company.

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	(\$149,040)	\$441,320
Depreciation Expenses	388,263	(232,040)	156,223
Less CIAC Amortization	(84,983)	(3,828)	(88,811)
Amortization	0	0	0
Property Taxes	186,008	(79,285)	106,723
Income Taxes	85,782	(69,287)	16,495
Total Operating Expenses	<u>\$1,165,430</u>	<u>(\$533,481)</u>	<u>\$631,949</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.

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. The leverage formula referenced in Order No. PSC-11-0287-PAA-WS as published by the FPSC was used in the determination of the Company's return on equity. The review of the Company's requested overall rate of return is included on Table 11 at the end of this report. Based on the recommended rate base and the 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**

	<u>As Filed by Company [1]</u>	<u>Consultant Adjustments [2]</u>	<u>Recommended by Consultant</u>
Rate Base	\$4,578,077	(\$4,013,641)	\$564,436
Rate of Return	8.26%	(0.31%)	7.95%
Company Return on Investment	<u>\$378,149</u>	<u>(\$333,264)</u>	<u>\$44,885</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 at the end of this report provides a summary of the Company proposed and Consultant recommended miscellaneous service charges.

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). The recommended AFPI charges have been developed to accrue for a five-year time period. To the extent that applicable future equivalent residential connections (ERCs) connect to the Utility after the five-year period has passed, the allowed AFPI charge would be

continued but the accrual would discontinue at the end of the five-year accrual period. The recommended AFPI Charges were designed to be recovered from a set amount of additional future ERCs based on the future remaining build-out of the system. A summary of the Consultant recommended AFPI charges based on the analysis conducted by PRMG is included below:

Staff Recommended Wastewater AFPI Charges					
	2012	2013	2014	2015	2016
Monthly Add-In Cost Factor	\$45.59	\$45.59	\$45.59	\$45.59	\$45.59
Average Test Year					
December	\$45.49	\$591.37	\$1,137.25	\$1,683.13	\$2,229.01
January	90.98	636.86	1,182.74	1,728.62	2,274.50
February	136.47	682.35	1,228.23	1,774.11	2,319.99
March	181.96	727.84	1,273.72	1,819.60	2,365.48
April	227.45	773.33	1,319.21	1,865.09	2,410.97
May	272.94	818.82	1,364.70	1,910.58	2,456.46
June	318.43	864.31	1,410.19	1,956.07	2,501.95
July	363.92	909.80	1,455.68	2,001.56	2,547.44
August	409.41	955.29	1,501.17	2,047.05	2,592.93
September	454.90	1,000.78	1,546.66	2,092.54	2,638.42
October	500.39	1,046.27	1,592.15	2,138.03	2,683.91
November	545.88	1,091.76	1,637.64	2,183.52	2,729.40

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 12/31/2010

**Consultant Recommendation Report
Dated 3/9/2012 - Preliminary**

		SEWER					
		Company Filed					Consultant Recommended
					Rate Reduction After 4 Years Associated with Current Rate Case Expense		
Line No.	Category	Billing Unit	Present Rate (1)	Proposed Rate	Proposed Monthly Rates	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	\$28.54	(\$1.77)	\$26.77
2	1" Meter	Per Unit	\$20.79	66.39	\$28.54	(\$1.77)	\$26.77
Gallorage Charge							
3	0 - 8,000 gallons	Per Unit	\$4.67	14.91	\$6.41	(0.55)	\$5.86
Multi-Family Residential							
4	5/8"x 3/4" Meter	Meter Size	\$20.79	66.39	\$28.54	(\$1.77)	\$26.77
5	1.0" Meter	Meter Size	\$51.98	165.99	\$71.36	(\$4.43)	\$66.93
6	1.5" Meter	Meter Size	\$103.95	331.95	\$142.70	(\$8.85)	\$133.85
7	2.0" Meter	Meter Size	\$166.32	531.12	\$228.32	(\$14.16)	\$214.16
8	3.0" Meter	Meter Size	\$332.65	1,062.27	\$456.66	(\$28.32)	\$428.34
9	4.0" Meter	Meter Size	\$519.76	1,659.78	\$713.52	(\$44.25)	\$669.27
10	6.0" Meter	Meter Size	\$1,039.51	3,319.54	\$1,427.02	(\$88.50)	\$1,338.52
11	Gallorage Charge		\$5.61	17.91	\$7.70	(0.66)	\$7.04
General Service							
12	5/8"x 3/4" Meter		\$20.79	66.39	\$28.54	(\$1.77)	\$26.77
13	1.0" Meter		\$51.89	165.99	\$71.23	(\$4.43)	\$66.80
14	1.5" Meter		\$103.95	331.95	\$142.70	(\$8.85)	\$133.85
15	2.0" Meter		\$166.32	531.12	\$228.32	(\$14.16)	\$214.16
16	3.0" Meter		\$332.65	1,062.27	\$456.66	(\$28.32)	\$428.34
17	4.0" Meter		\$519.76	1,659.78	\$713.52	(\$44.25)	\$669.27
18	6.0" Meter		\$1,039.51	3,319.54	\$1,427.02	(\$88.50)	\$1,338.52
19	Gallorage Charge		\$5.61	17.91	\$7.70	(0.66)	\$7.04
20	Reserved Capacity-Flat Rate		\$20.32	64.89	\$27.89	(\$1.77)	\$26.12

Table 1A

Utilities, Inc. of Sandalhaven

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

Consultant Recommendation Report
Dated 3/9/2012 - 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		Present	Proposed	Adjustment	Recommended				
10	System Capacity Charge:								
11	Residential-per ERC								
12	or per Lot	\$1,235.00	\$1,235.00	\$0.00	\$1,235.00				
13	All others-per Gallon/Day	\$4.49	\$4.49	\$0.00	\$4.49				
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 3/9/2012 - Preliminary
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		Sewer					
Line No.	Description	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	\$28.54	\$7.75	(\$37.85)
2	Usage Charge	\$4.67	\$14.91	\$10.24	\$6.41	\$1.74	(\$8.50)
Usage (Gallons)							
3	0	\$20.79	\$66.39	\$45.60	\$28.54	\$7.75	(\$37.85)
4	1,000	25.46	81.30	55.84	34.95	9.49	(\$46.35)
5	2,000	30.13	96.22	66.09	41.36	11.23	(\$54.85)
6	3,000	34.80	111.13	76.33	47.77	12.97	(\$63.36)
7	4,000	39.47	126.04	86.57	54.18	14.71	(\$71.86)
8	5,000	44.14	140.96	96.82	60.59	16.45	(\$80.36)
9	6,000	48.81	155.87	107.06	67.01	18.20	(\$88.86)
10	7,000	53.48	170.78	117.30	73.42	19.94	(\$97.36)
11	8,000	58.15	185.69	127.54	79.83	21.68	(\$105.87)

Table 3**Utilities, Inc. of Sandalhaven****Consultant Recommendation Report****Dated 3/9/2012 - 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	\$ 676,834	\$ (866,745)
2				
3	Total Test Year System Rate Revenues Based on Current Rates	483,187	492,453	9,266
4	Miscellaneous Revenues	585	585	-
5				
6	Total Test Year System Revenues at Present Rates	483,772	493,038	9,266
7				
8	Proposed Test Year Additional Revenue Requirement	\$ 1,059,807	\$ 183,796	\$ (876,011)
9				
10	Percentage Increase to Total Test Year System Revenues	<u>219.07%</u>	<u>37.28%</u>	<u>-181.79%</u>

Table 4

Utilities, Inc. of Sandalhaven

**Consultant Recommendation Report
Dated 3/9/2012 - Preliminary
Page 1 of 1**

Determination of Rate Base - Sewer
For the Test Year Ended 12/31/2010

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	\$ (36,592)	Table 5	\$ 8,355,875
2	Utility Land & Land Rights	157,435	-	157,435	(363)	Table 5	157,072
3	Less: Non-Used & Useful Plant		(131,494)	(131,494)	(3,911,456)	Table 10	(4,042,950)
4	Construction Work in Progress	-		-	-		-
5	Less: Accumulated Depreciation	(1,943,997)	105,381	(1,838,615)	(57,029)	Table 6	(1,895,645)
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	10,430	Table 8	1,211,560
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	(18,630)	Table 9	55,165
12	Sewer Rate Base	<u>\$ 5,062,742</u>	<u>\$ (484,664)</u>	<u>\$ 4,578,077</u>	<u>\$ (4,013,641)</u>		<u>\$ 564,436</u>
Rate of Return on Rate Base							
13	Percentage Return on Sewer Rate Base		-5.19%	8.26%	-0.31%	Table 13	7.95%
14	Return on Sewer Rate Base	<u>\$ (262,855)</u>		<u>\$ 378,149</u>	<u>\$ (333,264)</u>	Table 11	<u>\$44,885</u>

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	Balance	2006			2007				2008				
		12/31/2005 Ending Balance [1]	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)
	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	(36,581)	-	6,714,683	66,806	(3,493,524)	-	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	-	-	-	-	-	-	-	-	-	-	2,871,055	-	2,871,055
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	-	-	-	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	\$ (36,581)	\$ 38,377	\$ 8,421,723	\$ 149,933	\$ 162,247	\$ -	\$ 8,733,903

[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 3/9/2012 - Preliminary
 Page 2 of 2

Line No.	Account Name	Balance	2006			2009			2010			2010	Simple Average	Adjusted		
		12/31/2005	Company Additions	Adjustments	Retirements	Company Additions	Adjustments	Retirements	Original Cost Ending Balance	Company Additions	Adjustments	Retirements	Sewer Plant Original Cost	Balance	Adjustments	Simple Average Balance
	(a)	(b)	(c)	(d)	(e)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)
	INTANGIBLE PLANT															
1	351.1 Organization	\$ 27,106	\$ (20,365)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,741	\$ -	\$ -	\$ -	\$ 6,741	\$ 6,741	(6,741)	\$ 0
2	352.1 Franchises	3,421	9,826	-	-	31	-	-	13,278	3	-	-	13,281	13,280	(9,858)	3,421
3	389.1 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	COLLECTION PLANT															
5	353.2 Land & Land Rights	128,588	27,672	-	-	27	-	-	157,436	-	-	-	157,436	157,436	(157,062)	374
6	354.2 Structures & Improvements	1,073,228	2,390,181	-	5,650	17,591	-	-	3,305,556	-	(11,826)	766	3,292,964	3,299,260	(3,292,964)	6,296
7	355.2 Power Generation Equipment	-	-	-	-	-	-	-	170	-	-	-	170	170	96,319	96,489
8	360.2 Collection Sewers - Force	203,712	3,848	-	-	1,924	-	-	223,380	2,301	-	-	225,681	224,530	2,392,400	2,616,930
9	361.2 Collection Sewers - Gravity	619,764	17,655	-	-	(20,513)	21,699	-	685,082	662	-	-	685,744	685,413	-	685,413
10	361.2 Manholes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	362.2 Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	363.2 Services to Customers	-	-	-	-	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	2,871,055	-	8,171	-	2,879,226	2,875,140	4	2,875,144
19	370.3 Receiving Wells	-	-	-	-	90,828	-	-	167,473	-	-	-	167,473	167,473	432,924	600,397
20	371.3 Pumping Equipment	-	-	-	-	12,071	-	-	30,643	20,296	-	-	50,939	40,791	103,569	144,360
21	389.3 Other Plant & Misc. Equipment	-	-	-	-	-	-	-	255	79	-	-	334	295	-	295
22	TREATMENT AND DISPOSAL PLANT															
23	353.4 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	157,072	157,072
24	355.4 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	193	193
25	354.4 Structures & Improvements	-	-	-	-	-	-	-	588,888	10,694	-	-	599,582	594,235	-	594,235
26	380.4 Treatment & Disposal Equipment	141,723	413,955	-	2,087	6,565	-	-	581,624	25,361	-	2,035	604,950	593,287	(225,584)	367,703
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	156	-	156
33	375.3 Transmission & Distribution System	-	207	-	-	721	-	-	2,947	-	-	-	2,947	2,947	-	2,947
34	380.5 Treatment & Disposal Equipment	-	-	-	-	-	-	-	1,110	-	-	-	1,110	1,110	-	1,110
35	381.5 Plant Sewers	-	-	-	-	10,121	-	-	23,817	345	-	-	24,162	23,990	-	23,990
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	1,072	34,497
41	390.7 Office Furniture & Equipment	752	1	-	-	11,604	-	-	120,866	930	-	-	121,796	121,331	(5,451)	115,880
42	391.7 Transportation Equipment	52,309	26,202	-	-	13,920	-	-	45,826	1,829	-	-	47,655	46,741	(6,631)	40,110
43	392.7 Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44	393.7 Tools, Shop & Garage Equipment	17,841	1,497	-	-	814	-	-	29,814	500	-	-	30,314	30,064	191	30,255
45	394.7 Laboratory Equipment	4,310	280	-	-	-	-	-	8,096	621	-	501	8,216	8,156	-	8,156
46	395.7 Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	396.7 Communication Equipment	-	-	-	-	1,122	-	-	4,790	(1,043)	-	-	3,747	4,269	94	4,363
48	397.7 Miscellaneous Equipment	-	-	-	-	193	-	-	193	-	-	-	193	193	(193)	0
49	398.7 Other Tangible Plant	1,584	674	-	-	-	-	-	-	-	-	-	-	-	(15,691)	(15,691)
50	TOTAL SEWER UTILITY PLANT IN SERVICE	\$ 2,274,338	\$ 2,871,633	\$ -	\$ 7,737	\$ 147,019	\$ 21,699	\$ -	\$ 8,902,621	\$ 62,578	\$ (3,655)	\$ 3,302	\$ 8,958,243	\$ 8,930,432	\$ (417,111)	\$ 8,513,321

[1] Amounts shown derived Last Rate Filing.

Table 6

Utilities, Inc. of Sandalhaven

Sewer System Accumulated Depreciation
For the Test Year Ended 12/31/2010Consultant Recommendation Report
Dated 3/9/2012 - Preliminary
Page 1 of 2

Line No.	Account Name	Average Service Life (Yrs)	Annual Depr. Rate	Balance 12/31/2005 Accumulated Depreciation [1]	2006					2007					2008				
					Average Original Plant [2]	Depreciation Expense [3]	Less Retirements [2]	Adjustments	Accumulated Depreciation	Average Original Plant [2]	Depreciation Expense [3]	Less Retirements [2]	Adjustments	Accumulated Depreciation	Average Original Plant [2]	Depreciation Expense [3]	Less Retirements [2]	Adjustments	Accumulated Depreciation
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)
INTANGIBLE PLANT																			
1	351.1 Organization	40	2.50%	\$ -	\$ 16,924	423	\$ -	\$ -	423	\$ 6,741	169	\$ -	\$ -	592	\$ 6,741	169	\$ -	\$ -	760
2	352.1 Franchises	40	2.50%	-	8,334	208	-	-	208	13,247	331	-	-	540	13,247	331	-	82,884	871
3	389.1 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COLLECTION PLANT																			
4	353.2 Land & Land Rights	-	-	-	142,424	-	-	-	-	156,881	-	-	-	-	157,455	-	-	-	-
5	354.2 Structures & Improvements	32	3.13%	464,358	2,265,493	70,910	5,650	(491)	529,127	5,086,221	159,199	-	(84,433)	688,326	5,001,324	156,541	-	6,969	844,867
6	355.2 Power Generation Equipment	20	5.00%	-	-	-	-	-	-	-	-	-	-	-	85	4	-	(1)	4
7	360.2 Collection Sewers - Force	30	3.33%	95,116	205,636	6,848	-	-	101,963	206,466	6,875	2,188	9,060	106,650	213,414	7,107	-	-	113,757
8	361.2 Collection Sewers - Gravity	45	2.22%	253,247	628,592	13,955	-	(3)	267,199	640,395	14,217	-	(6,019)	281,416	663,634	14,733	-	-	296,148
9	361.2 Manholes	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	362.2 Special Collecting Structures	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	363.2 Services to Customers	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	364.2 Flow Measuring Devices	5	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	365.2 Flow Measuring Installations	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	389.2 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SYSTEM PUMPING PLANT																			
15	353.3 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	354.3 Structures & Improvements	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	1,435,528	44,932	-	-	44,932
16	370.3 Receiving Wells	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	38,323	1,276	-	-	1,276
17	371.3 Pumping Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	9,286	516	-	-	516
18	389.3 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	128	7	-	-	7
TREATMENT AND DISPOSAL PLANT																			
19	353.4 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	355.4 Power Generation Equipment	20	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	354.4 Structures & Improvements	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	294,444	9,216	-	-	9,216
22	380.4 Treatment & Disposal Equipment	18	5.56%	15,228	347,657	19,330	2,087	239	32,710	561,956	31,245	-	(3,981)	63,954	572,690	31,842	-	-	95,796
23	381.4 Plant Sewers	35	2.86%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	382.4 Outfall Sewer Lines	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	389.4 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
REUSE TREATMENT PLANT																			
26	353.5 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	354.6 Structures & Improvements - Dist.	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	78	2	-	-	2
28	375.3 Transmission & Distribution System	43	2.33%	-	104	2	-	2	4	207	5	-	-	9	1,217	28	-	-	38
29	380.5 Treatment & Disposal Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	555	31	-	-	31
30	381.5 Plant Sewers	35	2.86%	-	-	-	-	-	-	-	-	-	-	-	6,848	196	-	-	196
31	390.5 Office Furniture & Equipment	15	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	396.5 Communication Equipment	10	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GENERAL PLANT																			
33	353.7 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	354.7 Structures & Improvements	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	16,713	418	-	-	418
35	390.7 Office Furniture & Equipment	6	16.67%	(128)	753	126	-	-	(2)	10,021	1,671	-	10,051	1,668	64,276	10,715	-	10,852	12,383
36	391.7 Transportation Equipment	6	16.67%	40,491	65,410	10,904	-	14,827	66,222	60,417	(5,805)	36,189	2,185	24,228	37,114	6,187	-	(4,139)	30,415
37	392.7 Stores Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	393.7 Tools, Shop & Garage Equipment	16	6.25%	2,288	18,590	1,162	-	-	3,450	19,678	1,230	-	1,619	4,680	24,509	1,532	-	-	323
39	394.7 Laboratory Equipment	15	6.67%	1,049	4,450	297	-	-	1,346	6,343	423	-	-	1,769	8,096	540	-	-	2,309
40	395.7 Power Operated Equipment	12	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	396.7 Communication Equipment	10	10.00%	-	-	-	-	-	-	833	83	-	-	83	2,667	267	-	1,339	350
42	397.7 Miscellaneous Equipment	15	6.67%	1,342	-	(1,342)	-	(594)	(594)	-	-	-	13,674	(594)	-	-	-	(15,342)	(594)
43	398.7 Other Tangible Plant	10	10.00%	-	1,921	192	-	-	192	10,575	1,058	-	-	1,250	9,446	945	-	3,288	2,194
44	TOTAL ACCUMULATED DEPRECIATION			\$ 872,991	\$ 3,706,288	\$ 123,014	\$ 7,737	\$ 13,979	\$ 1,002,247	\$ 6,779,981	\$ 210,699	\$ 38,377	\$ (57,844)	\$ 1,174,570	\$ 8,577,818	\$ 287,534	\$ -	\$ 86,173	\$ 1,462,104

[1] Amounts shown based on balance as of last rate filing.

[2] Amounts shown derived from Consultant Recommended Table 5.

[3] Annual Depreciation expense based on the i) the application of the Annual Depreciation Accrual Rate times ii) the Average Sewer Plant in Service; such amount will not exceed the total plant in service balances.

Table 6

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report
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Sewer System Accumulated Depreciation
 For the Test Year Ended 12/31/2010

Line No.	Account Name	Average Service Life (Yrs)	Annual Depr. Rate	Balance 12/31/2005 Accumulated Depreciation [1]	2006			2009				2010				2010 Test Year		Simple Average Balance	Adjusted Simple Average Balance		
					Average Original Plant [2]	Depreciation Expense [3]	Less Retirements [2]	Average Original Plant [2]	Depreciation Expense [3]	Adjustments	Less Retirements [2]	Accumulated Depreciation	Average Original Plant [2]	Depreciation Expense [3]	Adjustments	Less Retirements [2]	Ending Accum. Depr. Balance			Adjustments	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)		
INTANGIBLE PLANT																					
1	351.1 Organization	40	2.50%	\$ -	\$ 16,924	423	\$ -	\$ 6,741	\$ 169	\$ 83,796	\$ -	\$ -	\$ 929	\$ 6,741	\$ 169	\$ -	\$ -	\$ 1,097	\$ 1,013	(1,013)	\$ -
2	352.1 Franchises	40	2.50%	-	8,334	208	-	13,263	332	(88,907)	-	-	1,202	13,280	332	8,400	-	1,534	1,368	-	1,368
3	389.1 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COLLECTION PLANT																					
4	353.2 Land & Land Rights	-	-	-	142,424	-	-	157,423	-	-	-	-	-	157,436	-	-	-	-	-	-	-
5	354.2 Structures & Improvements	32	3.13%	464,358	2,265,493	70,910	5,650	3,296,760	103,189	(8,623)	-	-	948,056	3,299,260	103,267	(74)	766	1,050,557	999,306	(335,241)	664,065
6	355.2 Power Generation Equipment	20	5.00%	-	-	-	-	170	9	1	-	-	13	170	9	-	-	21	17	15,652	15,669
7	360.2 Collection Sewers - Force	30	3.33%	95,116	205,636	6,848	-	222,418	7,407	-	-	-	121,163	224,530	7,477	-	-	128,640	124,902	208,464	333,365
8	361.2 Collection Sewers - Gravity	45	2.22%	253,247	628,592	13,955	-	684,489	15,196	(513)	-	-	311,344	685,413	15,216	1,292	-	326,560	318,952	5,588	324,540
9	361.2 Manholes	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	362.2 Special Collecting Structures	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	363.2 Services to Customers	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,111	59,111
12	364.2 Flow Measuring Devices	5	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	365.2 Flow Measuring Installations	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	389.2 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SYSTEM PUMPING PLANT																					
15	353.3 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	354.3 Structures & Improvements	32	3.13%	-	-	-	-	2,871,055	89,864	-	-	-	134,796	2,875,140	89,992	-	-	224,788	179,792	(27,530)	152,262
16	370.3 Receiving Wells	30	3.33%	-	-	-	-	122,059	4,065	-	-	-	5,341	167,473	5,577	-	-	10,918	8,129	54,867	62,997
17	371.3 Pumping Equipment	18	5.56%	-	-	-	-	24,608	1,368	-	-	-	1,885	40,791	2,268	-	-	4,152	3,018	19,459	22,478
18	389.3 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	255	14	-	-	-	21	295	16	-	-	38	29	6	36
TREATMENT AND DISPOSAL PLANT																					
19	353.4 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	355.4 Power Generation Equipment	20	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(173)	(173)
21	354.4 Structures & Improvements	32	3.13%	-	-	-	-	588,888	18,432	-	-	-	27,648	594,235	18,600	-	-	46,248	36,948	9	36,957
22	380.4 Treatment & Disposal Equipment	18	5.56%	15,228	347,657	19,330	2,087	578,342	32,156	(1,714)	-	-	127,952	593,287	32,987	1,389	2,035	158,904	143,428	(13,493)	129,935
23	381.4 Plant Sewers	35	2.86%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	588	588
24	382.4 Outfall Sewer Lines	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	389.4 Other Plant & Misc. Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
REUSE TREATMENT PLANT																					
26	353.5 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	354.6 Structures & Improvements - Dist.	32	3.13%	-	-	-	-	156	5	-	-	-	7	156	5	-	-	12	10	2	11
28	375.3 Transmission & Distribution System	43	2.33%	-	104	2	-	2,587	60	-	-	-	98	2,947	69	-	-	167	132	3	135
29	380.5 Treatment & Disposal Equipment	18	5.56%	-	-	-	-	1,110	62	-	-	-	93	1,110	62	-	-	154	123	32	156
30	381.5 Plant Sewers	35	2.86%	-	-	-	-	18,757	536	-	-	-	732	23,990	686	-	-	1,418	1,075	-	1,075
31	390.5 Office Furniture & Equipment	15	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	396.5 Communication Equipment	10	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GENERAL PLANT																					
33	353.7 Land & Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	354.7 Structures & Improvements	40	2.50%	-	-	-	-	33,425	836	-	-	-	1,253	33,425	836	-	-	2,089	1,671	(3,398)	(1,727)
35	390.7 Office Furniture & Equipment	6	16.67%	(128)	753	126	-	115,064	19,181	20,388	-	-	31,564	121,331	20,226	(15,828)	-	51,790	41,677	(9,886)	31,791
36	391.7 Transportation Equipment	6	16.67%	40,491	65,410	10,904	-	38,866	6,479	1,154	-	-	36,894	46,741	7,792	2,548	-	44,686	40,790	8,601	49,391
37	392.7 Stores Equipment	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	393.7 Tools, Shop & Garage Equipment	16	6.25%	2,288	18,590	1,162	-	29,407	1,838	670	-	-	8,050	30,064	1,879	521	-	9,929	8,989	25	9,014
39	394.7 Laboratory Equipment	15	6.67%	1,049	4,450	297	-	8,096	540	-	-	-	2,849	8,156	544	-	501	2,892	2,870	(669)	2,201
40	395.7 Power Operated Equipment	12	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	396.7 Communication Equipment	10	10.00%	-	-	-	-	4,229	423	902	-	-	773	4,269	427	(2,123)	-	1,200	986	(7)	979
42	397.7 Miscellaneous Equipment	15	6.67%	1,342	-	(1,342)	-	97	6	-	-	-	(588)	193	13	-	-	(575)	(581)	-	(581)
43	398.7 Other Tangible Plant	10	10.00%	-	1,921	192	-	-	-	(2,194)	-	-	-	-	-	(3,288)	-	-	-	-	-
44	TOTAL ACCUMULATED DEPRECIATION			\$ 872,991	\$ 3,706,288	\$ 123,014	\$ 7,737	\$ 8,818,265	\$ 299,971	\$ 7,154	\$ -	\$ -	\$ 1,762,074	\$ 8,930,433	\$ 308,446	\$ (7,163)	\$ 3,302	\$ 2,067,218	\$ 1,914,646	\$ (19,002)	\$ 1,895,645

[1] Amounts shown based on balance as of last rate filing.

[2] Amounts shown derived from Consultant Recommended Table 5.

[3] Annual Depreciation expense based on the i) the application of the Annual Depreciation Accrual Rate times ii) the Average Sewer Plant in Service; such amount will not exceed the total plant in service balances.

Table 7

Utilities, Inc. of Sandalhaven

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

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Line No.	Account Name (a)	Balance	2006				2007				2008			
		Original Cost 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)
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 Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
4	4055 - Structures, Treatment Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
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 Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
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
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Sewer System Contributions In Aid of Construction
 For the Test Year Ended 12/31/2010

Line No.	Account Name	2009				2010			Sewer CIAC Ending Balance (v)	Simple Average Balance (w)	Adjustments (x)	Adjusted Simple Average Balance (y)
		Company Additions (o)	Adjustments (p)	Retirements (q)	Test Year Ending Balance (r)	Company Additions (s)	Adjustments (t)	Retirements (u)				
Cash Contributions:												
1	271.21 Sewer Capacity and Extension Fees Collected	\$ 9,815	\$ -	\$ -	\$ 1,726,076	\$ -	\$ -	\$ -	\$ 1,726,076	\$ 1,726,076	\$ -	\$ 1,726,076
Contributed Property:												
2	4030 - Organization	-	-	-	-	-	-	-	-	-	-	-
3	4050 - Struct - Pumping Plan	-	-	-	-	-	-	-	-	-	-	-
4	4055 - Structures, Treatment Plan	-	-	-	-	-	-	-	-	-	-	-
5	4070 - Struct - General Plan	-	-	-	-	-	-	-	-	-	-	-
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	\$ 9,815	\$ -	\$ -	\$ 3,276,640	\$ -	\$ -	\$ -	\$ 3,276,640	\$ 3,276,640	\$ -	\$ 3,276,640

[1] Amounts shown derived from Last Rate Filing.

Table 8

Utilities, Inc. of Sandalhaven

Sewer System Accumulated Amortization of CIAC
 For the Test Year Ended 12/31/2010

Line No.	Account Name	Average Service Life (Yrs)	Annual Depr. Rate	Balance 12/31/2005 Accumulated Amortization [1]	2006				2007				2008			
					Average Original Pft. [2]	Amortization Expense [3]	Less Retirements [2]	Accumulated Amortization	Average Original Pft. [2]	Amortization Expense [3]	Less Retirements [2]	Accumulated Amortization	Average Original Pft. [2]	Amortization Expense [3]	Less Retirements [2]	Accumulated Amortization
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
Cash Contributions:																
1	271.21 Sewer Capacity Fees Collected	40	2.50%	255,014	\$ 1,163,380	29,085	\$ -	284,099	\$ 1,643,186	41,080	\$ -	325,179	\$ 1,682,223	\$ 42,056	\$ -	\$ 367,234
Contributed Property:																
2	4030 - Organization	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
3	4050 - Struct - Pumping Plant	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	-	-
4	4055 - Structures, Treatment Plant	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	-	-
5	4070- Struct - General Plant	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
6	4100 - Force Mains	30	3.33%	121,200	327,257	10,898	-	132,098	327,257	10,898	-	142,995	327,257	10,898	-	153,893
7	4105 - Gravity Mains	45	2.22%	368,734	995,633	22,103	-	390,837	995,633	22,103	-	412,940	995,633	22,103	-	435,043
8	4110 - Special Coll. Struct. Manholes	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
9	4115 - Services to Customers	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-
10	4150 - Lagoons	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	-	-
11	4165 - Treatment Equip	18	5.56%	84,320	227,674	12,659	-	96,978	227,674	12,659	-	109,637	227,674	12,659	-	122,296
12	4260 - Other Tangible Plant	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	-	-
13	TOTAL ACCUMULATED AMORTIZATION OF CIAC			<u>\$ 829,268</u>	<u>\$ 2,713,944</u>	<u>\$ 74,744</u>	<u>\$ -</u>	<u>\$ 904,012</u>	<u>\$ 3,193,750</u>	<u>\$ 86,739</u>	<u>\$ -</u>	<u>\$ 990,751</u>	<u>\$ 3,232,787</u>	<u>\$ 87,715</u>	<u>\$ -</u>	<u>\$ 1,078,466</u>

[1] Amounts shown derived from Last Rate Filing.

[2] Amounts shown derived from Consultant Recommendations shown on Table 7.

[3] Annual Amortization amount based on the i) the application of the Annual Amortization Rate times ii) the Average Sewer CIAC balances; such amount will not exceed the total reported CIAC balances.

Table 8

Utilities, Inc. of Sandalhav

Sewer System Accumulated Amortization of CIAC
For the Test Year Ended 12/31/2010

Line No.	Account Name (a)	Average		2009				2010				Simple Average Balance (y)	Adjustments (z)	Adjusted Simple Average Balance (aa)	
		Service Life (Yrs) (b)	Annual Depr. Rate (c)	Average Original Pft. [2] (q)	Amortization Expense [3] (r)	Less Retirements [2] (s)	Accumulated Amortization (t)	Average Original Pft. [2] (u)	Amortization Expense [3] (v)	Less Retirements [2] (w)	Accumulated Amort. Balanc (x)				
Cash Contributions:															
1	271.21 Sewer Capacity Fees Collected	40	2.50%	\$ 1,721,168	\$ 43,029	\$ -	\$ 410,263	\$ 1,726,076	\$ 43,152	\$ -	453,415	\$ 431,839	\$ -	\$ 431,839	
Contributed Property:															
2	4030 - Organization	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	
3	4050 - Struct - Pumping Plant	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	
4	4055 - Structures, Treatment Plant	32	3.13%	-	-	-	-	-	-	-	-	-	-	-	
5	4070- Struct - General Plant	40	2.50%	-	-	-	-	-	-	-	-	-	-	-	
6	4100 - Force Mains	30	3.33%	327,257	10,898	-	164,791	327,257	10,898	-	175,688	170,239	-	170,239	
7	4105 - Gravity Mains	45	2.22%	995,633	22,103	-	457,146	995,633	22,103	-	479,249	468,198	-	468,198	
8	4110 - Special Coll. Struct. Manholes	30	3.33%	-	-	-	-	-	-	-	-	-	-	-	
9	4115 - Services to Customers	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	
10	4150 - Lagoons	38	2.63%	-	-	-	-	-	-	-	-	-	-	-	
11	4165 - Treatment Equip	18	5.56%	227,674	12,659	-	134,954	227,674	12,659	-	147,613	141,284	-	141,284	
12	4260 - Other Tangible Plant	18	5.56%	-	-	-	-	-	-	-	-	-	-	-	
13	TOTAL ACCUMULATED AMORTIZATION OF CIAC			\$ 3,271,732	\$ 88,689		\$ 1,167,154	\$ 3,276,640	\$ 88,811	\$ -	\$ 1,255,966	\$ 1,211,560	\$ -	\$ 1,211,560	

[1] Amounts shown derived from Last Rate Filing.

[2] Amounts shown derived from Consultant Recommendations shown on Table 7.

[3] Annual Amortization amount based on the i) the application of the Annual Amortization Rate times ii) the Average Sewer CIAC balances; such amount will not exceed the total reported CIAC balances.

Table 9

Utilities, Inc. of Sandalhaven

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

Consultant Recommendation Report
Dated 3/9/2012 - Preliminary
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Line No.	(a)		Sewer Test Year Amounts
1	Consultant Recommended Operation and Maintenance		
2	Expense Test Year Year	\$	441,320
3			
4	1/8 Operations and Maintenance Factor		12.50%
5			
6	Total Consultant Recommended Working Capital		
7	for Test Year	\$	55,165
8			
9	Company Filed Working Capital		
10	for Test Year		73,795
11			
12	Consultant Recommended Working Capital Adjustment		
13	for Test Year	\$	(18,630)

Table 10

Utilities, Inc. of Sandalhaven

**Consultant Recommendation Report
Dated 3/9/2012 - Preliminary
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Determination of Non-Used and Useful - Sewer
For the Test Year Ended 12/31/2010

Line No.	Description	Treatment Plant [1]	Capacity Fees Paid to EWD	Lift Station	Forcemanin	Pumping Plant	Total Non-Used And Useful Amount Recognized
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Capacity (AADF)	150,000	300,000	500,000	1,000,000	1,000,000	
2							
3	Annual Average Daily Flow	84,505	70,345	70,345	70,345	70,345	
4							
5	Current ERC - Test Year 2010 (1)	551	459	459	459	459	
6							
7	Current Growth Using Linear Regression	186	186	186	186	186	
8							
9	Growth Cap at 5% per Year (Five Years)	-	115	115	115	115	
10							
11	Gallons Per Day Per ERC - Annual Average Daily Flow	134	134	134	134	134	
12							
13	Margin Reserve Allowance Based on 5 Year Growth	-	15,365	15,365	15,365	15,365	
14							
15	Current Usage Plus Margin Reserve Allowance	84,505	85,711	85,711	85,711	85,711	
16							
17	Inflow and Infiltration	23,018	19,161	19,161	19,161	19,161	
18							
19	Allowed Inflow and Infiltration	12,346	10,277	10,277	10,277	10,277	
20							
21	Excessive Inflow and Infiltration	(10,672)	(8,884)	(8,884)	(8,884)	(8,884)	
22							
23	Adjusted Average Daily Flow with Margin Reserve Allowance	73,833	76,827	76,827	76,827	76,827	
24							
25	Used and Useful Percentage	49.22%	25.61%	15.37%	7.68%	7.68%	
26	Non-Used and Useful Percentage	50.78%	74.39%	84.63%	92.32%	92.32%	
27	Recognized Non-Used and Useful Percentage for Rate Filing	0.00%	74.39%	84.63%	92.32%	92.32%	
28							
29	Plant In Service Average Balance 12/31/2010	\$ 979,141	\$ 2,257,118	\$ 535,769	\$ 2,551,605	\$ 104,844	
30	Non-Used and Useful Amount	\$ -	\$ 1,679,093	\$ 453,446	\$ 2,355,573	\$ 96,789	\$ 4,584,901
31							
32	Accumultated Depreciation	\$ 173,352	\$ 304,711	\$ 56,256	\$ 267,919	\$ 22,017	
33	Non-Used and Useful Amount	\$ -	\$ 226,678	\$ 47,612	\$ 247,335	\$ 20,326	\$ 541,950
34							
35	Depreciation Expense	2,224	\$ 67,714	\$ 16,073	\$ 76,548	\$ 6,291	
36	Non-Used and Useful Amount	\$ -	\$ 50,373	\$ 13,603	\$ 70,667	\$ 5,807	\$ 140,451

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 nega investment balance. This treatment is consistent with the FPSC prior rate Order No. PSC-07-0865-PAA-SU.

Table 12

Utilities, Inc. of Sandalhaven

Schedule of Adjustments to Rate Base
For the Test Year Ended 12/31/2010

Consultant Recommendation Report
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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	8,355,875
4	Total Adjustments required to Plant In Services	<u>\$ (36,592)</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	4,042,950
10	Total Adjustments required to Non-Used and Useful	<u>\$ 3,911,456</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	157,072
16	Total Adjustments required to Lands	<u>\$ (363)</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	1,895,645
22	Total Adjustments required to Accumulated Depreciations	<u>\$ 57,029</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	1,211,560
34	Total Adjustments Required to Accumulated Amortization of Contributions In Aid of Construction	<u>\$ 10,430</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	55,165
40	Total Adjustments required to Working Capital Allowances	<u>\$ (18,630)</u>
41		
42	Total Rate Base Adjustments	<u>\$ (4,013,641)</u>

Table 13

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			
		Test Year	Utility	Utility	Requested	Requested	Consultant Adjustments		Test Year
		Per Books	Test Year	Adjusted	Revenue	Annual	Amount	Ref.	Year Ending
	(a)	(b)	(c)	(e)	(f)	(g)	(h)	(i)	(j)
Operating Revenues									
1	Measured Revenue	\$463,785	\$19,987	\$483,187	\$1,059,807	\$1,542,994	(\$866,745)	Table 22	\$676,249
2	Unmeasured Revenue	0	0	0	0	0	0	Table 22	0
3	Other Sewer Revenue	0	0	585	0	585	0	Table 22	585
4	Total Operating Revenues	\$463,785	\$19,987	\$483,772	\$1,059,807	\$1,543,579	(\$866,745)		\$676,834
Operating Expenses									
5	Total Operation & Maintenance Expenses	\$586,237	(\$64,610)	\$521,627	\$68,733	\$590,360	(\$149,040)	Table 14	\$441,320
6	Depreciation Expense (Used & Useful)	321,891	66,399	388,263	0	388,263	(232,040)	Table 17	156,223
7	Amortization of CIAC	(92,873)	7,894	(84,983)	0	(\$84,983)	(3,828)	Table 8	(88,811)
8	Amortization	0	0	0	0	\$0	0		0
9	Taxes Other than Income	147,098	(7,390)	139,708	46,300	186,008	(79,285)	Table 19	106,723
10	Income Taxes	(235,682)	235,682	0	85,782	85,782	(69,287)	Table 20	16,495
11	Total Operating Expenses	\$726,671	\$237,975	\$964,615	\$200,815	\$1,165,430	(\$533,481)		\$631,949
12	Income/(Loss) Before Taxes	(\$262,886)	(\$217,988)	(\$480,843)	\$858,992	\$378,149	(\$333,264)		\$44,885
13	Rate Base	\$5,062,742	(\$484,664)	\$4,578,077	\$0	\$4,578,077	(\$4,013,641)	Table 5	\$564,436
14	Return on Rate Base	<u>(5.19%)</u>		<u>(10.50%)</u>		<u>8.26%</u>		Table 11	<u>7.95%</u>

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)	Recognized Adjustment For Rate Filing (i)
				CPI (d)	Growth (e)				
				11.83%	9%				
1		OPERATING & MAINTENANCE EXPENSES							
2	701	Salaries & Wages - Employees	\$ 88,593	\$ 10,484	\$ 8,117	\$ 107,194	\$ 103,510	\$ (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)	N/A
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	-	-	-	-	28,474	28,474	See Table 16
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	(33,360)
30									
31		Total Operating & Maintenance Expenses	\$ 313,245	\$ 37,070	\$ 28,700	\$ 379,015	\$ 590,360	\$ 211,345	\$ (33,360)

Footnotes

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

	Index Factor	Cumulative Index Factor
FPSC GDP Implicit Price Deflator Index		
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 15

Utilities, Inc. of Sandalhaven

Consultant Report
 Dated: February 23, 2012

Wastewater 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)	Recognized Adjustment For Rate Filing (i)
				CPI (d)	Growth (e)				
				11.83%	9%				
1		OPERATING & MAINTENANCE EXPENSES							
2	701	Salaries & Wages - Employees	\$ 88,593	\$ 10,484	\$ 8,117	\$ 107,194	\$ 103,510	\$ (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)	N/A
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	-	-	-	-	28,474	28,474	See Table 16
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	(33,360)
30									
31		Total Operating & Maintenance Expenses	\$ 313,245	\$ 37,070	\$ 28,700	\$ 379,015	\$ 590,360	\$ 211,345	\$ (33,360)

Footnotes

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

	Index Factor	Cumulative Index Factor
FPSC GDP Implicit Price Deflator Index		
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 12/31/2010

Line No.	Description	Testing (b)	(c)	Expense Adjustment (d)
1	Contractual Services Testing and Other [1]:			
2	2007	\$ -	\$ 3,638	\$ 3,638
3	2008	2,431	2,205	4,636
4	2009	16,280	1,529	17,809
5	Three Year Average Annual Expense for Contractual Services Testing and Other			8,694
6	Company Requested Test Year 2010 Contractual Services Testing and Other			28,474
7	Adjustment to Normalize Contractual Services Testing and Other			\$ (19,779)
8				
9	Purchased Wastewater Cost Adjustment For Excessive Inflow and Infiltration: [2]			
10	Excessive Inflow and Infiltration - (Purchased Wastewater Flow AADF)			(8,884)
11	Excessive Inflow and Infiltration - Annual Flow			(3,242,522)
12	Total Wastewater Flow Purchased			25,676,000
13	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-12.63%
14	Requested 2010 Purchased Wastewater Expense			\$ 186,921
15	Recommended Adjustment to Purchased Wastewater Expense			\$ (23,606)
16				
17				
18	Purchased Power Cost Adjustment For Excessive Inflow and Infiltration: [2]			
19	Excessive Inflow and Infiltration - (Purchased Power Flow AADF)			(10,672)
20	Excessive Inflow and Infiltration - Annual Flow			(3,895,206)
21	Total Wastewater Flow Purchased			30,844,300
22	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-12.63%
23	Requested 2010 Purchased Power Expense			\$ 21,161
24	Recommended Adjustment to Purchased Power Expense			\$ (2,672)
25				
26				
27	Chemicals Cost Adjustment: [2]			
28	Excessive Inflow and Infiltration - (Chemicals Flow AADF)			(10,672)
29	Excessive Inflow and Infiltration - Annual Flow			(3,895,206)
30	Total Wastewater Flow Purchased			30,844,300
31	Percent Wastewater Flow Related to Excessive Inflow and Infiltration			-12.63%
32	Requested 2010 Chemicals Expense			\$ 12,393
33	Recommended Adjustment to Chemicals Expense			\$ (1,565)

Footnotes:

- [1] An adjustment is recommended to normalize these costs for rate making purpose to better reflect these costs for the utility going forward.
- [2] 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	30.84			
Purchased Sewer	25.68			
Total	56.52			
Average Annual Daily Flow	154,850			
Billed Wastewater Flow (AADF)	- 112,671			
Infiltration and Inflow (AADF)	42,179			
		Per Inch Factor	Recommended	
		500 GPD	inflow and Infiltration	
Size	Total	Per Inch	Allowance	
8"	2,928	0.55455	4,000	2,218.18
8"	26,935	5.10133	4,000	20,405.30

Recommended Infiltration and Inflow Allowance	22,623.48
Actual Infiltration and Inflow	42,178.90
Excessive Infiltration and Inflow (AADF)	(19,555.42)

	Total Flows	Allocation %	Allocated I&I (AADF)
Allocated Excessive Infiltration and Inflow			
Plant Capacity	30.84	54.57%	(10,671.80)
Purchased Wastewater Flow	25.68	45.43%	(8,883.62)
Total	56.52	100.00%	(19,555.42)

Table 17

Utilities, Inc. of Sandalhaven

Consultant Recommendation Report

Dated 3/9/2012 - Preliminary

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Sewer 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			374	
7	354.2 Structures & Improvements	32	3.13%	6,296	197
8	355.2 Power Generation Equipment	20	5.00%	96,489	4,824
9	360.2 Collection Sewers - Force	30	3.33%	2,616,930	87,144
10	361.2 Collection Sewers - Gravity	45	2.22%	685,413	15,216
11	361.2 Manholes	30	3.33%	-	-
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	32	3.13%	2,875,144	89,992
20	370.3 Receiving Wells	30	3.33%	600,397	19,993
21	371.3 Pumping Equipment	18	5.56%	144,360	8,026
22	389.3 Other Plant & Misc. Equipment	18	5.56%	295	16
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%	594,235	18,600
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%	-	-
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%	34,497	862
42	390.7 Office Furniture & Equipment	6	16.67%	115,880	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%	4,363	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			<u>\$ 8,513,321</u>	<u>\$ 296,674</u>
53					
54	Less Test Year Non-Used and Useful Depreciation Expense				\$ (140,451)
55	Net Test Year Depreciation Expense				<u>\$ 156,223</u>

Table 18

Utilities, Inc. of Sandalhaven

Rate Case Expense
For the Test Year Ended 12/31/2010

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Line No.	Firm or Vendor Name	Name	Type of Service Rendered	Total Projected Hours	Hourly Rate per Person	Consultant Recommended			
						Company Filed Amounts	Expense Adjustment	Recommended Ending 12/31/10	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Rose, Sundstrom & Bentley, LLP	Christian Marcelli	Legal Fees	120	315.00	37,800	-	37,800	
2	Rose, Sundstrom & Bentley, LLP	Martin Friedman	Legal Fees	120	340.00	40,800	-	40,800	
3	Rose, Sundstrom & Bentley, LLP	n/a	Various Expns (travel, photocopies, phone calls) associated with legal fees	-	-	8,000	-	8,000	
4	M&R Consultants	Frank Seidman	Prepare MFRs, U&U Analysis, Assist w data requests, audit, testimony, hearing	300	150.00	45,150	(22,575)	22,575	
5	Charlotte County		Filing Fee	n/a	n/a	3,500	-	3,500	
6	Water Service Corp.	Barrett, Jason	Assist w/MFRs, data requests, audit facilitation	40	31.00	1,240	(372)	868	
7	Water Service Corp.	Ciecierski, Daniel	Assist w/MFRs, data requests, audit facilitation	325	31.00	10,075	(3,023)	7,053	
8	Water Service Corp.	DiPasquale, Susan	Assist w/MFRs, data requests, audit facilitation	40	38.05	1,522	(457)	1,065	
9	Water Service Corp.	Durham, Rick	Assist w/MFRs, data requests, audit facilitation	20	117.59	2,352	(706)	1,646	
10	Water Service Corp.	Flynn, Patrick	Assist w/MFRs, data requests, audit, testimony, hearing.	200	81.00	16,200	(4,860)	11,340	
11	Water Service Corp.	Gongre, Bryan	Assist w/MFRs, data requests, audit facilitation	50	38.05	1,903	(571)	1,332	
12	Water Service Corp.	Hanks, Peggy	Assist w/MFRs, data requests, audit facilitation	20	38.05	761	(228)	533	
13	Water Service Corp.	Hoy, John	Assist w/MFRs, data requests, audit facilitation	40	132.00	5,280	(1,584)	3,696	
14	Water Service Corp.	Krugler, Adrienne	Billing Analyst, Implementation of Rates	50	49.00	2,450	(735)	1,715	
15	Water Service Corp.	Nedved, Spencer	Assist w/MFRs, data requests, audit facilitation	200	29.00	5,800	(1,740)	4,060	
16	Water Service Corp.	Povich, Erin	Assist w/MFRs, data requests, audit, testimony, hearing.	350	44.00	15,400	(4,620)	10,780	
17	Water Service Corp.	Sasic, Karen	Assist w/MFRs, data requests, audit facilitation	10	65.00	650	(195)	455	
18	Water Service Corp.	Valrie, Lawanda	Assist w/MFRs, data requests, audit facilitation	120	22.00	2,640	(792)	1,848	
19	Water Service Corp.	Weeks, Kirsten	Assist w/MFRs, data requests, audit, testimony, hearing.	250	56.00	14,000	(4,200)	9,800	
20	Water Service Corp.	Williams, John III	Assist w/MFRs, data requests, audit, testimony, hearing.	30	61.00	1,830	(549)	1,281	
21	Water Service Corp.	Winans, Nicole Denise	Assist w/MFRs, data requests, audit facilitation	150	40.00	6,000	(1,800)	4,200	
22	Water Service Corp.		Customer notices	n/a	n/a	5,000	-	5,000	
23	Water Service Corp.		Travel, Airfare	n/a	n/a	1,200	-	1,200	
24	Water Service Corp.		Travel, Hotel/Accommodation	n/a	n/a	1,600	-	1,600	
25	Water Service Corp.		Travel, Rental Car	n/a	n/a	400	-	400	
26	Water Service Corp.		Temp Services	n/a	n/a	2,000	-	2,000	
27	Water Service Corp.		Fed Ex & other misc.	n/a	n/a	12,000	(6,000)	6,000	
28									
29	Estimate Through Hearing Process						245,552	(55,006)	190,547
30									
31									
32	Amortization Period (Years)						4	4	4
33									
34	Amortization Rate Case Expense Current Filing						\$ 61,388	\$ (13,751)	\$ 47,637
35	Prior unamortized rate case expense, adjusted						\$ 29,379	\$ (29,379)	\$ -
36	Total Rate Case Expense Amortization - Sewer						\$ 90,767	\$ (43,130)	\$ 47,637

Table 19

Utilities, Inc. of Sandalhaven

Taxes Other Than Income Taxes

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Line No.	Description (a)	(b)	Sewer (c)
1	Taxes Other than Income:		
2			
3	Regulatory Assessment Fees:		
4	Gross Operating Revenues		\$676,834
5			
6	Fees Due:		
7	Total Regulatory Assessment Fees (5.0% of Gross Operating Revenues)		33,842
8			
9	Property Taxes *		63,085
10	Other Taxes and Licences		219
11	Payroll Taxes		9,577
12			
13	Total Taxes Other Than Income	\$	106,723
14			
15	Footnotes:		
16	*Property Tax Calculation:		
17	Adjusted Test Year Taxable Assests - Used and Useful		4,469,996
18	Less Used and Useful Portion of Capacity Fees Paid to EWD		(578,025)
19	Adjusted Test Year Taxable Assests		3,891,971
20	Effective Tangible Rate		1.62%
21	Test Year Amount		63,085

Table 20

Utilities, Inc. of Sandalhaven

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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		\$ 564,436
2	Rate of Return		7.95%
3			
4	Required Operating Income		44,885
5			
6	Less: Interest Charges		
7	Rate Base		564,436
8	Weighted Cost of Debt		3.11%
9			
10	Interest Expense		17,545
11			
12	Taxable Income		27,339
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		43,834
19			
20	Composite Tax Rate		37.63%
21			
22	Income Tax		\$ 16,495
23			
24	Revenue Requirements:		
25	Operations and Maintenance Expense		\$ 441,320
26	Depreciation (Used & Useful)		156,223
27	Amortization of CIAC		(88,811)
28	Amortization of Property Loss		-
29	Taxes Other than Income		106,723
30	Income Tax		16,495
31	Required Net Income		44,885
32			
33	Total Revenue Requirements		676,834
34			
35	Less Other Miscellaneous Revenues		585
36			
37	Revenue Requirements Related to Monthly Rates and Charges		\$ 676,249
38	Adjustments		-
39	Revenue Requirements Related to Metered Revenues		\$ 676,249

Table 21

Utilities, Inc. of Sandalhaven

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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	\$	676,249
5			
6	Total adjustments to Water Revenues	\$	(866,745)
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	\$	441,320
18			
19	Total adjustments to Operating Expenses	\$	(149,040)
20			
21	(D) Adjustment Related to Depreciation Expense to reflect adjusted Plant in Service and County Authorized Depreciation Rate		
22	Refer to Table 13 for detailed calculation.		
23	Company Filed	\$	388,263
24	Consultant Recommended	\$	156,223
25	Total Adjustments required to Depreciation Expense	\$	(232,040)
26			
27	(E) Adjustment Related to Accumulated Amortization Expense to reflect adjusted CIAC Balances and County Authorized Amortization Rate		
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	\$	106,723
43	Total Adjustments required to Taxes Other than Income	\$	(79,285)
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	\$	16,495
49	Total Adjustments required to Income Taxes	\$	(69,287)
50			
51	Total Operating Expenses Adjustments	\$	(533,481)
52			
53	Total Adjustments to Net Operating Income	\$	(333,264)

Table 22

Utilities, Inc. of Sandalhaven

Calculation of Annualized Revenues Under Existing and Proposed Rates
For the Test Year Ended 12/31/2010

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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		0	0		735	8,824		\$20.79	\$ 183,451	\$28.54	\$ 251,839
3	5/8"x3/4" Meter	1	15		0	0		1	15		\$20.79	\$ 312	\$28.54	\$ 428
4	Gallonge Charge													
5	0 - 8,000 gallons			16,935			1,984			18,919	\$4.67	\$ 88,352	\$6.41	\$ 121,288
6														
7	Total Residential Single Family	737	8,839	16,935	0	0	1,984	737	8,839	18,919	\$	\$ 272,115	\$	\$ 373,554
8														
9	Multi-Family Residential													
10	5/8"x 3/4" Meter										\$20.79	\$ -	\$28.54	\$ -
11	1.0" Meter										\$51.98	\$ -	\$71.36	\$ -
12	1.5" Meter										\$103.95	\$ -	\$142.70	\$ -
13	2.0" Meter										\$166.32	\$ -	\$228.32	\$ -
14	3.0" Meter	1	12	2,118	0	0	0	1	12	2,118	\$332.65	\$ 3,992	\$456.66	\$ 5,480
15	4.0" Meter										\$519.76	\$ -	\$713.52	\$ -
16	6.0" Meter	2	24	8,416	0	0	0	2	24	8,416	\$1,039.51	\$ 24,948	\$1,427.02	\$ 34,249
17											\$	\$ 28,940	\$	\$ 39,728
18														
19	Gallonge Charge			10,534			0			10,534	\$5.61	\$ 59,096	\$7.70	\$ 81,126
20														
21	Total Multi-Family Residential	3	36		0	0		3	36		\$	\$ 88,036	\$	\$ 120,854
22														
23	Total Residential	740	8,875	16,935	0	0	1,984	740	8,875	29,453	\$	\$ 360,150	\$	\$ 494,409
24														
25	Commercial													
26	5/8"x 3/4" Meter	19	224	2,466	0	0	0	19	224	2,466	\$20.79	\$ 4,657	\$28.54	\$ 6,393
27	1.0" Meter	3	36	1,686	0	0	0	3	36	1,686	\$51.89	\$ 1,868	\$71.23	\$ 2,564
28	1.5" Meter	3	36	755	0	0	0	3	36	755	\$103.95	\$ 3,742	\$142.70	\$ 5,137
29	2.0" Meter	6	72	4,861	0	0	0	6	72	4,861	\$166.32	\$ 11,975	\$228.32	\$ 16,439
30	3.0" Meter	4	51	1,904	0	0	0	4	51	1,904	\$332.65	\$ 16,965	\$456.66	\$ 23,289
31	4.0" Meter	0	0	0	0	0	0	0	0	0	\$519.76	\$ -	\$713.52	\$ -
32	6.0" Meter	0	0	0	0	0	0	0	0	0	\$1,039.51	\$ -	\$1,427.02	\$ -
33											\$	\$ 39,207	\$	\$ 53,823
34														
35	Gallonge Charge			11,672			0			11,672	\$5.61	\$ 65,480	\$7.70	\$ 89,890
36														
37	Total Commercial	35	419		0	0		35	419		\$	\$ 104,687	\$	\$ 143,713
38														
39	Reserved Capacity-Flat Rate													
40	5/8"x 3/4" Meter	113	1,359	N/A	0	0	0	113	1,359	N/A				
41	Total Reserved Capacity-Flat Rate	113	1,359	0	0	0	0	113	1,359	0	\$20.32	\$ 27,615	\$27.89	\$ 37,909
42														
43														
44	Subtotal	888	10,653	16,935	0	0	1,984	888	10,653	29,453		\$ 492,453		\$ 676,031

Table 23

Utilities, Inc. of Sandalhaven

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

Line No.	Description (a)	Billing Units (b)	EDU/Unit (c)	EDU's (d)	Rate Reduction After 4 Years Associated with Prior Rate Case Expense	
					Rate (e)	Check (f)
Sewer						
Base Charge						
Single Family Dwelling						
1	5/8"x3/4" Meter	8,839	1.00	8,839	\$1.77	\$15,645
Mutli-Family Residential						
2	5/8"x3/4" Meter	0	1.00	0	\$1.77	\$0
3	1.0" Meter	0	2.50	0	4.43	-
4	1.5" Meter	0	5.00	0	8.85	-
5	2.0" Meter	0	8.00	0	14.16	-
6	3.0" Meter	12	16.00	192	28.32	340
7	4.0" Meter	0	25.00	0	44.25	-
8	6.0" Meter	24	50.00	1,200	88.50	2,124
9	Total Mutli-Family Residential	36		1,392		\$2,464
Commercial						
10	5/8"x3/4" Meter	224	1.00	224	\$1.77	\$396
11	1.0" Meter	36	2.50	90	4.43	159
12	1.5" Meter	36	5.00	180	8.85	319
13	2.0" Meter	72	8.00	576	14.16	1,020
14	3.0" Meter	51	16.00	816	28.32	1,444
15	4.0" Meter	0	25.00	0	44.25	-
16	6.0" Meter	0	50.00	0	88.50	-
17	Total Commercial	419		1,886		\$3,338
Reserved Capacity-Flat Rate						
18	5/8"x 3/4" Meter	1,359	1.00	1,359	\$1.77	\$2,405
19	Total All Classes	10,653		13,476		23,853
	Less Flat Rate Customers			0		
	Adjusted Billing Units			13,476		
20	Base Facility Revenue Requirement				\$23,818	
21	Less Revenues from Flat Rate Customers				\$0	
22	Adjusted Base Facility Revenue Requiremnts				\$23,818	
23	BASE CHARGE PER EDU				\$1.77	
Consumption Charge						
			Billing Factor	Factored Gallons		
24	Residential	16,935	1	16935	\$ 0.55	\$9,314
25	Multi-Family	10,534	1.2	12640.8	0.66	\$6,952
26	Commercial	11,672	1.2	14006.4	0.66	\$7,704
27	Total	39,141		43,582		\$23,970
28	Consumption Revenue Requirement				\$23,818	
29	CONSUMPTION CHARGE - PER 1,000 GALLONS				\$ 0.55	
30	Total Sewer Rate Case Expense				\$47,637	\$47,823

Table 24

Utilities, Inc. of Sandalhaven

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Calculation of AFPI - Sewer
For the Test Year Ended 12/31/2010

Line No.	Description	Adjusted Value	Source Schedule
	(a)	(b)	(c)
1	Cost of Qualifying Assets (NU&U)	\$4,584,901	Table 10
2	Accumulated Depreciation (NU&U)	\$541,950	Table 10
3	No. of Future Customers (ERC's) (1)	1,175	
4	Annual Depreciation Expense (NU&U)	\$140,451	Table 10
5	Weighted Cost of Equity	4.67%	Table 11
6	Millage Rate	1.62%	
7	Annual Property Tax	\$65,532.28	Table 10
8	Annual Other Costs	\$0	
9	Cost of Qualifying Assets less Deprec.	\$4,042,950	
10	Cost per ERC	3,440.81	
11	Rate of Return	7.95%	Table 11
12	Return per ERC	273.62	
13	Annual Reduction in Return per ERC: (Depr Expn * Rate of Return/ERCs)	9.51	
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)	10.77%	
18	Tax Factor (Pre-Tax Return/ After Tax Return)	1.3544	
19	Annual Deprec. Expense (NU&U) per ERC	\$119.53	
20	Annual Property Tax per ERC	\$55.77	

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

Consultant Recommendation Report

Calculation of AFPI - Sewer
For the Test Year Ended 12/31/2010

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Calculation of Carrying Cost per ERC

	2010	2011	2012	2013	2014
21 Unfunded Other Costs	-	-	-	-	-
22 Unfunded Annual Depreciation Expense	\$119.53	\$119.53	\$119.53	\$119.53	\$119.53
23 Unfunded Annual Property Tax	\$55.77	\$55.77	55.77	55.77	55.77
24 Subtotal Unfunded Annual Expense	175.30	175.30	\$175.30	175.30	175.30
25 Unfunded Expense Prior Year	-	175.30	350.61	525.91	701.22
26 Total Unfunded Expenses	175.30	350.61	525.91	701.22	876.52
27 Return on Expenses Prior Year	-	\$9.51	\$19.01	\$28.52	\$38.02
28 Return on Plant Current Year (per ERC)	273.62	264.11	254.61	245.10	235.60
29 Earnings Prior Year	-	273.62	547.23	820.85	1,094.47
30 Compound Earnings from Prior Year	-	-	-	-	-
31 Total Compound Earnings	273.62	547.23	820.85	1,094.47	1,368.09
32 Earnings Expansion Factor Taxes	1.354	1.354	1.354	1.354	1.354
33 Revenue Required to Fund Earnings	370.60	741.20	1,111.79	1,482.39	1,852.99
34 Revenue Required to Fund Expenses	175.30	350.61	525.91	701.22	876.52
35 Subtotal	545.90	1,091.80	1,637.71	2,183.61	2,729.51
36 Year over Year		545.90	545.90	545.90	545.90
Monthly Charge Allocation (FPSC Method)					
37 Monthly Add-In Cost Factor Average Test Year	\$45.49	\$45.49	\$45.49	\$45.49	\$45.49
38 December	\$45.49	\$591.37	\$1,137.25	\$1,683.13	\$2,229.01
39 January	90.98	636.86	1,182.74	1,728.62	2,274.50
40 February	136.47	682.35	1,228.23	1,774.11	2,319.99
41 March	181.96	727.84	1,273.72	1,819.60	2,365.48
42 April	227.45	773.33	1,319.21	1,865.09	2,410.97
43 May	272.94	818.82	1,364.70	1,910.58	2,456.46
44 June	318.43	864.31	1,410.19	1,956.07	2,501.95
45 July	363.92	909.80	1,455.68	2,001.56	2,547.44
46 August	409.41	955.29	1,501.17	2,047.05	2,592.93
47 September	454.90	1,000.78	1,546.66	2,092.54	2,638.42
48 October	500.39	1,046.27	1,592.15	2,138.03	2,683.91
49 November	545.88	1,091.76	1,637.64	2,183.52	2,729.40