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REPLY TO CENTRAL FLORIDA OFFICE

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD
BRIAN J. STREET

July 13, 2006

HAND DELIVERY

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida a Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
06 JUL 13 PM 1:37
COMMISSION
CLERK

RE: Docket No. 060285-SU; Utilities, Inc. of Sandalhaven's Application for Rate Increase
in Charlotte County, Florida
Our File No.: 30057.114

Dear Ms. Bayo:

The following are the Utility's responses to the Commission Staff's June 7, 2006,
correspondence identifying deficiencies in the MFRs:

Rule 25-30.436 (4) (a), Florida Administrative Code (F.A.C.), requires that each
schedule shall be cross-referenced to identify related schedules as either supporting
schedules or recap schedules. The following schedules are deficient pursuant to this Rule.

CMP _____
COM 5
CTR _____
ECR _____
GCL 1
OPC 1
RCA _____
SCR _____
SGA _____
SEC 1
OTH _____

- Schedules A-2 Rate Base.
This schedule does not tie to Schedule A-3 Proforma Adjustments.
RESPONSE: Please refer to Exhibit "A" attached hereto.
- Schedule A-8 Annual Accumulated Depreciation Additions and Balances.
The 12/31/2005 balance does not cross reference to Schedule A-18.

MAP Forwarded to ECR

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
July 13, 2006
Page 2

RESPONSE: Please refer to Exhibit "B" attached hereto.

Rule 25-30.110 (2). F.A.C., states each utility shall furnish to the Commission at such time and in such forms as the Commission may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission. The following schedules are deficient pursuant to this Rule.

3. Schedule A-6 Plant In Service

The utility's Prior Year 12/31/2004 balance does not match what is listed in the utility's 2004 or the 2005 Annual Report. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2004 and 2005 Annual Reports and the MFR Schedule A-6.

RESPONSE: Please refer to Exhibit "C" attached hereto.

4. Schedule A-8 Annual Accumulated Depreciation Additions and Balances

The utilities Prior Year 12/31/2004 balance does not match the total balance on page S-4 (a) of the 2004 Annual Report. Pursuant to Rule 25-30.110 (2). F.A.C., please provide reconciliation of the balances in the 2004 Annual Report and MFR Schedule A-8.

RESPONSE: Please refer to Exhibit "B" attached hereto.

5. Schedule A-10 Accumulated Depreciation

The utility's Prior Year 12/31/2004 balance does not match what is listed in the Utility's 2004 Annual Report. Pursuant to Rule 25-30.110 (2). F.A.C., please provide the reconciliation of the balances of the 2004 Annual Report and the MFR Schedule A-10.

RESPONSE: Please refer to Exhibit "D" attached hereto.

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
July 13, 2006
Page 3

Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 19 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." Numbers 6-9 of the following list are deficiencies pursuant to this rule:

6. Schedule B-8, Comparative O & M Expenses.

The instructions for this schedule require the utility to provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U. The utility did not provide the explanation for Miscellaneous Expenses.

RESPONSE: Please refer to Exhibit "E" attached hereto, which consists of 15 copies of revised MFR schedule B-8.

7. Schedule F-6, Used and Useful Calculations

The instruction for this schedule require the utility to provide all calculations, analyses and governmental requirements used to determine the used and useful Percentages. The utility did not calculate the infiltration and inflow in its used and useful and assumed it would be zero. Please provide all calculations used to support 0% infiltration and inflow.

RESPONSE: See attached Exhibit "F".

8. Schedule B-12, Schedule of Allocated Expenses,

The instructions for this schedule require the Utility to provide a schedule detailing expenses which are subject to allocation between systems showing allocation percentages, gross amounts, amounts allocated, and detailed descriptions of the method of allocation. The total allocated amount from Water Service Corp., listed on this schedule does not agree with the total allocated amount reflected in Utilities, Inc.'s cost allocation manuals for June 30, 2005, September 30, 2005, and December 31, 2005.

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
July 13, 2006
Page 4

RESPONSE: See attached Exhibit "G", which consists of 15 copies of revised MFR schedule B-12.

9. Rule 25-30.440 (1)(a), F.A.C., requires that each applicant for a rate increase shall provide to the Commission one copy of a detailed map showing the location and size of the applicant's distribution and collection lines as well as its plant sites. The utility provided a map that does not show the size of the distribution and collections lines. Please provide a map showing additional information as detailed in the rule.

RESPONSE: Please refer to Exhibit "H" attached hereto.

10. Rule 25-30.440 (2), F.A.C., requires that each applicant for a rate increase shall provide to the Commission a list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized. The Utility provided a list of chemicals used for wastewater treatment that does not have the dosage rates utilized for treatment. Please provide a list of chemicals that has the dosage rates utilized for wastewater treatment as required by this Rule.

RESPONSE: Please refer to Exhibit "I" attached hereto.

11. Rule 25-30.440 (8), F.A.C., requires that each applicant for a rate increase shall provide to the Commission one copy of a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employee's salary allocation method to the Utility's capital or expense accounts. The Utility provided a list of employees that does not have an explanation of each employee's salary allocation method to the utility's capital or expense accounts. Please provide a list that has an explanation of each employee's salary allocation method to the Utility's capital or expense accounts as required by this Rule.

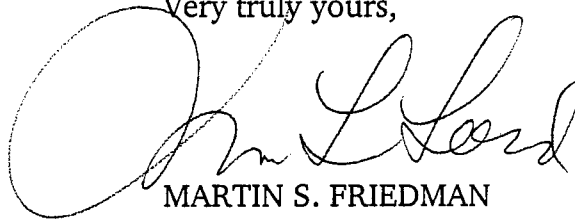
RESPONSE: Please refer to Exhibit "J" attached hereto.

Enclosed please find 15 copies of revised MFR schedules A-3 and A-8.

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
July 13, 2006
Page 5

The Utility will submit an Amended Application for increase in Rates regarding the change in the Utility's service availability charges.

Very truly yours,

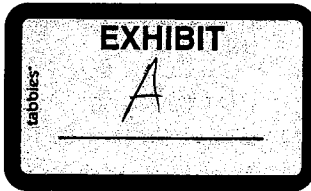


MARTIN S. FRIEDMAN
VALERIE L. LORD
For the Firm

VLL/mp
Enclosures

cc: Martha Brown, Esquire, Office of General Counsel (w/o enclosures)
Mr. Marshall Willis, Division of Economic Regulation (w/enclosures)
Mr. Troy Rendell, Division of Economic Regulation (w/enclosures)
Ms. Mahnaz Massoudi, Division of Economic Regulation (w/enclosures)
Ms. Tracey Biggins, Division of Economic Regulation (w/enclosures)
Steve Lubertozzi, Chief Regulatory Officer (w/enclosures)
Holly Roth, Director, Regulatory Affairs (w/enclosures)
John Hoy, Regional Vice President for Operations (w/enclosures)
Patrick C. Flynn, Regional Director (w/enclosures)
Mr. Frank Seidman (w/enclosures)
Thomas E. Unke, CPA (w/enclosures)

U:\SANDALHAVEN\(.114) 2005 RATE CASE\PSC Clerk 02 (deficiency responses).ltr.wpd



Utilities, Inc. of Sandalhaven
12/31/2005
A-2 to A-3 reconciliation

Line No.	Description	Balance per Books	Utility Adjustments	Adjusted Books Balance	Proforma Adjustments	Adjusted Utility Balance
1	Utility Plant in Service	2,076,274		2,076,274	3,276,272 A	5,352,546
2	Utility Land & Land Rights	81,794		81,794		81,794
3	Less: Non-Used & Useful Plant	-		-		-
4	Construction Work in Progress	59,410	(59,410) D	-		-
5	Less: Accumulated Depreciation	(839,983)		(839,983)	140,323 B	(699,660)
6	Less: CIAC	(2,266,445)		(2,266,445)	935,733 G	(1,330,712)
7	Accumulated Amortization of CIAC	794,500		794,500	(678,441) (H)	116,059
8	Acquisition Adjustment	441,304	(441,304) E	-		-
9	Accum. Amort. Of Acq. Adjustments			-		-
10	Advances for Construction			-		-
11	Working Capital Allowance			-	62,554 F	62,554
12	Total Rate Base	346,854	(500,714)	(153,860)		3,582,581

Note: The following adjustments were correctly cross-referenced to A-3 in the original filing:

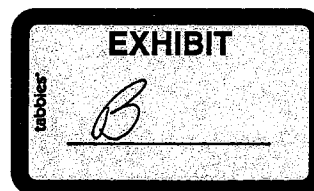
- D, E, F

Utilities, Inc. of Sandalhaven

12/31/2005

Pro-forma Adjustments

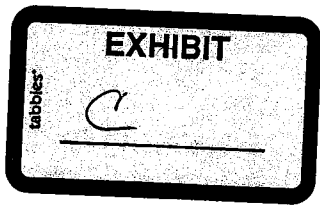
<p>A) Utility Plant in Service</p> <p><u>Pro-forma</u></p> <p>351.1 Organization 1,438</p> <p>351.2 Franchises 4,045</p> <p>353.7 Land and Rights 757</p> <p>354.2 Sewage Service Lines 3,102</p> <p>380.4 Sewage Treatment Plant 1,767</p> <p>394.7 Lab Equipment 608</p> <hr/> <p>Total 11,717</p> <p><u>WSC Rate Base</u> 7,458</p> <p><u>Pro forma projects</u></p> <p>360.2 Sandalhaven Lift Station #4 Force Main Repair 13,200</p> <p>380.4 Surge tank pumps, piping, and VFD's 35,000</p> <p>360.2 Survey and Route Selection for Master Lift Station 98,500</p> <p>361.2 Sanitary Sewer I/I Corrections 130,000</p> <p>380.4 Design/Permitting - Sandalhaven WWTP Expansion 540,335</p> <p>380.4 Purchase of 100,000 gpd of Treatment Capacity / EWD 752,000</p> <p>354.2 Master Lift Station and Force Main 2,800,000</p> <hr/> <p>Total 4,369,035</p> <p><u>Englewood plant retirements adjustments</u></p> <p>Pro forma</p> <p>Utility Plant in Service Adjustment (1,111,938)</p> <hr/> <p>Net Utility Plant in Service Adjustment 3,276,272</p> <p> </p> <p>G) CIAC</p> <p>Englewood plant retirements adjustments</p> <p>Contributed Plant 935,733</p>	<p>B) Accumulated Depreciation</p> <p><u>Pro-forma</u></p> <p>354.2 Sewage Service Lines 97</p> <p>380.4 Sewage Treatment Plant 55</p> <p>394.7 Lab Equipment 41</p> <hr/> <p>Total 193</p> <p> </p> <p><u>Pro forma projects</u></p> <p>360.2 Sandalhaven Lift Station #4 Force Main Repair 440</p> <p>380.4 Surge tank pumps, piping, and VFD's 1,946</p> <p>360.2 Survey and Route Selection for Master Lift Station 3,280</p> <p>361.2 Sanitary Sewer I/I Corrections 2,886</p> <p>380.4 Design/Permitting - Sandalhaven WWTP Expansion 41,811</p> <p>380.4 Purchase of 100,000 gpd of Treatment Capacity / EWD 155,680</p> <p>354.2 Master Lift Station and Force Main 87,640</p> <hr/> <p>Total 293,683</p> <p> </p> <p><u>Englewood plant retirements adjustments</u></p> <p>Accumulated Depreciation Adjustment (434,199)</p> <hr/> <p>Net Accumulated Accumulated Depreciation Adjustment (140,323)</p> <p> </p> <p>H) Accumulated Amortization of CIAC</p> <p>Englewood plant retirements adjustments</p> <p>Accumulated Amortization of CIAC (678,441)</p>
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Utilities, Inc. of Sandalhaven
 12/31/2005
 A-8 to A-18 reconciliation

Accumulated Depreciation	Description	Per Sch A-8	Per Annual Report 2004	Difference	Commission Ordered Adjustments	Unreconciled Difference
1	12/31/01 Balance per order no. PSC - 03-0602-PAA-SU	616,030				
2	2001 Adjustments	<u>(63,458)</u>				
3	12/31/01 Balance	552,572				
4	2002 Additions	53,998				
5	2002 Retirements	<u>(10,730)</u>				
6	12/31/02 Balance	595,840				
7	2003 Additions	59,721				
8	2003 Retirements	<u>(3,600)</u>				
9	12/31/03 Balance	651,961	651,961	-		
10	2004 Additions	65,831	65,831	-		
11	2004 Retirements	<u>(4,749)</u>	4,749	-		
12	2004 Adjustments	84,433		84,433	(84,433)	-
13	12/31/04 Balance	797,476 **	722,541	84,433	(84,433)	-
14	2005 Additions	155,429				
15	2005 Retirements	4,979				
16	2005 Adjustments	<u>(84,433)</u>				
17	12/31/05 Balance	873,451				
18						
19	12/31/05 Balance per A-18	<u>(873,881)</u>				
20						
21	Difference			(430)		difference is carried over to A-6
22						

**Note: In the original filing the 12/31/04 Balance was incorrectly calculated to be \$806,974 rather than \$797,476. The difference is due to the addition of \$4,749 in 2004 retirements, instead the \$4,749 should have been subtracted.

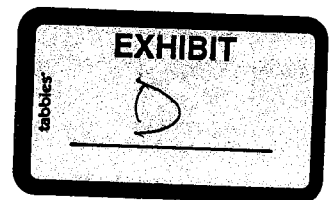


Utilities, Inc. of Sandalhaven
12/31/2005
A-10 reconciliation to 2004 and 2005 Annual Report

No	Account No and Name	12/31/04 per A-6	12/31/04 per Annual Report	Difference	Commission Ordered Adjustments	Unreconciled Difference
1	351.1 Organization	1,587	78,508	(76,921)	76,921	-
2	352.1 Franchises	1,828	25,069	(23,241)	23,241	-
3	353.2 Land & Land Rights	35,000	225,000	(190,000)	190,000	-
4	354.2 Structures & Improvements	715,748	716,506	(758)	740	(18)
5	360.2 Collection Sewers - Force	199,056	199,056	-	-	-
6	361.2 Collection Sewers - Gravity	588,043	588,043	-	-	-
7	380.4 Treatment & Disposal Equipment	424,457	430,055	(5,598)	5,184	(414)
8	390.5 Office Furniture & Equipment	752	752	-	-	-
9	391.5 Transportation Equipment	52,309	52,309	-	-	-
10	393.5 Tools, Shop & Garage Equipment	17,841	17,841	-	-	-
11	394.5 Laboratory Equipment	3,768	3,768	-	-	-
12	398.5 Other Tangible Plant	1,409	1,409	-	-	-
13	Total	<u>2,041,798</u>	<u>2,338,316</u>	<u>(296,518)</u>	<u>296,086</u>	<u>(432) ***</u>

*** Note this difference in plant accounts represents the difference in the accumulated depreciation as shown on Sch A-8. The plant balances are overstated by \$430 on A-6 while the accumulated depreciation is understated by \$430 on A-8.

No	Account No and Name	12/31/05 per A-6	12/31/05 per Annual Report	Difference	Commission Ordered Adjustments	Unreconciled Difference
1	351.1 Organization	27,106	27,106	-	-	-
2	352.1 Franchises	3,421	3,421	-	-	-
3	353.2 Land & Land Rights	128,588	128,588	-	-	-
4	354.2 Structures & Improvements	1,073,228	1,073,228	-	-	-
5	360.2 Collection Sewers - Force	203,712	203,712	-	-	-
6	361.2 Collection Sewers - Gravity	619,764	619,764	-	-	-
7	380.4 Treatment & Disposal Equipment	141,723	141,723	-	-	-
8	390.5 Office Furniture & Equipment	752	752	-	-	-
9	391.5 Transportation Equipment	52,309	52,309	-	-	-
10	393.5 Tools, Shop & Garage Equipment	17,841	17,841	-	-	-
11	394.5 Laboratory Equipment	4,310	4,310	-	-	-
12	398.5 Other Tangible Plant	1,584	1,584	-	-	-
13	Total	<u>2,274,338</u>	<u>2,274,338</u>	<u>-</u>	<u>-</u>	<u>-</u>



Utilities, Inc. of Sandalhaven
 12/31/2004
 A-10 reconciliation to 2004 Annual Report

No	Account No and Name	12/31/04 per A-10	12/31/04 per Annual Report	Difference	Commission Ordered Adjustments	Unreconciled Difference
1	354.2 Structures and Improvements	392,924	308,491	84,433	(84,433)	-
2	360.2 Collection Sewers - Force	88,486	88,486	-		-
3	361.2 Collection Sewers - Gravity	239,759	239,759	-		-
4	380.4 Treatment & Disposal Equipment	50,243	50,243	-		-
5	390.5 Office Furniture & Equipment	(163)	(163)	-		-
6	391.5 Transportation Equipment	32,612	32,612	-		-
7	393.5 Tools, Shop & Garage Equipment	1,173	1,173	-		-
8	394.5 Laboratory Equipment	798	798	-		-
9	397.5 Miscellaneous Equipment	1,142	1,142	-		-
10	Total	<u>806,974</u>	<u>722,541</u>	<u>84,433</u>	<u>(84,433)</u>	<u>-</u>



Comparative O&M Expenses - Sewer

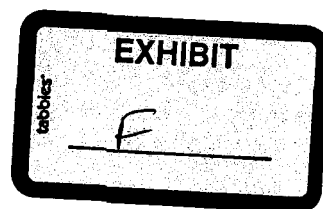
Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060283-SU
 Test Year End: December 31, 2005
 Interim [] or Final [x]
 Historic [x] or Projected []

Schedule B-8
 Page 1 of 1
 Preparer: Virchow, Krauss

Explanation: Complete the following comparison of the applicant's current and prior test year O&M expenses before this Commission. Provide an explanation of all differences which are not attributable to the change in customer growth and the CPI-U.

Line No.	(1) Account No. and Name	(2) Prior Owner 12/31/2001	(3) Current TY 12/31/2005	(4) \$ Difference	(5) % Difference	(6) Explanation
1	701 Salaries & Wages - Employees	\$ 42,355	\$ 88,593	\$ 46,238	109.17%	Two operators are assigned full-time to SH in current year, there was an open position during the prior test year.
2	703 Salaries & Wages - Officers, Etc.	-	-	-	N/A	
3	704 Employee Pensions & Benefits	14,013	21,563	7,550	54.59%	Two operators are assigned full-time to SH in current year, there was an open position during the prior test year.
4	710 Purchased Sewage Treatment	742	1,034	292	39.35%	Hauled sewage to another WWTP during an emergency condition.
5	711 Sludge Removal Expense	44,532	45,250	718	1.61%	
6	715 Purchased Power	15,693	19,638	2,945	17.64%	increase in unit cost of service as provided by FP&L
7	716 Fuel for Purchased Power	-	-	-	N/A	
8	718 Chemicals	7,407	29,201	21,794	294.24%	Converted disinfection system to sodium hypochlorite, increase in water pumped.
9	720 Materials & Supplies	2,265	59,621	56,336	2465.47%	Cost associated with WWTP permit renewal, more frequent and varied collection system and WWTP repairs
10	731 Contractual Services - Engr.	-	-	-	N/A	
11	732 Contractual Services - Acct.	1,024	2,633	1,609	157.13%	Audit fees have increased substantially in the last four years at a rate higher than the CPI Index
12	733 Contractual Services - Legal	1,450	-	(1,450)	-100.00%	
13	734 Contractual Services - Mgmt. Fees	-	-	-	N/A	
14	736 Contractual Services - Other	10,185	-	(10,185)	-100.00%	
15	741 Rental of Building/Real Prop.	-	-	-	N/A	
16	742 Rental of Equipment	-	-	-	N/A	
17	750 Transportation Expenses	1,720	7,014	5,294	307.79%	increase in fuel costs; during the previous test year, one staff position was not filled, but was filled during the current year
18	756 Insurance - Vehicle	-	-	-	N/A	
19	757 Insurance - General Liability	-	-	-	N/A	
20	758 Insurance - Workman's Comp.	-	-	-	N/A	
21	759 Insurance - Other	7,220	11,456	4,236	58.67%	Total insurance expense for Utilities, Inc. has increased by 123% in the last 4 years.
22	760 Advertising Expense	-	-	-	N/A	
23	766 Reg. Comm. Exp. - Rate Cost Amort.	-	14,280	14,280	New	
24	767 Reg. Comm. Exp. - Other	-	-	-	N/A	
25	770 Bad Debt Expense	399	832	433	108.52%	Bad debt expense has increased due to a random increase in finaled accounts that were written off
26	775 Miscellaneous Expense	50,518	13,030	(37,488)	-74.21%	Miscellaneous expenses have increased at a rate greater than the CPI Index
27	TOTAL	\$ 200,543	\$ 313,245	\$ 112,702	56.20%	
28	Total Customers (ERC's)	880	1,019	139	15.80%	
29	Consumer Price Index - U	234.6	283.4	48.8	20.80%	
30	Benchmark Index: Change in Customer ERC's			1,1580		
31	increase in CPI			1,2080		
32				1,3988		



A. Infiltration allowance, excluding service laterals

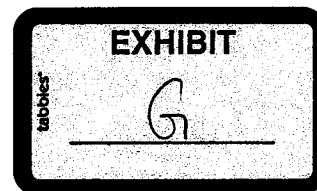
	Main dia. inches	Main length feet	Miles	Allowance @ 500 gpd/inch-dia./mile gpd	gpy
1	6	0	0.000	0	
2	8	29,863	5.656	22,623	
3	10	<u>0</u>	<u>0.000</u>	<u>0</u>	
4	Total	29,863	5.656	22,623	8,257,572
5	Estimated Inflow @ 10% of flows (I.10)				<u>2,555,900</u>
6	Allowable I&I				10,813,472

B. Calculation of Inflow & Infiltration (I&I)

7	Wastewater treated				35,539,000
---	--------------------	--	--	--	------------

	Gallons billed to WW cust.	Estimated returned	
8	Residential (capped @ 8 MG)	17,793,000	100%
9	Other	<u>7,766,000</u>	<u>96%</u>
10	Estimated flows returned	25,559,000	

11	Estimated I&I (treated less returned) [I.7-I.10]	10,290,640
12	Actual less allowable [I.11-I.6]	<u>-522,832</u>
13	Excess, if any [I.11-I.6, if positive]	0
14	Excess as percent of wastewater treated	0.00%



Company: Utilities, Inc of Sandalhaven
 Docket No.: 060285-SU
 Schedule Year Ended: 12/31/2005
 Interim [] Final [x]
 Historical [x] Projected []

Schedule B-12
 Page 1 of 4

Preparer: Steven Dihel

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description of the method of allocation. Provide a description of all systems other than water and sewer.

Line No.	G/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method*	Amounts Allocated			Allocation Percentage	
			(1) Sandalhaven	(2) Other Companies/Systems	(3) Total		(5) Sandalhaven	(6) Other Companies/Systems	(7) Total	(8) 100.00%	
										0.00% Water	100.00% Sewer
Water Service Corp. Allocated Expenses:											
1	601	Salaries - Office	0.4%	99.6%	100.0%		\$10,897	\$2,618,669	\$2,629,566	\$0	\$10,897
2	63x	Outside Services	0.5%	99.5%	100.0%		\$2,119	\$450,949	\$453,068	\$0	\$2,119
3	604	Pension & Benefits	0.4%	99.6%	100.0%		\$2,683	\$633,422	\$636,105	\$0	\$2,683
4	659	Insurance	0.5%	99.5%	100.0%		\$11,456	\$2,103,039	\$2,114,495	\$0	\$11,456
5	675	Office Supplies	0.5%	99.5%	100.0%		\$2,079	\$431,205	\$433,284	\$0	\$2,079
6	675	Office Utilities	0.4%	99.6%	100.0%		\$174	\$42,323	\$42,497	\$0	\$174
7	675	Office Maintenance	0.2%	99.8%	100.0%		\$323	\$141,482	\$141,805	\$0	\$323
8	675	Miscellaneous	0.4%	99.6%	100.0%		\$1,268	\$303,705	\$304,973	\$0	\$1,268
9		Sub-Total O & M Expenses					\$30,999	\$6,724,794	\$6,755,793	\$0	\$30,999
10	403	Depreciation	0.4%	99.6%	100.0%		\$1,170	\$283,279	\$284,449	\$0	\$1,170
11	408	Franchise/RE Tax	0.1%	99.9%	100.0%		\$300	\$213,911	\$214,211	\$0	\$300
12	409	Fed/State Taxes	0.4%	99.6%	100.0%		\$424	\$101,473	\$101,897	\$0	\$424
13	410	Deferred Income Tax	0.4%	99.6%	100.0%		\$41	\$9,633	\$9,674	\$0	\$41
14	426	Other Income	0.4%	99.6%	100.0%		(\$13)	(\$3,017)	(\$3,030)	\$0	(\$13)
15	419,27	Interest Expense	0.4%	99.6%	100.0%		\$1,186	\$280,524	\$281,710	\$0	\$1,186
16		Total Expenses					\$34,107	\$7,610,597	\$7,644,704	\$0	\$34,107
Utilities, Inc. of Florida Allocated Expenses											
17	63x	Outside Services	1.4%	98.6%	100.0%		\$418	\$29,559	\$29,977	\$0	\$418
18	675	Office Supplies	1.5%	98.5%	100.0%		\$1,060	\$69,713	\$70,773	\$0	\$1,060
19	675	Office Utilities	1.5%	98.5%	100.0%		\$181	\$12,099	\$12,280	\$0	\$181
20	675	Office Maintenance	1.5%	98.5%	100.0%		\$297	\$19,951	\$20,248	\$0	\$297
21	675	Miscellaneous	1.0%	99.0%	100.0%		\$170	\$17,569	\$17,739	\$0	\$170
22	650	Transportation Expenses	0.0%	100.0%	100.0%		\$0	\$109,070	\$109,070	\$0	\$0
23	620,675	Operators Expense	1.4%	98.6%	100.0%		\$184	\$12,508	\$12,692	\$0	\$184
24		Sub-Total O & M Expenses					\$2,310	\$270,470	\$272,780	\$0	\$2,310
25	408	Taxes Other Than Income	0.0%	0.0%	100.0%		\$0	\$0	\$0	\$0	\$0
26	403	Depreciation	0.7%	99.3%	100.0%		\$889	\$132,169	\$133,058	\$0	\$889
27		Total Expenses					\$3,199	\$402,639	\$405,838	\$0	\$3,199

* Note: Allocation methodology is based predominantly on customer equivalents.

Company: Utilities, Inc of Sandalhaven
 Docket No.: 060285-SU
 Schedule 6 Months Ended: 6/30/2005
 Interim [] Final [x]
 Historical [x] Projected []

Schedule B-12
 Page 2 of 4

Preparer: Steven Dihel

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description of the method of allocation. Provide a description of all systems other than water and sewer.

Line No.	G/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Amounts Allocated			Allocation Percentage		
			(1) Sandalhaven	(2) Other Companies/ Systems/			(3) Total	(5) Sandalhaven	(6) Other Companies/ Systems/		(8) 100.00%	
				Total	Method				Sandalhaven	Systems	Total	0.00% Water
Water Service Corp. Allocated Expenses:												
1	601	Salaries - Office	0.4%	99.6%	100.0%		\$4,796	\$1,197,396	\$1,202,192	\$0	\$4,796	
2	63x	Outside Services	0.4%	99.6%	100.0%		\$846	\$194,682	\$195,528	\$0	\$846	
3	604	Pension & Benefits	0.4%	99.6%	100.0%		\$610	\$151,757	\$152,367	\$0	\$610	
4	659	Insurance	0.5%	99.5%	100.0%		\$6,401	\$1,168,167	\$1,174,568	\$0	\$6,401	
5	675	Office Supplies	0.4%	99.6%	100.0%		\$1,036	\$235,464	\$236,500	\$0	\$1,036	
6	675	Office Utilities	0.4%	99.6%	100.0%		\$84	\$21,055	\$21,139	\$0	\$84	
7	675	Office Maintenance	0.4%	99.6%	100.0%		\$217	\$53,926	\$54,143	\$0	\$217	
8	675	Miscellaneous	0.4%	99.6%	100.0%		\$590	\$146,841	\$147,431	\$0	\$590	
9		Sub-Total O & M Expenses					\$14,580	\$3,169,288	\$3,183,868	\$0	\$14,580	
10	403	Depreciation	0.4%	99.6%	100.0%		\$518	\$129,103	\$129,621	\$0	\$518	
11	408	Franchise/RE Tax	0.1%	99.9%	100.0%		\$124	\$172,206	\$172,330	\$0	\$124	
12	409	Fed/State Taxes	0.4%	99.6%	100.0%		\$89	\$22,248	\$22,337	\$0	\$89	
13	410	Deferred Income Tax	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0	
14	426	Other Income	0.4%	99.6%	100.0%		(\$8)	(\$1,862)	(\$1,870)	\$0	(\$8)	
15	419,27	Interest Expense	0.4%	99.6%	100.0%		\$596	\$144,415	\$145,011	\$0	\$596	
16		Total Expenses					\$15,899	\$3,635,398	\$3,651,297	\$0	\$15,899	
Utilities, Inc. of Florida Allocated Expenses												
17	63x	Outside Services	1.4%	98.6%	100.0%		\$228	\$15,589	\$15,817	\$0	\$228	
18	675	Office Supplies	1.4%	98.6%	100.0%		\$446	\$30,563	\$31,009	\$0	\$446	
19	675	Office Utilities	1.4%	98.6%	100.0%		\$87	\$5,944	\$6,031	\$0	\$87	
20	675	Office Maintenance	1.4%	98.6%	100.0%		\$139	\$9,508	\$9,647	\$0	\$139	
21	675	Miscellaneous	1.5%	98.5%	100.0%		\$122	\$8,202	\$8,324	\$0	\$122	
22	650	Transportation Expenses	0.0%	100.0%	100.0%		\$0	\$57,840	\$57,840	\$0	\$0	
23	620,675	Operators Expense	1.4%	98.6%	100.0%		\$107	\$7,436	\$7,543	\$0	\$107	
24		Sub-Total O & M Expenses					\$1,129	\$135,084	\$136,213	\$0	\$1,129	
25	408	Taxes Other Than Income	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0	
26	403	Depreciation	0.7%	99.3%	100.0%		\$423	\$60,124	\$60,547	\$0	\$423	
27		Total Expenses					\$1,552	\$195,207	\$196,759	\$0	\$1,552	

Note: Allocation methodology is based predominantly on customer equivalents.

Allocation of Expenses

Florida Public Service Commission

Company: Utilities, Inc of Sandalhaven
 Docket No.: 060285-SU
 Schedule 3 Months Ended: 9/30/2005
 Interim [] Final [x]
 Historical [x] Projected []

Schedule B-12
 Page 3 of 4

Preparer: Steven Dihel

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc. showing allocation percentages, gross amounts, amounts allocated, and a detailed description of the method of allocation Provide a description of all systems other than water and sewer.

Line No.	G/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Amounts Allocated			Allocation Percentage	
			(1) Sandalhaven	(2) Other Companies/ Systems			(5) Sandalhaven	(6) Other Companies/ Systems		(8) 100.00%	
				(3) Total	(4) Method			(7) Total	0.00% Water	100.00% Sewer	
Water Service Corp. Allocated Expenses:											
1	601	Salaries - Office	0.4%	99.6%	100.0%		\$2,806	\$665,913	\$668,719	\$0	\$2,806
2	63x	Outside Services	0.4%	99.6%	100.0%		\$836	\$188,027	\$188,863	\$0	\$836
3	604	Pension & Benefits	0.4%	99.6%	100.0%		\$561	\$132,449	\$133,010	\$0	\$561
4	659	Insurance	0.5%	99.5%	100.0%		\$2,218	\$420,983	\$423,201	\$0	\$2,218
5	675	Office Supplies	0.4%	99.6%	100.0%		\$450	\$99,758	\$100,208	\$0	\$450
6	675	Office Utilities	0.4%	99.6%	100.0%		\$48	\$11,176	\$11,224	\$0	\$48
7	675	Office Maintenance	0.4%	99.6%	100.0%		\$103	\$24,356	\$24,459	\$0	\$103
8	675/670 704/775	Miscellaneous	0.5%	99.5%	100.0%		\$294	\$63,682	\$63,976	\$0	\$294
9		Sub-Total O & M Expenses					\$7,316	\$1,606,344	\$1,613,660	\$0	\$7,316
10	403	Depreciation	0.4%	99.6%	100.0%		\$279	\$65,892	\$66,171	\$0	\$279
11	408	Franchise/RE Tax	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0
12	409	Fed/State Taxes	0.4%	99.6%	100.0%		\$144	\$33,953	\$34,097	\$0	\$144
13	410	Deferred Income Tax	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0
14	426	Other Income	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0
15	419,27	Interest Expense	0.4%	99.6%	100.0%		\$296	\$68,219	\$68,515	\$0	\$296
16		Total Expenses					\$8,035	\$1,774,408	\$1,782,443	\$0	\$8,035
Utilities, Inc. of Florida Allocated Expenses:											
17	63x	Outside Services	1.5%	98.5%	100.0%		\$105	\$6,963	\$7,068	\$0	\$105
18	675	Office Supplies	1.5%	98.5%	100.0%		\$275	\$18,155	\$18,430	\$0	\$275
19	675	Office Utilities	1.5%	98.5%	100.0%		\$47	\$3,103	\$3,150	\$0	\$47
20	675	Office Maintenance	1.5%	98.5%	100.0%		\$77	\$5,107	\$5,184	\$0	\$77
21	675	Miscellaneous	0.2%	99.8%	100.0%		\$14	\$7,070	\$7,084	\$0	\$14
22	650	Transportation Expenses	0.0%	100.0%	100.0%		\$0	\$18,421	\$18,421	\$0	\$0
23	620,675	Operators Expense	1.5%	98.5%	100.0%		\$26	\$1,719	\$1,745	\$0	\$26
24		Sub-Total O & M Expenses					\$544	\$60,538	\$61,082	\$0	\$544
25	408	Taxes Other Than Income	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0
26	403	Depreciation	0.6%	99.4%	100.0%		\$221	\$38,218	\$38,439	\$0	\$221
27		Total Expenses					\$765	\$98,756	\$99,521	\$0	\$765

Note: Allocation methodology is based predominantly on customer equivalents.

Compan Utilities, Inc of Sandalhaven
 Docket No.: 060285-SU
 Schedule 3 Months Ended: 12/31/2005
 Interim [] Final [x]
 Historical [x] Projected []

Schedule B-12
 Page 4 of 4

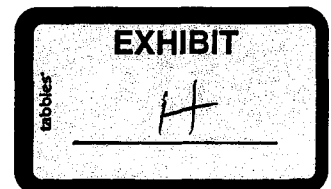
Preparer: Steven Dihel

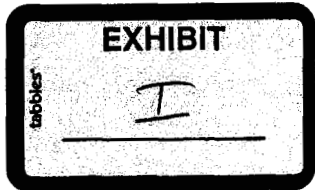
Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description of the method of allocation. Provide a description of all systems other than water and sewer.

Line No.	G/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Amounts Allocated			Allocation Percentage		
			(1) Sandalhaven	(2) Other Companies/ Systems			(3) Total	(5) Sandalhaven	(6) Other Companies/ Systems		(8) 100.00%	
				(4) Total	(7) Total				0.00% Water	100.00% Sewer		
Water Service Corp. Allocated Expenses:												
1	601	Salaries - Office	0.4%	99.6%	100.0%		\$3,295	\$755,360	\$758,655	\$0	\$3,295	
2	63x	Outside Services	0.6%	99.4%	100.0%		\$437	\$68,240	\$68,677	\$0	\$437	
3	604	Pension & Benefits	0.4%	99.6%	100.0%		\$1,512	\$349,216	\$350,728	\$0	\$1,512	
4	659	Insurance	0.5%	99.5%	100.0%		\$2,837	\$513,889	\$516,726	\$0	\$2,837	
5	675	Office Supplies	0.6%	99.4%	100.0%		\$593	\$95,983	\$96,576	\$0	\$593	
6	675	Office Utilities	0.4%	99.6%	100.0%		\$42	\$10,092	\$10,134	\$0	\$42	
7	675	Office Maintenance	0.0%	100.0%	100.0%		\$3	\$63,200	\$63,203	\$0	\$3	
8	675	Miscellaneous	0.4%	99.6%	100.0%		\$384	\$93,182	\$93,566	\$0	\$384	
9		Sub-Total O & M Expenses					\$9,103	\$1,949,162	\$1,958,265	\$0	\$9,103	
10	403	Depreciation	0.4%	99.6%	100.0%		\$373	\$88,284	\$88,657	\$0	\$373	
11	408	Franchise/RE Tax	0.4%	99.6%	100.0%		\$176	\$41,705	\$41,881	\$0	\$176	
12	409	Fed/State Taxes	0.4%	99.6%	100.0%		\$191	\$45,272	\$45,463	\$0	\$191	
13	410	Deferred Income Tax	0.4%	99.6%	100.0%		\$41	\$9,633	\$9,674	\$0	\$41	
14	426	Other Income	0.4%	99.6%	100.0%		(\$5)	(\$1,155)	(\$1,160)	\$0	(\$5)	
15	419,27	Interest Expense	0.4%	99.6%	100.0%		\$294	\$67,890	\$68,184	\$0	\$294	
16		Total Expenses					\$10,173	\$2,200,791	\$2,210,964	\$0	\$10,173	
Utilities, Inc. of Florida Allocated Expenses:												
17	63x	Outside Services	1.2%	98.8%	100.0%		\$85	\$7,007	\$7,092	\$0	\$85	
18	675	Office Supplies	1.6%	98.4%	100.0%		\$339	\$20,995	\$21,334	\$0	\$339	
19	675	Office Utilities	1.5%	98.5%	100.0%		\$47	\$3,053	\$3,100	\$0	\$47	
20	675	Office Maintenance	1.5%	98.5%	100.0%		\$81	\$5,335	\$5,416	\$0	\$81	
21	675	Miscellaneous	1.5%	98.5%	100.0%		\$34	\$2,298	\$2,332	\$0	\$34	
22	650	Transportation Expenses	0.0%	100.0%	100.0%		\$0	\$32,809	\$32,809	\$0	\$0	
23	620,675	Operators Expense	1.5%	98.5%	100.0%		\$51	\$3,353	\$3,404	\$0	\$51	
24		Sub-Total O & M Expenses					\$637	\$74,849	\$75,486	\$0	\$637	
25	408	Taxes Other Than Income	0.0%	100.0%	100.0%		\$0	\$0	\$0	\$0	\$0	
26	403	Depreciation	0.7%	99.3%	100.0%		\$245	\$33,826	\$34,071	\$0	\$245	
27		Total Expenses					\$882	\$108,675	\$109,557	\$0	\$882	

Note: Allocation methodology is based predominantly on customer equivalents.

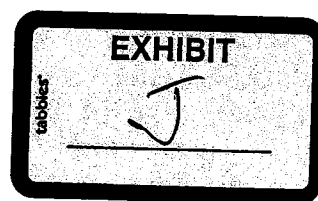
Oversized map
Utility system map (Sandahaven System)





UTILITIES, INC. OF SANDALHAVEN
CHEMICAL USE DATA
TEST YEAR: 2006

County	System Name	Chemical Used	Wastewater Treatment	Unit Price
CHARLOTTE	Sandalhaven	Sodium Hypochlorite	22 gpd	\$ 1.15/ gal
		Histosol	4 gpd	\$ 11.35/ gal



**Employees Involved in Utilities, Inc. of Sandalhaven. Operations
During Test Year 2005:**

Patrick Flynn, Regional Director: Oversees all operations and employees in Florida.

Rick Retz, Regional Manager: Manages operations and employees for all West Coast operations. West Coast operations include all systems located in South Florida and West Florida.

Tony Wierzbicki, Project Manager: Manages capital projects and developer activity within the West Coast and South Florida Operations areas

Scott Stewart, Area Manager: Supervises the day-to-day operations for the systems within the West Coast Operations area.

Michael T. Dunn, Regional Manager

Field Employees:

Patrick (Lenny) Godwin, Lead Operator (“B” Water License, “B” Wastewater License): Mr Godwin is responsible for overseeing the day-to-day operations of the Sandalhaven wastewater facility.

Mike Monet, Operator (“C” Wastewater License):

Facilities:

The minimum staffing requirement at the Sandalhaven wastewater plant is 6 hours per day, 7 days per week by a minimum Class "C" wastewater operator.

Duties and Responsibilities:

- a) Responsible for performing treatment plant, collection system and transmission system operation and maintenance. Duties are to be completed in a reasonable and professional manner consistent with standard operating practices in order to comply with state and local regulatory rules and requirements. Must perform duties consistent with the protection of the public health and the environment.
- b) Perform responsible, efficient, and effective on-site management and supervision of all system functions.
- c) Submit complete, accurate and timely periodic plant operating reports.
- d) Report to the Permittee and the Department of Environmental Protection any serious plant or system breakdown or condition causing or likely to cause serious, inefficient or unsafe treatment or discharge of wastewater in a manner not authorized by the current permit.
- e) Submit accurate reports relative to treatment plant, collection system, and transmission system operation, including sampling and laboratory analysis.
- f) Maintain an operation and maintenance log for the plant, current to the last operation and maintenance task performed.
- g) Perform required preventative maintenance in conformance with equipment manufacturer recommendations. Repair or replace plant equipment and collection system components as needed to keep the facilities operating as permitted.
- h) Perform various service order functions including but not limited to the following: customer complaints; reading and checking meters; cross-connection inspections; installing or repairing the collection and disposal systems.
- i) Maintain the visual aesthetics of the facilities in compliance with company standards, including grounds maintenance, fence repairs, site security, lighting fixtures, and general building upkeep.

Adjustments to Ratebase

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060258-SU
 Test Year End: December 31, 2005
 Interim [] or Final [x]
 Historic [x] or Projected []

Schedule: A-3
 Page 1 of 1
 Preparer: Virchow, Krause

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Sewer
1 (A)	Utility Plant in Service		
2	(i) Proforma		
3	351.1 Organization	-	1,438
4	351.2 Franchises	-	4,045
5	353.7 Land and Rights	-	757
6	354.2 Sewage Service Lines	-	3,102
7	380.4 Sewage Treatment Plant	-	1,767
8	394.7 Lab Equipment	-	608
9	Proforma Total	-	11,717
10			
11	(ii) WSC Rate Base		
12	Net WSC Rate Base	-	7,458
13			
14	(iii) Proforma Projects		
15	360.2 Sandalhaven Lift Station #4 Force Main Repair	-	13,200
16	380.4 Surge tank pumps, piping, and VFD's	-	35,000
17	360.2 Survey and Route Selection for Master Lift Station Force Main	-	98,500
18	361.2 Sanitary Sewer I/I Corrections	-	130,000
19	380.4 Design/Permitting - Sandalhaven WWTP Expansion	-	540,335
20	380.4 Purchase of 100,000 gpd of Treatment Capacity / EWD	-	752,000
21	354.2 Master Lift Station and Force Main	-	2,800,000
22		-	4,369,035
23			
24 (B)	Accumulated Depreciation		
25	(i) Proforma		
26	354.2 Sewage Service Lines	-	97
27	380.4 Sewage Treatment Plant	-	55
28	394.7 Lab Equipment	-	41
29	Proforma Total	-	193
30			
31	(ii) Proforma Projects		
32	360.2 Sandalhaven Lift Station #4 Force Main Repair	-	440
33	380.4 Surge tank pumps, piping, and VFD's	-	1,946
34	360.2 Survey and Route Selection for Master Lift Station Force Main	-	3,280
35	361.2 Sanitary Sewer I/I Corrections	-	2,686
36	380.4 Design/Permitting - Sandalhaven WWTP Expansion	-	41,811
37	380.4 Purchase of 100,000 gpd of Treatment Capacity / EWD	-	155,680
38	354.2 Master Lift Station and Force Main	-	87,640
39		-	293,683
40			
41			
42 (D)	Remove CWP	-	(59,410)
43			
44 (E)	Reverse Acquisition Adjustment		
45	Adjustment	-	(441,304)
46	Amortization	-	-
47			
48 (F)	Working Capital Allowance	-	62,554
49			
50 (G)	Englewood plant retirements adjustments (see separate work papers in field audit)		
51	Proforma		
52	Utility Plant in Service Adjustment		(1,111,938)
53	Accumulated Depreciation Adjustment		(434,199)
54	Contributed Plant		(935,733)
55	Accumulated Amortization of Contributed Plant		(678,441)

Line Item	Utility		Proforma	
	Adjustments	Line Reference	Adjustments	Line Reference
1 Utility Plant in Service	(500,714)	42+45	3,276,272	9+12+22+52
2 Utility Land & Land Rights	-		-	
3 Less: Non-Used & Useful Plant	-		-	
4 Construction Work in Progress	-		-	
5 Less: Accumulated Depreciation	-		140,323	-29-39-53
6 Less: CIAC	-		935,733	-54
7 Accumulated Amortization of CIAC	-		(678,441)	55
8 Acquisition Adjustment	-		-	
9 Accum. Amort. Of Acq. Adjustments	-		-	
10 Advances for Construction	-		-	
11 Working Capital Allowance	-		62,554	48
Total	(500,714)		3,736,441	
A-2 Total	(500,714)		3,736,441	
Variance	-		-	

Annual Accumulated Depreciation Additions and Balances

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
Docket No.: 060258-SU
Test Year End: December 31, 2005
Interim [] or Final [x]
Historic [x] or Projected []

Schedule: A-8
Page 1 of 1
Preparer: Virchow, Krause

Explanation: Provide the annual balance of accumulated depreciation, for water and sewer separately, for all years since either rate base was last established by this Commission, or the date of inception of utility service if rate base has not been established previously by this Commission; and yearly additions, retirements, and adjustments by dollar amount up to the end of the test year. Provide an additional page if necessary. If a projected test year is used, include the projected annual additions and/or retirements specifically identifying those amounts.

Line No.	Description	Year-End Balance	
		Water	Sewer
1	12/31/01 Balance [order no. PSC-03-0602-PAA-SU]	\$ -	\$ 616,030
2			
3	2001 Additions	-	-
4	2001 Retirements	-	-
5	2001 Adjustments	-	(63,458)
6			
7	12/31/2001 Balance		552,572
8	2002 Additions	-	53,998
9	2002 Retirements	-	10,730
10	2002 Adjustments	-	-
11			
12	12/31/2002 Balance		595,840
13	2003 Additions	-	59,721
14	2003 Retirements	-	3,600
15	2003 Adjustments	-	-
16			
17	12/31/2003 Balance	-	651,961
18	2004 Additions	-	65,831
19	2004 Retirements	-	(4,749)
20	2004 Adjustments	-	84,433
21			
22	12/31/2004 Balance	-	806,974
23	2005 Additions	-	155,429
24	2005 Retirements	-	4,979
25	2005 Adjustments	-	(84,433)
26			
27	12/31/2005 Balance	-	872,991

Supporting Schedules: A-10
 Recap Schedules: A-18

Reconciliation to A-18	
Accumulated depreciation	872,991
Amortization	890
	<u>873,881</u>