

DOCKET NO. 981070-WS

REQUEST TO ESTABLISH DOCKET

Date 08/26/98

- 1. Division Name/Staff Name Water and Wastewater/Cheryl Johnson
- 2. OPR Cheryl Johnson
- 3. OCR \_\_\_\_\_
- 4. Suggested Docket Title Disposition of Contributions In Aid of Construction collected in 1993-1996 by Sanlando Utilities Corporation in Seminole County

5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Parties (Provide names of regulated companies or use abbreviation from list below if Parties should include all regulated companies in one or more industries; provide names and addresses of nonregulated companies; provide names, addresses, and affiliation (i.e., attorney, company liaison officer, or customer of individuals.)

<u>Sanlando Utilities Corporation</u>	<u>Sanlando Utilities Corporation</u>
<u>Mr. Lester Mandell</u>	<u>Ms. Gail Jorbran</u>
<u>P.O. Box 3884</u>	<u>P.O. Box 3884</u>
<u>Longwood, Florida 32791</u>	<u>Longwood, Florida 32791</u>

B. Interested Persons/Companies (Provide names, complete mailing addresses, and affiliation. Use abbreviation from list below if Interested Persons should include all regulated companies in one or more industries.)

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

REGULATED INDUSTRIES

Investor-Owned Electrics (EI)	Water Utilities (WU)
Electric Cooperatives (EC)	Local Exchange Telephone Cos. (TL)
Municipal Electrics (EM)	Interexchange Telephone Cos. (TI)
Gas Utilities (GU)	Coin-Operated Telephone Cos. (TC)
Wastewater Utilities (SU)	Shared Tenant Telephone Cos. (TS)
	Alternate Access Vendors (A)

6. Check One:

- Documentation attached.
- Documentation will be provided with recommendation.



**Sanlando Utilities  
CORPORATION**

**RECEIVED**

**AUG 30 1994**

**Florida Public Service Commission  
Division of Water and Wastewater**

August 24, 1994

Ms. Connie L. McCaskill  
Supervisor/Limited Filings  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0873

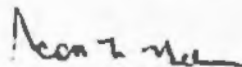
**Re: Annual CIAC Report for Sanlando Utilities Corporation**

Dear Ms. McCaskill:

Please find enclosed the Annual CIAC Report and other required information for the above named Utility for the year ended December 31, 1993.

If you have any questions or need further information, please call me or George H. Billings at (407) 869-0300.

Very truly yours,



Scott L. Nelson

enclosures

RECEIVED  
AUG 30 1994  
0873

**CIAC REPORT**  
 FOR TAX RETURN YEAR ENDED December , 31, 1993

COMPANY: Sanlando Utilities Corporation

	<u>TOTAL</u> <u>COMPANY</u>	<u>NON</u> <u>JURISDICTIONAL</u>	<u>JURISDICTIONAL</u>
1. Total CIAC *	\$ 8,783	\$	\$ 8,783
2. Total Connection Fees	( )	( )	( )
3. Total Installation Fees	( )	( )	( )
4. Total Prepaid Connection Fees (not in (2))	( )	( )	( )
5. Total Tap-in Fees	( )	( )	( )
6. Total Jack & Bore Fees	( )	( )	( )
7. CIAC Taxable Because of Amendment to Section 118	\$ 8,783	\$	\$ 8,783
8. Depreciation on (7)	( 191 )	( )	( 191 )
9. Taxable Income Effect of (7)	<u>\$ 8,592</u>	<u>\$</u>	<u>\$ 8,592</u>
10. Form 1120, Line 11 **	\$ 4,682,617	\$	\$ 4,682,617
11. LESS: Form 1120, Line 27 **	( 4,543,014 )	( )	( 4,543,014 )
12. Form 1120, Line 28	\$ 139,603	\$	\$ 139,603
13. LESS: Form 1120, Line 29a	( )	( )	( )
14. LESS: Form 1120, Line 29b	( )	( )	( )
15. Form 1120, Line 30 **	\$ 139,603	\$	\$ 139,603
16. LESS: Net CIAC Taxable Because of TRA '86 (from Line (9))	( 8,592 )	( )	( 8,592 )
17. PLUS(LESS) Other CIAC Effects of TRA '86 (attached)	_____	_____	_____
18. Adjusted Form 1120, Line 30	<u>\$ 131,011</u>	<u>\$</u>	<u>\$ 131,011</u>
Current Combined Federal & State Tax Rate <u>30.83</u> %			
19. CIAC Gross-up Collections	\$ 3,240	\$	\$ 3,240
20. CIAC Gross-up Refunds	( )	( )	( )
21. Interest on gross-up collections, net of tax	113	_____	113
22. Net CIAC Gross-up To Be Applied To Line (9)	<u>\$ 3,353</u>	<u>\$</u>	<u>\$ 3,353</u>

CIAC Gross-up Rate Used 60.00 %

- \* Excludes meter installation fees and CIAC Gross-up amounts.
- \*\* As adjusted for above and below the line amounts.

Totals

Schedule M-1:

	-----	
1 Net Income Per Books	113124	
2 Federal Income Tax	44108	
4 Contributions in aid of construction	19159 ←	
Disposal of Assets	0	
5 Deferred Compensation	-30000	
20% Meal & Entertainment	559	
Excess Amortization of CIAC	45947	
Rate Case Expense	25187	
Penalties	0	
Costs of NRDC Settlement	0	
Paid Day Off Accrual	0	
Excess State Taxes	0	
	-----	
6 Total Lines 1-5	218084	
	-----	
7 Deferred Revenue	7579	
	-----	
8 Depreciation	11500	
Excess State Taxes	262	
Costs of Proposed Sale	0	
Disposal of Assets	0	
Paid Day Off Accrual	3980	
Costs of NRDC Settlement	30000	
Amortization of construction interest	2466	
	-----	
9 Total of Lines 7 & 8	55787	
	-----	
10 Net Income Per Return	162297	
	=====	

NOTE: THIS SCHEDULE WAS  
 FILED WITH THE UTILITY'S  
 1993 INCOME TAX RETURN  
 AND SHOWS THE INCLUSION  
 OF THE 1993 CIAC COLLECT  
 AS TAXABLE INCOME.

Schedule M-2:

	-----	
1 Balance at Beginning of Year	816494	
2 Net Income Per Books	113124	
3		
	-----	
4 Total Lines 1,2,&3	929618	
	-----	
5 Dividends Paid	0	
Retirement of Treasury Stock	299000	
	-----	
8 Balance at End of Year	630618	
	=====	

STATEMENT OF THE CIAC TAX IMPACT ACCOUNT  
SUPPLEMENT TO THE CIAC REPORT  
SANLANDO UTILITIES CORPORATION  
FOR THE YEAR ENDED DECEMBER 31, 1993

BALANCE AT DECEMBER 31, 1993 \*

7,794

CIAC GROSS-UP COLLECTED

3,240

1993 ESTIMATED TAX PAYMENTS MADE \*\*

54,150

\* INCLUDES INTEREST

\*\* INCLUDES AMOUNT PAID WITH THE 1993 INCOME TAX EXTENSION IN 1994

CALCULATION OF THE ABOVE THE LINE TAX LIABILITY  
 SUPPLEMENT TO THE CIAC REPORT  
 SANLANDO UTILITIES CORPORATION  
 FOR THE YEAR ENDED DECEMBER 31, 1983

	WITHOUT CIAC	GROSS CIAC COLLECTED	GROSS ABOVE THE LINE TAXABLE INCOME	NECESSARY ADJUSTMENTS	ADJUSTED ABOVE THE LINE TAXABLE INCOME
UTILITY OPERATING INCOME BEFORE INCOME TAXES*	375,782	19,189	394,971	(7,138)(A)	387,833
ABOVE THE LINE INTEREST EXPENSE	(248,182)		(248,182)		(248,182)
ABOVE THE LINE TAXABLE INCOME	127,600	19,189	146,789	(7,138)	139,651
ABOVE THE LINE TAX LIABILITY **			45,234		
EFFECTIVE FEDERAL AND STATE INCOME TAX RATE			30.83%		

\* - FROM THE 1983 P&C ANNUAL REPORT.

\*\* - TOTAL TAX LIABILITY DETERMINED USING THE FEDERAL AND STATE TAX TABLES.

ADJUSTMENTS:

(A) TO EXCLUDE METER INSTALLATION FEES

CALCULATION OF CIAC GROSS-UP OVER/UNDER COLLECTION  
 SUPPLEMENT TO THE CIAC REPORT  
 SANLANDO UTILITIES CORPORATION  
 FOR THE YEAR ENDED DECEMBER 31, 1993

DECEMBER 31, 1993	SUGGESTED FORMAT
1 FORM 1120, LINE 30 (LINE 15)	139,803 (A)
2 LESS CIAC (LINE 7)	(8,783) (B)
3 LESS GROSS-UP COLLECTED (LINE 10)	(3,240)
4 ADD FIRST YEARS DEPRECIATION ON CIAC (LINE 8)	191
5 ADD/LESS OTHER EFFECTS (LINES 20 & 21)	113
6	-----
7 ADJUSTED INCOME BEFORE CIAC AND GROSS-UP	127,885
8	
9 TAXABLE CIAC (LINE 7)	8,783
10	
11 TAXABLE CIAC RESULTING IN A TAX LIABILITY	8,783
12 LESS FIRST YEARS DEPRECIATION (LINE 8)	(191)
13	-----
14 NET TAXABLE CIAC	8,592
15 EFFECTIVE STATE AND FEDERAL TAX RATE	30.83%
16	-----
17 NET INCOME TAX ON CIAC	2,648
18 LESS ITC REALIZED	0
19	-----
20 NET INCOME TAX	2,648
21 EXPANSION FACTOR FOR GROSS-UP TAXES	1.44563%
22	-----
23 GROSS-UP REQUIRED TO PAY TAX EFFECT	3,829
24 LESS GROSS-UP COLLECTED	(3,240)
25	-----
26 INDICATED (OVERCOLLECTION) UNDERCOLLECTION	589
27	-----

NOTES

-----  
 (A) TO EQUAL ADJUSTED ABOVE THE LINE TAXABLE INCOME AS REPORTED ON THE  
 ENCLOSED SUPPLEMENTAL SCHEDULE.

(B) CIAC IS DETAILED AS FOLLOWS:

CIAC, EXCLUDING METERS	8,783
METERS	7,136
GROSS-UP	3,240
	-----
TOTAL TAXABLE CIAC AS REPORTED ON FORM 1120	19,159
LESS METERS	7,136
LESS GROSS-UP	3,240
	-----
ADJUSTED LINE 2 AMOUNT	8,783
	-----



**Sanlando Utilities**  
**CORPORATION**

November 21, 1995

Ms. Connie L. McCaskill  
Supervisor/Limited Filings  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0856

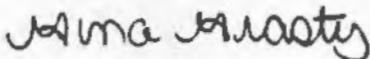
RE: 1994 Annual CIAC Report for Sanlando Utilities Corporation

Dear Ms. McCaskill:

Enclosed please find the Annual CIAC Report and other required information for Sanlando Utilities Corporation for the year ended December 31, 1994.

If you have any questions or need further information, please call me or George H. Billings, Jr. at (407) 869-0300.

Sincerely,



Gina Grasty

Enclosures

**RECEIVED**

NOV 27 1995

Florida Public Service Commission  
Division of Water and Wastewater

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SERVICE COMMISSION  
1995 NOV 27 AM 11:16  
MAIL ROOM



**CIAC REPORT**  
 FOR TAX RETURN YEAR ENDED December 31, 1994

COMPANY: Sanlando Utilities Corporation

	<u>TOTAL</u> <u>COMPANY</u>	<u>NON</u> <u>JURISDICTIONAL</u>	<u>JURISDICTIONAL</u>
1. Total CIAC (Excludes Meter Installations)	\$ 53,777	\$	\$ 53,777
2. Total Connection Fees	( )	( )	( )
3. Total Installation Fees	( )	( )	( )
4. Total Prepaid Connection Fees (not in (2))	( )	( )	( )
5. Total Tap-in Fees	( )	( )	( )
6. Total Jack & Bore Fees	( )	( )	( )
7. CIAC Taxable Because of Amendment to Section 118	\$ 53,777	\$	\$ 53,777
8. Depreciation on (7)	( 1,187 )	( )	( 1,187 )
9. Taxable Income Effect of (7)	<u>\$ 52,590</u>	<u>\$</u>	<u>\$ 52,590</u>
10. Form 1120, Line 11	\$ 4,809,434	\$	\$ 4,809,434
11. LESS: Form 1120, Line 27	( 4,506,246 )	( )	( 4,506,246 )
12. Form 1120, Line 28	\$ 303,188	\$	\$ 303,188
13. LESS: Form 1120, Line 29a	( )	( )	( )
14. LESS: Form 1120, Line 29b	( )	( )	( )
15. Form 1120, Line 30	\$ 303,188	\$	\$ 303,188
16. LESS: Net CIAC Taxable Because of TRA '86 (from Line (9))	( 52,590 )	( )	( 52,590 )
17. PLUS(LESS): Other CIAC Effects of TRA '86 (attached)	_____	_____	_____
18. Adjusted Form 1120, Line 30	<u>\$ 250,598</u>	<u>\$</u>	<u>\$ 250,598</u>
Current Combined Federal & State Tax Rate <u>42.36</u> %			
19. CIAC Gross-up Collections	\$ 27,073	\$	\$ 27,073
20. CIAC Gross-up Refunds	( 209 )	( )	( 209 )
21. Interest on gross-up collections, net of tax	_____	_____	_____
22. Net CIAC Gross-up To Be Applied To Line (9)	<u>\$ 27,282</u>	<u>\$</u>	<u>\$ 27,282</u>
CIAC Gross-up Rate Used <u>60.30</u> %			

**SANLANDO UTILITIES CORPORATION**  
**CALCULATION OF ABOVE AND BELOW THE LINE TAXABLE INCOME**  
**12/31/94**

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**ABOVE THE LINE OPERATIONS:**

**OPERATING REVENUES**

Form 1120, Line 11	4,809,434 ***	
LESS Below the Line Amounts:		
Interest Income	(91,475)	
Management Fee Income	(34,200)	
Miscellaneous Income	(18,458)	
Total Above the Line Operating Revenue	4,665,301	

**OPERATING EXPENSES**

Form 1120, Line 27	4,506,248	
LESS Below the Line Amounts:		
Directors Fees	(91,090)	See Attached Sch. I
Interest Expense on non rate base debt	(82,501)	See Attached Sch. II
Total Above the Line Operating Expenses	4,332,655	
Above the Line Taxable Income	332,646	

**BELOW THE LINE OPERATIONS:**

Interest Income	91,475	
Management Fee Income	34,200	
Miscellaneous Income	18,458	
Total Below the Line Revenue	144,133	
Directors Fees	91,090	See Attached Sch. I
Interest Expense on non rate base debt	82,501	See Attached Sch. II
Total Below the Line Expenses	173,591	
Below the Line Taxable Income/(loss)	(29,458)	

**TAXABLE INCOME PER TAX RETURN** 303,188

\*\*\* Includes CIAC:

CIAC INCOME - CASH	45,122
CIAC INCOME - LINES	3,655
CIAC INCOME - METERS	7,711
CIAC GROSS-UP INCOME	27,073
Total CIAC Collected	<u>88,561</u>

**SANLANDO UTILITIES CORPORATION  
 CALCULATION OF CIAC GROSS-UP (OVER) UNDER COLLECTION  
 12/31/94**

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**DECEMBER 31, 1994**

1. Above the Line Taxable Income	332,646	
2. Less Taxable CIAC (excludes Meters)	(53,777)	
3. Less Gross-up collected	(27,073)	
4. Add first years depreciation on CIAC	1,187	
5. Deduct interest on CIAC	(208)	
6.		
7. Adjusted income before CIAC and Gross-up	252,775	
8.		
9. Taxable CIAC	53,777	
10. Less CIAC ineligible for gross-up	0	
11.		
12. Taxable CIAC resulting in a tax liability	53,777	
13. Less first years depreciation	(1,187)	
14.		
15. Net taxable CIAC	52,590	
16. Incremental State and Federal Tax Rate	<u>42.38%</u>	See Attached Sch III
17.		
18. Net Income Tax on CIAC	22,274	
19. Less ITC Realized	0	
20.		
21. Net Income Tax	22,274	
22. Expansion Factor for Gross-up Taxes	<u>1.734756%</u>	
23.		
24. Gross-up required to pay tax effect	38,640	
25. Less Gross-up Collected	(27,073)	
26.		
27. (OVER) OR UNDER COLLECTION	<u>11,567</u>	

**SCHEDULE I  
SANLANDO UTILITIES CORPORATION  
CALCULATION OF ALLOWED/DISALLOWED DIRECTORS FEES  
12/31/94**

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Disallowed Directors Fees:	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
Fees per director approved at last rate case - 1990 (inflated through 1991)	6,500	3,510	2,990
 GMP Implicit Price Deflator			
1992	0.0363	0.0363	0.0363
1993	0.0333	0.0333	0.0333
1994	<u>0.0258</u>	<u>0.0258</u>	<u>0.0258</u>
Adjusted Allowable per Director	7,138	3,855	3,284
 Rounded to	7,130	3,850	3,280
Number of Directors	2	2	2
 Allowable Directors Fees	<u>48,910</u>	<u>26,850</u>	<u>22,880</u>
 TOTAL DIRECTORS FEES FOR 1994:	141,000		
ALLOWED AMOUNT	<u>48,910</u>		
DISALLOWED AMOUNT	<u>91,090</u>		

SCHEDULE B  
 BANLAN DO UTILITIES CORPORATION  
 INTEREST EXPENSE - ABOVE & BELOW THE LINE  
 DECEMBER 31, 1994  
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 1994

	Average	Pro-rata Adjustment	Average Capital Supporting Rate base	Weight	Average Cost Rate	Weighted Cost
Common Stock						
Premium on Common Stock						
Retained Earnings						
Rescued stock						
Total Equity	813,782	(183,019)	620,763	0.208324		
Long-term debt	2,907,741	(889,886)	2,218,044	0.747698	0.114108	0.085348
Customer deposits	188,087	(38,380)	128,877	0.042717 **	0.064301	0.002832
	3,887,989	(922,105)	2,965,483	1.000000		0.088180 (1)
						2,965,483 (2)
						281,485 (3)

- (1) Weighted Cost of Debt  
 (2) Average rate base  
 (3) Above the line interest expense & debt discount

Interest expense	332,118
Amortization of debt discount	8,414
Construction Period Interest	2,988
	343,520
Above the Line	281,485
Below the Line	62,035

\*\* Combined interest rate of 8% through April 24, 1994, and 6% from April 25, 1994 to December 31, 1994.

**SCHEDULE III  
 SANLANDO UTILITIES CORPORATION  
 CALCULATION OF INCREMENTAL TAX RATE  
 12/31/84**

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<b>1984</b>	<b>(A) PER TAX RETURN</b>	<b>(B) TAXABLE CIAC</b>	<b>(C) EXCLUDING CIAC</b>	<b>(D) TAX DIFFERENCE (A)-(C)</b>
Florida Taxable Income (per tax return)	320,543	(83,777)	236,766	
Florida Tax (above amount less \$5,000 exemption)	17,365		14,367	2,998
Marginal State Tax Rate (FL tax/ FL tax. income)	5.41%		6.40%	
Federal Taxable Income (per tax return)	303,188		252,368	
Federal Tax	101,493		81,674	19,820
Marginal Federal Tax Rate	33.45%		32.36%	
Combined Federal & State Taxes	118,848		96,071	22,777
Combined Federal & State Tax Rate	37.08%		38.01%	
incremental Federal & State Tax Rate				42.36% (D)/(B)

FEDERAL TAX FORMULA:  $(0.15 * 50000) + (0.25 * 25000) + (.34 * 25000) + ((T - 100000) * 0.36)$



**Sanlando Utilities  
CORPORATION**

December 16, 1996

Ms. Connie L. McCaskill  
Supervisor/Limited Filings  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0873

**RECEIVED**

DEC 18 1996

Florida Public Service Commission  
Division of Water and Wastewater

Re: 1995 Annual CIAC Report for Sanlando Utilities Corporation

Dear Ms. McCaskill:

Enclosed please find the Annual CIAC Report and other required information for the above named Utility for the year ended December 31, 1995.

If you have any questions or need further information, please call Gina Grasty at (407) 869-0300.

Sincerely,



Lester N. Mandell  
President

LNM/gmg

Enclosures

**SANLANDO UTILITIES CORPORATION**  
**CALCULATION OF CIAC GROSS-UP (OVER) UNDER COLLECTION**  
**12/31/95**

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**DECEMBER 31, 1995**

1. Above the Line Taxable Income	648,031
2. Less Taxable CIAC (excludes Meters)	(254,272)
3. Less Gross-up collected	(151,433)
4. Add first years depreciation on CIAC	5,482
5. Deduct interest on CIAC	(1,552)
6.	
7. Adjusted income before CIAC and Gross-up	246,256
8.	
9. Taxable CIAC	254,272
10. Less CIAC Ineligible for gross-up	0
11.	
12. Taxable CIAC resulting in a tax liability	254,272
13. Less first years depreciation	(5,482)
14.	
15. Net taxable CIAC	248,790
16. Incremental State and Federal Tax Rate	<u>37.63%</u>
17.	
18. Net Income Tax on CIAC	93,620
19. Less ITC Realized	0
20.	
21. Net Income Tax	93,620
22. Expansion Factor for Gross-up Taxes	<u>1.603335%</u>
23.	
24. Gross-up required to pay tax effect	150,104
25. Less Gross-up Collected	(151,433)
26.	
27. (OVER) OR UNDER COLLECTION	<u>(1,329)</u>



**SANLANDO UTILITIES CORPORATION  
 CALCULATION OF ABOVE AND BELOW THE LINE TAXABLE INCOME  
 12/31/88**

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**ABOVE THE LINE OPERATIONS:**

**OPERATING REVENUES**

Form 1120, Line 11	5,319,198 ***	
LESS Below the Line Amounts:		
Interest Income	(154,113)	
Meter Income	(5,730)	
Management Fee Income	(26,500)	
Miscellaneous Income	(10,307)	
<b>Total Above the Line Operating Revenue</b>	<b>5,122,548</b>	

**OPERATING EXPENSES**

Form 1120, Line 27	4,689,713	
LESS Below the Line Amounts:		
Directors Fees	(107,220)	See Attached Sch. I
Interest Expense on non rate base debt	(107,978)	See Attached Sch. II
<b>Total Above the Line Operating Expenses</b>	<b>4,474,515</b>	
<b>Above the Line Taxable Income</b>	<b>648,031</b>	

**BELOW THE LINE OPERATIONS:**

Interest Income	154,113
Meter Income	5,730
Management Fee Income	26,500
Miscellaneous Income	10,307
<b>Total Below the Line Revenue</b>	<b>196,650</b>

Directors Fees	107,220	See Attached Sch. I
Interest Expense on non rate base debt	107,978	See Attached Sch. II

<b>Total Below the Line Expenses</b>	<b>215,196</b>
--------------------------------------	----------------

<b>Below the Line Taxable Income/(loss)</b>	<b>(18,548)</b>
---	-----------------

**TAXABLE INCOME PER TAX RETURN** **629,483**

\*\*\* Includes CIAC:

CIAC INCOME - CASH	254,272
CIAC INCOME - LINES	0
CIAC INCOME - METERS	5,730
CIAC GROSS-UP INCOME	151,433
<b>Total CIAC Collected</b>	<b>411,435</b>

**SCHEDULE I  
 SANLANDO UTILITIES CORPORATION  
 CALCULATION OF ALLOWED/DISALLOWED DIRECTORS FEES  
 12/31/95**

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Disallowed Directors Fees:			
	Total	Water	Sewer
Fees per director approved at last rate case - 1990 (inflated through 1991)	6,500	3,510	2,990
GMP Implicit Price Deflator			
1992	0.0363	0.0363	0.0363
1993	0.0333	0.0333	0.0333
1994	0.0258	0.0258	0.0258
1995	<u>0.0195</u>	<u>0.0195</u>	<u>0.0195</u>
Adjusted Allowable per Director	7,278	3,930	3,348
Rounded to	7,130	3,850	3,280
Number of Directors	8	8	8
Allowable Directors Fees	<u>42,780</u>	<u>23,100</u>	<u>19,680</u>
TOTAL DIRECTORS FEES FOR 1995:	150,000		
ALLOWED AMOUNT	<u>42,780</u>		
DISALLOWED AMOUNT	<u>107,220</u>		

SCHEDULE II  
 FIRST UNION  
 INTEREST EXPENSE - ABOVE & BELOW THE LINE  
 DECEMBER 31, 1995  
 G:\DATA\SUC\SUC89\CSDEBT.WK4  
 1995

	Average	Pro-rata Adjustment	Average Capital Supporting Rate base	Weight	Average Cost Rate	Weighted Cost
Common Stock						
Premium on Common Stock						
Retained Earnings						
Required stock						
Total Equity	858,157	(317,802)	640,355	0.216524		
Long-term debt	3,283,707	(1,089,804)	2,188,803	0.742904	0.110855	0.082310
Customer deposits	<del>181,308</del> 4,425,171	<del>(80,136)</del> (1,487,742)	<del>121,171</del> 2,957,430	<del>0.040872</del> 1.000000	<del>0.080000</del>	<del>0.002458</del> 0.084768 (1)
						2,857,430 (2)
						250,898 (3)

- (1) Weighted Cost of Debt  
 (2) Average rate base  
 (3) Above the line interest expense & debt discount

Interest expense	341,088
Amortization of debt discount	15,112
Construction Period Interest	2,488
	358,678
Above the Line	250,898
Below the Line	107,778

Average equity (Annual report pg. F-2(a))	1994	859,207
	1995	<u>1,057,106</u>
	Average	<u>958,157</u>

Average Customer deposits (Annual report pg. F-2(a))	1994	179,789
	1995	<u>182,826</u>
	Average	<u>181,308</u>

Average Rate Base: (Annual report pg. F-4)		1994	1995
	Water	560,571	735,147
	Sewer	<u>2,358,440</u>	<u>2,260,701</u>
		2,919,011	2,995,848
	Average	<u>2,957,430</u>	

FIRST UNION  
SANLANDO UTILITIES CORPORATION  
DECEMBER 31, 1995

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1995

LONG-TERM DEBT	LT DEBT 12/31/94 (Annual Report Page F-14)	CURRENT PORTION OF LT DEBT 12/31/94 (Annual Report Page F-13A)	12/31/94 TOTAL	LT DEBT 12/31/95 (Annual Report Page F-14)	CURRENT PORTION OF LT DEBT 12/31/95 (Annual Report Page F-13A)	12/31/95 TOTAL	1994/1995 AVERAGE LT DEBT
FIRST UNION	11,568	5,552	17,120	6,015	5,552	11,568	14,344
FIRST UNION	8,305	3,867	12,292	4,319	1,987	8,306	10,299
FIRST UNION	6,241	2,774	9,015	3,467	2,774	6,241	7,628
FIRST UNION	7,803	3,258	10,861	0	0	0	5,430
FIRST UNION	4,041	8,081	12,122	0	4,041	4,041	6,081
FIRST UNION	3,503	6,005	9,507	0	3,503	3,503	6,505
FIRST UNION	5,366	8,047	13,413	0	5,385	5,365	9,369
*** FIRST UNION (Mortgage)	2,631,800	133,200	2,765,100	3,442,039	173,196	3,615,235	3,190,168
FIRST UNION	7,405	3,174	10,579	4,232	3,174	7,405	8,992
FIRST UNION	0	0	0	5,913	2,729	8,643	4,321
FIRST UNION	0	0	0	8,837	3,928	12,765	6,382
FIRST UNION	0	0	0	7,805	3,213	11,018	5,509
FIRST UNION	0	0	0	12,800	4,518	17,318	8,659
	<u>2,685,931</u>	<u>174,078</u>	<u>2,860,009</u>	<u>3,495,428</u>	<u>215,978</u>	<u>3,711,406</u>	<u>3,285,707</u>

FIRST UNION  
SANLANDO UTILITIES CORPORATION  
DECEMBER 31, 1995  
G:\DATA\SUC\1SUC95\5TDEBT WK4  
1995

LONG-TERM DEBT	1994/1995 AVERAGE LT DEBT	PERCENT OF CAPITAL	ACTUAL INTEREST RATES	WEIGHTED AVERAGE RATE
FIRST UNION	14,344	0.44%	7.76%	0.03%
FIRST UNION	10,299	0.31%	7.79%	0.02%
FIRST UNION	7,628	0.23%	7.99%	0.02%
FIRST UNION	5,430	0.17%	7.66%	0.01%
FIRST UNION	8,081	0.25%	8.05%	0.02%
FIRST UNION	6,505	0.20%	8.00%	0.02%
FIRST UNION	9,389	0.29%	7.50%	0.02%
*** FIRST UNION (Mortgage)	3,190,188 *	97.09%	11.17% **	10.84%
FIRST UNION	8,992	0.27%	7.88%	0.02%
FIRST UNION	4,321	0.13%	9.51%	0.01%
FIRST UNION	6,382	0.19%	10.05%	0.02%
FIRST UNION	5,509	0.17%	10.54%	0.02%
FIRST UNION	8,659	0.26%	10.28%	0.03%
	<u>3,285,707</u>	<u>1</u>		<u>11.08%</u>

Total amortization of debt discount: 15,112 (Annual report pg. F-12)

\*\*\* FIRST UNION (Mortgage)  
Int. exp. on FUNB mortgage loan 341,098 (Annual report pg. F-18)  
Amortization of debt discount: 15,112 (Annual report pg. F-12)  
356,210

FIRST UNION (Average) 3,190,188 \*

CALCULATED INTEREST RATE 11.17% \*\*

**SANLANDO UTILITIES CORPORATION  
CALCULATION OF 1ST YEAR DEPRECIATION ON CIAC  
12/31/95**

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	<b>CIAC</b>	<b>RATE</b>	<b>(1/2 YEAR) DEPRECIATION</b>
<b>WATER</b>			
CASH	112,280.00	3.72%	2,088.41
SERVICE LINE EXTENSION	0.00	3.72%	0.00
<b>WASTEWATER</b>			
CASH	141,992.00	4.78%	3,393.61
<b>TOTAL</b>	<u>254,272.00</u>		<u>5,482.02</u>

**SANLANDO UTILITIES CORPORATION  
CALCULATION OF INTEREST ON CIAC ACCOUNT  
12/31/95**

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YEAR TO DATE INTEREST ON CIAC MONEY MARKET ACCOUNT AS OF 12/31/95:	2487.68
INCREMENTAL FEDERAL & STATE TAX RATE	<u>0.3763</u>
	936.11
NET OF TAXES:	<u>1551.57</u>





**Sanlando Utilities  
CORPORATION**

February 5, 1998

Ms. Connie L. McCaskill  
Supervisor/Limited Filings  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0873

**RECEIVED**  
**FEB 12 1998**  
Florida Public Service Commission  
Division of Water and Wastewater

Re: 1996 Annual CIAC Report for Sanlando Utilities Corporation

Dear Ms. McCaskill:

Enclosed is the Annual CIAC Report and other required information for the above named Utility for the year ended December 31, 1996. I am also enclosing herewith a copy of the duly filed U.S. Corporation Income Tax Return.

If you have any questions or need further information, please call Gail Joubran at (407) 869-0300.

Sincerely,



Lester N. Mandell  
President

LNM/gaj

Enclosures

**SANLANDO UTILITIES CORPORATION**  
**CALCULATION OF CIAC GROSS-UP (OVER)UNDER COLLECTION**  
**12/31/96**

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12/31/96

1. Above the Line Taxable Income (excludes Meter income)	411,463
2. Less Taxable CIAC	(68,562)
3. Less Gross-up collected	(37,800)
4. Add first years depreciation on CIAC	2,371
5. Deduct interest on CIAC	<u>(1,051)</u>
6.	
7. Adjusted Income before CIAC and Gross-up	306,421
8.	
9. Taxable CIAC	68,562
10. Less CIAC ineligible for gross-up	<u>0</u>
11.	
12. Taxable CIAC resulting in a tax liability	68,562
13. Less first years depreciation	<u>(2,371)</u>
14.	
15. Net taxable CIAC	66,191
16 Incremental State and Federal Tax Rate	<u>37.63%</u>
17.	
18 Net Income Tax on CIAC	24,908
19. Less ITC Realized	<u>0</u>
20.	
21. Net Income Tax	24,908
22. Expansion Factor for Gross-up Taxes	<u>1.603335%</u>
23.	
24. Gross-up required to pay tax effect	39,935
25. Less Gross-up Collected	<u>(37,800)</u>
26.	
27. (OVER) OR UNDER COLLECTION	<u>2,135</u>

**SANLANDO UTILITIES CORPORATION  
 CALCULATION OF ABOVE AND BELOW THE LINE TAXABLE INCOME  
 12/31/96**

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**ABOVE THE LINE OPERATIONS:**

**OPERATING REVENUES**

Form 1120, Line 11	5,211,183	***
LESS Below the Line Amounts:		
Interest Income	(190,816)	
Meter Income	(4,839)	
Management Fee Income	(21,000)	
Miscellaneous Income	<u>(12,516)</u>	
Total Above the Line Operating Revenue	4,982,022	

**OPERATING EXPENSES**

Form 1120, Line 27	4,741,339	
LESS Below the Line Amounts:		
Directors Fees	(105,404)	See Attached Sch. I
Interest Expense on non rate base debt	<u>(85,376)</u>	See Attached Sch. II
Total Above the Line Operating Expenses	4,570,559	
Above the Line Taxable Income	411,463	

**BELOW THE LINE OPERATIONS:**

Interest Income	190,816	
Meter Income	4,839	
Management Fee Income	21,000	
Miscellaneous Income	<u>12,516</u>	
Total Below the Line Revenue	229,171	
Directors Fees	105,404	See Attached Sch. I
Interest Expense on non rate base debt	<u>85,376</u>	See Attached Sch. II
Total Below the Line Expenses	170,780	
Below the Line Taxable Income/(loss)	58,391	

**TAXABLE INCOME PER TAX RETURN 469,854**

\*\*\*Includes only taxable CIAC through June 12, 1996 of \$108,382

Total CIAC collected during 1996:

CIAC INCOME - CASH	45,714
CIAC INCOME - PROPERTY	104,157
CIAC INCOME - METERS	4,839
CIAC GROSS-UP INCOME	<u>37,800</u>
Total CIAC Collected	<u>192,510</u>

SCHEDULE I  
 SANLANDO UTILITIES CORPORATION  
 CALCULATION OF ALLOWED/DISALLOWED DIRECTORS FEES  
 12/31/96

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Disallowed Directors Fees:

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
Fees per director approved at last rate case - 1990 (inflated through 1991)	6,500	3,510	2,990
GMP Implicit Price Deflator			
1992	0.0363	0.0363	0.0363
1993	0.0333	0.0333	0.0333
1994	0.0256	0.0256	0.0256
1995	0.0195	0.0195	0.0195
1996	<u>0.0213</u>	<u>0.0213</u>	<u>0.0213</u>
Adjusted Allowable per Director (Increase due to inflation until new rate case)	7,433	4,014	3,419
	7,433	4,014	3,419
Number of Directors	6	6	6
Allowable Directors Fees	<u>44,596</u>	<u>24,082</u>	<u>20,514</u>

TOTAL DIRECTORS FEES FOR 1996:  
 ALLOWED AMOUNT  
 DISALLOWED AMOUNT

150,000  
44,596  
105,404

SCHEDULE II  
 SANLANDO UTILITIES CORPORATION  
 INTEREST EXPENSE - ABOVE & BELOW THE LINE  
 12/31/96  
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 1996

	<u>Average</u>	<u>Pro-rata Adjustment</u>	<u>Average Capital Supporting Rate base</u>	<u>Weight</u>	<u>Average Cost Rate</u>	<u>Weighted Cost</u>
Common Stock						
Premium on Common Stock						
Retained Earnings						
Required stock						
Total Equity	610,179	(192,321)	417,858	0.138113		
Long-term debt	3,627,737	(1,143,417)	2,484,320	0.821132	0.068948	0.058815
Customer deposits	<u>180,057</u>	<u>(56,752)</u>	<u>123,305</u>	<u>0.040755</u>	0.060000	<u>0.002445</u>
	4,417,973	(1,392,490)	3,025,483	1.000000		0.058000 (1)
						3,025,483 (2)
						178,688 (3)

- (1) Weighted Cost of Debt
- (2) Average rate base
- (3) Above the line interest expense & debt discount

Interest expense	220,823
Amortization of debt discount	20,773
Construction Period Interest	<u>2,486</u>
	244,062
Above the Line	178,688
Below the Line	65,376

**SCHEDULE III  
SANLANDO UTILITIES CORPORATION  
CALCULATION OF INCREMENTAL TAX RATE  
12/31/88**

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<u>1988</u>	(A) PER TAX RETURN	(B) (thru 6/12/86) TAXABLE CIAC	(C) EXCLUDING CIAC	(D) TAX DIFFERENCE (A)-(C)
Florida Taxable Income (per tax return)	486,900	(108,342)	380,547	
Florida Tax (above amount less \$5,000 exemption)	27,055		21,205	5,850
Marginal State Tax Rate (FL tax/ FL tax. income)	5.44%		5.43%	
Federal Taxable Income (per tax return)	480,854		380,342	
Federal Tax	189,750		125,578	34,174
Marginal Federal Tax Rate	34.00%		34.00%	
Combined Federal & State Taxes	188,805		146,781	40,024
Combined Federal & State Tax Rate	37.58%		37.58%	
Incremental Federal & State Tax Rate				37.43% (D)/(B)

FEDERAL TAX FORMULA:

$$(0.15 * 80000) + (0.25 * 25000) + (.34 * 25000) + (.39 * 235000) + ((T1 - 335000) * 0.34)$$

Average equity (Annual report pg. F-2(a))	1995	1,004,874
	1996	<u>215,484</u>
	Average	<u>610,179</u>

Average Customer deposits (Annual report pg. F-2(a))	1995	182,826
	1996	<u>177,287</u>
	Average	<u>180,057</u>

		<u>1995</u>	<u>1996</u>
Average Rate Base: (Annual report pg. F-4)	Water	743,375	916,098
	Sewer	<u>2,270,980</u>	<u>2,120,513</u>
		3,014,355	3,036,611
	Average	<u>3,025,483</u>	

SANLANDO UTILITIES CORPORATION  
 WEIGHTED COST OF DEBT  
 12/31/96

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1996

	LT DEBT 12/31/95 (Annual Report Page F-14)	CURRENT PORTION OF LT DEBT 12/31/95 (Annual Report Page F-13A)	12/31/95 TOTAL	LT DEBT 12/31/96 (Annual Report Page F-14)	CURRENT PORTION OF LT DEBT 12/31/96 (Annual Report Page F-13A)	12/31/96 TOTAL	1995/1996 AVERAGE LT DEBT
<b>LONG-TERM DEBT</b>							
FIRST UNION	8,015	5,552	11,568	463	5,552	8,015	8,791
FIRST UNION	4,319	3,987	8,306	332	3,987	4,319	6,312
FIRST UNION	3,487	2,774	6,241	693	2,774	3,487	4,854
FIRST UNION	0	0	0	0	0	0	0
FIRST UNION	0	4,041	4,041	0	0	0	2,020
FIRST UNION	0	3,503	3,503	0	0	0	1,751
FIRST UNION	0	5,385	5,385	0	0	0	2,682
*** FIRST UNION (Mortgage)	3,442,039	173,198	3,615,235	3,279,943	173,198	3,453,139	3,534,187
FIRST UNION	4,232	3,174	7,405	1,058	3,174	4,232	5,819
FIRST UNION	5,913	2,729	8,643	3,184	2,729	5,913	7,278
FIRST UNION	8,837	3,928	12,785	4,910	3,928	8,838	10,801
FIRST UNION	7,805	3,213	11,018	4,569	3,225	7,794	9,408
FIRST UNION	12,800	4,518	17,318	8,283	4,518	12,801	15,059
FIRST UNION	0	0	0	10,078	4,170	14,246	7,124
FIRST UNION	0	0	0	17,477	5,828	23,303	11,852
	<u>3,495,428</u>	<u>215,878</u>	<u>3,711,408</u>	<u>3,330,980</u>	<u>213,078</u>	<u>3,544,068</u>	<u>3,627,737</u>



**SANLANDO UTILITIES CORPORATION**  
**WEIGHTED COST OF DEBT**  
**12/31/96**  
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**1996**

<u>LONG-TERM DEBT</u>	<u>1995/1996 AVERAGE LT DEBT</u>	<u>PERCENT OF CAPITAL</u>	<u>ACTUAL INTEREST RATES</u>	<u>WEIGHTED AVERAGE RATE</u>
FIRST UNION	8,791	0.24%	7.76%	0.02%
FIRST UNION	6,312	0.17%	7.79%	0.01%
FIRST UNION	4,854	0.13%	7.99%	0.01%
FIRST UNION	0	0.00%	7.66%	0.00%
FIRST UNION	2,020	0.06%	8.05%	0.00%
FIRST UNION	1,751	0.05%	8.00%	0.00%
FIRST UNION	2,662	0.07%	7.50%	0.01%
*** FIRST UNION (Mortgage)	3,534,187 *	97.42%	8.84% **	8.66%
FIRST UNION	5,819	0.16%	7.66%	0.01%
FIRST UNION	7,278	0.20%	9.51%	0.02%
FIRST UNION	10,801	0.30%	10.05%	0.03%
FIRST UNION	9,406	0.26%	10.54%	0.03%
FIRST UNION	15,059	0.42%	10.26%	0.04%
FIRST UNION	7,124	0.20%	9.08%	0.02%
FIRST UNION	11,652	0.32%	9.05%	0.03%
	<u>3,627,737</u>	<u>1</u>		<u>8.89%</u>
Total amortization of debt discount:	<u>20,773</u>	(Annual report pg. F-12)		
*** FIRST UNION (Mortgage)				
Int. exp. on FUNB mortgage loan	220,823	(Annual report pg. F-16)		
Amortization of debt discount:	<u>20,773</u>	(Annual report pg. F-12)		
	241,596			
FIRST UNION (Average)	3,534,187 *			
CALCULATED INTEREST RATE	8.84% **			

**SANLANDO UTILITIES CORPORATION  
 CALCULATION OF 1ST YEAR DEPRECIATION ON CIAC  
 12/31/96**

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	<u>CIAC</u>	<u>RATE</u>	<u>(1/2 YEAR) DEPRECIATION</u>
<u>WATER</u>			
CASH	30,325.71	3.72%	564.06
PROPERTY	52,239.00	2.33%	608.58
PROPERTY	973.00	2.50%	12.16
PROPERTY	995.00	2.22%	11.04
<u>WASTEWATER</u>			
CASH	23,200.00	4.78%	554.48
PROPERTY	805.00	3.30%	13.28
PROPERTY	32,237.00	2.20%	354.61
PROPERTY	9,095.00	5.58%	252.84
TOTAL	<u>149,869.71</u>		<u>2,371.06</u>

**SANLANDO UTILITIES CORPORATION  
CALCULATION OF INTEREST ON CIAC ACCOUNT  
12/31/96**

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YEAR TO DATE INTEREST ON CIAC MONEY MARKET ACCOUNT AS OF 12/31/96:	1684.65
INCREMENTAL FEDERAL & STATE TAX RATE	<u>0.3763</u>
	633.93
NET OF TAXES:	<u>1,050.72</u>

Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

- A** Check if a:
- 1 Consolidated return (attach Form 991)
  - 2 Personal holding co. (attach Sch. PH)
  - 3 Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T -- see instructions)

**Use IRS label. Otherwise, print or type.**

Name No., street, and room or suite no. City/town, state, and ZIP code  
**SANLANDO UTILITIES CORPORATION**  
**P.O. BOX 3884**  
**LONGWOOD, FL 32791**

**B** Employer identification no.  
**59-1293054**

**C** Date incorporated  
**09/21/69**

**D** Total assets (see page 6 of inst.)

**E** Check applicable boxes: (1) Initial return (2) Final return (3) Change of address **\$ 16,218,631**

Income

Deductions  
(See instructions for limitations on deductions.)

Tax and Payments

<b>1a</b> Gross receipts/sales	<b>4,876,779</b>	<b>b</b> Less returns and allowances		<b>C Bal</b>	<b>1c</b>	<b>4,876,779</b>
<b>2</b> Cost of goods sold (Schedule A, line 8)					<b>2</b>	
<b>3</b> Gross profit. Subtract line 2 from line 1c					<b>3</b>	<b>4,876,779</b>
<b>4</b> Dividends (Schedule C, line 19)					<b>4</b>	
<b>5</b> Interest					<b>5</b>	<b>190,816</b>
<b>6</b> Gross rents					<b>6</b>	
<b>7</b> Gross royalties					<b>7</b>	
<b>8</b> Capital gain net income (attach Schedule D (Form 1120))					<b>8</b>	
<b>9</b> Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)					<b>9</b>	<b>3,720</b>
<b>10</b> Other income (see page 7 of instructions -- attach schedule)					<b>10</b>	<b>139,878</b>
<b>11</b> Total income. Add lines 3 through 10					<b>11</b>	<b>5,211,193</b>
<b>12</b> Compensation of officers (Schedule E, line 4)					<b>12</b>	<b>238,037</b>
<b>13</b> Salaries and wages (less employment credits)					<b>13</b>	<b>1,020,213</b>
<b>14</b> Repairs and maintenance					<b>14</b>	<b>329,884</b>
<b>15</b> Bad debts					<b>15</b>	<b>3,674</b>
<b>16</b> Rents					<b>16</b>	<b>150,430</b>
<b>17</b> Taxes and licenses					<b>17</b>	<b>314,093</b>
<b>18</b> Interest					<b>18</b>	<b>329,922</b>
<b>19</b> Charitable contributions (see page 8 of instructions for 10% limitation)					<b>19</b>	<b>5,100</b>
<b>20</b> Depreciation (attach Form 4562)		<b>20</b>	<b>201,499</b>			
<b>21</b> Less depreciation claimed on Schedule A and elsewhere on return		<b>21a</b>			<b>21b</b>	<b>201,499</b>
<b>22</b> Depletion					<b>22</b>	
<b>23</b> Advertising					<b>23</b>	
<b>24</b> Pension, profit-sharing, etc., plans					<b>24</b>	<b>120,000</b>
<b>25</b> Employee benefit programs					<b>25</b>	
<b>26</b> Other deductions (attach schedule)					<b>26</b>	<b>2,028,487</b>
<b>27</b> Total deductions. Add lines 12 through 26					<b>27</b>	<b>4,741,339</b>
<b>28</b> Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					<b>28</b>	<b>469,854</b>
<b>29</b> Less: <b>a</b> Net operating loss deduction (see page 10 of instructions)		<b>29a</b>				
<b>b</b> Special deductions (Schedule C, line 20)		<b>29b</b>			<b>29c</b>	
<b>30</b> Taxable income. Subtract line 29c from line 28					<b>30</b>	<b>469,854</b>
<b>31</b> Total tax (Schedule J, line 10)					<b>31</b>	<b>159,750</b>
<b>32</b> Payments: <b>a</b> 1996 overpayment credited to 1996	<b>32a</b>	<b>34,633</b>				
<b>b</b> 1996 estimated tax payments	<b>32b</b>	<b>92,367</b>				
<b>c</b> Less 1996 refund applied for on Form 4466	<b>32c</b>				<b>d Bal</b>	<b>32d</b>
<b>e</b> Tax deposited with Form 7004					<b>32e</b>	<b>25,000</b>
<b>f</b> Credit from regulated investment companies (attach Form 2439)					<b>32f</b>	
<b>g</b> Credit for Federal tax on fuels (attach Form 4136). See instructions					<b>32g</b>	
<b>33</b> Estimated tax penalty (see page 11 of instructions). Check if Form 2220 is attached					<b>33</b>	<b>1,275</b>
<b>34</b> Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					<b>34</b>	<b>9,025</b>
<b>35</b> Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					<b>35</b>	
<b>36</b> Enter amount of line 35 you want: Credited to 1997 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>					<b>36</b>	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_

Paid Preparer's Use Only

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's SSN \_\_\_\_\_

Firm's name (or yours if self-employed) and address **Ernst & Young, LLP** EIN **34-6565596**  
**390 N. ORANGE AVENUE, SUITE 170** ZIP code **32801-1671**  
**ORLANDO, FLORIDA**

**Schedule A Cost of Goods Sold** (See page 11 of instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i)  Cost as described in Regulations section 1.471-3

(ii)  Lower of cost or market as described in Regulations section 1.471-4

(iii)  Other (Specify method used and attach explanation.)

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c)

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. **Sd**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?  Yes  No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

**Schedule C Dividends and Special Deductions** (See page 12 of instructions.)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corps. (sec. 248A)	See instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to 100% deduction (section 246(b))	100	
9	Total. Add lines 1 through 8. See page 12 of instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to 100% deduction (sec. 245(c)(1))	100	
12	Dividends from affiliated group members subject to 100% ded. (sec. 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corps. under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC & former DISC dividends not included on lines 1, 2, or 3 (sec. 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		

**Schedule E Compensation of Officers** (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

1	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
	LESTER N. MANDELL	074-18-9262	%	32.65%	%	114,000
	HAMPTON P. CONLEY	260-70-3231	%	%	%	124,037
	LESTER ZIMMERMAN	020-18-6898	%	32.65%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					238,037
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1.					238,037

**Schedule J Tax Computation** (See page 13 of instructions.)

1	Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/>		
Important: Members of a controlled group, see instructions on page 13.			
2a	If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ <input type="text"/> (2) \$ <input type="text"/> (3) \$ <input type="text"/>		
b	Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) \$ <input type="text"/> (2) Additional 3% tax (not more than \$100,000) \$ <input type="text"/>		
3	Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions on page 13) <input type="checkbox"/>	3	159,750
4a	Foreign tax credit (attach Form 1118) <input type="checkbox"/>	4a	
4b	Possessions tax credit (attach Form 5735) <input type="checkbox"/>	4b	
c	Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834)	4c	
d	General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847	4d	
e	Credit for prior year minimum tax (attach Form 8827) <input type="checkbox"/>	4e	
5	Total credits. Add lines 4a through 4e	5	
6	Subtract line 5 from line 3	6	159,750
7	Personal holding company tax (attach Schedule PH (Form 1120))	7	
8	Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8811	8	
9	Alternative minimum tax (attach Form 4626)	9	
10	Total tax. Add lines 6 through 9. Enter here and on line 31, page 1	10	159,750

**Schedule K Other Information** (See page 15 of instructions.)

	Yes	No		Yes	No	
1	Check method of accounting: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) <input type="text"/>			7	Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) <input checked="" type="checkbox"/>	
2	See page 17 of the instructions and state the principal: a Business activity code no. <input type="text"/> 4990 b Business activity <input type="text"/> PUBLIC UTILITY c Product or service <input type="text"/> WATER & SEWER			8	At any time during the 1996 calendar year, did the corp. have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? <input checked="" type="checkbox"/> If "Yes," the corp. may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country <input type="text"/>	
3	Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/>			9	During the tax year, did corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 16 of the instructions for other forms the corporation may have to file <input checked="" type="checkbox"/>	
	If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			10	Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corp. entitled to vote, or (b) the total value of all classes of stock of corp.? If "Yes," <input checked="" type="checkbox"/> a Enter percentage owned <input type="text"/> b Enter owner's country <input type="text"/> c The corporation may have to file Form 5472. Enter number of Forms 5472 attached <input type="text"/>	
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? <input checked="" type="checkbox"/> If "Yes," enter employer identification number and name of the parent corporation <input type="text"/>			11	Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281.	
5	Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/> If "Yes," attach a schedule showing name and identifying no. (Do not include any info. already entered in 4 above.) Enter percentage owned <input type="text"/>			12	Enter the amount of tax-exempt interest received or accrued during the tax year <input type="text"/> \$	
6	During this tax year, did the corporation pay dividends (other than stock dividends & distributions in exchange for stock) in excess of the corporation's current and accumulated earnings & profits? (See secs. 301 & 316.) <input checked="" type="checkbox"/> If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.			13	If there were 35 or fewer shareholders at the end of the tax year, enter the number <input type="text"/> 4	
				14	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>	
				15	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) <input type="text"/> \$	

Schedule M-1 Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....		149,360		288,028
2a Trade notes and accounts receivable .....	651,731		708,559	
b Less allowance for bad debts .....	( )	651,731	( )	708,559
3 Inventories .....				
4 U.S. government obligations .....				
5 Tax-exempt securities (see instructions) ..				
6 Other current assets (attach schedule) .....		2,364,273		1,297,983
7 Loans to stockholders .....				
8 Mortgage and real estate loans .....		195,075		169,792
9 Other investments (attach schedule) .....				
10a Buildings and other depreciable assets ..	24,821,887		25,220,190	
b Less accumulated depreciation .....	(10,978,166)	13,843,721	(11,811,347)	13,408,843
11a Depletable assets .....				
b Less accumulated depletion .....	( )	( )	( )	( )
12 Land (net of any amortization) .....		318,382		318,382
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....	( )	( )	( )	( )
14 Other assets (attach schedule) .....		162,341		27,044
15 Total assets .....		17,684,883		16,218,631
<b>Liabilities and Stockholders' Equity</b>				
16 Accounts payable .....		162,174		213,974
17 Mortgages, notes, bonds payable in less than 1 year ..		186,589		213,078
18 Other current liabilities (attach schedule) ..		904,918		827,542
19 Loans from stockholders .....				
20 Mortgages, notes, bonds payable in 1 year or more ..		3,524,817		3,330,988
21 Other liabilities (attach schedule) .....		11,942,612		11,462,366
22 Capital stock: a Preferred stock .....				
b Common stock .....	3,575	3,575	3,575	3,575
23 Paid-in or capital surplus .....		74,750		74,750
24 Retained earnings -- Appropriated (attach sch.) ..				
25 Retained earnings -- Unappropriated .....		885,448		1,092,358
26 Less cost of treasury stock .....	( )	( )	( 1,000,000 )	( )
27 Total liabilities and stockholders' equity ..		17,684,883		16,218,631

Note: You are not required to complete Schedules M-1 & M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

**Schedule M-2: Reconciliation of Income (Loss) per Books With Income per Return (See page 18 of instructions.)**

1 Net income (loss) per books .....	206,910	7 Income recorded on books this year not included on this return (if any):	
2 Federal income tax .....	135,708	Tax-exempt interest .....	
3 Excess of capital losses over capital gains ..		See Sch. ....	6,645
4 Income subject to tax not recorded on books this year: See Sch. ....	110,082		6,645
5 Expenses recorded on books this year not deducted on this return (if any):		8 Deductions on the return not charged against book income this year (if any):	
a Depreciation .....		a Depreciation .....	7,624
b Contributions carryover .....		b Contributions carryover .....	9,777
c Travel and entertainment .....	1,310	See Sch. ....	
See Sch. ....	39,890		
	41,200		17,401
6 Add lines 1 through 5 .....	493,900	9 Add lines 7 and 8 .....	24,046
		10 Income (line 28, pg. 1) - line 6 less line 9	469,854

**Schedule M-3: Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)**

1 Balance at beginning of year .....	885,448	5 Distributions: a Cash .....	
2 Net income (loss) per books .....	206,910	b Stock .....	
3 Other increases: .....		c Property .....	
		6 Other decreases: .....	
		7 Add lines 5 and 6 .....	
4 Add lines 1, 2, and 3 .....	1,092,358	8 Balance at end of year (line 4 less line 7)	1,092,358

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.  
▶ Attach to the corporation's tax return.

**1996**

Name  
**SANLANDO UTILITIES CORPORATION**

Employer identification number  
**59-1293054**

Note: In most cases, the corporation does not need to file Form 2220. The IRS will figure any penalty owed and bill the corporation. File Form 2220 only if any of the boxes or the Note in Part I applies to the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 38 on the penalty line of the corporation's income tax return, but do not attach Form 2220.

**Part I: Reasons For Filing** -- Check the boxes below that apply to the corporation. If any box is checked or the Note below applies, the corporation must file Form 2220 with the corporation's tax return, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty. See page 2 of the instructions.

- 1 The corporation is using the annualized income installment method.
- 2 The corporation is using the adjusted seasonal installment method.
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Note: The corporation must also file Form 2220 if it is claiming a waiver of the penalty. See Waiver of penalty on page 3 of the instructions.

**Part II: Figuring the Underpayment**

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<b>4</b>	Total tax (see page 2 of the instructions) .....	<b>4</b>	159,750			
<b>5a</b>	Personal holding company tax incl. on line 4 (Sch. PH (Form 1120), line 26) ...	<b>5a</b>				
<b>b</b>	Interest due under the look-back method of section 460(b)(2) for completed long-term contracts included on line 4. ....	<b>5b</b>				
<b>c</b>	Credit for Federal tax paid on fuels (see page 2 of the instructions) .....	<b>5c</b>				
<b>d</b>	Total. Add lines 5a through 5c. ....	<b>5d</b>				
<b>6</b>	Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty. ....	<b>6</b>	159,750			
<b>7</b>	Enter the tax shown on the corporation's 1995 income tax return. (CAUTION: See page 2 of the instructions before completing this line.) .....	<b>7</b>	214,024			
<b>8</b>	Enter the smaller of line 6 or line 7. If the corporation must skip line 7, enter the amount from line 6 on line 8. ....	<b>8</b>	159,750			
<b>9</b>	Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th, 6th, 9th, and 12th months of the corporation's tax year. .... ▶		(a)	(b)	(c)	(d)
		<b>9</b>	04/15/96	06/15/96	09/15/96	12/15/96
<b>10</b>	Required installments. If the box on line 1 or line 2 above is checked, enter the amounts from Schedule A, line 41. If the box on line 3 (but not 1 or 2) is checked, see page 2 of the instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column. ....	<b>10</b>	39,938	39,938	39,938	39,936
<b>11</b>	Estimated tax paid or credited for each period (see page 2 of the instructions). For column (a) only, enter the amount from line 11 on line 16. Complete lines 12 through 18 of one column before going to next column. ....	<b>11</b>	66,383	31,750	2,883	25,984
<b>12</b>	Enter amount, if any, from line 16 of the preceding column. ....	<b>12</b>		26,445	18,257	
<b>13</b>	Add lines 11 and 12. ....	<b>13</b>		58,195	21,140	25,984
<b>14</b>	Add amounts on lines 16 and 17 of the preceding column. ....	<b>14</b>				18,798
<b>15</b>	Subtract line 14 from line 13. If zero or less, enter -0-. ....	<b>15</b>	66,383	58,195	21,140	7,186
<b>16</b>	If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-. ....	<b>16</b>				
<b>17</b>	Underpayment. If line 15 is less than or equal to line 16, subtract line 16 from line 15. Then go to line 12 of the next column. Otherwise, go to line 18 (see page 3 of the instructions). ....	<b>17</b>			18,798	32,750
<b>18</b>	Overpayment. If line 15 is less than line 16, subtract line 15 from line 16. Then go to line 12 of the next column. ....	<b>18</b>	26,445	18,257		

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.



**Figuring the Penalty**

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after close of tax year, whichever is earlier (see page 3 of inst.) (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month)...	04/15/96	06/03/96	09/13/96	12/13/96
20 Number of days from due date of installment on line 9 to the date shown on line 19				
21 Number of days on line 20 after 4/15/96 and before 7/1/96		See Attached Schedule Below		
22 Underpayment on line 17 $\times \frac{\text{Number of days on line 21}}{366} \times 9\%$	\$	\$	\$	\$
23 Number of days on line 20 after 6/30/96 and before 1/1/97				
24 Underpayment on line 17 $\times \frac{\text{Number of days on line 23}}{366} \times 9\%$	\$	\$	411.40	136.91
25 Number of days on line 20 after 12/31/96 and before 4/1/97				
26 Underpayment on line 17 $\times \frac{\text{Number of days on line 25}}{366} \times 9\%$	\$	\$	\$	726.78
27 Number of days on line 20 after 3/31/97 and before 7/1/97				
28 Underpayment on line 17 $\times \frac{\text{Number of days on line 27}}{366} \times 9\%$	\$	\$	\$	\$
29 Number of days on line 20 after 6/30/97 and before 10/1/97				
30 Underpayment on line 17 $\times \frac{\text{Number of days on line 29}}{366} \times 9\%$	\$	\$	\$	\$
31 Number of days on line 20 after 8/30/97 and before 1/1/98				
32 Underpayment on line 17 $\times \frac{\text{Number of days on line 31}}{366} \times 9\%$	\$	\$	\$	\$
33 Number of days on line 20 after 12/31/97 and before 2/15/98				
34 Underpayment on line 17 $\times \frac{\text{Number of days on line 33}}{366} \times 9\%$	\$	\$	\$	\$
35 Add lines 22, 24, 26, 28, 30, 32, and 34	\$	\$	411.40	863.69
36 Penalty. Add columns (a) through (d), of line 35. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns			\$	1,275

\*If the corporation's tax year ends after December 31, 1996, see Lines 28, 30, 32, and 34 on page 3 of the instructions.

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**Part II - Supplemental Schedule**

#	Date	Amount	Balance	06/30/96-01/07/97	12/31/96-04/01/97	03/31/97-07/01/97	06/30/97-10/01/97
1	04/15/96	- 66,383					
2	04/15/96	39,938	- 26,445				
3	06/03/96	- 31,750					
4	06/15/96	39,938	- 18,257				
5	09/13/96	- 2,883					
6	09/15/96	39,938	18,798	89			
7	12/13/96	- 25,984					
8	12/15/96	39,936	32,750	17	90	91	76
9	09/15/97						

# Depreciation and Amortization

(Including Information on Listed Property)

Department of Treasury  
Internal Rev. Service (99)

▶ See separate instructions. ▶ Attach this form to your return.

**1996**  
Attachment  
Sequence No. **67**

Name(s) shown on return: **SANLANDO UTILITIES CORPORATION** Business or activity to which this form relates: **PUBLIC UTILITY** Identifying number: **59-1293054**

**Part I Election To Expense Certain Tangible Property (Section 179)** (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions.	1	\$17,500
2 Total cost of section 179 property placed in service. See page 2 of the instructions.	2	
3 Threshold cost of section 179 property before reduction in limitation.	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions.	5	
<b>6</b>		
(a) Description of property	(b) Cost (busn. use only)	(c) Elected cost
7 Listed property. Enter amount from line 27	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9 Tentative deduction. Enter the smaller of line 8 or line 5.	9	
10 Carryover of disallowed deduction from 1995. See page 2 of the instructions.	10	
11 Business income limitation. Enter the smaller of busn. income (not less than zero) or line 5 (see instructions).	11	
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13 Carryover of disallowed deduction to 1997. Add lines 9 and 10, less line 12.	13	

**Notes:** Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

**Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1996 Tax Year (Do Not Include Listed Property)**

**Section A -- General Asset Account Election**

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 2 of the instructions.

**Section B -- General Depreciation System (GDS) (See page 3 of the instructions.)**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depr. (busn./investment use only -- see inst.)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

**Section C -- Alternative Depreciation System (ADS) (See page 4 of the instructions.)**

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			*0 yrs.	MM	S/L	

**Part III Other Depreciation (Do Not Include Listed Property.) (See page 4 of the instructions.)**

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1996.	17	
18 Property subject to section 168(f)(1) election.	18	
19 ACRS and other depreciation.	19	

**Part IV Summary (See page 4 of the instructions.) TAXPAYER MAINTAINS DETAIL**

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations -- see instructions.	21	201,499
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, see page 1 of the separate instructions.

**Part V** **Listed Property — Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement**

**Notes:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A — Depreciation and Other Information (Caution: See page 6 of the instructions for limitations for automobiles.)**

**23a** Do you have evidence to support business/investment use claimed?  Yes  No **23b** If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Busn./ investment use percentage	(d) Cost or other basis	(e) Basis for depr. (busn./investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>24</b> Property used more than 50% in a qualified business use (See page 6 of the instructions.):								
		%						
		%						
		%						
<b>25</b> Property used 50% or less in a qualified business use (See page 6 of the instructions.):								
		%				S/L-		
		%				S/L-		
		%				S/L-		
<b>26</b> Add amounts in column (h). Enter the total here and on line 20, page 1							<b>26</b>	
<b>27</b> Add amounts in column (i). Enter the total here and on line 7, page 1								<b>27</b>

**Section B — Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a)		(b)		(c)		(d)		(e)		(f)	
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6
<b>28</b> Total business/investment miles driven during year (DO NOT include commuting miles) . . . . .												
<b>29</b> Total commuting miles driven during year . . . . .												
<b>30</b> Total other personal (noncommuting) miles driven . . . . .												
<b>31</b> Total miles driven during the year. Add lines 28 through 30. . . . .												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>32</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>33</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>34</b> Is another vehicle available for personal use? . . . . .												

**Section C — Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
<b>35</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>36</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See page 6 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners. . . . .		
<b>37</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>38</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
<b>39</b> Do you meet the requirements concerning qualified automobile demonstration use? See page 6 of the instructions. . . . .		

**Note:** If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>40</b> Amortization of costs that begins during your 1996 tax year:					
<b>41</b> Amortization of costs that began before 1996. . . . .				<b>41</b>	20,773
<b>42</b> Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return . . . . .				<b>42</b>	20,773

**Sales of Business Property**  
(Also Involuntary Conversions and Recapture Amounts  
Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return <b>SANLANDO UTILITIES CORPORATION</b>	Identifying number <b>59-1293054</b>
--	---

**1** Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1996 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 11, or 22. 1

**Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft -- Property Held More Than 1 Year**

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements & expense of sale	(g) LOSS <small>If (f) is more than (d) plus (e), subtract the sum of (d) and (e) from (f)</small>	(h) GAIN <small>If (d) plus (e) is more than (f), subtract (f) from the sum of (d) and (e)</small>

<b>3</b> Gain, if any, from Form 4684, line 39. ....	<b>3</b>		
<b>4</b> Section 1231 gain from installment sales from Form 6252, line 26 or 37. ....	<b>4</b>		
<b>5</b> Section 1231 gain or (loss) from like-kind exchanges from Form 8824. ....	<b>5</b>		
<b>6</b> Gain, if any, from line 34, from other than casualty or theft. ....	<b>6</b>		
<b>7</b> Add lines 2 through 6 in columns (g) and (h). ....	<b>7</b>	(	)
<b>8</b> Combine columns (g) and (h) of line 7. Enter gain or (loss) here, and on the appropriate line as follows: ....	<b>8</b>		
<i>Partnerships -- Enter the gain or (loss) on Form 1065, Schedule K, line 6. Skip lines 9, 10, 12, and 13 below.</i>			
<i>S corporations -- Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 9, 10, 12, and 13 below, unless line 8 is a gain and the S corporation is subject to the capital gains tax.</i>			
<i>All others -- If line 8 is zero or a loss, enter the amount on line 12 below and skip lines 9 and 10. If line 8 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain as a long-term capital gain on Schedule D and skip lines 9, 10, and 13 below.</i>			
<b>9</b> Nonrecaptured net section 1231 losses from prior years (see instructions). ....	<b>9</b>		
<b>10</b> Subtract line 9 from line 8. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions): ....	<b>10</b>		
<i>S corporations -- Enter this amount on Schedule D (Form 1120S), line 13, and skip lines 12 and 13 below.</i>			
<i>All others -- If line 10 is zero, enter the amount from line 8 on line 13 below. If line 10 is more than zero, enter the amount from line 9 on line 13 below, and enter the amount from line 10 as a long-term capital gain on Schedule D.</i>			

**Part II Ordinary Gains and Losses**

**11** Ordinary gains and losses not included on lines 12 through 18 (include property held 1 year or less):


<b>12</b> Loss, if any, from line 8. ....	<b>12</b>		
<b>13</b> Gain, if any, from line 8, or amount from line 9 if applicable. ....	<b>13</b>		
<b>14</b> Gain, if any, from line 33. ....	<b>14</b>		3,720
<b>15</b> Net gain or (loss) from Form 4684, lines 31 and 38a. ....	<b>15</b>		
<b>16</b> Ordinary gain from installment sales from Form 6252, line 25 or 36. ....	<b>16</b>		
<b>17</b> Ordinary gain or (loss) from like-kind exchanges from Form 8824. ....	<b>17</b>		
<b>18</b> Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions). ....	<b>18</b>		
<b>19</b> Add lines 11 through 18 in columns (g) and (h). ....	<b>19</b>	(	) 3,720
<b>20</b> Combine columns (g) and (h) of line 19. Enter gain or (loss) here, and on the appropriate line as follows: ....	<b>20</b>		3,720
<b>a</b> For all except individual returns: Enter the gain or (loss) from line 20 on the return being filed.			
<b>b</b> For individual returns:			
(1) If the loss on line 12 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 20b(1)." See instructions. ....			
(2) Redetermine the gain or (loss) on line 20, excluding loss, if any, on line 20b(1). Enter here & on Form 1040, line 14. ....			

**Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255**

21	(a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
A	89 CHEVY PICK UP	06/15/89	04/15/96
B	92 FORD TAURUS	06/15/92	12/15/96
C			
D			
Relate lines 21A through 21D to these columns			
		Property A	Property B
22	Gross sales price (Note: See line 1 before completing.)	22	6,766
23	Cost or other basis plus expense of sale	23	10,321
24	Depreciation (or depletion) allowed or allowable	24	10,321
25	Adjusted basis. Subtract line 24 from line 23	25	3,046
26	Total gain. Subtract line 25 from line 22	26	3,720
27	If section 1245 property:		
a	Depreciation allowed or allowable from line 24	27a	10,321
b	Enter the smaller of line 25 or 27a	27b	3,720
28	If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291.		
a	Additional depreciation after 1975 (see instructions)	28a	
b	Applicable percentage multiplied by the smaller of line 25 or line 28a (see instructions)	28b	
c	Subtract line 28a from line 26. If residential rental prop. or line 26 is not more than line 28a, skip lines 28d & 28e	28c	
d	Additional depreciation after 1989 and before 1976	28d	
e	Enter the smaller of line 28c or 28d	28e	
f	Section 291 amount (corporations only)	28f	
g	Add lines 28b, 28e, and 28f	28g	
29	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership.		
a	Soil, water, and land clearing expenses	29a	
b	Line 29a multiplied by applicable percentage (see inst.)	29b	
c	Enter the smaller of line 26 or 29b	29c	
30	If section 1254 property:		
a	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	30a	
b	Enter the smaller of line 26 or 30a	30b	
31	If section 1255 property:		
a	Applicable percentage of payments excluded from income under section 126 (see instructions)	31a	
b	Enter the smaller of line 26 or 31a (see instructions)	31b	

Summary of Part III Gains. Complete property columns A through D through line 31b before going to line 32.

32	Total gains for all properties. Add property columns A through D, line 26	32	3,720
33	Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14	33	3,720
34	Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6.	34	

**Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less**

See instructions.

	(a) Section 179	(b) Section 280F(b)(2)
35	Section 179 expense deduction or depreciation allowable in prior years	35
36	Recomputed depreciation. See instructions	36
37	Recapture amount. Subtract line 36 from line 35. See the instructions for where to report	37

## SUPPLEMENTAL SCHEDULE

Form Corp

FORM 1120 PAGES 1-4

For Tax Year  
1988Name  
SANLANDO UTILITIES CORPORATIONEmployer ID Number  
59-1293054

## FORM 1120, OTHER INCOME (LINE 10)

DESCRIPTION	AMOUNT
METER INSTALLATION FEES	4,839
CONTRIBUTIONS IN AID OF CONSTRUCT.	101,523
MANAGEMENT FEES	21,000
MISCELLANEOUS	12,516
TOTAL	139,878

## FORM 1120, TAXES (LINE 17)

DESCRIPTION	AMOUNT
GROSS RECEIPTS TAX	219,455
PROPERTY TAXES	68,352
STATE INCOME TAXES	19,744
OTHER TAXES	6,542
TOTAL	314,093

## FORM 1120, OTHER DEDUCTIONS (LINE 26)

DESCRIPTION	AMOUNT
DUES AND SUBSCRIPTIONS	7,433
ENGINEERING & TECHNICAL	36,385
VEHICLE EXPENSE	57,963
POWER	587,031
OTHER O & M EXPENSES	85,235
TELEPHONE	47,972
WATER TREATMENT	149,289
CHEMICALS	167,868
LAB SUPPLIES	60,135
CUSTOMER BILLING EXPENSE	52,538
EMPLOYEE BENEFITS	239,446
PERMITS AND LICENSES	16,022
ACCOUNTING AND AUDITING	27,037
LEGAL EXPENSE	77,357
FEES - OUTSIDE SERVICES	231,778
INSURANCE EXPENSE	81,946
OFFICE SUPPLIES & EXPENSE	61,212
PUBLIC RELATIONS	13,888
TRAVEL	6,035
WATER CONSERVATION	1,123

**SUPPLEMENTAL SCHEDULE**

Form **Corp**

**FORM 1120 PAGES 1-4**

For Tax Year  
**1996**

Name  
**SANLANDO UTILITIES CORPORATION**

Employer ID Number  
**59-1293054**

**FORM 1120, OTHER DEDUCTIONS (LINE 26)**

<b>DESCRIPTION</b>	<b>AMOUNT</b>
----- <b>AMORTIZATION</b>	----- <b>20,773</b>
<b>TOTAL</b>	----- <b>2,028,487</b> -----

**SUPPLEMENTAL SCHEDULE**

Form **Corp**

**FORM 1120 PAGES 1-4**

For Tax Year  
**1986**

Name  
**SANLANDO UTILITIES CORPORATION**

Employer ID Number  
**59-1293054**

**SCHEDULE L, OTHER CURRENT ASSETS (LINE 6)**

DESCRIPTION -----	YEAR BEGINNING -----	YEAR END -----
LOAN AND INTEREST RECEIVABLE	2,179,314	1,101,860
MATERIALS & SUPPLIES	16,715	20,215
DEFERRED TAXES	77,286	89,138
OTHER CURRENT ASSETS	90,958	86,770
<b>TOTAL</b>	<b>2,364,273</b>	<b>1,297,983</b>

**SCHEDULE L, OTHER ASSETS (LINE 14)**

DESCRIPTION -----	YEAR BEGINNING -----	YEAR END -----
DEFERRED CHARGES	40,761	19,988
CONSTRUCTION IN PROGRESS	121,580	7,056
<b>TOTAL</b>	<b>162,341</b>	<b>27,044</b>

**SCHEDULE L, OTHER CURRENT LIABILITIES (LINE 18)**

DESCRIPTION -----	YEAR BEGINNING -----	YEAR END -----
ACCRUED PROFIT SHARING	120,000	120,000
OTHER ACCRUED EXPENSES	479,227	485,138
CUSTOMER DEPOSITS	182,826	177,287
DEFERRED REVENUE	6,645	7,309
INCOME TAXES PAYABLE	116,220	37,808
<b>TOTAL</b>	<b>904,918</b>	<b>827,542</b>

**SCHEDULE L, OTHER LIABILITIES (LINE 21)**

DESCRIPTION -----	YEAR BEGINNING -----	YEAR END -----
DEFERRED REVENUE	44,622	37,313
CONTRIBUTIONS IN AID OF CONSTRUCT.	11,897,990	11,425,053
<b>TOTAL</b>	<b>11,942,612</b>	<b>11,462,366</b>



**SUPPLEMENTAL SCHEDULE**

Form **Corp**

**FORM 1120 PAGES 1-4**

For Tax Year  
**1986**

Name  
**SANLANDO UTILITIES CORPORATION**

Employer ID Number  
**59-1293054**

**SCHEDULE M-1  
INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS THIS YEAR (LINE 4)**

DESCRIPTION -----	AMOUNT -----
CONTRIBUTIONS IN AID OF CONSTRUCT.	106,362
GAIN ON DISPOSAL OF ASSETS	3,720
<b>TOTAL</b>	<b>110,082</b> -----

**SCHEDULE M-1, OTHER EXPENSES RECORDED AND NOT DEDUCTED (LINE 5)**

DESCRIPTION -----	AMOUNT -----
PENALTIES	310
SICK PAY ACCRUAL	1,834
AMORTIZATION OF CIAC	37,746
<b>TOTAL</b>	<b>39,890</b> -----

**SCHEDULE M1, OTHER INCOME RECORDED AND NOT INCLUDED (LINE 7)**

DESCRIPTION -----	AMOUNT -----
DEFERRED REVENUE	6,645
<b>TOTAL</b>	<b>6,645</b> -----

**SCHEDULE M-1, OTHER DEDUCTIONS NOT CHARGED AGAINST INCOME (LINE 8)**

DESCRIPTION -----	AMOUNT -----
EXCESS STATE TAXES	7,311
AMORT. OF CONSTRUCT. PER. INTEREST	2,466
<b>TOTAL</b>	<b>9,777</b> -----