

## Ruth Nettles

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**From:** Trina Collins [TCollins@RSBattorneys.com]  
**Sent:** Friday, October 10, 2008 12:46 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** jphoy@uiwater.com; rjdurham@uiwater.com; pcflynn@uiwater.com; Frankden@nettally.com; dswain@milianswain.com; Martin Friedman; Christian W. Marcelli; Trina Collins  
**Subject:** Filing in Docket No. 080248-SU; Tierra Verde Utilities, Inc.'s Application for an Increase in Wastewater Rates in Pinellas County, Florida  
**Importance:** High  
**Attachments:** PSC Clerk 03 (Data Request Response).ltr.10-10-2008.pdf

- a. Martin S. Friedman, Esq.  
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- b. Docket No.: 080248-SU; Tierra Verde Utilities, Inc.'s Application for an Increase in Wastewater Rates in Pinellas County, Florida – Filing Tierra Verde Utilities, Inc.'s responses to Staff's September 26, 2008, correspondence identifying three (3) deficiencies in the MFRs.
- c. Tierra Verde Utilities, Inc.
- d. 21 Pages.
- e. Letter to Commission Clerk and Response to Deficiencies - 21 pages.

DOCUMENT NUMBER-DATE

09598 OCT 10 8

FPSC-COMMISSION CLERK

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REPLY TO CENTRAL FLORIDA OFFICE

October 10, 2008

E-FILING

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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. 080248-SU; Tierra Verde Utilities, Inc.'s Application for an Increase in Wastewater Rates Increase in Pinellas County, Florida  
Our File No.: 30057.156

Dear Ms. Cole:

The following are the Utility's responses to the Commission Staff's September 26, 2008, correspondence identifying three (3) deficiencies in the MFRs:

DEFICIENCIES Nos. 1-3

1. The utility is required to provide the accumulated depreciation balances for the test year ending December 31, 2007, and the prior year on MFR Schedule A-10. The Per Books Test Year 12/31/07 balance reflected on Schedule A-10, \$2,230,040, is less than the year-end balance reflected in the 2007 Annual Report on Schedule S-6(b), \$2,350,654. Also, the Per Books Prior Year 12/31/06 balance reflected on Schedule A-10, \$1,924,757, is greater than the beginning year balance reflected in the 2007 Annual Report, Schedule S-6(b), \$1,914,646. Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2007 Annual Report and MFR Schedule A-10.

RESPONSE: Please see the attached "Response to Deficiency No. 1."

DOCUMENT NUMBER-DATE

09598 OCT 10 8

FPSC-COMMISSION CLERK

2. The utility is required to provide the balances of all assets, equity capital, and liabilities for the year ended December 31, 2006, December 31, 2007, and their average on MFR Schedules A-18 and A-19. The following are deficiencies on Schedules A-18 and A-19.

- a. The Per Books Test Year 12/31/07 balance for Total Assets reflected in Schedule A-18, Line 32, \$2,149,226, is less than the balance for the Current Year reflected in the 2007 Annual Report, Schedule F-1(b), \$2,301,431.
- b. The Per Books Prior Year 12/31/06 balance for Total Assets reflected in Schedule A-18, Line 32, \$2,250,817, is greater than the balance for the Previous Year reflected in the 2007 Annual Report, Schedule F-1(b), \$2,405,920.
- c. On Schedule A-19, Line 11, Advances from Associated Companies, the Per Books Test Year 12/31/07 balance of \$479,868 and the Per Books Prior Year 12/31/2006 balance of \$540,351 do not have corresponding entries in the 2007 Annual Report, Schedule F-2(a).
- d. On Schedule A-19, Line 14, Total Long Term Debt, the Per Books Test Year 12/31/2007 balance of \$479,868 and the Per Books Prior Year 12/31/2006 balance of \$540,351, do not have corresponding entries in the 2007 Annual Report, Schedule F-2(a).
- e. On Schedule A-19, Line 18, Notes and Accounts Payable - Associated Companies, the Per Books Test Year 12/31/2007 balance of \$541,928 and the Per Books Prior Year 12/31/2006 balance of \$591,904 do not have corresponding entries in the 2007 Annual Report, Schedule F-2(a).
- f. The Per Books Test Year 12/31/2007 balance for Total Current and Accrued Liabilities, reflected in Schedule A-19, Line 26, \$801,877, is greater than the balance reflected in the 2007 Annual Report, Schedule F-2(a), \$322,010.
- g. The Per Books Prior Year 12/31/2006 balance for Total Current and Accrued Liabilities, reflected in Schedule A-19, Line 26, \$644,802, is greater than the balance reflected in the 2007 Annual Report, Schedule F-2(a), \$104,451.
- h. The Per Books Test Year 12/31/2007 balance for Total Equity Capital and Liabilities reflected in Schedule A-19, Line 40, \$2,149,226, is less than the balance reflected in the 2007 Annual Report, Schedule F-2(b), \$2,301,431.

- i. The Per Books Prior Year 12/31/06 balance for Total Equity Capital and Liabilities reflected in Schedule A-19, Line 40, \$2,250,817, is less than the balance reflected in the 2007 Annual Report, Schedule F-2(b), \$2,405,920.
- j. The Per Books Test Year 12/31/2007 balance for Total Equity Capital and Liabilities reflected in Schedule A-19, Line 40, \$2,149,226, is less than the balance reflected in the 2007 Annual Report, Schedule F-2(b), \$2,301,431.
- k. The Per Books Prior Year 12/31/06 balance for Total Equity Capital and Liabilities reflected in Schedule A-19, Line 40, \$2,250,817, is less than the balance reflected in the 2007 Annual Report, Schedule F-2(b), \$2,405,920.

Pursuant to Rule 25-30.110, F.A.C., please provide the reconciliation of the balances in the 2007 Annual Report and the MFR Schedules A-18 and A-19.

**RESPONSE:** Please see the attached "Response to Deficiency No. 2."

3. Rule 25-30.440(8), F.A.C., requires that each applicant for a rate increase provide the Commission one copy of a list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employees' salary allocation method to the utility's capital or expense accounts. The sum of MFR Schedule B-6, Column 14, Lines 1 and 2, reflects a total of O&M expense of annual salaries for employees and officers of \$32,492. The sum of MFR Schedule B-12, Column 8, Lines 2, 3, and 4, reflects a total allocation of expenses for salaries in the amount of \$35,181. Staff believes the difference between the allocation and actual expense of salaries may have been capitalized by the utility. However, the utility's cost allocation manuals, MFRs, and the employee list provided by the utility do not indicate which employees' salaries were capitalized. Please provide a list that contains an explanation of each employee's salary allocation method to the utility's capital or expense accounts as required by Rule 25-30.440(8), F.A.C.

**RESPONSE:** Please see the attached document entitled, "Rate Case 2008 Tierra Verde Employees". This document is the list of field employees with their duties and responsibilities. Also, see attached document entitled "Tierra Verde Employees PCF," which shows each Tierra Verde field employee, his or her job title, and certificate held, if

any. The salary allocation was calculated for per books purposes based on equivalent residential customers (ERCs), converted into customer equivalents (CEs). The allocation was then calculated as follows:

Tierra Verde CEs at 12/31/07

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Total CEs at 12/31/07 for systems where employee performs duties

Due to the fact that the Company was ordered in its last rate proceeding to discontinue the use of customer equivalents, the Company calculated a re-allocation, for ratemaking purposes, of all current employees who perform duties for Tierra Verde. This re-allocation was based on ERCs only. The allocation for each employee is calculated as:

Tierra Verde ERCs at 12/31/07

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Total ERCs at 12/31/07 for systems where employee performs duties

The allocation applies to the employee's total salary expense. Any capitalized portion is then credited directly to Tierra Verde's salary expense, and debited to the proper capital account. The personnel who have capitalized time to Tierra Verde are as follows:

- Patrick Flynn
- Tony Wierzbicki
- Jeffrey Finehirsh
- Jeffrey McPeeks

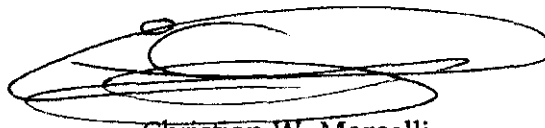
Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
October 10, 2008  
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In reference to the B-6 vs. B-12 discrepancy, please see the attached document entitled, "B-12 to GL tie out for deficiency 3". This document explains the differences between the per books numbers on the B-6 and the allocations on the B-12. The Company did, however, find errors on the second through fourth quarter B-12s, so a revised B-12 has been submitted, and is enclosed herein as well.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Christian W. Marcelli", written over a horizontal line.

Christian W. Marcelli  
Of Counsel

CWM/tlc  
Enclosures

cc: John Hoy, Chief Regulatory Officer (w/enclosures)  
Rick Durham, Regional Vice President for Operations (w/o enclosures)  
Patrick C. Flynn, Regional Director (w/enclosures)  
Mr. Frank Seidman (w/enclosures)  
Ms. Deborah Swain (w/enclosures)

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## **Response to Deficiency No. 1**

Company: Tierra Verde Utilities, Inc.  
Docket No.: 080248-SU

<u>Response Deficiency 1.</u>	MFR A-10 Per Books 12/31/07	S-6(b) Annual Report 12/31/07
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Total Accumulated Depreciation per Filing & Annual Report	\$ (2,230,040)	\$ (2,350,654)
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Reconciliation:

Account Balances not included on Page S-6B of Annual Report:

351.1 Organization	\$ 123,586
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Account Balance not included on Page S-6(b) of the Annual Report. See page F-8 of Annual Report for accumulated depreciation.

352.1 Franchises	(2,972)
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Account Balance not included on Page S-6(b) of the Annual Report. See page F-8 of Annual Report for accumulated depreciation.

Total Accumulated Depreciation	<u>\$ (2,230,040)</u>	<u>\$ (2,230,040)</u>
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	MFR A-10 Per Books 12/31/06	S-6(b) Annual Report 12/31/06
Total Accumulated Depreciation per Filing & Annual Report	\$ (1,924,757)	\$ (1,914,646)

Reconciliation:

Account Balances not included on Page S-6B of Annual Report:

351.1 Organization	\$ (7,225)
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Account Balance not included on Page S-6(b) of the Annual Report. See page F-8 of Annual Report for accumulated depreciation.

352.1 Franchises	(2,886)
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Account Balance not included on Page S-6(b) of the Annual Report. See page F-8 of Annual Report for accumulated depreciation.

Total Accumulated Depreciation	<u>\$ (1,924,757)</u>	<u>\$ (1,924,757)</u>
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## **Response to Deficiency No. 2**

Company: Tierra Verde Utilities, Inc.  
Docket No.: 080248-SU

<b>Response Deficiency 2. a.</b>	MFR A-18 Per Books Test Year 12/31/07	F-1(b) Per Annual Report 12/31/07
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Total Assets per Filing & Annual Report	\$ 2,149,226	\$ 2,301,431
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Reconciliation:

Acct. No. 281 - Accumulated Deferred Income Taxes - Accelerated Depreciation

(114,434)

Account balance not included on F-1(b) of the Annual Report. See Annual Report page F-2B. Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.

Acct. No. 283 - Accumulated Deferred Income Taxes - Other

(37,769)

Account balance not included on F-1(b) of the Annual Report. See Annual Report page F-2B. Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.

Rounding

(2)

Total Assets	<u>\$ 2,149,226</u>	<u>\$ 2,149,226</u>
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<b>Response Deficiency 2. b</b>	MFR A-18 Per Books Test Year 12/31/06	F-1(b) Per Annual Report 12/31/06
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Total Assets per Filing & Annual Report	\$ 2,250,817	\$ 2,405,920
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Reconciliation:

Acct. No. 281 - Accumulated Deferred Income Taxes - Accelerated Depreciation

(109,655)

Account balance not included on F-1(b) of the Annual Report. See Annual Report page F-2B. Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.

Acct. No. 283 - Accumulated Deferred Income Taxes - Other

(45,448)

Account balance not included on F-1(b) of the Annual Report. See Annual Report page F-2B. Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.

Total Assets	<u>\$ 2,250,817</u>	<u>\$ 2,250,817</u>
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Company: Tierra Verde Utilities, Inc.  
Docket No.: 080248-SU

Line No.	EQUITY CAPITAL & LIABILITIES	MFR A-19	F-2 (a)	MFR A-19	F-2 (a)	Reconciliation Explanation
		Per Books Test Year 12/31/07	Per Annual Report 12/31/07	Per Books Test Year 12/31/06	Per Annual Report 12/31/06	
1	Common Stock Issued	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	
2	Preferred Stock Issued					
3	Additional Paid in Capital	1,570,044	1,570,044	1,570,044	1,570,044	
4	Retained Earnings	(133,937)	(133,936)	(123,173)	(123,173)	
5	Other Equity Capital					
6						
7	TOTAL EQUITY CAPITAL	1,437,108	1,437,108	1,447,871	1,447,871	
8						
9	Bonds					
10	Reacquired Bonds					
11	Advances From Associated Companies	(479,868)		(540,351)		<b>Response Deficiency 2. c</b> - Annual Report Balances for Advances From Associated Companies netted against Notes & Accounts Payable - Assoc. Cos. (see Line 18 below).
12	Other Long-Term Debt					
13						
14	TOTAL LONG-TERM DEBT	(479,868)	-	(540,351)	-	<b>Response Deficiency 2. d</b> - See explanation for Line 11 above
15						
16	Accounts Payable	243,971	243,971	39,502	39,502	
17	Notes Payable					
18	Notes & Accounts Payable - Assoc. Cos.	541,928	62,060	591,904	51,553	<b>Response Deficiency 2. e</b> - The Annual Reports for 12/31/07 and 12/31/06 reflect balances of \$62,060 and \$51,553 for Acct. No. 234 Notes Payable to Associated Companies respectively. These balance are net of Advances From Associated Companies
19	Customer Deposits	-	-	-	-	
20	Accrued Taxes	15,978	15,979	13,396	13,396	
21	Current Portion Long Term Debt					
22	Accrued Interest	-	-	-	-	
23	Accrued Dividends					
24	Misc. Current and Accrued Liabilities					
25						
26	TOTAL CURRENT & ACCRUED LIABILITIES	801,877	322,010	644,802	104,451	<b>Response Deficiency 2. f-g</b> - See explanation for Lines 11 and 18 above
27						
28	Advances for Construction					
29	Prepaid Capacity Charges					
30	Accum. Deferred ITC's					
31	Operating Reserves					
32						
33	TOTAL DEFERRED CREDITS & OPER. RESERVES	-	-	-	-	
34						
35	Contributions in Aid of Construction	1,688,812	1,688,812	1,686,502	1,686,502	
36	Less: Accum. Amortization of CIAC	(1,298,702)	(1,298,702)	(988,008)	(988,007)	
37						
38	Accumulated Deferred Income Taxes		152,203		155,103	
39						
40	Total Equity Capital and Liabilities	\$ 2,149,226	\$ 2,301,431	\$ 2,250,817	2,405,920	

Company: Tierra Verde Utilities, Inc.  
Docket No.: 080246-SU

<u>Response Deficiency 2. h.</u>	MFR A-19 Per Books Test Year 12/31/07	F-2(b) Per Annual Report 12/31/07	
Total Equity Capital and Liabilities per Filing & Annual Report	\$ 2,149,226	\$ 2,301,431	
<u>Reconciliation:</u>			
Acct. No. 281 - Accumulated Deferred Income Taxes - Accelerated Depreciation		(114,434)	Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.
Acct. No. 283 - Accumulated Deferred Income Taxes - Other		(37,769)	Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.
Rounding		(2)	
Total Equity Capital and Liabilities	<u>\$ 2,149,226</u>	<u>\$ 2,149,226</u>	

<u>Response Deficiency 2. i.</u>	MFR A-19 Per Books Test Year 12/31/06	F-2(b) Per Annual Report 12/31/06	
Total Equity Capital and Liabilities per Filing & Annual Report	\$ 2,250,817	\$ 2,405,920	
<u>Reconciliation:</u>			
Acct. No. 190 - Accumulated Deferred Income Taxes		(109,655)	Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.
Accumulated Deferred Income Taxes - Other		(45,448)	Accumulated Deferred Income Taxes Acct. Nos 190, 281 and 283 reported net on MFR A-18.
Total Equity Capital and Liabilities	<u>\$ 2,250,817</u>	<u>\$ 2,250,817</u>	

**TIERRA VERDE UTILITIES, INC.  
DOCKET NO. 080248-SU  
DEFICIENCY RESPONSES, ITEM NO. 3**

**RATE CASE 2008 TIERRA VERDE EMPLOYEES**

Rick Durham, Regional Vice President: Position is responsible for directing the safe, efficient and profitable operation of the company's assets.

John Hoy, Regional Vice President: Position is responsible for directing the safe, efficient and profitable operation of the company's assets.

Patrick Flynn, Regional Director: Oversees all operations and employees in Florida.

Mike Wilson, Regional Manager: *Manages operations and employees for all West Coast, North and South Florida operations. Mike Wilson oversees the day-to-day operations within the West Coast, North and South Florida areas.*

Tony Wierzbicki, Project Manager: Manages all capital projects, inspects and monitors any developer activities or line extensions within the system.

Haws, Scotty, Safety and Compliance Manager: Assists the Regional Directors and Regional Managers in maintaining compliance and safe work practices while also acting as liaison to the Corporate Compliance and Safety Coordinator. This also includes staying abreast of the latest rules and regulations and updating and implementing current and future sampling plans as required by the states and EPA.

John Bonagura, Business Manager: Directs the budgeting process and five year capital planning process, performs variance analysis for budgeted, forecasted, and actual items, prepares monthly spending and budgeting reports, and helps operations maintain maintenance tracking schedules.

Lee Neal, Area Manager: Supervises the day-to-day operations of the facilities on the West Coast and North Florida.

**Current Plant Operation's Employees**

Robert Buono, Operator: Robert holds *Class C drinking water treatment plant operator* and *Class C wastewater treatment plant operator* licenses and is assigned to the Mid-County wastewater treatment plant.

David Worrell, Operator: David holds *Class C drinking water treatment plant operator* water and *Class B wastewater treatment plant operator* licenses and is assigned to the Mid-County wastewater treatment plant.

Kennedy Franklin, Field Technician: Kennedy troubleshoots mechanical and electrical problems, makes minor mechanical and electrical repairs, maintains spare parts inventory, and performs record keeping as required.

**Facilities**

Because there is no treatment facility in this system, no licensed operators are required.

**Duties and Responsibilities**

- a) Responsible for performing treatment plant, collection system and transmission system operation and maintenance. Duties are to be completed in a reasonable and professional manner consistent with standard operating practices in order to comply with state and local regulatory rules and requirements. Must perform duties consistent with the protection of the public health and the environment.
- b) Perform responsible, efficient, and effective on-site management and supervision of all system functions.
- c) Submit complete, accurate and timely periodic plant operating reports.
- d) Report to the Permittee and the Department of Environmental Protection any serious plant or system breakdown or condition causing or likely to cause serious, inefficient or unsafe treatment or discharge of water or wastewater in a manner not authorized by the current permit.
- e) Submit accurate reports relative to treatment plant, collection system, and transmission system operation, including sampling and laboratory analysis.
- f) Maintain an operation and maintenance log for each plant, current to the last operation and maintenance task performed.
- g) Perform required preventative maintenance in conformance with equipment manufacturer recommendations. Repair or replace equipment or distribution and collection system components as needed to keep the facilities operating as permitted.
- h) Perform various service order functions including but not limited to the following: customer complaints; reading and checking meters; cross-connection inspections; installing or repairing the distribution, collection and disposal systems; installation of water meters.
- i) Maintain the visual aesthetics of the facilities in compliance with company standards, including grounds maintenance, fence repairs, site security, lighting fixtures, and general building upkeep.

TIERRA VERDE EMPLOYEES PCF

TIERRA VERDE UTILITIES, INC.  
 DOCKET NO. 080248-SU  
 DEFICIENCY RESPONSES, ITEM NO. 3

<u>Name</u>	<u>Position</u>	<u>Certification WW Treatment</u>	<u>Assigned During TY</u>	<u>Currently Assigned</u>
Bonagura, John	Business Manager		1Q, 2Q, 3Q, 4Q	Yes
Buono, Robert	Operator	C	No quarters	Yes
Durham, Rick	Regional Vice President		3Q, 4Q	Yes
Flynn, Patrick	Regional Director		1Q, 2Q, 3Q, 4Q	Yes
Franklin, Kennedy	Field Technician		No quarters	Yes
Haws, Scotty	Compliance & Safety Manager	A	1Q, 2Q, 3Q, 4Q	Yes
Hoy, John	Regional Vice President		1Q, 2Q, 3Q, 4Q	No
Neal, William	Area Manager	A	1Q, 2Q, 3Q, 4Q	Yes
Wierzbicki, Anthony	Project Manager		1Q, 2Q	No
Wilson, Michael	Regional Manager		1Q, 2Q	No
Worrell, David	Operator	C	No quarters	Yes

B-12 TO GL TIE OUT FOR DEFICIENCY 3

TIERRA VERDE UTILITIES, INC.  
DOCKET NO. 080248-SU  
DEFICIENCY RESPONSES, ITEM NO. 3

Account	Description	Period	Per B-12	Per GL	Difference	Explanation
6150	Salaries - Operations Field B-12, page 1, line 2	Mar-07	4,638	4,638	-	N/A
			<u>4,638</u>	<u>4,638</u>	<u>-</u>	
6155	Salaries - Operations Office B-12, page 1, line 3	Mar-07	903	903	-	N/A
			<u>903</u>	<u>903</u>	<u>-</u>	
6105	Salaries - System Project	Mar-07	177	177	-	N/A
6110	Salaries - Acctg/Finance	Mar-07	547	547	-	N/A
6115	Salaries - Admin	Mar-07	167	167	-	N/A
6120	Salaries - Officers/Stkhdr	Mar-07	483	844	361	\$361 was booked as an additional allocation of executive salaries. However, this amount cannot be traced back to the allocation workpapers, and therefore is not included in B-12.
6125	Salaries - HR	Mar-07	201	201	-	N/A
6130	Salaries - MIS	Mar-07	78	78	-	N/A
6135	Salaries - Leadership Ops	Mar-07	188	188	-	N/A
6140	Salaries - Regulatory	Mar-07	440	440	-	N/A
6145	Salaries - Customer Service	Mar-07	14	14	-	N/A
6160	Salaries - Chgd To Plt - WSC	Mar-07	-	-	-	N/A
6165	Capitalized Time Adjustment B-12, page 1, line 4	Mar-07	-	(401)	(401)	\$(401) was booked as an allocation of capitalized time. However, this amount cannot be traced back to the allocation workpapers, and therefore is not included in B-12.
			<u>2,295</u>	<u>2,255</u>	<u>(40)</u>	
6150	Salaries - Operations Field B-12, page 2, line 2	Jun-07	1,831	1,831	-	N/A
			<u>1,831</u>	<u>1,831</u>	<u>-</u>	
6155	Salaries - Operations Office B-12, page 2, line 3	Jun-07	981	991	10	N/A
			<u>981</u>	<u>991</u>	<u>10</u>	
6105	Salaries - System Project	Jun-07	219	219	-	N/A
6110	Salaries - Acctg/Finance	Jun-07	599	599	-	N/A
6115	Salaries - Admin	Jun-07	114	114	-	N/A
6120	Salaries - Officers/Stkhdr	Jun-07	501	735	234	An additional allocation of \$234 was made to capture amounts booked after the original allocation. A revised B-12 has been submitted.
6125	Salaries - HR	Jun-07	214	214	-	N/A
6130	Salaries - MIS	Jun-07	6	6	-	N/A
6135	Salaries - Leadership Ops	Jun-07	114	114	-	N/A
6140	Salaries - Regulatory	Jun-07	453	453	-	N/A
6145	Salaries - Customer Service	Jun-07	-	-	-	N/A
6160	Salaries - Chgd To Plt - WSC	Jun-07	-	-	-	N/A
6165	Capitalized Time Adjustment B-12, page 2, line 4	Jun-07	-	(1,353)	(1,353)	\$(1,353) was booked as an allocation of capitalized time. However, this amount cannot be traced back to the allocation workpapers, and therefore is not included in B-12.
			<u>2,220</u>	<u>1,102</u>	<u>(1,119)</u>	



B-12 TO GL TIE OUT FOR DEFICIENCY 3

TIERRA VERDE UTILITIES, INC.  
DOCKET NO. 080248-SU  
DEFICIENCY RESPONSES, ITEM NO. 3

6150	Salaries - Operations Field B-12, page 3, line 2	Sep-07	<u>3,361</u>	<u>3,361</u>	-	N/A
			<u>3,361</u>	<u>3,361</u>	-	
6155	Salaries - Operations Office B-12, page 3, line 3	Sep-07	<u>2,575</u>	<u>2,575</u>	-	N/A
			<u>2,575</u>	<u>2,575</u>	-	
6105	Salaries - System Project	Sep-07	546	546	-	N/A
6110	Salaries - Acctg/Finance	Sep-07	1,156	1,156	-	N/A
6115	Salaries - Admin	Sep-07	303	303	-	N/A
						An additional allocation of (\$1,682) was made to capture amounts booked after the original allocation. A revised B-12
6120	Salaries - Officres/Stkhdr	Sep-07	1,739	57	(1,682)	has been submitted.
6125	Salaries - HR	Sep-07	553	553	-	N/A
6130	Salaries - MIS	Sep-07	186	186	-	N/A
6135	Salaries - Leadership Ops	Sep-07	495	495	-	N/A
6140	Salaries - Regulatory	Sep-07	1,086	1,086	-	N/A
6145	Salaries - Customer Service	Sep-07	-	-	-	N/A
6160	Salaries - Chgd To Plt - WSC	Sep-07	-	-	-	N/A
6165	Capitalized Time Adjustment B-12, page 3, line 4	Sep-07	-	-	-	N/A
			<u>6,064</u>	<u>4,382</u>	<u>(1,682)</u>	
6150	Salaries - Operations Field B-12, page 4, line 2	Dec-07	<u>2,929</u>	<u>2,929</u>	-	N/A
			<u>2,929</u>	<u>2,929</u>	-	
6155	Salaries - Operations Office B-12, page 4, line 3	Dec-07	<u>2,616</u>	<u>2,609</u>	(7)	N/A
			<u>2,616</u>	<u>2,609</u>	(7)	An additional allocation of (\$7) was made to capture amounts booked after the original allocation. A revised B-12 has been submitted.
6105	Salaries - System Project	Dec-07	679	679	-	N/A
6110	Salaries - Acctg/Finance	Dec-07	1,424	1,424	-	N/A
6115	Salaries - Admin	Dec-07	315	315	-	N/A
6120	Salaries - Officres/Stkhdr	Dec-07	1,670	1,670	-	N/A
6125	Salaries - HR	Dec-07	560	560	-	N/A
6130	Salaries - MIS	Dec-07	184	184	-	N/A
						An additional allocation of \$2 was made to capture amounts booked after the original allocation. A revised B-12 has been submitted.
6135	Salaries - Leadership Ops	Dec-07	492	494	2	
6140	Salaries - Regulatory	Dec-07	1,046	1,046	-	N/A
6145	Salaries - Customer Service	Dec-07	-	-	-	N/A
						An additional allocation of \$1,743 was made to capture amounts booked after the original allocation. A revised B-12
6160	Salaries - Chgd To Plt - WSC	Dec-07	-	1,743	1,743	has been submitted.
						An incorrect allocation was originally made in this account, and then reversed. The reversal was not captured in the original B-12. A revised B-12 has been submitted.
6165	Capitalized Time Adjustment B-12, page 4, line 4	Dec-07	<u>(1,612)</u>	-	<u>1,612</u>	
			<u>4,758</u>	<u>8,115</u>	<u>3,357</u>	
	Total B-12, page 5, line 2		12,759			
	Total B-12, page 5, line 3		7,075			
	Total B-12, page 5, line 4		15,337			

Allocation of Expenses

Company: Tierra Verde Utilities, Inc.  
 Docket No.: 080248-SU  
 Schedule Year Ended: December 31, 2007  
 Interim  Final   
 Historical  Projected

Schedule B-12 (revised)  
 Page 1 of 5

Preparer: Erin Povich

Explanation: Provide a schedule detailing expenses which are suAffect to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description. Provide a description of all systems other than water and sewer.

Tierra Verde Utilities, Inc.  
 Allocation Percentage

Line No.	G/L Acct. No.	Description	Allocation Percentages				Historical Quarter Ending March 31, 2007				
			Allocation Percentages			Description of Allocation Method	Amounts Allocated			0.00% Water	100.00% Sewer
			Tierra Verde	Other Companies/ Systems	Total		Tierra Verde	Other Companies/ Systems	Total		
1	<u>Water Service Corp. Allocated Expenses (SE.50):</u>										
2	601	Salaries - Operations	0.11%	99.9%	100.0%	ERC	\$4,638	\$4,214,074	\$4,218,712	\$4,638	
3	601	Salaries - Office	0.15%	99.8%	100.0%	ERC	903	597,553	598,456	903	
4	601	Salaries - Northbrook	0.21%	99.8%	100.0%	ERC	2,295	1,068,376	1,070,671	2,295	
5	604	Pension & Benefits (All UI employees)	0.10%	99.9%	100.0%	ERC	1,069	1,051,093	1,052,162	1,069	
6	408	Taxes Other Than Income	0.14%	99.9%	100.0%	ERC	876	617,329	618,205	876	
7							<u>\$9,781</u>	<u>\$7,548,425</u>	<u>\$7,558,206</u>	<u>\$0</u>	
8											
9	<u>Water Service Corp. Allocated Expenses (SE.51):</u>										
10	403	Depreciation Expense	0.21%	99.8%	100.0%	ERC	\$116	\$55,080	\$55,196	\$116	
11	620	Materials and Supplies	0.11%	99.9%	100.0%	ERC	17	15,427	15,444	17	
12	636	Contractual Services Other	0.11%	99.9%	100.0%	ERC	205	185,748	185,953	205	
13	675	Miscellaneous Expenses	0.11%	99.9%	100.0%	ERC	29	25,571	25,600	29	
14							<u>\$367</u>	<u>\$281,826</u>	<u>\$282,193</u>	<u>\$0</u>	
15											
16	<u>Water Service Corp. Allocated Expenses (SE.60):</u>										
17	403	Depreciation Expense	0.22%	99.8%	100.0%	ERC	\$106	\$49,077	\$49,183	\$106	
18	408	Taxes Other than Income	0.21%	99.8%	100.0%	ERC	38	17,799	17,837	38	
19	419	Interest and Dividend Income	0.00%	0.0%	0.0%	ERC	-	-	-	-	
20	427	Interest Expense	0.15%	99.8%	100.0%	ERC	109	71,149	71,258	109	
21	604	Employee Benefits	0.21%	99.8%	100.0%	ERC	73	34,612	34,685	73	
22	620	Materials and Supplies	0.20%	99.8%	100.0%	ERC	120	60,896	61,016	120	
23	632	Contractual Services - Accounting	0.22%	99.8%	100.0%	ERC	367	165,108	165,475	367	
24	633	Contractual Services - Legal	0.22%	99.8%	100.0%	ERC	16	7,281	7,297	16	
25	636	Contractual Services - Other	0.22%	99.8%	100.0%	ERC	99	44,924	45,023	99	
26	650	Transportation Expenses	0.22%	99.8%	100.0%	ERC	8	3,597	3,605	8	
27	670	Bad Debt Expense	0.23%	99.8%	100.0%	ERC	14	6,124	6,138	14	
28	675	Miscellaneous Expenses	0.22%	99.8%	100.0%	ERC	453	209,272	209,725	453	
29	659	Other Insurance	0.06%	99.9%	100.0%	ERC	360	565,661	566,021	360	
30							<u>\$1,763</u>	<u>\$1,235,502</u>	<u>\$1,237,265</u>	<u>\$0</u>	
31											
32	<u>Water Service Corp. Allocated Expenses (SE.90):</u>										
33	Regional Office Allocations										
34	403	Depreciation Expenses	1.78%	98.22%	100.00%	ERC	\$121	\$6,686	\$6,807	\$121	
35	408	Taxes Other than Income	0.00%	0.00%	0.00%	ERC	-	-	-	-	
36	412.11	Investment Tax Credit	0.00%	0.00%	0.00%	ERC	-	-	-	-	
37	414	Gain (Losses) from Disposition	0.00%	0.00%	0.00%	ERC	-	-	-	-	
38	420	AFUDC	0.00%	0.00%	0.00%	ERC	-	-	-	-	
39	421	Non-Utility Income	0.00%	0.00%	0.00%	ERC	-	-	-	-	
40	620	Materials and Supplies	1.78%	98.22%	100.00%	ERC	175	9,653	9,828	175	
41	633	Contractual Services - Legal	0.00%	0.00%	0.00%	ERC	-	-	-	-	
42	636	Contractual Services - Other	1.78%	98.22%	100.00%	ERC	189	10,438	10,627	189	
43	650	Transportation Expense	0.00%	0.00%	0.00%	ERC	-	-	-	-	
44	659	Other Insurance	0.00%	0.00%	0.00%	ERC	-	-	-	-	
45	666	Reg. Commission Exp.	0.00%	0.00%	0.00%	ERC	-	-	-	-	
46	675	Miscellaneous Expenses	1.78%	98.22%	100.00%	ERC	1,028	56,733	57,761	1,028	
47							<u>\$ 1,513</u>	<u>\$ 83,509</u>	<u>\$ 85,022</u>	<u>\$0</u>	

Allocation of Expenses

Company: Tierra Verde Utilities, Inc.  
 Docket No.: 080248-SU  
 Schedule Year Ended: December 31, 2007  
 Interim [ ] Final [x]  
 Historical [x] Projected [ ]

Schedule B-12 (revised)  
 Page 2 of 5

Preparer: Erin Povich

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description. Provide a description of all systems other than water and sewer.

Tierra Verde Utilities, Inc.  
 Allocation Percentage

Line No.	G/L Acct.	Description	Allocation Percentages			Description of Allocation Method	Historical Quarter Ending June 30, 2007			Allocation Percentage	
			Tierra Verde	Other Companies/ Systems	Total		Amounts Allocated			0.00% Water	100.00% Sewer
							Tierra Verde	Other Companies/ Systems	Total		
1		<u>Water Service Corp. Allocated Expenses (SE.50):</u>									
2	601	Salaries - Operations	0.18%	99.82%	100.00%	ERC	\$1,831	\$989,469	\$991,300		\$1,831
3	601	Salaries - Office	0.77%	99.23%	100.00%	ERC	991	127,403	128,394		991
4	601	Salaries - Northbrook	0.21%	99.79%	100.00%	ERC	2,454	1,166,901	1,169,355		2,454
5	604	Pension & Benefits (All UI employees)	0.07%	99.93%	100.00%	ERC	766	1,111,068	1,111,834		766
6	408	Taxes Other Than Income	0.08%	99.92%	100.00%	ERC	383	456,810	457,193		383
7							<u>\$6,425</u>	<u>\$3,851,651</u>	<u>\$3,858,076</u>	<u>\$0</u>	<u>\$6,425</u>
8											
9		<u>Water Service Corp. Allocated Expenses (SE.51):</u>									
10	403	Depreciation Expense	0.20%	99.80%	100.00%	ERC	\$185	\$92,081	\$92,266		\$185
11	620	Materials and Supplies	0.01%	99.99%	100.00%	ERC	2	20,732	20,734		2
12	636	Contractual Services Other	0.01%	99.99%	100.00%	ERC	28	283,227	283,255		28
13	675	Miscellaneous Expenses	0.00%	100.00%	100.00%	ERC	-	2,684	2,684		-
14							<u>\$215</u>	<u>\$398,724</u>	<u>\$398,939</u>	<u>\$0</u>	<u>\$215</u>
15											
16		<u>Water Service Corp. Allocated Expenses (SE.60):</u>									
17	403	Depreciation Expense	0.21%	99.79%	100.00%	ERC	\$87	\$41,869	\$41,956		\$87
18	408	Taxes Other than Income	0.20%	99.80%	100.00%	ERC	36	17,801	17,837		36
19	419	Interest and Dividend Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
20	427	Interest Expense	0.09%	99.91%	100.00%	ERC	68	74,676	74,744		68
21	604	Employee Benefits	0.20%	0.00%	100.00%	ERC	39	-	19,546		39
22	620	Materials and Supplies	0.17%	99.83%	100.00%	ERC	103	59,540	59,643		103
23	632	Contractual Services - Accounting	0.22%	99.78%	100.00%	ERC	(47)	(20,989)	(21,036)		(47)
24	633	Contractual Services - Legal	0.22%	99.78%	100.00%	ERC	57	25,821	25,878		57
25	636	Contractual Services - Other	0.22%	99.78%	100.00%	ERC	509	229,312	229,821		509
26	650	Transportation Expenses	0.22%	99.78%	100.00%	ERC	11	4,944	4,955		11
27	670	Bad Debt Expense	0.24%	99.76%	100.00%	ERC	4	1,640	1,644		4
28	675	Miscellaneous Expenses	0.21%	99.79%	100.00%	ERC	406	194,119	194,525		406
29	659	Other Insurance	0.05%	99.95%	100.00%	ERC	273	551,755	552,028		273
30							<u>\$1,546</u>	<u>\$1,180,488</u>	<u>\$1,201,541</u>	<u>\$0</u>	<u>\$1,507</u>
31											
32		<u>Water Service Corp. Allocated Expenses (SE.90):</u>									
33		<u>Regional Office Allocations</u>									
34	403	Depreciation Expenses	0.76%	99.24%	100.00%	ERC	\$52	\$6,755	\$6,807		52
35	408	Taxes Other than Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
36	412.11	Investment Tax Credit	0.00%	0.00%	0.00%	ERC	-	-	-		-
37	414	Gain (Losses) from Disposition	0.00%	0.00%	0.00%	ERC	-	-	-		-
38	420	AFUDC	0.00%	0.00%	0.00%	ERC	-	-	-		-
39	421	Non-Utility Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
40	620	Materials and Supplies	0.77%	99.23%	100.00%	ERC	76	9,752	9,828		76
41	633	Contractual Services - Legal	0.00%	0.00%	0.00%	ERC	-	-	-		-
42	636	Contractual Services - Other	0.77%	99.23%	100.00%	ERC	82	10,545	10,627		82
43	650	Transportation Expenses	0.00%	0.00%	0.00%	ERC	-	-	-		-
44	659	Other Insurance	0.00%	0.00%	0.00%	ERC	-	-	-		-
45	666	Reg. Commission Exp.	0.00%	0.00%	0.00%	ERC	-	-	-		-
46	675	Miscellaneous Expenses	0.77%	99.23%	100.00%	ERC	446	57,315	57,761		446
47							<u>\$ 656</u>	<u>\$ 84,366</u>	<u>\$ 85,022</u>	<u>\$0</u>	<u>\$ 656</u>

Allocation of Expenses

Company: Tierra Verde Utilities, Inc.  
 Docket No.: 080248-SU  
 Schedule Year Ended: December 31, 2007  
 Interim  Final   
 Historical  Projected

Schedule B-12 (revised)  
 Page 3 of 5

Preparer: Erin Povich

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description. Provide a description of all systems other than water and sewer.

											Tierra Verde Utilities, Inc. Allocation Percentage	
Line No.	G/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Historical Quarter Ending September 30, 2007			Allocation Percentage		
			Tierra Verde	Other Companies/ Systems	Total		Amounts Allocated			0.00% Water	100.00% Sewer	
							Tierra Verde	Other Companies/ Systems	Total			
1	<u>Water Service Corp. Allocated Expenses (SE.50):</u>											
2	601	Salaries - Operations	0.34%	99.66%	100.00%	ERC	\$3,361	\$983,736	\$987,097		\$3,361	
3	601	Salaries - Office	1.79%	98.21%	100.00%	ERC	2,575	141,618	144,193		2,575	
4	601	Salaries - Northbrook	0.49%	99.51%	100.00%	ERC	4,382	886,889	891,271		4,382	
5	604	Pension & Benefits (All UI employees)	0.14%	99.86%	100.00%	ERC	1,776	1,286,712	1,288,488		1,776	
6	408	Taxes Other Than Income	0.18%	99.82%	100.00%	ERC	840	461,078	461,918		840	
7							\$12,934	\$3,760,034	\$3,772,968	\$0	\$12,934	
8												
9	<u>Water Service Corp. Allocated Expenses (SE.51):</u>											
10	403	Depreciation Expense	0.49%	99.51%	100.00%	ERC	(\$436)	(\$88,155)	(\$88,591)		(\$436)	
11	620	Materials and Supplies	0.21%	99.79%	100.00%	ERC	40	19,145	19,185		40	
12	636	Contractual Services Other	0.21%	99.79%	100.00%	ERC	604	287,105	287,709		604	
13	675	Miscellaneous Expenses	0.21%	99.79%	100.00%	ERC	6	2,787	2,793		6	
14							\$214	\$220,882	\$221,096	\$0	\$214	
15												
16	<u>Water Service Corp. Allocated Expenses (SE.60):</u>											
17	403	Depreciation Expense	0.50%	99.50%	100.00%	ERC	\$186	\$36,981	\$37,167		\$186	
18	408	Taxes Other than Income	0.49%	99.51%	100.00%	ERC	88	17,749	17,837		88	
19	419	Interest and Dividend Income	0.00%	0.00%	0.00%	ERC	-	-	-		-	
20	427	Interest Expense	0.51%	99.49%	100.00%	ERC	(1,055)	(204,236)	(205,293)		(1,055)	
21	604	Employee Benefits	0.49%	99.51%	100.00%	ERC	75	15,197	15,272		75	
22	620	Materials and Supplies	0.45%	99.55%	100.00%	ERC	348	77,205	77,553		348	
23	632	Contractual Services - Accounting	0.52%	99.48%	100.00%	ERC	401	76,414	76,815		401	
24	633	Contractual Services - Legal	0.52%	99.48%	100.00%	ERC	117	22,332	22,449		117	
25	636	Contractual Services - Other	0.52%	99.48%	100.00%	ERC	982	186,798	187,780		982	
26	650	Transportation Expenses	0.52%	99.48%	100.00%	ERC	34	6,476	6,510		34	
27	670	Bad Debt Expense	0.52%	99.48%	100.00%	ERC	26	5,012	5,038		26	
28	675	Miscellaneous Expenses	0.50%	99.50%	100.00%	ERC	2,229	439,572	441,801		2,229	
29	659	Other Insurance	0.12%	99.88%	100.00%	ERC	724	590,380	591,104		724	
30							\$4,155	\$1,269,877	\$1,274,032	\$0	\$4,155	
31												
32	<u>Water Service Corp. Allocated Expenses (SE.90):</u>											
33	Regional Office Allocations											
34	403	Depreciation Expenses	1.79%	98.21%	100.00%	ERC	\$122	\$6,685	\$6,807		\$122	
35	408	Taxes Other than Income	0.00%	0.00%	0.00%	ERC	-	-	-		-	
36	412.11	Investment Tax Credit	0.00%	0.00%	0.00%	ERC	-	-	-		-	
37	414	Gain (Losses) from Disposition	0.00%	0.00%	0.00%	ERC	-	-	-		-	
38	420	AFUDC	0.00%	0.00%	0.00%	ERC	-	-	-		-	
39	421	Non-Utility Income	0.00%	0.00%	0.00%	ERC	-	-	-		-	
40	620	Materials and Supplies	1.79%	98.21%	100.00%	ERC	176	9,652	9,828		176	
41	633	Contractual Services - Legal	0.00%	0.00%	0.00%	ERC	-	\$0	-		-	
42	636	Contractual Services - Other	1.79%	98.21%	100.00%	ERC	190	10,437	10,627		190	
43	650	Transportation Expenses	0.00%	0.00%	0.00%	ERC	-	-	-		-	
44	659	Other Insurance	0.00%	0.00%	0.00%	ERC	-	-	-		-	
45	666	Reg. Commission Exp.	0.00%	0.00%	0.00%	ERC	-	-	-		-	
46	675	Miscellaneous Expenses	1.79%	98.21%	100.00%	ERC	1,034	56,727	57,761		1,034	
47							\$ 1,522	\$ 83,500	\$ 85,022	\$0	\$ 1,522	

Allocation of Expenses

Company: Tierra Verde Utilities, Inc.  
 Docket No.: 080248-SU  
 Schedule Year Ended: December 31, 2007  
 Interim  Final   
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Schedule B-12 (revised)  
 Page 4 of 5

Preparer: Erin Povich

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description. Provide a description of all systems other than water and sewer.

Tierra Verde Utilities, Inc.  
 Allocation Percentage

Line No.	O/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Historical Quarter Ending December 31, 2007				
			Tierra Verde	Other Companies/ Systems	Total		Amounts Allocated			0.00% Water	100.00% Sewer
							Tierra Verde	Other Companies/ Systems	Total		
1	<u>Water Service Corp. Allocated Expenses (SE.50):</u>										
2	601	Salaries - Operations	0.25%	99.75%	100.00%	ERC	\$2,929	\$1,159,617	\$1,162,546		\$2,929
3	601	Salaries - Office	1.79%	98.21%	100.00%	ERC	2,616	143,568	146,184		2,616
4	601	Salaries - Northbrook	0.51%	99.49%	100.00%	ERC	8,108	1,591,163	1,599,271		8,108
5	604	Pension & Benefits (All UI employees)	0.13%	99.87%	100.00%	ERC	1,794	1,402,344	1,404,138		1,794
6	408	Taxes Other Than Income	0.17%	99.83%	100.00%	ERC	767	460,512	461,279		767
7							\$16,214	\$4,757,205	\$4,773,419	\$0	\$16,214
8											
9	<u>Water Service Corp. Allocated Expenses (SE.51):</u>										
10	403	Depreciation Expense	0.49%	99.51%	100.00%	ERC	\$69	\$14,001	\$14,070		\$69
11	620	Materials and Supplies	0.21%	99.79%	100.00%	ERC	\$9	\$4,354	4,363		9
12	636	Contractual Services Other	0.21%	99.79%	100.00%	ERC	693	329,505	330,198		693
13	675	Miscellaneous Expenses	0.27%	99.73%	100.00%	ERC	4	1,469	1,473		4
14							\$775	\$349,328	\$350,103	\$0	\$775
15											
16	<u>Water Service Corp. Allocated Expenses (SE.60):</u>										
17	403	Depreciation Expense	0.55%	99.45%	100.00%	ERC	\$88	\$15,943	\$16,031		\$88
18	408	Taxes Other than Income	0.49%	99.51%	100.00%	ERC	88	17,749	17,837		88
19	419	Interest and Dividend Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
20	427	Interest Expense	0.50%	99.50%	100.00%	ERC	(1,105)	(220,787)	(221,892)		(1,105)
21	604	Employee Benefits	0.49%	0.00%	100.00%	ERC	94	-	19,024		94
22	620	Materials and Supplies	0.35%	99.65%	100.00%	ERC	510	145,862	146,372		510
23	632	Contractual Services - Accounting	0.52%	99.48%	100.00%	ERC	1,085	205,698	206,783		1,085
24	633	Contractual Services - Legal	0.53%	99.47%	100.00%	ERC	252	47,748	48,000		252
25	636	Contractual Services - Other	0.52%	99.48%	100.00%	ERC	1,034	196,272	197,306		1,034
26	650	Transportation Expenses	0.52%	99.48%	100.00%	ERC	41	7,839	7,880		41
27	670	Bad Debt Expense	0.53%	99.47%	100.00%	ERC	8	1,499	1,507		8
28	675	Miscellaneous Expenses	0.50%	99.50%	100.00%	ERC	2,091	412,003	414,094		2,091
29	659	Other Insurance	0.32%	99.68%	100.00%	ERC	1,929	597,236	599,165		1,929
30							\$6,115	\$1,427,063	\$1,452,108	\$0	\$6,021
31											
32	<u>Water Service Corp. Allocated Expenses (SE.90):</u>										
33	Regional Office Allocations										
34	403	Depreciation Expenses	0.00%	100.00%	100.00%	ERC	\$0	\$6,807	\$6,807		\$0
35	408	Taxes Other than Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
36	412.11	Investment Tax Credit	0.00%	0.00%	0.00%	ERC	-	-	-		-
37	414	Gain (Losses) from Disposition	0.00%	0.00%	0.00%	ERC	-	-	-		-
38	420	AFUDC	0.00%	0.00%	0.00%	ERC	-	-	-		-
39	421	Non-Utility Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
40	620	Materials and Supplies	1.79%	98.21%	100.00%	ERC	176	9,652	9,828		176
41	633	Contractual Services - Legal	0.00%	0.00%	0.00%	ERC	-	\$0	-		-
42	636	Contractual Services - Other	1.79%	98.21%	100.00%	ERC	190	10,437	10,627		190
43	650	Transportation Expenses	0.00%	0.00%	0.00%	ERC	-	-	-		-
44	659	Other Insurance	0.00%	0.00%	0.00%	ERC	-	-	-		-
45	666	Reg. Commission Exp.	0.00%	0.00%	0.00%	ERC	-	-	-		-
46	675	Miscellaneous Expenses	1.79%	98.21%	100.00%	ERC	1,034	56,727	57,761		1,034
47							\$1,400	\$83,622	\$85,022	\$0	\$1,400

Allocation of Expenses

Company: Tierra Verde Utilities, inc.  
 Docket No.: 080248-SU  
 Schedule Year Ended: December 31, 2007  
 Interim  Final   
 Historical  Projected

Schedule B-12 (revised)  
 Page 5 of 5

Preparer: Erin Povich

Explanation: Provide a schedule detailing expenses which are subject to allocation between systems (water, sewer & gas, etc.) showing allocation percentages, gross amounts, amounts allocated, and a detailed description. Provide a description of all systems other than water and sewer.

Tierra Verde Utilities, Inc.  
 Allocation Percentage

Line No.	O/L Acct. No.	Description	Allocation Percentages			Description of Allocation Method	Historical Year Ending December 31, 2007			Allocation Percentage	
			Tierra Verde	Other Companies/ Systems	Total		Amounts Allocated			0.00% Water	100.00% Sewer
							Tierra Verde	Other Companies/ Systems	Total		
1	<u>Water Service Corp. Allocated Expenses (SE.50):</u>										
2	601	Salaries - Operations	0.17%	99.83%	100.00%	ERC	\$12,759	\$7,346,896	\$7,359,655		\$12,759
3	601	Salaries - Office	0.70%	99.30%	100.00%	ERC	7,085	1,010,142	1,017,227		7,085
4	601	Salaries - Northbrook	0.36%	99.64%	100.00%	ERC	17,239	4,713,330	4,730,569		17,239
5	604	Pension & Benefits (All UI employees)	0.11%	99.89%	100.00%	ERC	5,405	4,851,217	4,856,622		5,405
6	408	Taxes Other Than Income	0.14%	99.86%	100.00%	ERC	2,866	1,995,730	1,998,596		2,866
7							<u>\$45,354</u>	<u>\$19,917,315</u>	<u>\$19,962,669</u>	<u>\$0</u>	<u>\$45,354</u>
8											
9	<u>Water Service Corp. Allocated Expenses (SE.51):</u>										
10	403	Depreciation Expense	-0.09%	100.09%	100.00%	ERC	(\$66)	\$73,007	\$72,941		(\$66)
11	620	Materials and Supplies	0.11%	99.89%	100.00%	ERC	68	59,658	59,726		68
12	636	Contractual Services Other	0.14%	99.86%	100.00%	ERC	1,530	1,085,585	1,087,115		1,530
13	675	Miscellaneous Expenses	0.12%	99.88%	100.00%	ERC	39	32,511	32,550		39
14							<u>\$1,571</u>	<u>\$1,250,761</u>	<u>\$1,252,332</u>	<u>\$0</u>	<u>\$1,571</u>
15											
16	<u>Water Service Corp. Allocated Expenses (SE.60):</u>										
17	403	Depreciation Expense	0.32%	99.68%	100.00%	ERC	\$467	\$143,871	\$144,338		\$467
18	408	Taxes Other than Income	0.35%	99.65%	100.00%	ERC	250	71,098	71,348		250
19	419	Interest and Dividend Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
20	427	Interest Expense	0.71%	99.29%	100.00%	ERC	(1,983)	(279,200)	(281,183)		(1,983)
21	604	Employee Benefits	0.32%	99.68%	100.00%	ERC	281	88,246	88,527		281
22	620	Materials and Supplies	0.31%	99.69%	100.00%	ERC	1,081	343,503	344,584		1,081
23	632	Contractual Services - Accounting	0.42%	99.58%	100.00%	ERC	1,806	426,231	428,037		1,806
24	633	Contractual Services - Legal	0.43%	99.57%	100.00%	ERC	442	103,182	103,624		442
25	636	Contractual Services - Other	0.40%	99.60%	100.00%	ERC	2,624	657,307	659,931		2,624
26	650	Transportation Expenses	0.41%	99.59%	100.00%	ERC	94	22,856	22,950		94
27	670	Bad Debt Expense	0.36%	99.64%	100.00%	ERC	52	14,276	14,328		52
28	675	Miscellaneous Expenses	0.41%	99.59%	100.00%	ERC	5,179	1,254,965	1,260,144		5,179
29	659	Other Insurance	0.14%	99.86%	100.00%	ERC	3,286	2,305,032	2,308,318		3,286
30							<u>\$13,579</u>	<u>\$5,151,366</u>	<u>\$5,164,945</u>	<u>\$0</u>	<u>\$13,373</u>
31											
32	<u>Water Service Corp. Allocated Expenses (SE.90):</u>										
33	<u>Regional Office Allocations</u>										
34	403	Depreciation Expenses	1.08%	98.92%	100.00%	ERC	\$295	\$26,932	\$27,227		\$295
35	408	Taxes Other than Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
36	412.11	Investment Tax Credit	0.00%	0.00%	0.00%	ERC	-	-	-		-
37	414	Gain (Losses) from Disposition	0.00%	0.00%	0.00%	ERC	-	-	-		-
38	420	AFUDC	0.00%	0.00%	0.00%	ERC	-	-	-		-
39	421	Non-Utility Income	0.00%	0.00%	0.00%	ERC	-	-	-		-
40	620	Materials and Supplies	1.53%	98.47%	100.00%	ERC	603	38,707	39,310		603
41	633	Contractual Services - Legal	0.00%	0.00%	0.00%	ERC	-	-	-		-
42	636	Contractual Services - Other	1.53%	98.47%	100.00%	ERC	651	41,857	42,508		651
43	650	Transportation Expenses	0.00%	0.00%	0.00%	ERC	-	-	-		-
44	659	Other Insurance	0.00%	0.00%	0.00%	ERC	-	-	-		-
45	666	Reg. Commission Exp.	0.00%	0.00%	0.00%	ERC	-	-	-		-
46	675	Miscellaneous Expenses	1.53%	98.47%	100.00%	ERC	3,542	227,500	231,042		3,542
47							<u>\$ 5,091</u>	<u>\$ 334,997</u>	<u>\$ 340,088</u>	<u>\$0</u>	<u>\$ 5,091</u>