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August 4, 2008

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(LICENSED IN NEW YORK ONLY)

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No.: 070695-WS; Miles Grant Water and Sewer Company
2007 General Rate Increase Application
Our File No. 30057.149

RECEIVED-FPSC
08 AUG -4 PM 12:35
COMMISSION
CLERK

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Miles Grant Water and Sewer Company to Staff's audit report dated June 27, 2008.

Feel free to contact us if you have any questions or concerns.

Very truly yours,



CHRISTIAN W. MARCELLI
Of Counsel

CM/tlc
Enclosures

COM
ECR CP forwarded
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cc: John Hoy, Chief Regulatory Officer (w/enclosures)
Rick Durham, Regional Vice President for Operations (w/enclosures)
Patrick C. Flynn, Regional Director (w/enclosures)
Ms. Deborah Swain (w/enclosures)
Mr. Frank Seidman (w/enclosures)
Mr. Jared Deason, Division of Economic Regulation (w/encs.) (via hand delivery)
Ms. Sonica Bruce, Division of Economic Regulation (w/encs.) (via hand delivery)
J.R. Kelly, Esquire, Office of Public Counsel (w/enclosures)

DOCUMENT NUMBER-DATE
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**MILES GRANT WATER AND SEWER COMPANY
DOCKET NO. 070695-WS
TEST YEAR ENDED JUNE 30, 2007
RESPONSE TO AUDIT REPORT**

Audit Finding No. 1

The Company disagrees with Audit Finding No. 1 and believes that the Commission ordered adjustments proposed by the Audit Staff are unnecessary. While the Company did book these adjustments in October of 2007, as mentioned in the audit, the Company's further review has proven that the Commission ordered adjustments in Docket No. 890981-WS were actually booked to the Company's general ledger in 1989. In effect, the adjustments have been booked twice. Therefore, the adjustments made in October of 2007 should be reversed, and no adjustment to the Company's books or filing is required.

Audit Finding No. 2

Please see attached audit request documentation from 1989 through June 30, 2007 and the roll forward of plant and depreciation since 06/30/1987 calculated in the response to Audit Finding No. 3. Please note that documentation for Item No. 49 is unavailable. However, Patrick Flynn, Regional Director of Florida Operations noted that Audit and Commission Staff (including accountants and engineers) have been to the Miles Grant wastewater treatment plant and have noted that this plant is in service and still benefiting customers. In addition, the plan that was drawn in the late 1980s explaining the magnitude of this project still exists today, and is available for review. Therefore, the Company believes it is proper to keep the net amount of this plant in rate base. The net amount, as of June 30, 2007, is approximately \$30,000.

Audit Finding No. 3

The Company's response to Audit Finding No. 3 is a roll forward of plant, accumulated depreciation, and depreciation expense since 06/30/1987. The Company has accounted for (and corrected) incorrect depreciation rates, class of asset depreciation, and the removal of any audited plant items (referenced in Audit Finding No. 2) that could not be located. This roll forward essentially allows the Company and Commission Staff to calculate depreciation on all plant items remaining in service as of June 30, 2007. Contrary to the audit report, the Company believes that by creating this roll forward, depreciation can be calculated on the plant items in service.

Audit Finding No. 4

The depreciation roll forward provided by the Company in response to Audit Finding No. 3 includes the depreciation effect for the transfer of these assets. The effect of these July 1987 transfers as of 06/30/07 is -0-, due to the fact that these assets were categorized as sewage treatment plant, and sewage treatment plant has an 18 year life. The span of 20 years between 1987 and 2007 proves full depreciation.

Audit Finding No. 5

The Company agrees with Audit Finding No. 5. However, please note that no breakdown of these invoices was received by the Company from the Audit Staff, even upon request. Therefore, the Company does not know to which plant account these invoices were originally booked. As a result, these invoices

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have not been removed from the net additions to utility plant in service in regard to the depreciation roll forward in Audit Finding No. 3. If the Audit Staff can provide a detailed list showing which plant accounts are affected in which years, the Company can easily revise its depreciation roll forward.

Audit Finding No. 6

The Company does not fully understand the Audit Staff's inability to review the Company's capital structure. The Audit Staff notes that it has received Utilities, Inc.'s capital structure for 2006 and 2007, which are the years needed to perform an audit of long term debt, short term debt, and stockholders' equity. In addition, the Audit Staff also states that they have traced the Company's accumulated deferred income taxes, tax credits, and customer deposits to the Company's filing. As all components of the Company's capital structure have been received, the Company is unclear as to the nature of this audit finding. The Company will be happy to re-provide any documentation to the analysts upon request.

Audit Finding No. 7

The Company agrees with Audit Finding No. 7 on its removal of \$3,120 from plant. The depreciation roll forward in Audit Finding No. 3 has been adjusted to remove \$3,120 from lift stations net additions in 2003. However, please note that the Audit Finding has a misstatement, and that the effect on the filing is actually attributable to wastewater rather than water, since lift stations are a wastewater account. In addition, the Company cannot tie out the depreciation removal in this Audit Finding. The Company has calculated the depreciation removal at the lift station rate of 4.00% this year, using a ½ year convention in the first year.

Audit Finding No. 8

The Company disagrees with Audit Finding No. 9 and believes that the Commission ordered adjustments proposed by the Audit Staff are unnecessary. While the Company did book these adjustments in October of 2007, as mentioned in the audit, the Company's further review has proven that the Commission ordered adjustments in Docket No. 890981-WS were actually booked to the Company's general ledger in 1989. However, the Audit Staff challenges the amount booked in 1989 in Audit Finding No. 9. In order to get a correct CIAC balance for this rate case, please see the response to Audit Finding No. 9.

Audit Finding No. 9

The Company agrees with the Audit Staff and proposes the same adjustment. Due to the fact that there is no plant breakdown for CIAC, the Company proposes to breakdown CIAC and accumulated amortization of CIAC based on the ordered amounts of utility plant in service at the conclusion of this case.

Audit Finding No. 10

The Company disagrees with Audit Finding No. 10. Please see the depreciation roll forward performed in response to Audit Finding No. 3. This roll forward contains the depreciation expense calculated by the Company in response to this audit, from July 1987 through 06/30/07.

Miles Grant Audit Request
 Audit Finding No. 2

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
1	1987	102-05	12462	Rezek, Henry, Heis	4,960.95	Unable to Provide
2	1987	102-05	13168	SBI Building Sys	3,000.00	Attached
3	1987	102-05	14196	Rezek, Henry, Heis	2,895.59	Unable to Provide
4	1987	102-05	18561	SBI Building Sys	2,000.00	Attached
5	1987	102-05	JE	Move STP From MG to Cabarrus	(125,210.00)	Attached
6	1987	102-05	25514	Blythe, H	1,000.00	Attached
7	1987	102-05	JE	Transfer STP 0640 to 0553-	(17,391.00)	Attached
Net Amount Requested					<u>(128,744.46)</u>	

Unable to Provide Documentaiton for 7,856.54

Conclusion:
 Remove \$7,856.54 from account 102-05.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
8	1988	101-25	43155	George Dietz, Ele 3576	2,621.00	Attached
9	1988	101-42	JE	30 Nov Corrections - Deposit Amount	3,280.00	Unable to Provide
10	1988	101-43	33873	A to Z Services	3,000.00	Attached
11	1988	101-45	JE	31 DEC SE75-0.0 5 operators cap/time	1,330.00	Unable to Provide
12	1988	101-46	33871	Rockwell Interna	1,042.53	Attached
13	1988	102-05	49228	Rezek, Henry, Heis	2,129.20	Unable to Provide
14	1988	102-05	JE	SE80-Executive Cap time	3,000.00	Unable to Provide
15	1988	103-00	JE	Transfer Unit #112 to Miles	12,479.99	Unable to Provide
Net Amount Requested					<u>28,882.72</u>	

Unable to Provide Documentaiton for 22,219.19

Conclusion:
 Remove \$3,280.00 from account 101-42.
 Remove \$1,330.00 from account 101-45.
 Remove \$5,129.20 from account 102-05.
 Remove \$12479.99 from account 102-05.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
16	1989	101-14	JE	SE 70 & 75-Operator's Cap.time	2,709.00	Unable to Provide
17	1989	101-25	CJ	CJE's 301-332	(11,088.62)	Attached
18	1989	101-25	CJ	CJE's 301-332	3,260.59	Attached
19	1989	101-32	CJ	CJE's 301-332	(7,879.84)	Attached
20	1989	101-32	CJ	CJE's 301-332	4,484.38	Attached
21	1989	101-32	CJ	CJE's 301-332	(3,413.16)	Attached
22	1989	101-43	CJ	CJE's 301-332	(4,873.00)	Attached
23	1989	101-43	CJ	CJE's 301-332	15,117.00	Attached
24	1989	101-43	CJ	CJE's 301-332	(50,970.10)	Attached
25	1989	101-46	CJ	CJE's 301-332	15,820.31	Attached
26	1989	101-46	66320	D & H Sales DIVI	3,217.52	Attached
27	1989	101-47	CJ	CJE's 301-332	18,398.00	Attached
28	1989	101-95	61964	Hach Chemical Co	2,408.83	Attached
29	1989	102-04	CJ	CJE's 301-332	1,768.22	Attached
30	1989	102-04	CJ	CJE's 301-332	2,357.63	Attached
31	1989	102-05	CJ	CJE's 301-332	(18,122.15)	Attached
32	1989	102-05	CJ	CJE's 301-332	(20,693.91)	Attached
33	1989	102-05	CJ	CJE's 301-332	(13,040.00)	Attached
34	1989	102-05	CJ	CJE's 301-332	(19,710.00)	Attached
35	1989	102-05	CJ	CJE's 301-332	46,553.63	Attached
36	1989	102-05	JE	SE80-Executive Cap.time	2,040.00	Unable to Provide
37	1989	102-05	JE	SE 70 & 75-Operator's Cap.time	9,681.00	Unable to Provide
38	1989	102-06	JE	SE 70 & 75-Operator's Cap.time	2,352.00	Unable to Provide
39	1989	103-00	65281	John Joeham CHEV	3,173.12	Attached
Net Amount Requested					(16,449.55)	

Unable to Provide Documentaiton for 16,782.00

Conclusion:
 Remove \$2,709.00 from account 101-14.
 Remove \$11,721.00 from account 102-05.
 Remove \$2,352.00 from account 102-06.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
40	1990	101-25	86896	0727 11277 R86896	3,879.60	Attached
41	1990	101-25	94941	3638 9/27/090 R96961	(2,269.00)	Attached
42	1990	101-25	94941	3638 9/27/090 R96961	2,578.00	Attached
43	1990	102-05	76735	2048 4377 R76735	(2,581.00)	Attached
44	1990	102-05	76735	2048 4377 R76735	3,442.31	Attached
45	1990	102-05	97858	97858*02585*McDermott,	3,087.52	Attached
46	1990	102-05	00363	00365*02585*McDermott,	3,056.64	Attached
47	1990	102-05	JE	SE70. OPER. CAP. TIME	7,130.00	Unable to Provide
48	1990	102-05	Close WO	CW 640-107-90-02	16,903.54	Attached
49	1990	102-05	Close WO	CW 640-107-88-01	557,355.13	Attached
50	1990	103-00	86061	1039 8208-9037 86061	10,906.85	Attached
51	1990	103-00	JE	RPT-CB.TQ.GL.LN-0540.CLC-	(12,479.99)	Unable to Provide
Net Amount Requested					591,009.60	

Unable to Provide Documentaiton for (5,349.99)

Conclusion:
Remove \$7,130.00 from account 102-05.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
52	1991	101-25	20596	R20596*03438*ARNOLD &	2,865.00	Attached
53	1991	101-25	20628	R20628*03438*ARNOLD &	2,813.00	Attached
54	1991	101-94	Close WO	CW 600-116-91-02	2,019.92	Attached
55	1991	102-05	005828	005828 V1115	1,805.16	Attached
56	1991	102-05	JE	SE4 DEF MAINT	28,339.20	Unable to Provide
57	1991	102-05	015200	015200 V2585	7,000.00	Attached
Net Amount Requested					<u>44,842.28</u>	

Unable to Provide Documentaiton for 28,339.20

Conclusion:
Remove \$28,339.20 from account 102-05.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
58	1992	101-25	Close WO	CW #640-115-92-03	5,320.00	Attached
59	1992	102-05	37749	37749*07459*C&S Enterp	2,140.00	Attached
60	1992	102-05	42262	42262*07630*Indian Riv	2,042.72	Attached
61	1992	102-05	51310	R51310*07459*C&S Enterp	6,000.00	Attached
62	1992	102-05	JE	SE80-Exec.Cap.time	4,221.00	Unable to Provide
63	1992	102-05	JE	CAP TIME	2,448.00	Unable to Provide
64	1992	102-08	47699	R47699*07459*C&S Enter	2,500.00	Attached
65	1992	102-11	42944	R42944*00458*George Di	1,830.34	Attached
66	1992	102-11	42944	R42944*00458*George Di	(1,373.00)	Attached
67	1992	103-00	33142	33142*07211*GMAC	10,459.63	Attached
68	1992	103-00	JE	RPT-CB.TO.GL.LN-0580.CLC-	(12,732.18)	Unable to Provide
Net Amount Requested					22,856.51	

Unable to Provide Documentaiton for \$ (6,063.18)

Conclusion:
Remove \$6,669.00 from account 102-05.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
69	1993	102-05	56340	56340*06808*Utility SU	4,779.00	Attached
70	1993	102-05	56339	56339*06808*Utility SU	4,779.00	Attached
71	1993	102-05	72593	72593*08588*Cybertech	1,828.50	Attached
Net Amount Requested					<u>11,386.50</u>	

Unable to Provide Documentaiton for \$ -

Conclusion:
No adjustments are necessary.

Miles Grant Audit Request

Item #	Year	Account	Invoice #	Vendor Info/Description	Amt	
72	1994	101-01	JE	515.PREL.SUR	7,500.00	Unable to Provide
73	1994	101-95	99814	R99814*00611*HACH CHEM	1,605.00	Attached
74	1994	102-05	90905	90905*00611*HACH CHEM	2,536.58	Attached
75	1994	102-05	78620	V6043 R78920 173923	3,659.98	Attached
76	1994	102-05	96812	96812*05977*Dietz Ente	3,926.13	Attached
Net Amount Requested					19,237.69	

Unable to Provide Documentaiton for \$ 7,500.00

Conclusion:

Remove \$7,500.00 from account 101-01.

1995 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	Comments
77	1995 3804005	04318*02048*PATS PUMP	\$2,238.30	Unable to Provide
78	1995 3804005	07685*02048*PATS PUMP	\$2,332.00	Unable to Provide
79	1995 3335045	09240*09888*MARTIN COU	\$2,780.00	Attached
80	1995 3335045	13882*07459*C & S ENTE	\$2,500.00	Unable to Provide
81	1995 3335045	CAP TIME	\$2,009.00	Unable to Provide
82	1995 3466094	CW # 0640-115-94-05	\$30,371.50	Attached
83	1995 3804005	CW # 0640-116-95-06	\$6,422.42	Attached
84	1995 3113025	R20116*08887*KAMIN ELE	\$2,760.80	Attached
Net Amount Requested			\$51,412.02	

Unable to Provide Documentaiton for \$9,077.30

Conclusion:
 Remove \$4,588.30 from account 3804005.
 Remove \$4,509.00 from account 3335045.

1996 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
85	1996	3335045 36532*09989*MARTIN C	\$2,000.00	Attached
86	1996	3804005 CAP TIME	\$5,713.00	Unable to Provide
87	1996	3072014 CW # 0840-115-95-07	\$8,599.50	Attached
88	1996	3113025 CW # 0840-115-96-08	\$8,301.56	Attached
89	1996	3602006 CW # 0840-116-96-10	\$9,807.82	Please see item 89 and explanation below.
90	1996	3804005 CW # 0840-116-96-11	\$35,883.94	Unable to Provide
91	1996	3804005 R32573*06547*A,W,K.	\$3,441.90	Attached
92	1996	3043021 R50856*11325*WJH BUI	\$2,460.00	Unable to Provide
Net Amount Requested			\$76,807.72	

Unable to Provide Documentaiton for \$44,895.10

Conclusion:
 Remove \$42,396.94 from account 3804005.
 Remove \$2,460.00 from account 3043021.
 From the total amount of \$9,807.82 from work order #0840-116-96-10
 the company is unable to provide documentation of \$38.16,
 thus \$38.16 should be removed from account 3602006.

1997 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
93	1997 3804005	52504 V11394	\$5,052.75	Attached
94	1997 3804005	53248 V11303	\$3,800.00	Attached
95	1997 3072014	09599*12058*AMPS INC	\$3,000.00	Attached
96	1997 3917000	73980*12099*BURNS CH	\$17,114.79	Unable to Provide
97	1997 3113025	75163*08831*LOCKE WE	\$7,418.20	Attached
98	1997 3113025	75166*08887*KAMIN EL	\$2,009.00	Attached
99	1997 3917000	75638*12099*BURNS CH	\$14,898.42	Attached
100	1997 3406050	ALLOC.FR.UIF	\$7,038.00	Attached
101	1997 3486050	ALLOC.FR.UIF	\$50,825.00	Attached
102	1997 3804005	CAP TIME	\$3,768.00	Unable to Provide
103	1997 3612010	CW# 0640-116-07-12	\$9,865.15	Attached
104	1997 3602008	R58255*07459*C & S E	\$1,875.00	Attached
105	1997 3113025	R70038*08687*KAMIN E	\$2,798.00	Attached
106	1997 3335045	R75600*08687*KAMIN E	\$2,162.00	Attached
107	1997 3917050	REV.PY'S.ALLOC	(\$20,504.00)	Attached
108	1997 3406050	REV.PY'S.ALLOC	(\$7,111.00)	Attached
Net Amount Requested			\$103,347.31	

Unable to Provide Documentation for \$20,882.79

Conclusion:
 Remove \$17,114.79 from account 3917000.
 Remove \$3,768.00 from account 3804005.

1998 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
109	1998	3537002 86340*11090*PRO-TECH	\$4,050.00	Attached
110	1998	3804005 82876*11763*COLLINS	\$3,800.00	Attached
111	1998	3804005 94858*06547*AWK INDU	\$2,760.86	Attached
112	1998	3113025 98705*08687*KAMIN EL	\$2,290.00	Attached
113	1998	3542011 98705*08687*KAMIN EL	\$2,570.00	Attached
114	1998	3406050 ALLOCFRUIF	\$6,856.00	Attached
115	1998	3486050 ALLOCFRUIF	\$48,434.00	Attached
116	1998	3448095 R79035*05897*COLE-PA	\$2,570.83	Attached
117	1998	3448095 R80557*05118*THOMAS	\$1,818.00	Attached
118	1998	3804005 R87647*08687*KAMIN E	\$1,955.00	Attached
119	1998	3804005 R87738*08687*KAMIN E	\$2,870.00	Attached
120	1998	3804005 R82981*08687*KAMIN E	\$3,910.00	Attached
121	1998	3113025 R83952*08687*KAMIN E	\$2,659.40	Attached
122	1998	3113025 R83952*08687*KAMIN E	\$3,017.49	Attached
123	1998	3335045 R83958*12738*UNDERGR	\$2,790.00	Attached
124	1998	3804005 R94687*08687*KAMIN E	\$3,685.00	Attached
Net Amount Requested			\$95,837.58	

Unable to Provide Documentaiton for \$0.00

Conclusion:
No adjustments are necessary.

1999 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	Notes
125	3486050	MV FR PARENT	\$28,593.00	Attached
126	3043021	R21733*11185*DIESEL	\$721.00	Attached
127	1082000	RPT-CB TO GL LN-0860,CLC-730	\$11,201.06	Unable to Provide*
128	1052091	RPT-CP TO GL LN-0860,CLC-2850	\$4,884.64	Attached
129	1052091	RPT-CP TO GL LN-0860,CLC-2850	\$8,085.72	Attached
130	1052091	RPT-CP TO GL LN-0860,CLC-2850	\$15,433.40	Attached
131	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$119,261.60	Attached
132	1053094	RPT-CP TO GL LN-0860,CLC-2880	\$9,481.88	Attached
133	1052091	RPT-CP TO GL 13, LN-0860,CLC-2850	\$4,400.75	Attached
134	1051092	RPT-CP TO GL 13, LN-0860,CLC-2860	\$7,202.00	Attached
135	3804005	SE60 CAPTIME	\$15,580.00	Attached
136	3113025	05652**13062*AVANTI C	\$1,339.62	Attached
137	3804005	R08693*00611*HACH CH	\$1,180.11	Attached
Net Amount Requested			\$227,364.78	

Unable to Provide Documentaiton for \$11,201.06

Conclusion:

Account 1082000 is transportation A/D. A/D has been recalculated based on plant balances in audit response #3.

2000 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
138	3804005	28119*02048*PAT'S PU	\$3,362.06	Unable to Provide
139	3804005	38531*08687*KAMIN EL	\$4,413.00	Attached
140	3305042	CLOSE W/O115-97-13	\$55,499.87	Attached
141	3113025	CLOSE W/O115-99-19	\$6,544.00	Attached
142	3113025	CLOSE W/O115-99-20	\$10,872.38	Attached
143	3612008	CLOSE W/O116-00-01	\$10,488.00	Attached
144	3804005	CLOSE W/O116-00-02	\$7,380.23	Please see item 144 and explanation below.
145	3804005	CLOSE W/O116-98-18	\$281,477.74	Attached
146	3486050	MV.FR.PARENT	\$28,096.00	Attached
147	3804005	R48748*11185*DIESEL	\$3,070.54	Attached
148	3355048	R48113*14484*K.R.K.	\$1,800.00	Attached
149	3804005	R49178*13352*POWER &	\$90.11	Attached
150	3113025	R53927*08687*KAMIN E	\$1,170.50	Attached
151	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$5,301.72	Attached
152	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$10,100.00	Attached
153	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$11,161.75	Attached
154	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$14,298.63	Attached
155	1051092	RPT-CP TO GL LN-0860,CLC-2860	\$96,274.45	Attached
156	1051092	RPT-CP TO GL 13, LN-0860,CLC-2860	\$28,217.50	Attached
157	3804005	SE80 CAPTIME	\$3,112.00	Attached
158	3804005	SE80 CAPTIME	\$3,112.00	Unable to Provide - Please see Item 158
159	3804005	SE80 CAPTIME	\$3,890.00	Attached
160	3113025	V08687 REF32533	\$1,072.00	Unable to Provide
Net Amount Requested			\$588,805.58	

Unable to Provide Documentaiton for \$7,896.06

Conclusion:
 Remove \$8,824.06 from account 3804005.
 (This includes the \$350.00 that could not be documented from
 work order 116-00-02 above).
 Remove \$1,072.00 from account 3113025.

2001 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
161	3804005	56217*08687*KAMIN EL	\$4,280.00	Attached
162	3804005	69942*08687*KAMIN E1	\$3,384.00	Attached
163	3802006	78616*14494*K R K E	\$1,338.00	Attached
164	3804005	CLOSE W/O116-01-01	\$8,627.70	Please see Item 164 and explanation below.
165	3804005	CLOSE W/O116-01-02	\$6,221.99	Attached
166	3804005	CLOSE W/O116-01-03	\$7,751.90	Attached
167	3812008	CLOSE W/O116-01-04	\$4,334.50	Attached
168	1082000	MOVE #9660	(\$15,287.00)	Attached
169	3917000	MOVE #9660	\$16,219.79	Attached
170	1083050	MV.FR.PARENT	(\$5,252.00)	Attached
171	3406050	MV.FR.PARENT	\$3,005.00	Attached
172	3486050	MV.FR.PARENT	\$34,584.00	Attached
173	3804005	R79138*08687*KAMIN E	\$3,691.00	Attached
174	1051082	RPT-CP.TO.GL.LN-0860.CLC-2860	\$5,987.99	Attached
175	1051082	RPT-CP.TO.GL.LN-0860.CLC-2860	\$7,200.70	Attached
176	1051082	RPT-CP.TO.GL.LN-0870.CLC-2900	\$4,125.00	Attached
177	1051082	RPT-CP.TO.GL.LN-0870.CLC-2900	\$6,750.00	Attached
Net Amount Requested			\$96,960.57	

Unable to Provide Documentaiton for \$690.00

Conclusion:
 Remove \$170.00 from account 3804005.
 (This includes the \$170.00 that could not be documented from
 work order 116-01-01 above).

2002 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
178	1083050	091*PAJER.A*14*05 2 02-07-2002	\$5,252.00	Attached
179	3406050	091*PAJER.A*14*05 4 02-07-2002	(\$3,005.00)	Attached
180	3486050	091*PAJER.A*14*05 5 02-07-2002	(\$34,584.00)	Attached
181	3804005	84508*08687*KAMIN EL	\$3,000.00	Attached
182	3486094	90239*08687*KAMIN EL	\$3,129.00	Attached
183	3917000	99698*11320*KIRBY CH	\$18,519.00	Attached
184	3917000	99698*11320*KIRBY CH	\$18,519.00	Attached
185	3804005	CLOSE W/O 116-02-01	\$28,218.10	Attached
186	3486050	MV FR PARENT	\$32,866.00	Attached
187	1083094	R85031*08687*KAMIN E	\$2,576.00	Attached
188	3486094	R85031*08687*KAMIN E	\$3,435.00	Attached
189	3602006	R91188*14494*K.R.K.	\$2,140.00	Attached
190	3602006	R94487*14494*K.R.K.	\$4,375.00	Attached
191	1051092	RPT-CP.TO.GL.LN-0910,CLC-3070	\$28,008.10	Attached
192	3804005	SE80.CAPTIVE	\$5,652.00	Attached
Net Amount Requested			\$117,900.20	

Unable to Provide Documentaiton for \$0.00

Conclusion:
No adjustments are necessary.

2003 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
193	3542011	19424*08687*KAMIN EL	\$2,945.00	Attached
194	3204032	32777*08687*KAMIN EL	\$3,355.00	Attached
195	3335045	33230*14494*K.R.K. E	\$3,440.00	Attached
196	3542011	36115*14494*K.R.K. E	\$3,120.00	Attached
197	3335045	36115*14494*K.R.K. E	\$3,550.00	Attached
198	3043021	40032*13973*TREASURE	\$5,500.00	Attached
199	3305042	40882*15159*NATIONAL	\$2,731.24	Unable to Provide
200	3072014	CAP TIME	\$3,558.50	Unable to Provide
201	3315043	CAP TIME	\$4,146.50	Unable to Provide
202	3804005	CAP TIME	\$4,935.50	Unable to Provide
203	3345047	CAP TIME	\$5,432.00	Unable to Provide
204	3406050	MV.FR.PARENT	\$3,694.00	Attached
205	1083050	MV.FR.PARENT	\$6,083.00	Attached
206	3486050	MV.FR.PARENT	\$32,547.00	Attached
Net Amount Requested			\$85,037.74	

Unable to Provide Documentaiton for \$20,803.74

Conclusion:
 Remove \$2,731.24 from account 3305042.
 Remove \$3,558.50 from account 3072014
 Remove \$4,146.50 from account 3315043.
 Remove \$4,935.50 from account 3804005.
 Remove \$5,432.00 from account 3345047.

2004 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
207	3355048	45591*14494*K.R.K. E	\$8,397.00	Attached
208	3804005	49372*02048*PAT'S PU	\$6,282.79	Unable to Provide
209	3335045	56217*15159*NATIONAL	\$4,641.19	Attached
210	3345046	64975*00109*BADGER M	\$3,026.53	Attached
211	3335045	70410*08665*SUNSTATE	\$3,105.81	Attached
212	3204032	72494*08687*KAMIN EL	\$3,681.00	Attached
Net Amount Requested			\$27,114.32	

Unable to Provide Documentaiton for \$6,282.79

Conclusion:
Remove \$6,282.79 from account 3804005.

2005 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
213	3305042	CLOSE W/O 115-04-01	\$112,280.93	Attached
214	3204032	CLOSE W/O 115-04-02	\$15,371.50	Please see item 214 and explanation below.
215	3113025	CLOSE W/O 115-05-01	\$13,450.00	Attached
216	4033005	FLA DEPR REBAL	\$24,192.72	Attached
217	3011000	JAN-JUNE 05 IDC	\$3,289.00	Attached
218	3486050	MV.FR.PARENT	(\$31,309.00)	Attached
219	3486050	MV.FR.PARENT	(\$31,309.00)	Attached
220	1083050	MV.FR.PARENT	(\$7,550.00)	Attached
221	1083050	MV.FR.PARENT	(\$7,158.00)	Attached
222	3406050	MV.FR.PARENT	(\$3,330.00)	Attached
223	3406050	MV.FR.PARENT	(\$3,330.00)	Attached
224	3486050	MV.FR.PARENT	\$29,663.00	Attached
225	3486050	MV.FR.PARENT	\$31,309.00	Attached
226	3542011	R77156*08687*KAMIN E	\$3,430.00	Attached
227	3315043	R96087*18101*STJART	\$5,985.49	Attached
228	1083025	RETIRE PER 115-05-01	\$3,452.00	Attached
229	1052091	REV RPT-CP TO GL LN-0920,CLC-3100	(\$14,282.00)	Attached
230	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$3,775.50	Attached
231	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$8,093.57	Attached
232	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$9,193.93	Attached
233	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$10,820.00	Attached
234	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$11,494.00	Attached
235	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$13,350.00	Attached
236	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$14,224.77	Attached
237	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$14,282.00	Attached
238	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$17,082.50	Attached
Net Amount Requested			\$246,471.91	

Unable to Provide Documentaiton for \$14,282.00

Conclusion:
Remove \$14282.00 from account 3204032.

2006 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
239	1083091	091*WSC.RB.CYA*06*D1 8 08-10-2006	\$6,763.26	Please see attached WSC RB Explanation
240	1083090	091*WSC.RB.CYA*06*01 9 08-10-2006	\$7,358.24	Please see attached WSC RB Explanation
241	3406090	091*WSC.RB.CYA*09*01 13 11-10-2006	(\$17,468.32)	Please see attached WSC RB Explanation
242	1083090	091*WSC.RB.CYA*09*01 3 11-10-2006	\$7,617.35	Please see attached WSC RB Explanation
243	1083091	091*WSC.RB.CYA*09*01 4 11-10-2006	\$6,937.02	Please see attached WSC RB Explanation
244	3406090	091*WSC.RB.CYA*09*D4 13 11-21-2006	\$17,468.32	Please see attached WSC RB Explanation
245	3406091	091*WSC.RB.CYA*09*D4 14 11-21-2006	\$7,893.84	Please see attached WSC RB Explanation
246	3406150	091*WSC.RB.CYA*09*06 17 11-21-2006	\$4,272.77	Please see attached WSC RB Explanation
247	1081020	091*WSC.RB.CYA*09*06 2 11-21-2006	\$4,261.80	Please see attached WSC RB Explanation
248	1083090	091*WSC.RB.CYA*09*06 3 11-21-2006	\$8,003.49	Please see attached WSC RB Explanation
249	1083091	091*WSC.RB.CYA*09*06 4 11-21-2006	\$7,288.66	Please see attached WSC RB Explanation
250	3804005	24351*02048*PAT'S PU	\$6,054.53	Attached
251	3804005	CAP TIME	\$3,147.50	Attached
252	3345047	CAP TIME	\$4,402.00	Attached
253	3305042	CLOSE W/O 115-05-02	\$34,069.36	Please see Item 253 and explanation below.
254	1082000	fl.other.veh.0906	(\$72,737.27)	Please see attached WSC RB Explanation
255	4032092	fl.other.veh.0906	\$3,775.25	Please see attached WSC RB Explanation
256	3917000	fl.other.veh.0906	\$93,069.79	Please see attached WSC RB Explanation
257	1082000	fl.other.veh.1206	(\$76,983.68)	Please see attached WSC RB Explanation
258	4032092	fl.other.veh.1206	\$5,097.56	Please see attached WSC RB Explanation
259	3917000	fl.other.veh.1206	\$93,753.68	Please see attached WSC RB Explanation
260	1082000	fl.wsc.veh.0906	(\$290.47)	Please see attached WSC RB Explanation
261	4032092	fl.wsc.veh.0906	\$84.23	Please see attached WSC RB Explanation
262	3917000	fl.wsc.veh.0906	\$1,571.43	Please see attached WSC RB Explanation
263	1082000	fl.wsc.veh.1206	(\$820.40)	Please see attached WSC RB Explanation
264	4032092	fl.wsc.veh.1206	\$94.99	Please see attached WSC RB Explanation
265	3917000	fl.wsc.veh.1206	\$2,048.10	Please see attached WSC RB Explanation
266	3486050	MV.FR.PARENT	(\$29,663.00)	Attached
267	1083050	MV.FR.PARENT	(\$17,769.00)	Attached
268	1083050	MV.FR.PARENT	\$7,550.00	Attached
269	3486050	MV.FR.PARENT	\$31,747.00	Attached
270	3335045	R10419*18191*STUART	\$3,338.97	Attached
271	3315043	R24378*14494*KRK ENT	\$3,375.00	Attached
272	3113025	R28497*08887*KAMIN E	\$4,672.00	Attached
273	1083090	RATE BASE ALLOC 0606	(\$7,358.24)	Please see attached WSC RB Explanation
274	1083091	RATE BASE ALLOC 0606	(\$6,763.26)	Please see attached WSC RB Explanation
275	3406150	RATE BASE ALLOC 0606	(\$2,730.71)	Please see attached WSC RB Explanation
276	1081020	RATE BASE ALLOC 0606	(\$2,697.39)	Please see attached WSC RB Explanation
277	1081010	RATE BASE ALLOC 0606	(\$1,650.32)	Please see attached WSC RB Explanation
278	1083097	RATE BASE ALLOC 0606	(\$1,511.63)	Please see attached WSC RB Explanation
279	1083093	RATE BASE ALLOC 0606	(\$656.04)	Please see attached WSC RB Explanation
280	3406160	RATE BASE ALLOC 0606	(\$464.92)	Please see attached WSC RB Explanation
281	3406120	RATE BASE ALLOC 0606	\$574.49	Please see attached WSC RB Explanation
282	3036089	RATE BASE ALLOC 0606	\$606.10	Please see attached WSC RB Explanation
283	3466093	RATE BASE ALLOC 0606	\$770.04	Please see attached WSC RB Explanation
284	3466097	RATE BASE ALLOC 0606	\$1,642.88	Please see attached WSC RB Explanation
285	3406010	RATE BASE ALLOC 0606	\$1,920.29	Please see attached WSC RB Explanation
286	3406110	RATE BASE ALLOC 0606	\$2,845.76	Please see attached WSC RB Explanation
287	3406020	RATE BASE ALLOC 0606	\$2,954.03	Please see attached WSC RB Explanation
288	3406091	RATE BASE ALLOC 0606	\$7,588.16	Please see attached WSC RB Explanation
289	3406090	RATE BASE ALLOC 0606	\$17,119.49	Please see attached WSC RB Explanation
290	1083090	RATE BASE ALLOC 0906	(\$7,617.35)	Please see attached WSC RB Explanation
291	1083091	RATE BASE ALLOC 0906	(\$6,937.02)	Please see attached WSC RB Explanation
292	3406150	RATE BASE ALLOC 0906	(\$2,741.02)	Please see attached WSC RB Explanation
293	1081020	RATE BASE ALLOC 0906	(\$2,733.98)	Please see attached WSC RB Explanation
294	1081010	RATE BASE ALLOC 0906	(\$1,682.50)	Please see attached WSC RB Explanation
295	1083097	RATE BASE ALLOC 0906	(\$1,575.56)	Please see attached WSC RB Explanation
296	1083093	RATE BASE ALLOC 0906	(\$673.84)	Please see attached WSC RB Explanation
297	3406160	RATE BASE ALLOC 0906	(\$481.57)	Please see attached WSC RB Explanation
298	3406120	RATE BASE ALLOC 0906	\$606.62	Please see attached WSC RB Explanation
299	3036089	RATE BASE ALLOC 0906	\$618.45	Please see attached WSC RB Explanation
300	3466093	RATE BASE ALLOC 0906	\$785.73	Please see attached WSC RB Explanation
301	3466097	RATE BASE ALLOC 0906	\$1,676.36	Please see attached WSC RB Explanation
302	3406010	RATE BASE ALLOC 0906	\$1,920.29	Please see attached WSC RB Explanation
303	3406110	RATE BASE ALLOC 0906	\$2,845.76	Please see attached WSC RB Explanation
304	3406020	RATE BASE ALLOC 0906	\$3,104.07	Please see attached WSC RB Explanation
305	3406091	RATE BASE ALLOC 0906	\$7,893.84	Please see attached WSC RB Explanation
306	3406090	RATE BASE ALLOC 0906	\$17,468.32	Please see attached WSC RB Explanation
307	3917000	RPT-CB TO GL LN-0920,CLC-79	\$15,312.81	Attached
308	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$5,916.00	Attached
309	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$12,500.00	Attached
310	1052091	RPT-CP TO GL LN-0920,CLC-3100	\$39,205.00	Attached
311	1051092	RPT-CP TO GL LN-0920,CLC-3110	\$19,680.00	Attached
Net Amount Requested			\$278,163.14	

Unable to Provide Documentation for \$0.00

Conclusion:
No adjustments are necessary.

2007 GENERAL LEDGER TRANSACTION DETAIL FROM UTILITIES, INC

Item Number	ACCT	DESCRIPTION OF TRANSACTION	AMOUNT	
312	3406090	RATE BASE ALLOC 0307	\$18,945.00	Please see attached explanation.
313	3406090	RATE BASE ALLOC 0307	\$18,467.00	Please see attached explanation.
314	3406091	RATE BASE ALLOC 0307	\$8,974.00	Please see attached explanation.
315	3406091	RATE BASE ALLOC 0307	\$8,665.00	Please see attached explanation.
316	3406110	RATE BASE ALLOC 0307	\$7,141.00	Please see attached explanation.
317	3406020	RATE BASE ALLOC 0307	\$6,914.00	Please see attached explanation.
318	3406110	RATE BASE ALLOC 0307	\$4,907.00	Please see attached explanation.
319	3406020	RATE BASE ALLOC 0307	\$4,600.00	Please see attached explanation.
320	3406010	RATE BASE ALLOC 0307	\$4,319.00	Please see attached explanation.
321	3406010	RATE BASE ALLOC 0307	\$2,907.00	Please see attached explanation.
Net Amount Requested			\$85,759.00	

Unable to Provide Documentaiton for \$0.00

Conclusion:
No adjustments are necessary.

**MILES GRANT WATER AND SEWER COMPANY
TOTAL DEPRECIATION ROLLFORWARD
01/01/1987 THROUGH 06/30/2007
AUDIT FINDING NO. 3**

	<u>WATER</u>	<u>WASTEWATER</u>
Per book plant at 06/30/1987 (from TB):	\$ 867,093	\$ 1,001,576
Plant net additions from 07/01/1987 through 06/30/2007 (from w/p 1-W and 1-WW):	676,972	1,082,798
Plant additions for common items (from w/p 2):	59,562	56,019
Plant additions for transportation equipment (from w/p 3):	37,512	35,281
Plant additions for allocated items (from w/p 4):	45,193	42,506
Retirements (from w/p 5-W and 5-WW):	(127,244)	(187,678)
Portion of common retirements (from w/p 6):	<u>(5,445)</u>	<u>(5,121)</u>
Total calculated plant at 06/30/2007:	\$ 1,553,644	\$ 2,025,380
Total per books plant at 06/30/2007 (from TB):	1,696,112	2,344,093
Adjustment to books:	<u>\$ (142,468)</u>	<u>\$ (318,713)</u>

Conclusion: Per books UPIS must be reduced by \$142,468 for water and \$318,713 for wastewater.

**MILES GRANT WATER AND SEWER COMPANY
TOTAL DEPRECIATION ROLLFORWARD
01/01/1987 THROUGH 06/30/2007
AUDIT FINDING NO. 3**

	<u>WATER</u>	<u>WASTEWATER</u>
Per book accumulated depreciation at 06/30/1987 (from TB):	\$ 129,392	\$ 138,471
Accumulated depreciation of net additions from 07/01/1987 through 06/30/2007 (from w/p 1-W and 1-WW):	142,561	496,637
Portion of accumulated depreciation for common items (from w/p 2):	26,427	24,855
Portion of accumulated depreciation for transportation equipment (from w/p 3):	38,302	36,024
Portion of accumulated depreciation for allocated items (from w/p 4):	22,447	21,112
Retirements (from w/p 5-W and 5-WW):	(127,244)	(187,678)
Portion of common retirements (from w/p 6):	<u>(5,445)</u>	<u>(5,121)</u>
Total calculated accumulated depreciation at 06/30/2007:	\$ 226,440	\$ 524,300
Total per books accumulated depreciation at 06/30/2007 (from TB):	545,168	706,676
Adjustment to books:	<u>\$ (318,728)</u>	<u>\$ (182,376)</u>

Conclusion: Per books A/D must be reduced by \$318,728 for water and \$182,376 for wastewater.

**MILES GRANT WATER AND SEWER COMPANY
TOTAL DEPRECIATION ROLLFORWARD
01/01/1987 THROUGH 06/30/2007
AUDIT FINDING NO. 3**

	<u>WATER</u>	<u>WASTEWATER</u>
Expense still accruing from assets placed in service prior to last rate case test year of 06/30/1987 (from w/p 7)	23,623	\$ 11,482
Depreciation expense of net additions from 07/01/1987 through 06/30/2007 (from w/p 1-W and 1-WW):	23,262	32,431
Portion of depreciation expense for common items (from w/p 2):	1,760	1,655
Portion of depreciation expense for transportation equipment (from w/p 3):	8,076	7,596
Portion of depreciation expense for allocated items (from w/p 4):	1,867	1,756
Total calculated depreciation expense at 06/30/2007:	\$ 58,588	\$ 54,919
Total per books depreciation expense at 06/30/2007 (from TB):	110,158	121,417
Adjustment to books:	<u>\$ (51,570)</u>	<u>\$ (66,498)</u>

Conclusion: Per books depreciation expense must be reduced by \$50,570 for water and \$66,498 for wastewater.