



P.O. Box 13427  
 Tallahassee, FL 32317-3427  
 Phone or Fax (850) 877-0673  
 e-mail: frankden@nettally.com

**ORIGINAL**

**Management & Regulatory Consultants, Inc.**

January 21, 2003

Hand Delivered

RECEIVED-FPSC  
 CO JAN 21 AM 10:54  
 COMMISSION  
 CLERK

Ms. Blanco Bayo  
 Commission Clerk and Administrative Services Director  
 Florida Public Service Commission  
 2450 Shumard Oak Boulevard  
 Tallahassee, FL 32399

Re: Docket No. 020409-SU; Application of Utilities, Inc. of Sandalhaven for Rate Increase in Charlotte County, Florida

AUS  
 CAF  
 CMP  
 COM  
 CTR  
 ECR  
 GCL  
 OPC  
 MMS  
 SEC  
 OTH

Dear Ms. Bayo:

This letter is to provide the Commission with Utility Inc. of Sandalhaven's supplemental comments regarding the Staff Audit dated December 16, 2002. The comments, included as an attachment, respond to Audit Exception Nos. 3, 9, and 11 and Audit Disclosure No. 1.

We appreciate the Commission's consideration.

Very truly yours,

Frank Seidman

cc:  
 Ms. Denise Vandiver, PSC Chief of Auditing  
 Mr. Steve Lubertozzi  
 Mr. Don Rasmussen (w/o attachment)  
 David L. Orr, EI (w/o attachment)  
 Martin S. Friedman, Esq.

**RECEIVED & FILED**

*P.V.N*

**FPSC-BUREAU OF RECORDS**

DOCUMENT NUMBER-DATE

00560 JAN 21 03

FPSC-COMMISSION CLERK

### **Audit Exception No. 3**

**Subject: Organization Costs and Franchise Costs**

Kace, Inc. ("Kace") was a company hired by Utilities, Inc. to perform acquisition services, such as finding assistance and due diligence work. Kace was hired to perform these services for three various acquisitions in Florida, including Utilities, Inc. of Sandalhaven. The \$50,000 commission paid to Kace on 3/31/99 was for the acquisition of Sandalhaven and was not paid until the closing of the acquisition. I have included a copy of the check paid to Kace, a letter from the Vice President of Regulatory Matters describing the purpose of the check, and a copy of the check request to support this transaction.

The remaining costs charged to Organization consists of capitalized time for two executives and the regional manager of Sandalhaven. This time is used to secure easements on the property, defend legalities of the acquisition, etc. I have attached the spreadsheets used to make these entries, which are based on hours contributed by these members of management. SE70 is used to record operator capitalized time, and SE80 is used to record executive capitalized time. A total of 69 hours was charged to Sandalhaven, which is a reasonable amount for the Sandalhaven acquisition.

**WATER SERVICE CORP.**

DISBURSING ACCOUNT OF  
UTILITIES INCORPORATED  
2335 SANDERS ROAD  
NORTHBROOK, IL 60062

BANK ONE COLUMBUS NA  
Circleville and Williamsport, Ohio Offices

NOT VALID  
AFTER 90 DAYS

56-1544  
441

NO. 302671


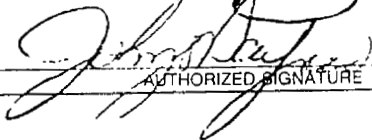
⑆09357 040599 4133 14 DATE 3/31/99 NET AMOUNT \$50,000.00

PAY \*\*\*\* Fifty Thousand and 00/100 \*\*\*\*\* DOLLARS

8365

TO  
THE  
ORDER  
OF

Kace, Inc.  
Attn: Ken Deaver  
319 Old Bailey's Rd.  
Okate, SC 29910

  
AUTHORIZED SIGNATURE  
  
AUTHORIZED SIGNATURE

UTILITIES, INC.

2335 Sanders Road  
Northbrook, Illinois 60062-6196  
Telephone 847 498-6440  
Facsimile 847 498-2066

March 31, 1999

Mr. Ken Deaver  
Kace, Inc.  
319 Old Baileys Rd.  
Okatie, SC 29910

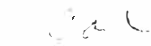
RE: Sandalhaven Sewer Utility System Purchase

Dear Ken:

As we discussed yesterday, enclosed please find a check in the amount of \$50,000. This represents your commission for the Sandalhaven sewer utility system which we closed on today.

We appreciate your assistance in this transaction.

Sincerely,



Carl J. Wenz  
Vice President, Regulatory Matters

cc. Jim Camaren

REQUEST FOR MANUAL/COMPUTER CHECK

PAYABLE TO:

KACE, Inc.  
Attn Ken Drace  
319 Old Balcony Rd  
Cikatie NJ 29910

VENDOR #

9365

INVOICE NO.:

SANDALHAVEN

\$ AMOUNT:

50,000.00 (2)

779 Thousand 1/2

MAIL TO:

you to who

(AMOUNT WRITTEN OUT)

INV. DATE:

3/31/99

PURPOSE:

Commission on Sandal Haven  
purchase

CODES:

AMOUNTS:

001 0001 931000 50,000.00

REQUESTED BY:

(Signature)

DATE NEEDED:

today 3/31/99

ACCTG. DIV. APPROVAL:

(Signature)



Hrs x Rate	Rate	# of hrs	Name	CO#	SUB#	G/L CODE	SUBDIVISION NAME
\$143.00	\$71.50	2	DR	001	0001	4141000	Sale of Green Acre Campground
\$214.50	\$71.50	3	DR	001	0001	4141000	Sale of Green Acre Campground
\$286.00	\$71.50	4	DR	001	0001	4141000	Sale of Green Acre Campground
\$286.00	\$71.50	4	DR	001	0001	4141000	Sale of Green Acre Campground
\$429.00	\$71.50	6	DR	001	0001	4141000	Sale of Druid Isle
\$429.00	\$71.50	6	DR	001	0001	4141000	Sale of Green Acre Campground
\$572.00	\$71.50	8	DR	001	0001	4141000	Sale of Druid Isle
\$572.00	\$71.50	8	DR	001	0001	4141000	Sale of Green Acre Campground
\$715.00	\$71.50	10	DR	001	0001	4141000	Sale of Druid Isle

\$3,646.50 TOTAL GOS

\$3,656.25 \$93.75 39 CD 040 0201 1041000 WSSC Litigation

\$3,656.25 TOTAL OTHER PLANT

\$6,750.00	\$93.75	72	CD	001	0001	1831000	Acq North Topsail
\$427.00	\$61.00	7	HZ	001	0001	1831000	Acq - Winnimucca
\$488.00 ✓	\$61.00	8	HZ	001	0001	1831000	Acq - Westlake
\$1,464.00 ✓	\$61.00	24	HZ	001	0001	1831000	Acq - New Mexico El Dorado
\$1,525.00 ✓	\$61.00	25	HZ	001	0001	1831000	Acq - CHRO Missouri
\$1,525.00	\$61.00	25	HZ	001	0001	1831000	Acq - CNUC Water
\$1,830.00 ✓	\$61.00	30	HZ	001	0001	1831000	Acq - Bermuda Water Co
\$143.00 ✓	\$71.50	2	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$143.00 ✓	\$71.50	2	DR	001	0001	1831000	Spring Valley agreement
\$143.00 ✓	\$71.50	2	DR	001	0001	1831000	Spring Valley agreement
\$143.00 ✓	\$71.50	2	DR	001	0001	1831000	Spring Valley agreement
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Spring Valley agreement
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Spring Valley agreement
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Spring Valley agreement
\$286.00 ✓	\$71.50	4	DR	001	0001	1831000	Spring Valley agreement
\$429.00 ✓	\$71.50	6	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$429.00 ✓	\$71.50	6	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$429.00 ✓	\$71.50	6	DR	001	0001	1831000	Southlake - acq
\$572.00 ✓	\$71.50	8	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$572.00 ✓	\$71.50	8	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$572.00 ✓	\$71.50	8	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$572.00 ✓	\$71.50	8	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$572.00 ✓	\$71.50	8	DR	001	0001	1831000	Acq - Lennar Sub - The Legends
\$715.00	\$71.50	10	DR	001	0001	1831000	Acq - Kennington Park

\$21,445.00 TOTAL PRELIM SURVEY

\$562.50	\$93.75	6	CD	080	0500	1862028	Elevated tank painting-Pine Knolls
\$656.25	\$93.75	7	CD	055	0264	1862068	Elevated tank painting
\$2,860.00	\$71.50	40	DR	088	0645	1863017	Rate case
\$429.00	\$71.50	6	DR	089	0660	1863017	Rate case
\$2,437.50	\$93.75	26	CD	047	0225	1863019	Rate Case-Massanutten
\$429.00	\$71.50	6	DR	089	0660	1863030	LUSI vs City of Clermont
\$1,430.00	\$71.50	20	DR	101	0680	1863030	Territorial dispute Fl Wtr Serv
\$2,718.75	\$93.75	29	CD	057	0270	1873019	Rate Case-Montague

\$11,523.00 TOTAL DEF RATE CASE/DEF MAINT.



Prior Audit  
 SOURCE DKT 020071-WS

16-15  
 8-1 B



PBC

Hrs x Rate	Rate	# of hrs	Name	CO#	SUB#	G/L CODE	SUBDIVISION NAME
\$1,144.00	\$71.50	16	DR	104	0694	3011000	Bayside system
\$4,270.00	\$61.00	70	HZ	034	0120	3011001	Acq - Cold Springs Phase I & II
\$6,222.00	\$61.00	102	HZ	034	0120	3011001	Developer Subdivisions
\$915.00	\$61.00	15	HZ	060	0280	3011001	Developer Subdivisions
\$3,782.00	\$61.00	62	HZ	133	0123	3011001	Developer Sub-Sky Ranch
\$2,379.00	\$61.00	39	HZ	020	0070	3072014	Well #3 new supply
\$1,769.00	\$61.00	29	HZ	034	0120	3072014	Well #1 relocation
\$427.00	\$61.00	7	HZ	050	0245	3072014	Bulk water purchase
\$1,037.00	\$61.00	17	HZ	060	0280	3072014	New Muir Well Site
\$4,125.00	\$93.75	44	CD	080	0859	3072014	New project development
\$4,125.00	\$93.75	44	CD	080	0860	3072014	New project development
\$1,125.00	\$93.75	12	CD	081	0598	3072014	Well
\$2,062.50	\$93.75	22	CD	092	0651	3072014	New well development
\$671.00	\$61.00	11	HZ	133	0123	3072014	Wells-Sky Ranch
\$843.75	\$93.75	9	CD	044	0215	3204032	Water System Upgrades
\$7,968.75	\$93.75	85	CD	047	0225	3204032	Water System Upgrades
\$2,062.50	\$93.75	22	CD	053	0255	3204032	Water System Upgrades
\$187.50	\$93.75	2	CD	057	0270	3204032	Water System Upgrades
\$429.00	\$71.50	6	DR	066	0644	3204032	Phosphorus control equipment
\$4,290.00	\$71.50	60	DR	102	0675	3204032	WTP expansion
\$3,599.00	\$61.00	59	HZ	034	0120	3305042	Water storage tank
\$5,490.00	\$61.00	90	HZ	035	0110	3305042	Water Supply/Storage
\$8,718.75	\$93.75	93	CD	080	0553	3305042	Water supply & storage
\$1,218.75	\$93.75	13	CD	080	0588	3305042	Water supply & storage
\$750.00	\$93.75	8	CD	083	0819	3305042	Water supply & storage
\$7,150.00	\$71.50	100	DR	089	0631	3305042	Water storage
\$1,215.50	\$71.50	17	DR	089	0636	3305042	Cup Application
\$6,578.00	\$71.50	92	DR	089	0636	3305042	Water storage
\$5,434.00	\$71.50	76	DR	089	0661	3305042	Pneumatic storage tank
\$793.00	\$61.00	13	HZ	060	0280	3315043	Silverman Sub/Mains
\$1,500.00	\$93.75	16	CD	070	0459	3315043	Bulk Water/W.Col Interconnect
\$4,968.75	\$93.75	53	CD	070	0461	3315043	Bulk Water/Lexington Interconnect
\$1,287.00	\$71.50	18	DR	072	0672	3315043	Water lines-irrigation systems
\$4,968.75	\$93.75	53	CD	079	0485	3315043	Corboy Develepment
\$6,843.75	\$93.75	73	CD	080	0524	3315043	Bulk Water/Johnston Interconnect
\$375.00	\$93.75	4	CD	080	0529	3315043	Bulk Water/So Pines Interconnect
\$1,875.00	\$93.75	20	CD	080	0588	3315043	Bulk Water/Lancaster Cty
\$286.00	\$71.50	4	DR	089	0662	3315043	Water lines
\$3,861.00	\$71.50	54	DR	090	0614	3315043	Bulk water Sanford

\$116,747.25 TOTAL WTR PLANT

16-5  
3 PL

\$1,781.25	\$93.75	19	CD	080	0867	3511001	Nags Head acq
\$429.00	\$71.50	6	DR	101	0680	3511001	DEP operating permit
\$429.00	\$71.50	6	DR	103	0690	3511001	Consent order
\$858.00	\$71.50	12	DR	103	0690	3511001	Acq - Sandalhaven
\$2,002.00	\$71.50	28	DR	105	0695	3511001	Acq - South Gate
\$375.00	\$93.75	4	CD	055	0264	3547012	Spray Irrigation pilot study
\$5,307.00	\$61.00	87	HZ	060	0280	3602007	Randolf /Force Mains
\$3,861.00	\$71.50	54	DR	067	0647	3612008	Reuse water mains
\$5,577.00	\$71.50	78	DR	101	0680	3612008	Reuse water mains
\$305.00	\$61.00	5	HZ	014	0046	3804005	STP Improvement
\$1,281.00	\$61.00	21	HZ	035	0110	3804005	STP Improvement
\$843.75	\$93.75	9	CD	044	0215	3804005	WWTP Upgrades
\$7,125.00	\$93.75	76	CD	047	0225	3804005	WWTP Upgrades
\$468.75	\$93.75	5	CD	052	0250	3804005	WWTP capacity
\$9,656.25	\$93.75	103	CD	053	0255	3804005	WWTP Upgrades
\$854.00	\$61.00	14	HZ	060	0280	3804005	Filter
\$2,257.00	\$61.00	37	HZ	060	0280	3804005	STP Improvement
\$1,358.50	\$71.50	19	DR	067	0647	3804005	WWTP Filter Capacity
\$7,078.50	\$71.50	99	DR	069	0649	3804005	WWTP expansion
\$750.00	\$93.75	8	CD	070	0404	3804005	WWTP ligation/DHEC
\$1,287.00	\$71.50	18	DR	072	0672	3804005	Cup Application
\$7,936.50	\$71.50	111	DR	072	0672	3804005	WWTP expansion
\$572.00	\$71.50	8	DR	073	0673	3804005	WWTP odor
\$2,625.00	\$93.75	28	CD	080	0511	3804005	WWTP Expansion
\$3,375.00	\$93.75	36	CD	080	0553	3804005	WWTP Expansion
\$5,343.75	\$93.75	57	CD	080	0597	3804005	WWTP Expansion
\$3,646.50	\$71.50	51	DR	090	0614	3804005	Relocation of facilities
\$9,724.00	\$71.50	136	DR	090	0614	3804005	Condemnation of property WWTP
\$1,501.50	\$71.50	21	DR	091	0640	3804005	WWTP Metal work
\$286.00	\$71.50	4	DR	101	0680	3804005	Fire control panel
\$1,716.00	\$71.50	24	DR	101	0680	3804005	Cove Lake Clean up
\$5,720.00	\$71.50	80	DR	102	0675	3804005	WWTP expansion

\$96,330.25 TOTAL SWR PLANT

\$253,348.25 TOTAL

16-5  
4 PL  
16-15  
7



Hrs x Rate	Rate	# of hrs	Name	CO#	SUB#	G/L CODE	CODE	SUBDIVISION NAME
\$6,840	\$380	18	JLC	040	0200	1041000	51	UIM
\$14,440	\$380	38	JLC	001	0001	1831000	01	Acquisitions
<u>\$21,280</u>								
\$10,260	\$380	27	JLC	014	0046	3072014	51	Galena
\$11,780	\$380	31	JLC	016	0054	3072014	51	Lake Holiday
\$10,640	\$380	28	JLC	024	0090	3072014	51	Whispering Hills
\$8,360	\$380	22	JLC	036	0756	3072014	51	LWS - W
\$8,360	\$380	22	JLC	038	0771	3072014	51	UIL - W
\$7,220	\$380	19	JLC	038	0771	3072014	51	UIL - S
\$12,540	\$380	33	JLC	042	0210	3072014	51	Provinces
\$23,940	\$380	63	JLC	055	0264	3072014	51	Skidaway
\$11,020	\$380	29	JLC	070	0459	3072014	51	I-20 - W
\$14,060	\$380	37	JLC	070	0460	3072014	51	Riverhills
\$12,920	\$380	34	JLC	079	0485	3072014	51	Tega Cay
\$20,520	\$380	54	JLC	080	0553	3072014	51	Cabarrus Woods
\$14,440	\$380	38	JLC	080	0558	3072014	51	Danby
\$12,160	\$380	32	JLC	080	0857	3072014	51	Buffalo Creek
\$13,680	\$380	36	JLC	080	0860	3072014	51	The Point
\$12,160	\$380	32	JLC	081	0598	3072014	51	Riverpointe
\$11,020	\$380	29	JLC	083	0802	3072014	51	Fairfield Sapphire
\$11,780	\$380	31	JLC	083	0804	3072014	51	Fairfield Harbor
\$11,020	\$380	29	JLC	086	0900	3072014	51	Carolina Trace
\$32,680	\$380	86	JLC	089	0660	3072014	51	LUSI - W
\$15,960	\$380	42	JLC	090	0625	3072014	51	UIF SUMMERTREE
\$18,240	\$380	48	JLC	102	0675	3072014	51	Lake Groves
<u>\$304,760</u>								
\$24,320	\$380	64	JLC	055	0264	3547012	63	Skidaway
\$34,200	\$380	90	JLC	067	0647	3547012	63	Alafaya
\$11,020	\$380	29	JLC	014	0046	3804005	61	Galena
\$7,600	\$380	20	JLC	036	0756	3804005	61	LWS - S
\$11,020	\$380	29	JLC	047	0225	3804005	61	Massanutten
\$12,920	\$380	34	JLC	052	0250	3804005	61	UIP
\$11,400	\$380	30	JLC	061	0646	3804005	61	Tiera Verde
\$15,200	\$380	40	JLC	064	0643	3804005	61	Pebble Creek
\$12,160	\$380	32	JLC	068	0648	3804005	61	Longwood
\$11,020	\$380	29	JLC	070	0459	3804005	61	I-20 - S
\$15,200	\$380	40	JLC	072	0672	3804005	61	Cypress Lakes
\$15,580	\$380	41	JLC	073	0673	3804005	63	Eagle Ridge
\$11,400	\$380	30	JLC	079	0485	3804005	61	Lake Murray
\$12,540	\$380	33	JLC	088	0645	3804005	61	Mid County
\$16,720	\$380	44	JLC	090	0625	3804005	61	UIF SUMMERTREE
\$15,580	\$380	41	JLC	091	0640	3804005	61	Miles Grant
\$36,860	\$380	97	JLC	101	0680	3804005	63	Sanlando
\$18,620	\$380	49	JLC	102	0675	3804005	61	Lake Groves
<u>\$293,360</u>								
<u>\$619,400</u>		<u>1,630</u>						

16-3  
2 y/l

16-3  
3 p/l

Prior Audit  
SOURCE DKT 020071-LWS



16-15  
8-2 B





hrs x Rate	Rate	# of hrs	Name	CO#	SUB#	G/L CODE	CODE	SUBDIVISION NAME
\$9,760	\$160	61	AND	080	0534	3011001	95	CWSNC PKS
\$1,254	\$114	11	DCC	034	0120	3204032	53	Reno Park Water Tank
\$7,752	\$114	68	DCC	034	0120	3315043	54	Reno Park water main
\$9,804	\$114	86	DCC	034	0120	3315043	54	Reno Park water extensions
\$1,368	\$114	12	DCC	035	0110	3315043	55	Spring Creek extensions
\$2,850	\$114	25	DCC	035	0110	3315043	54	Spring Creek water main
\$342	\$114	3	DCC	038	0771	3072014	51	UIL North Park-W
\$2,508	\$114	22	DCC	038	0773	3072014	54	UIL Walmart Well
\$1,140	\$114	10	DCC	038	0773	3305042	53	UIL Falconcrest-T
\$19,608	\$114	172	DCC	038	0773	3315043	54	UIL water extensions-WM
\$2,964	\$114	26	DCC	055	0264	3204032	53	Radiotelemetry project
\$2,166	\$114	19	DCC	060	0280	3204032	53	Twin Lakes Well site
\$960	\$160	6	AND	060	0280	3315043	54	Twin Lakes WM
\$6,042	\$114	53	DCC	060	0280	3315043	54	Twin Lakes extensions - WM
\$960	\$160	6	AND	069	0649	3204032	52	Wedgfield WTP
\$912	\$114	8	DCC	070	0459	3305042	53	CWS I-20 bulk water - W
\$570	\$114	5	DCC	070	0459	3315043	54	CWS I-20 Extensions - WM
\$684	\$114	6	DCC	070	0461	3305042	53	CWS Lake Murray bulk water-W
\$1,824	\$114	16	DCC	070	0461	3315043	54	Lake Murray extensions - WM
\$12,960	\$160	81	CJW	072	0672	3011001	01	Cypress Lakes Transfer
\$9,280	\$160	58	AND	089	0667	3315043	54	LUSI WM
\$17,280	\$160	108	AND	101	0680	3021002	61	Sanlando Reuse
\$9,120	\$160	57	CJW	101	0680	3021002	01	Sanlando overearning
\$11,040	\$160	69	CJW	101	0680	3021002	01	Sanlando reuse
\$1,500	\$60	25	DPT	101	0680	3021002	01	Acquisition-Sanlando, FL
\$13,920	\$160	87	AND	102	0675	3315043	54	Lake Grove - Mains
\$9,920	\$160	62	CJW	102	0675	3315043	01	Lake Groves terr extension
\$7,840	\$160	49	CJW	104	0694	3011001	01	Bayside Transfer
\$13,280	\$160	83	AND	105	0695	3011001	01	Acq South Gate (FL)
\$9,120	\$160	57	CJW	105	0695	3011001	01	Acq South Gate (FL)
\$1,260	\$210	6	LNS	105	0695	3011001	01	Acq South Gate (FL)
\$13,280	\$160	83	CJW	133	0123	3011001	01	Sky Ranch Acquisition
\$8,322	\$114	73	DCC	133	0123	3011001	01	Sky Ranch Acquisition
<hr/>								
\$211,590	TOTAL WTR PLANT							
<hr/>								
\$2,166	\$114	19	DCC	036	0751	3804005	61	LWS Woodridge-STP
\$228	\$114	2	DCC	038	0773	3612008	62	UIL Rights-of-way
\$1,938	\$114	17	DCC	038	0773	3612008	62	Helenbirg SFM Project
\$19,836	\$114	174	DCC	038	0773	3612008	62	UIL sewer extensions-SW
\$1,140	\$114	10	DCC	038	0773	3804005	61	UIL Arrowwood-STP
\$798	\$114	7	DCC	038	0775	3612008	62	UIL Ingram Estates Acq.
\$2,880	\$160	18	AND	047	0225	3804005	61	Massanutten STP
\$1,140	\$114	10	DCC	055	0264	3804005	61	Reuse project
\$1,260	\$210	6	LNS	055	0264	3804005	61	Skidaway STP
\$800	\$160	5	AND	060	0280	3612008	62	Twin Lakes SM
\$5,244	\$114	46	DCC	060	0280	3612008	62	Twin Lakes extensions - SM
\$320	\$160	2	AND	060	0280	3804005	61	Twin Lakes Silverman
\$320	\$160	2	AND	060	0280	3804005	61	Twin Lakes STP
\$5,920	\$160	37	AND	067	0647	3804005	61	Alafaya Reuse
\$1,280	\$160	8	AND	069	0649	3804005	61	Wedgfield STP
\$570	\$114	5	DCC	070	0362	3804005	61	CWS Pocalla upgrade - STP
\$912	\$114	8	DCC	070	0374	3612008	62	Friarsgate extensions
\$114	\$114	1	DCC	070	0384	3804005	61	CWS Teal on the Ashley - STP
\$15,504	\$114	136	DCC	070	0404	3804005	61	CWS Lincolnshire-STP
\$21,546	\$114	189	DCC	070	0459	3804005	61	CWS I-20 201/208 Plan - STP
\$1,824	\$114	16	DCC	070	0461	3612008	62	Lake Murray extensions - SM
\$798	\$114	7	DCC	070	0461	3804005	61	CWS Watergate force main-SW
\$3,420	\$114	30	DCC	075	0714	3612008	62	United Utilities-SW
\$1,600	\$160	10	AND	080	0511	3804005	61	Sequiola STP
\$4,960	\$160	31	AND	080	0597	3804005	61	CWSNC Belvedere STP
\$12,800	\$160	80	AND	090	0614	3804005	61	UIF Lincoln Hts. STP
\$3,520	\$160	22	AND	103	0690	3511001	01	Sandalhaven ACQ
\$4,640	\$160	29	CJW	103	0690	3511001	99	Sandalhaven Transfer

16-5  
4/16

\$117,478 TOTAL SWR PLANT

\$64,800	\$160	405	AND	040	0201	1041000	35	UIM Condemnation
----------	-------	-----	-----	-----	------	---------	----	------------------

\$64,800 TOTAL OTHER PLANT





Hrs x Rate	Rate	# of hrs	Name	CO#	SUB#	G/L CODE	CODE	SUBDIVISION NAME
\$1,280	\$160	8	AND	001	0001	1831000	01	Acq Betmar (FL)
\$960	\$160	6	AND	001	0001	1831000	01	Acq Carolina Pines (NC)
\$1,600	\$160	10	AND	001	0001	1831000	01	Acq Carolina Pines (NC)
\$1,920	\$160	12	AND	001	0001	1831000	01	Acq Carolina Pines (NC)
\$2,560	\$160	16	AND	001	0001	1831000	01	Acq Highlands Ridge (FL)
\$160	\$160	1	AND	001	0001	1831000	01	Acq Nero Utilities ( )
\$320	\$160	2	AND	001	0001	1831000	01	Acq Nero Utilities ( )
\$1,440	\$160	9	AND	001	0001	1831000	01	Acq Nero Utilities ( )
\$480	\$160	3	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$640	\$160	4	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$800	\$160	5	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$1,120	\$160	7	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$1,120	\$160	7	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$1,920	\$160	12	AND	001	0001	1831000	01	Acq North Topsail (NC)
\$1,890	\$210	9	LNS	001	0001	1831000	01	Acquisition AZ
\$420	\$210	2	LNS	001	0001	1831000	01	Acquisition AZ
\$3,990	\$210	19	LNS	001	0001	1831000	01	Acquisition AZ
\$2,310	\$210	11	LNS	001	0001	1831000	01	Acquisition NM
\$210	\$210	1	LNS	001	0001	1831000	01	Acquisition NV
\$3,840	\$160	24	CJW	001	0001	1831000	01	Bradfield Farms Transfer
\$228	\$114	2	DCC	001	0001	1831000	01	Missouri Empire Acquisition
\$2,560	\$160	16	CJW	001	0001	1831000	01	North Topsail Transfer
\$2,880	\$160	18	CJW	001	0001	1831000	01	North Topsail Transfer
\$28,480	\$160	178	CJW	001	0001	1831000	01	North Topsail Transfer
\$1,050	\$210	5	LNS	001	0001	1831000	01	North Topsail Transfer
\$8,640	\$160	54	AND	001	0001	1831000	35	Tega Cay - Sale

\$72,818 TOTAL PRELIM SURVEY

\$8,800	\$160	55	CJW	024	0090	1863030	99	Whispering Hills-NC CPCN's
\$800	\$25	32	ELN	036	0750	1863019	21	Rate Case - LWS
\$912	\$114	8	DCC	038	0770	1863017	21	UIL Rate Case
\$720	\$18	40	JNI	044	0215	1863017	21	Rate Case - Maryland Wtr Service
\$1,225	\$25	49	ELN	044	0215	1863019	21	Rate Case - UIM
\$480	\$160	3	CJW	047	0225	1863018	21	Massanutten rate case
\$1,200	\$25	48	ELN	047	0225	1863018	21	Rate Case - Massanutten
\$175	\$25	7	ELN	050	0245	1863018	21	Rate Case -Holiday Service
\$4,250	\$25	170	ELN	053	0255	1863019	21	Rate Case - Penn Estates
\$3,840	\$160	24	CJW	055	0264	1863019	21	Skidaway rate case
\$450	\$25	18	ELN	055	0264	1863019	21	Rate Case - Skidaway
\$1,050	\$210	5	LNS	055	0264	1863019	21	Skidaway rate case
\$12,800	\$160	80	CJW	057	0270	1863018	21	Montague rate case
\$11,500	\$25	460	ELN	057	0270	1863018	21	Rate Case - Montague
\$2,720	\$160	17	CJW	069	0649	1863018	21	Wedgefield rate case
\$588	\$49	12	JSH	069	0649	1863018	21	Rate Case - Wedgefield
\$6,625	\$25	265	ELN	069	0649	1863019	21	Rate Case - Wedgefield
\$100	\$25	4	ELN	070	0298	1863030	21	Rate Case - Riverhills
\$150	\$25	6	ELN	070	0298	1863030	21	Rate Case - I-20
<del>\$150</del>	\$25	6	ELN	079	0485	1863018	21	Rate Case - Tega Cay
\$12,000	\$160	75	CJW	080	0500	1863030	99	CWS-NC CPCN's
\$2,800	\$25	112	ELN	087	0905	1863019	21	Rate Case - Transylvania
\$18,240	\$160	114	CJW	088	0645	1863017	21	Mid County rate case
\$1,120	\$160	7	CJW	089	0660	1863017	21	LUSI rate case AFPI
\$10,400	\$160	65	CJW	089	0660	1863017	21	LUSI rate case
\$550	\$25	22	ELN	089	0660	1863017	21	Rate Case - LUSI
\$954	\$18	53	JNI	089	0660	1863017	21	Rate Case - LUSI
\$100	\$25	4	ELN	090	0600	1863017	21	Rate Case - UIF

\$104,699 TOTAL DEF RATE CASE/DEF MAINT.

\$2,240	\$160	14	AND	001	0001	4141000	35	UIF Druid Isle
\$3,520	\$160	22	CJW	001	0001	4141000	35	UIF Druid Isle
\$7,840	\$160	49	CJW	001	0001	4141000	35	Green Acres sale
\$135	\$27	5	BAS	001	0001	4141019	35	GOS
\$135	\$27	5	BAS	001	0001	4141019	35	GOS
\$81	\$27	3	BAS	001	0001	4141019	35	GOS
\$54	\$27	2	BAS	001	0001	4141019	35	GOS
\$420	\$210	2	LNS	001	0001	4141019	35	Gain on Sale Habersham

\$14,425 TOTAL GOS

\$585,810 TOTAL



## **Audit Exception No. 9**

### **Subject: Adjustments to Operating Expenses**

Staff is correct that the two employees indicated in Audit Exception No. 9 work part time. Therefore, the Company calculated a revised schedule for the projected salaries of these two employees. Per discussion with payroll and regional management, these employees are paid \$12.40 per hour and work approximately 25 hours per week. This calculation produces a total salary for both employees of \$32,240, as compared to the original estimate of \$51,854. This is a difference of \$19,614. Based on this difference, the total decrease in FICA needed is \$3,863. Please see the attached spreadsheet for details.

**Utilities, Inc. of Sandalhaven  
Projected Salaries (Revised)**

**Per Public Service Commission Staff:**

<u>PT/FT</u>	<u>Employees</u>	<u>(Per Audit Except. 9) Actual Salary To Date 12/9/02</u>	<u>(Per Audit Except. 9) Avg BiWeekly Salary 2002</u>	<u>(Per Audit Except. 9) Actual Salary Annualized 2002</u>	<u>(Per Audit Except. 9) Projected Salary 2002</u>	<u>(Per Audit Except. 9) Difference</u>
PT	Chandler, Matthew R	12,377.00	476.04	13,329.08	25,896.00	-12,566.92
PT	Raponi, Ann Margaret	12,607.00	484.88	13,578.77	25,958.00	-12,379.23
		<u>24,984.00</u>	<u>960.92</u>	<u>26,907.85</u>	<u>51,854.00</u>	<u>-24,946.15</u>
	Proforma Increase					<u>15,751.00</u>
	Additional Decrease to Payroll Needed					<u>-9,195.15</u>
	FICA on Total Decrease					<u>-1,908.38</u>
	Payroll Tax Increase in Proforma					<u>1,335.00</u>
	Additional Decrease Needed to Payroll Taxes					<u>-573.38</u>

**Per Company (Revised):**

		<u>Hourly Rate @ 12/31/02</u>	<u>Annualized Salary @25 hrs/wk</u>	<u>(Per Above) Projected Salary 2002</u>	<u>Difference</u>
PT	Chandler, Matthew R	12.40	16,120.00	25,896.00	-9,776.00
PT	Raponi, Ann Margaret	12.40	16,120.00	25,958.00	-9,838.00
			<u>32,240.00</u>	<u>51,854.00</u>	<u>-19,614.00</u>
	Proforma Increase				<u>15,751.00</u>
	Additional Decrease to Payroll Needed				<u>-3,863.00</u>
	FICA on Total Decrease				<u>-1,500.47</u>
	Payroll Tax Increase in Proforma				<u>1,335.00</u>
	Additional Decrease Needed to Payroll Taxes				<u>-165.47</u>

**Audit Exception No. 11**

**Subject:** Taxes Other Than Income

Please see Audit Exception No. 9 and the attached spreadsheet for revisions in payroll taxes.

## **Audit Disclosure No. 1**

### **Subject: Retirements**

In general, Utilities, Inc. of Sandalhaven follows the Handy-Whitman Index when retiring assets. This guideline shows cost trends of water utility construction and involves dividing the cost index number of the year the asset was acquired by the cost index number for the most recent year published. Each type of equipment has a different cost index number. UI then multiplies this percentage by the dollar amount of the new asset acquired. That value is the amount retired. UI then debits the asset account for the full value of the new asset, credits the asset account for the amount to be retired, and debits the corresponding accumulated depreciation account for the amount to be retired.

This is the policy carried out for all retirements, which ensures that our retirement records are accurate.