

**EU's Responses to OPC's Second Set of
Interrogatories, Nos. 12, 21, 23**

9. All interrogatory responses are made subject to and without waiver of these General Objections. Where specific objections are raised, those specific objections are raised in addition to these General Objections.

INTERROGATORIES

The following interrogatories relate to the Excel file titled Citizens POD 1 Response 1_workpapers, produced by Deborah Swain as a response to Citizens POD 1.

12. Is it the intent of Environmental Utilities to Gross-Up the CIAC charge for income taxes, from \$12,912 to \$19,547 a connection, as shown on the “Assumptions” workbook, Lines 11 through 14?

RESPONSE: It was our intent. However, as a result of the “Infrastructure Investment and Jobs Act” CIAC is removed from taxable contributions and therefore not eligible for gross up.

13. Please provide the complete journal entries that the company would make to record the receipt of the requested CIAC charge of \$19,547, showing all entries for the first year including the payment of the taxes to the Internal Revenue Service.

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

14. Is it not true that currently CIAC is taxable as income in the year that the Company receives the CIAC payment? If the answer is yes, please explain how this creates a deferral of income taxes?

RESPONSE: No, the “Infrastructure Investment and Jobs Act” now in effect removes CIAC from taxable income in the year collected, the utility would not gross up, and there would be no deferred tax debit because no taxes would be paid.

15. Please explain why witness Swain has calculated Accumulated Deferred Income Taxes on the CIAC collections each year per workbook “Sched 1 Coll_Trans Estimate” if the Company is requiring the customers to pay the taxes on the CIAC charge at the time of payment?

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

16. Provide a detailed explanation as to why collecting taxes through the gross up mechanism at the time of collection causes a tax timing difference?

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

17. Would it only be appropriate to calculate deferred income Taxes on the CIAC charge if the company did not gross up and the company paid the taxes when the CIAC charge was received instead of the customer? Would this also result in the Company booking the taxes paid as Debit Deferred Income Taxes?

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

18. Please refer to workbook “Cost of Capital” which purports to show the capital structure of the company in the year 2033. Please explain how the Company can include Debit Deferred Income taxes of \$3,040,210 in the capital structure? If this is actually Credit Deferred Income Taxes related to CIAC, please explain in detail how witness Swain concluded this amount to be a credit instead of a debit?

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

19. Please refer to workbook “Schedule No. 2” and provide a detailed explanation as to why no debit or credit deferred income taxes are shown in the Projected 2047 Balance Sheet since witness Swain has included them in the Capital Structure?

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

20. Is it true that the difference between the depreciation expense taken on the company’s tax return and the depreciation expense included in customer rates creates a tax timing difference that has to be recorded as a Credit Accumulated Deferred Income Tax? If the answer is yes, please explain why witness Swain failed to make such a calculation and include the Credit Accumulated Deferred Income Taxes on workbooks “Schedule No. 2” and “Capital Structure?”

RESPONSE: This is irrelevant as the “Infrastructure Investment and Jobs Act” is in effect, and the utility would not be able to gross up, and tax would not be paid on CIAC.

21. If witness Swain were to exclude the \$3,040,210 of Accumulated Deferred Income Taxes from the Capital Structure as shown on workbook “Capital Structure” would the requested rates be materially understated as calculated by witness Swain? Please provide the calculated rate if this amount were to be removed from the capital structure?

RESPONSE: The requested rates would not materially change. We estimate that the rates now that the "Infrastructure Investment and Jobs Act" is in effect would be a base facility charge of \$114.43, and gallonage charge of \$36.50.

22. If witness Swain agrees that a material mistake has been made in the produced spreadsheet, please provide a corrected Excel file showing all corrections with recalculated rates.

RESPONSE: There was no material mistake in the produced spreadsheet.

23. Provide the tax parcel ID number for the structure or lot identified in witness Swain's testimony as the "LGI Building" and described in response to Citizens interrogatory 9.

RESPONSE: It is premature to identify a specific property at this time. The estimated cost of the property and construction of the facility is based upon Mr. Boyer's 30 years of experience with real estate on the islands.

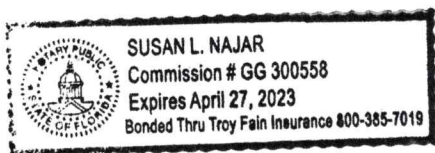
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AFFIDAVIT

STATE OF FLORIDA)
COUNTY OF CHARLOTTE)

I hereby certify that on this 23 day of November, 2021, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Jack Boyer, who is personally known to me, and he acknowledged before me that he provided the answers to interrogatory number 23 from OPC SECOND SET OF INTERROGATORIES TO ENVIRONMENTAL UTILITIES, LLC (Nos. 12 through 23) in Docket No. 20200226-SU, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 23 day of November, 2021.



Susan L. Najjar
Notary Public
State of Florida, at Large

My Commission Expires:

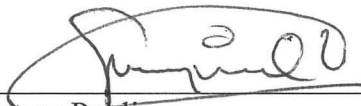
4/27/2023

AFFIDAVIT

STATE OF FLORIDA)
COUNTY OF DADE)

I hereby certify that on this 22 day of November, 2021, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Deborah D. Swain, who is personally known to me, and she acknowledged before me that she provided the answers to interrogatory number(s): 12 through 22 from OPC SECOND SET OF INTERROGATORIES TO ENVIRONMENTAL UTILITIES, LLC (Nos. 12 - 23) in Docket No. 20200226-SU, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 22 day of November, 2021.



Notary Public
State of Florida, at Large

My Commission Expires:

