



August 4, 2015

VIA E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 150102-SU; Application for an increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven
Our File No. 30057.221

Dear Ms. Stauffer:

The following are the supplemental responses of Utilities, Inc. of Sandalhaven, ("Utility") to the Staff's First Data Request dated July 8, 2015:

Please refer to MFR Schedule C-6, Accumulated Deferred Income Taxes (ADIT).

1. Lines 12 through 23 lists Acct No. 256.4421/4371Def Tax Tap Fee Post 2000 for years 2005 through 2014. In Sandalhaven's last rate case with the FPSC, the Commission disallowed the debit ADITs in these accounts for rate making purposes.
 - b. Please provide documentation that demonstrates the Utility paid income tax on the Tap Fees.
Response: Attached are portions of the Tax Returns (redacted), for which a Request for Confidential Classification will be filed.

Should you or Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,

A handwritten signature in blue ink that reads "Martin S. Friedman".

MARTIN S. FRIEDMAN
For the Firm

MSF/
Enclosures

cc: John Hoy (via email, w/o attachments)
Patrick Flynn (via email, w/o attachments)
Suzanne Brownless, Esquire (via email, w/o attachments)
Erik Sayler, Esquire (via US Mail, with attachments)

Note: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered 'Yes.'

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule) See St. 4				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets				
b Less accumulated depreciation				
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets (attach schedule) See St. 5				
15 Total assets				
Liabilities and Shareholders' Equity				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach sch) See St. 6				
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule) See St. 7				
22 Capital stock: a Preferred stock				
b Common stock				
23 Additional paid-in capital				
24 Retained earnings - Approp (att sch)				
25 Retained earnings - Unappropriated				
26 Adjmnt to shareholders' equity (att sch)				
27 Less cost of treasury stock				
28 Total liabilities and shareholders' equity				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions)	
1 Net income (loss) per books	7 Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____
2 Federal income tax per books	8 Deductions on this return not charged against book income this year (itemize): a Depreciation .. \$ _____ b Charitable contribns \$ _____ See Stmt 10
3 Excess of capital losses over capital gains	
4 Income subject to tax not recorded on books this year (itemize): Statement 8	9 Add lines 7 and 8
5 Expenses recorded on books this year not deducted on this return (itemize): a Depreciation .. \$ _____ b Charitable contributions .. \$ _____ c Travel & entertainment .. \$ _____ Statement 9	10 Income (page 1, line 28) - line 6 less line 9
6 Add lines 1 through 5	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1 Balance at beginning of year	5 Distributions .. a Cash ..
2 Net income (loss) per books	b Stock .. c Property ..
3 Other increases (itemize):	6 Other decreases (itemize):
4 Add lines 1, 2, and 3	7 Add lines 5 and 6
	8 Balance at end of year (line 4 less line 7)

Client 3564971

Utilities, Inc. of Sandalhaven

59-3564971

8/30/07

08:12AM

Statement 1
Form 1120, Line 10
Other Income

Other Income.....	\$	
Service line & Meter fees.....		
Total	\$	

Statement 2
Form 1120, Line 26
Other Deductions

Amortization.....	\$	
Insurance.....		
Miscellaneous expense.....		
Office maintenance.....		
Office supplies.....		
Office utilities.....		
Other services.....		
Regulatory commission expense.....		
Total	\$	

Statement 3
Form 1120, Schedule A, Line 5
Other Cost of Goods Sold

Chemicals.....	\$	
Electric.....		
Maintenance.....		
Purchased water.....		
Testing.....		
Transportation.....		
Total	\$	

Statement 4
Form 1120, Schedule L, Line 6
Other Current Assets

	<u>Beginning</u>	<u>Ending</u>
Other assets.....	\$	\$
Total	\$	\$

Statement 5
Form 1120, Schedule L, Line 14
Other Assets

	<u>Beginning</u>	<u>Ending</u>
Deferred charges.....	\$	\$
Organizational expense.....		
Total	\$	\$

CONFIDENTIAL

Name of corporation (common parent, if consolidated return)

Employer identification number

HYDRO STAR, LLC

30-0317405

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/LPC group

Check if a sub-consolidated: (6) 1120 group (7) 1120 eliminations

Name of subsidiary (if consolidated return)

Employer identification number

UTILITIES, INC. OF SANDALHAVEN

59-3564971

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items (Attach schedules for lines 1 through 3)	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships (attach schedule)				
10 Income (loss) from foreign partnerships (attach schedule)				
11 Income (loss) from other pass-through entities (attach schedule)				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 9915-A)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 9919-A)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(a) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 35)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, add lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

Name of corporation (common parent, if consolidated return)		Employer identification number
HYDRO STAR, LLC		30-0317405
Check applicable box(es): (1) <input type="checkbox"/> Consolidated group (2) <input type="checkbox"/> Parent corp (3) <input type="checkbox"/> Consolidated eliminations (4) <input checked="" type="checkbox"/> Subsidiary corp (5) <input type="checkbox"/> Mixed 1120/L/PC group		
Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations		
Name of subsidiary (if consolidated return)		Employer identification number
UTILITIES, INC. OF SANDALHAVEN		59-3564971

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
2 U.S. deferred income tax expense				
3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8515-A)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meals and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Section 198 environmental remediation costs				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessors)				
35 Other expense/deduction items with differences (attach schedule)				
36 Total expense/deduction items. Combine lines 1 through 35. Enter here and on Part II, line 27				

Name of corporation (common parent, if consolidated return) **HYDRO STAR, LLC** Employer identification number **30-0317405**

Check applicable box(es): (1) Consolidated group (2) Parent corp (3) Consolidated eliminations (4) Subsidiary corp (5) Mixed 1120/L/PC group

Check if a sub-consolidated: (6) 1120 group (7) 1120 eliminations

Name of subsidiary (if consolidated return) **UTILITIES, INC. OF SANDALHAVEN** Employer identification number **59-3564971**

Part II Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return (see instructions)

Income (Loss) Items	(a) Income (Loss) per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
(Attach schedules for lines 1 through 11)				
1 Income (loss) from equity method foreign corporations				
2 Gross foreign dividends not previously taxed				
3 Subpart F, QEF, and similar income inclusions				
4 Section 78 gross-up				
5 Gross foreign distributions previously taxed				
6 Income (loss) from equity method U.S. corporations				
7 U.S. dividends not eliminated in tax consolidation				
8 Minority interest for includible corporations				
9 Income (loss) from U.S. partnerships				
10 Income (loss) from foreign partnerships				
11 Income (loss) from other pass-through entities				
12 Items relating to reportable transactions (attach details)				
13 Interest income (attach Form 8916-A)				
14 Total accrual to cash adjustment				
15 Hedging transactions				
16 Mark-to-market income (loss)				
17 Cost of goods sold (attach Form 8916-A)				
18 Sale versus lease (for sellers and/or lessors)				
19 Section 481(e) adjustments				
20 Unearned/deferred revenue				
21 Income recognition from long-term contracts				
22 Original issue discount and other imputed interest				
23a Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b Gross capital gains from Schedule D, excluding amounts from pass-through entities				
c Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
d Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
e Abandonment losses				
f Worthless stock losses (attach details)				
g Other gain/loss on disposition of assets other than inventory				
24 Capital loss limitation and carryforward used				
25 Other income (loss) items with differences (attach schedule)				
26 Total income (loss) items. Combine lines 1 through 25				
27 Total expense/deduction items (from Part III, line 30)				
28 Other items with no differences				
29a Mixed groups, see instructions. All others, combine lines 26 through 28				
b PC insurance subgroup reconciliation totals				
c Life insurance subgroup reconciliation totals				
30 Reconciliation totals. Combine lines 29a through 29c				

Note. Line 30, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1120, page 1, line 28.

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HYDRO STAR, LLC		30-0317405
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Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group		(7) <input type="checkbox"/> 1120 eliminations
Name of subsidiary (if consolidated return)		Employer identification number
UTILITIES, INC. OF SANDALHAVEN		59-3564971

Part III Reconciliation of Net Income (Loss) per Income Statement of Includible Corporations With Taxable Income per Return - Expense/Deduction Items (see instructions)

Expense/Deduction Items	(a) Expense per Income Statement	(b) Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 U.S. current income tax expense				
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3 State and local current income tax expense				
4 State and local deferred income tax expense				
5 Foreign current income tax expense (other than foreign withholding taxes)				
6 Foreign deferred income tax expense				
7 Foreign withholding taxes				
8 Interest expense (attach Form 8916-A)				
9 Stock option expense				
10 Other equity-based compensation				
11 Meets and entertainment				
12 Fines and penalties				
13 Judgments, damages, awards, and similar costs				
14 Parachute payments				
15 Compensation with section 162(m) limitation				
16 Pension and profit-sharing				
17 Other post-retirement benefits				
18 Deferred compensation				
19 Charitable contribution of cash and tangible property				
20 Charitable contribution of intangible property				
21 Charitable contribution limitation/carryforward				
22 Domestic production activities deduction				
23 Current year acquisition or reorganization investment banking fees				
24 Current year acquisition or reorganization legal and accounting fees				
25 Current year acquisition/reorganization other costs				
26 Amortization/impairment of goodwill				
27 Amortization of acquisition, reorganization, and start-up costs				
28 Other amortization or impairment write-offs				
29 Section 196 environmental remediation costs				
30 Depletion				
31 Depreciation				
32 Bad debt expense				
33 Corporate owned life insurance premiums				
34 Purchase versus lease (for purchasers and/or lessees)				
35 Other expense/deduction items with differences (attach schedule)				
36 Total expense/deduction items. Combine lines 1 through 35. Enter here and on Part II, line 27, reporting positive amounts as negative and negative amounts as positive				

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Check if a sub-consolidated: (6) <input type="checkbox"/> 1120 group (7) <input type="checkbox"/> 1120 eliminations					
Name of subsidiary (if consolidated return) UTILITIES, INC. OF SANDALHAVEN				Employer identification number 59-3564971	

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