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ORIGINAL

Management & Regulatory Consultants, Inc.

August 14, 2007

HAND DELIVERED
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07 AUG 14 AM 11:48
RECEIVED-FPSC

Mr. Bart Fletcher
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

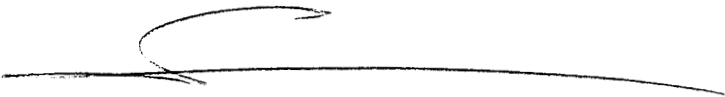
Re: Docket No. 060285-SU, Utilities Inc. of Sandalhaven
Follow-up to Staff Meeting of August 2, 2007

Dear Mr. Fletcher:

At the Staff meeting of August 2, Staff indicated that if any party had additional input or follow up information for consideration, to please submit it within two weeks.

On behalf of the Applicant I have attached its follow-up to that meeting. I have provided five (5) sets for you to distribute to Staff. As indicated below, I have hand delivered a copy to the Commission Clerk and have also distributed, by U.S. Mail, a copy to each of the parties attending the meeting.

Very truly yours,


Francis Seidman
President

cc:
Ann Cole, Commission Clerk (Hand Delivered)
Patricia Christensen, Esq, Office of Public Counsel (U.S. Mail)
Kenneth Hoffman, Esq. (U.S. Mail)
Martin Friedman, Esq. (U.S. Mail)
Patrick Flynn, Utilities, Inc. of Sandalhaven (U.S. Mail)
John Hoy, Utilities, Inc. (U.S. Mail)
Kirsten Weeks, Utilities, Inc. (U.S. Mail)
John Williams, Utilities, Inc. (U.S. Mail)

DOCUMENT NUMBER-DATE

07120 AUG 14 08

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ORIGINAL

APPLICANT'S FOLLOW-UP TO PSC STAFF MEETING OF 8/2/07

INTRODUCTION

On August 2, PSC staff held an informal meeting to discuss the applicant's development of rates based on a "new utility 80% buildout year approach," as had been requested by Staff. Present at the meeting, in person or by telephone, were representatives of the Applicant, OPC and Placida HG, LLC. PSC Staff asked the parties if they could agree as to being able to accept this approach because of the uniqueness of the situation at Sandalhaven. If not, the Applicant needed to be so informed. If acceptable, the Staff could move on to develop a recommendation. The parties agreed that the approach was acceptable, in principle, but adjustments needed to be made. Staff requested that any input from the parties be provided within two weeks (August 16). Specifically, Staff and OPC requested that the Applicant provide a buildout month and year. This is the Applicant's input and proposed adjustments to its submission, based on items discussed at the meeting.

BUILDOUT YEAR

The Applicant has identified 12/31/2010 as the date of 100% buildout and 6/30/2010 as the date of 80% buildout. The Applicant identified these dates based on conversations with the major developers previously identified in the filing. Some indicated completion before that date, but most, even considering the current soft housing market, were comfortable with the 12/31/2010 date. In making its adjustments, Applicant used the 80% buildout date of 6/30/2010 as its buildout year end. For the average TY calculations of accumulated depreciation and CIAC amortization, it used the projected average of balances at 6/30/2009 and 6/30/2010.

ADJUSTMENTS BY APPLICANT

The Applicant reviewed its 7/9/07 submission of schedules and made several adjustments and corrections. A revised set of schedules is attached. The following is a summary of the major adjustments and corrections.

A. Cost of Capital

1. *Deferred Income Taxes* - upon review, it appears that the Accumulated Deferred Income Tax balance included in the cost of capital on Schedule D-2 of the MFR reflects only the credit balance and not the net of the debit and credit balances as required by Rule 25-30.433(3). From MFR Schedules A-18 and A-19, the balances are:

	Historic Year	Previous Year	Average
Debit	\$248,275	\$234,868	\$241,572
Credit	<u>(148,865)</u>	<u>(142,890)</u>	<u>(145,878)</u>
Total	\$ 99,410	\$ 91,977	\$ 95,694

DOCUMENT NUMBER-DATE

07120 AUG 14 08

FPSC-COMMISSION CLERK

Rather than a net average credit deferred tax balance of \$145,878, as reflected on MFR Schedule D-2, there is a net average debit balance of \$95,694. In addition, per the Applicant's response to Staff Data Request No.4, Question 6, the projected plant additions have the effect of reducing the debit balance by \$6,827, leaving a net average debit balance of \$88,867. Therefore, Schedules D-1 and D-2 Buildout Revised are corrected to remove the credit balance of \$145,878 from the capital structure and Schedule A-2 Buildout is corrected to include the \$88,867 net debit balance.

2. *Return on Equity* – the return on equity in the MFR was based upon the then current commission leverage formula per Order No. PSC-05-0680. Since then, the leverage formula has been updated twice. Return on equity has been revised to reflect the most current leverage formula per Order PSC-07-0472.

The net effect of the above revisions is to change the authorized rate of return from 8.56% to 8.65%.

B. Rate Base

1. *CIAC and Accum. Amortization of CIAC* – Staff has advised Applicant that it had incorrectly calculated the projected TY average balance by inadvertently averaging the previous year end balance with the average balance rather than averaging previous and projected year end balances. That has been corrected. In addition, the Amortization schedule has been revised to reflect the average balance of the 80% Buildout TY as the average of the year end balances for 6/30/2009 and 6/30/2010. The results are shown on Schedules A-12 Buildout, page 1, Revised and A-14 Buildout, page 1, Revised. The corrected CIAC balance of \$4,786,153 carries forward to Schedule A-2 Buildout, Revised.
2. *Accumulated Depreciation* – the balance was increased to reflect the 80% buildout TY ending 6/30/2010. The calculation is shown at Schedule A-10 Buildout, pages 1 & 2, Revised and summarized at Schedule A-2 Buildout, Revised. The revised balance is \$1,114,412.
3. *Accumulated Amortization of CIAC* – the balance was increased to reflect the 80% buildout TY ending 6/30/2010. The calculation is shown at Schedule A-14 Buildout, pages 1 & 2, Revised and summarized at Schedule A-2 Buildout, Revised. The revised balance is \$748,322.
4. *UIF Rate Base Proforma Allocation* – The proforma allocated UIF portion of net rate base was inadvertently omitted from the original filing. It has been added and along with the WSC allocation is shown at line 10 of Schedule A-2 Buildout, Revised. The UIF amount, \$12,064, is set out at Schedule A-3 Buildout, Revised as a part of Adjustment A.

5. The net debit balance of *Accumulated Deferred Taxes* is included at line 11 of Schedule A-2 Buildout, Revised. Its derivation is explained above under Cost of Capital. The annual balances are also shown at Schedule A-3 Buildout, Revised under Adjustment E.

C. Income Deductions

1. *Depreciation Expense* – The annual expense as shown at Schedule B-14 Buildout, page 1, Revised is restated to equal the Dec, 2007 expense x 12 shown at Schedule A-10 Buildout, page 2, Revised. This is the ongoing expense past 2007.
2. *CIAC Amortization Expense* – The annual expense as shown at Schedule B-14, page 1, Buildout, Revised is restated to equal the Dec, 2007 expense x 12 shown at Schedule A-14 Buildout, page 2, Revised. This is the ongoing expense after 2007.
3. The above depreciation and amortization adjustments are carried forward to Schedules B-3 Buildout, Revised and B-2 Buildout, Revised.
4. *Prudent Retirement of WWTP and associated plant* – this retirement results in a net loss of rate base. In accordance with PSC Rule 25-30.433(9), the loss is to be amortized. The amortization expense of \$50,871 is amortized over 8.9 years. The calculation of the amortization expense and amortization period is shown at new Schedule B-4 Buildout, page 2. The expense is carried forward to Schedules B-3 Buildout, Revised and B-2 Buildout, Revised.

COMPARISON OF RATES

The following table compares current rates, rates requested in the MFR, Phase I rates and 80% buildout rates. A full comparison is shown in attached Schedule E-1 Buildout & Phase I, Revised. The calculation of revenues is shown at Schedule E-13 Buildout & Phase I, page 1, Revised.

<u>Rate</u>	Current	MFR	Phase I	80% Buildout
Residential				
BFC	\$13.13	\$49.43	\$27.74	\$31.40
\$ per 1,000 gals	3.70	11.50	5.32	5.73
Multi-family, per unit				
BFC	\$13.13	\$49.43	\$27.74	\$31.40
\$ per 1,000 gals	4.43	13.80	6.39	6.88
General Service, 5/8"				
BFC	\$13.13	\$49.43	\$27.74	\$31.40
\$ per 1,000 gals	4.43	13.80	6.39	6.80

Monthly Bill @ 8,000 gals

Residential	\$42.73	\$141.43	\$70.30	\$78.04
Multi-family	\$48.57	\$159.83	\$78.86	\$85.80
General Service 5/8"	\$48.57	\$159.83	\$78.86	\$85.80

It must be emphasized, once again, that rates based on a projected 80% of buildout cannot provide an opportunity to earn a fair return until the projected growth through buildout occurs. It is still the Applicant's contention that, because of this, Phase I rates are not necessary. Nevertheless, they have been developed and are offered in good faith, for both fairness and expediency.

Because it is implicit that rates based on a projected 80% of buildout cannot provide an opportunity to earn a fair return until the projected growth through buildout occurs, consideration of an AFPI type charge to recover carrying costs not covered until 80% of buildout is reached would seem appropriate.

There are no interim rates in effect, and therefore the Utility hopes this will help speed the ratemaking process along.

Utilities Inc. of Sandalhaven
Docket No. 060285-SU

Innovative Phased Rate Approach
80% Buildout & Phase I

Index of Schedules

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A-14 Buildout	Accumulated Amortization of CIAC by Type and Class.	7,8
B-2 Buildout	Net Operating Income Statement -Sewer	9
B-3 Buildout	Adjustments to Net Operating Income	10
B-14 Buildout	Net depreciation Expenses - Sewer	11,12
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Sewer Rate Base

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Interim [] or Final [x]
 Historic [x] or Projected [X]

Schedule A-2 Buildout
 Page 1 of 1
 Preparer: Virchow, Krause
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2)	(3)	(4)	(5)
		Historic 2005 Average Balance Books	2006 Average Balance Projected	80% Buildout TY Average Balance Projected	Supporting Schedule(s)
1	Utility Plant in Service	\$ 2,076,274	\$ 4,843,968	\$ 7,062,555	A-6
2	Utility Land & Land Rights	81,794	141,508	154,429	A-6
3	Less: Non-Used & Useful Plant	-	-	-	A-3 (B), A-7
4	Construction Work in Progress	59,410	-	-	A-3 (C), A-18
5	Less: Accumulated Depreciation	(839,983)	(876,178)	(1,114,412)	A-10
6	Less: CIAC	(2,266,445)	(3,468,414)	(4,786,153)	A-12
7	Accumulated Amortization of CIAC	794,500	854,449	748,322	A-14
8	Acquisition Adjustment	441,304	-	-	A-3 (D), A-18
9	Accum. Amort. Of Acq. Adjustments	-	-	-	
10	WSC & UIF Rate Base (proforma)	19,522	19,522	19,522	A-3 (A)
11	Accumulated Deferred Taxes - Net Debit Balance	95,694	92,964	88,867	A-3 (E)
12	Working Capital Allowance	39,156	42,556	74,314	A-3 (F), A-17
13	Total Rate Base	\$ 501,226	\$ 1,650,375	\$ 2,247,443	

Adjustments to Rate Base

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Interim [] or Final [x]
 Historic [x] or Projected [X]

Schedule A-3 Buildout
 Page 1 of 1
 Preparer: Virchow, Krause
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide a detailed description of all adjustments to rate base per books, with a total for each rate base line item.

Line No.	Description	Water	Sewer
(A)	WSC & UIF Rate Base		
	Net WSC Rate Base		7,458
	Net UIF Rate Base		12,064
	Total	-	19,522
(B)	Non Used & Useful Plant In Service - Schedule: A-7	-	-
(C)	Remove CWIP	-	(59,410)
(D)	Reverse Acquisition Adjustment		
	Adjustment	-	(441,304)
	Amortization	-	-
(E)	Net Debit Accumulated Deferred Taxes		
	Average 2005 Balance, from Sch. A-18 & A-19		95,694
	affect of 2006 projected additions per response to DR 4, Q. 6		92,964
	affect of 2007 projected additions per response to DR 4, Q. 6		88,867
(F)	Working Capital Allowance		
	Historic 2005 Year	-	39,156
	2006 Projected Year		42,556
	80% Buildout Projected TY		74,314

Sewer Accumulated Depreciation by Primary Account

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 080285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Historic [x] or Projected [x]
 Interim [] or Final [x]

Schedule A-10 Bulldout
 Page 1 of 2
 Preparer: Virchow, Krause
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide the ending balances and average of accumulated depreciation for the prior year and the test year by primary account. Also show non-used & useful amounts by account.

(1) No.	(2) Line Account No. and Name	(3) Prior Year 12/31/2004	(4) Historic Test Year 12/31/2005	(5) Historic Test Year Average	(6) Historic TY Non-Used & Useful %	(7) Non-Used & Useful Amount	(8) Projected Year 12/31/2006	(9) 2006 Projected Year Average	(10) Projected 80% Bulldout Year 6/30/2010	(11) Projected 80% Bulldout Year Average	(12) Projected TY Non-Used & Useful %	(13) Non-Used & Useful Amount
1	INTANGIBLE PLANT											
2	351.1 Organization	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -	0%	\$ -	
3	352.1 Franchises	-	-	-	0%	-	788	394	3,881	3,525	0%	-
4	389.1 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
5	COLLECTION PLANT											
6	353.2 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
7	354.2 Structures & Improvements	392,924	464,358	428,641	0%	-	507,325	467,983	427,167	373,621	0%	-
8	360.2 Collection Sewers - Force	88,486	95,118	91,801	0%	-	108,180	99,991	415,851	371,423	0%	-
9	361.2 Collection Sewers - Gravity	239,759	253,247	246,503	0%	-	268,990	257,747	333,322	324,132	0%	-
10	362.2 Special Collecting Structures	-	-	-	0%	-	-	-	-	-	0%	-
11	363.2 Services to Customers	-	-	-	0%	-	-	-	-	-	0%	-
12	364.2 Flow Measuring Devices	-	-	-	0%	-	-	-	-	-	0%	-
13	365.2 Flow Measuring Installations	-	-	-	0%	-	-	-	-	-	0%	-
14	375.2 Reuse Services	-	-	-	0%	-	-	-	-	-	0%	-
15	389.2 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
16	SYSTEM PUMPING PLANT											
17	353.3 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
18	354.3 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
19	370.3 Receiving Wells	-	-	-	0%	-	-	-	-	-	0%	-
20	371.3 Pumping Equipment	-	-	-	0%	-	-	-	-	-	0%	-
21	389.3 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
22	TREATMENT AND DISPOSAL PLANT											
23	353.4 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
24	354.4 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
25	380.4 Treatment & Disposal Equipment	50,243	15,228	32,736	0%	-	22,573	27,654	40,731	35,048	0%	-
26	381.4 Plant Sewers	-	-	-	0%	-	-	-	-	-	0%	-
27	382.4 Outfall Sewer Lines	-	-	-	0%	-	-	-	-	-	0%	-
28	389.4 Other Plant & Misc. Equipment	-	-	-	0%	-	-	-	-	-	0%	-
29	GENERAL PLANT											
30	353.5 Land & Land Rights	-	-	-	0%	-	-	-	-	-	0%	-
31	354.5 Structures & Improvements	-	-	-	0%	-	-	-	-	-	0%	-
32	390.5 Office Furniture & Equipment	(183)	(128)	(146)	0%	-	(96)	(121)	27	9	0%	-
33	391.5 Transportation Equipment	32,612	40,491	38,552	0%	-	(0)	18,276	(0)	(0)	0%	-
34	392.5 Stores Equipment	-	-	-	0%	-	-	-	-	-	0%	-
35	393.5 Tools, Shop & Garage Equipment	1,173	2,288	1,731	0%	-	3,310	2,520	7,213	6,855	0%	-
36	394.5 Laboratory Equipment	798	1,049	924	0%	-	1,303	1,113	-	-	0%	-
37	395.5 Power Operated Equipment	-	-	-	0%	-	-	-	-	-	0%	-
38	396.5 Communication Equipment	-	-	-	0%	-	-	-	-	-	0%	-
39	397.5 Miscellaneous Equipment	1,142	1,342	1,242	0%	-	-	621	-	-	0%	-
40	398.5 Other Tangible Plant	-	-	-	0%	-	-	-	-	-	0%	-
41	TOTAL	\$ 806,974	\$ 872,991	\$ 839,983		\$ -	\$ 912,374	\$ 876,178	\$ 1,228,283	\$ 1,114,412		\$ -

Recap Schedules: A-8

Company: Utilities Inc. of Sandalhaven

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven

Schedule: A-10 Buildout

Docket No.: 060265-SU

Page 2 of 2

Historic Year End: December 31, 2005

Projected Year End: December 31, 2007

Revised: 8/10/07

Historic [x] or Projected [X]

New: 12/06

Interim [] or Final [X]

Preparer: Seidman, F.

Projection of Additions & Retirements to Accumulated Depreciation - Post 12/31/05

MFR Account	Ledger Account	Organizational	Accum. Depr. Additions through 3rdQtr06	Monthly Dep. Exp.	Dep. Exp. 10/06	11/06	12/06	Total Accum. Depr. Additions 2006	12/07	Total Accum. Depr. Additions 2007	Post 2007 Ann. Depr. Expense (12 x 12/07)	Accum. Depr. 6/30/2009	Accum. Depr. 6/30/2010	Accum. Depr. Avg - 6/2010
351.1		Organizational												
352.1	352.1	Franchises	560	76	76	76	76	768	76	912	912	3,069	3,681	3,525
353.2		Land & Land Rights												
354.2	354.7	Structures & Improvements	13,811	1,535	1,535	1,535	1,535	18,414	153	10,128	1,841			
354.2	354.2	Structures & Improvements	12,459	3,420	3,420	3,420	3,420	22,718	3,420	41,035	41,035			
354.2	108.405	Structures & Improvements	(3,516)	1,427			1,427	(2,089)	1,427	17,119	17,119			
354.2		Structures & Improvements		3,925			3,925	3,925	3,925	47,099	47,099			
354.2		Structures & Improvements								(463,272)				
		Subtotal						42,967	8,924	(347,892)	107,094	320,074	427,167	373,821
360.2	360.2	Collection Sewers - Force Mains	2,600	289	289	289	289	3,467	289	3,467	3,467			
360.2	360.2	Collection Sewers - Force Mains	2,484	276	276	276	276	3,312	276	3,312	3,312			
360.2		Collection Sewers - Force Mains		44			44	44	44	533	533			
360.2		Collection Sewers - Force Mains		272			272	272	272	3,268	3,268			
360.2		Collection Sewers - Force Mains		5,968			5,968	5,968	5,968	71,617	71,617			
360.2		Collection Sewers - Force Mains		555				555	555	3,330	6,660			
		Subtotal						13,084	7,405	85,527	86,657	326,994	415,851	371,423
361.2	361.2	Collection Sewers - Gravity	7,862	867	867	867	867	10,462	867	10,402	10,402			
361.2	361.2	Collection Sewers - Gravity	3,777	420	420	420	420	5,036	420	5,036	5,036			
		361.2 Collection Sewers - Gravity		245			245	245	245	2,943	2,943			
		Subtotal						15,743	1,532	18,381	18,381	314,942	333,322	324,132
380.4	380.4	Treatment & Disposal Equip.	3,075	969	969	969	969	5,982	-	5,814	-			
380.4	375.2	Treatment & Disposal Equip.	3	0	0	0	0	4	-	2	-			
380.4	380.4	Treatment & Disposal Equip.	198	22	22	22	22	264	-	132	-			
380.4		Treatment & Disposal Equip.		148			148	148	-	890	-			
380.4		Treatment & Disposal Equip.		947			947	947	947	11,367	11,367			
380.4		Treatment & Disposal Equip.								-	-			
380.4		Treatment & Disposal Equip.								(28,464)				
		Subtotal						7,345	947	(10,259)	11,367	29,364	40,731	35,048
390.5	390.7	Office Furn. & Equip.	7	1		1	1	8	1	9	9			
390.5	390.7	Office Furn. & Equip.	19	2		2	2	24	2	26	26			
		Subtotal						32	3	35	35	(8)	27	9
391.5	Transp.	Transportation Equip.	(40,491)	-		-	-	(40,491)	-	-	-	(0)	(0)	(0)
393.5	393.7	Tools, Shop Equip.	836	93		93	93	1,022	93	1,115	1,115	6,098	7,213	6,855
394.5	394.7	Laboratory Equip.	206	24		24	24	254	-	143	-			
394.5		Laboratory Equip.								(1,447)				
		Subtotal						254	-	(1,303)				
398.5	Alloc.	Other Tangible Plant	(1,342)					(1,342)		-				
		Total Accum Depr.additions & retiree	2,548	21,525				39,383	18,980	(253,484)	227,761	1,000,532	1,228,293	1,114,412

CIAC by Type and Classification

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Schedule A-12 Buildout
 Page 1 of 3
 Preparer: Virchow, Krause
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seldman, F.

Provide the ending balances and average of CIAC, by classification for the prior year and the test year. If a projected year is employed, provide breakdown for base year and intermediate year also.

Line No.	(1) Description	(2) Prior Year 12/31/2004	(3) Historic Year 12/31/2005	(4) Historic Year Average	(5) Projected Year 12/31/2006	(6) 2006 Projected Year Average	(7) Projected 80 % Buildout TY	(8) Projected 80% Buildout Average TY
WATER								
1	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2								
3	Line/Main Extension Fees	-	-	-	-	-	-	-
4								
5	Meter Installation Fees	-	-	-	-	-	-	-
6								
7	Contributed Plant	-	-	-	-	-	-	-
8								
9	Other	-	-	-	-	-	-	-
10								
11	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12								
13								
WASTEWATER								
14								
15								
16	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17								
18	Line/Main Extension Fees	2,239,139	2,293,750	2,266,445	4,670,383	3,468,414	4,901,924	4,786,153
19								
20	Contributed Plant	-	-	-	-	-	-	-
21								
22	Other	-	-	-	-	-	-	-
23								
24	Total	\$ 2,239,139	\$ 2,293,750	\$ 2,266,445	\$ 4,670,383	\$ 3,468,414	\$ 4,901,924	\$ 4,786,153

Recap Schedules: A-2, A-11

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Schedule: A-12 Buildout
 Page 2 of 3

Revised: 7/09/07
 New: 12/06
 Preparer: Seidman, F.

Projection of Additions & Retirements to Utility Plant in Service - Post 12/31/05

MFR Account	Ledger Account	CIAC Additions through 3rdQtr06	CIAC Additions to be booked 12/06	Total CIAC Additions 2006	CIAC Additions to be booked 07/07	Total CIAC Additions 2007	Source:
271	272.1010	371,250		371,250			- General Ledger
			2,005,383	2,005,383	1,167,274	1,167,274	New MFR Schedule "SAC"
					(935,733)	(935,733)	Ex. "2" of Response to PSC 7/12/06 Information Request
		371,250	2,005,383	2,376,633	231,541	231,541	

Note: See page 3 of this schedule -
 The total additions for 2006 and 2007 = the requested SAC (MFR Schedule E-10) charge x 1313 ERCs.
 The additions through 3rd Qtr06 are for 297 ERCs (basically the Cape Haze Resort)
 The additions for 2007 are for 444 ERCs (the 8401 Placida Road project)
 The 4thQtr06 additions are for the remaining 571 ERCs

Accumulated Amortization of CIAC by Type and Classification

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Schedule A-14 Buildout
 Page 1 of 2
 Preparer: Virchow, Krause

Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide the ending balances and average of accumulated amortization of CIAC, by classification for the prior year and the test year. If a projected year is employed, provide breakdown for base year and intermediate year also.

Line No.	(1) Description	(2) Prior Year 12/31/2004	(3) Historic Year 12/31/2005	(4) Historic Year Average	(5) Projected Year 12/31/2006	(6) 2006 Projected Year Average	(7) Projected 80% Buildout TY	(8) Projected 80% Buildout Average TY
WATER								
1	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2								
3	Line/Main Extension Fees	-	-	-	-	-	-	-
4								
5	Meter Installation Fees	-	-	-	-	-	-	-
6								
7	Contributed Plant	-	-	-	-	-	-	-
8								
9	Other	-	-	-	-	-	-	-
10								
11	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12								
13								
WASTEWATER								
14								
15								
16	Plant Capacity Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17								
18	Line/Main Extension Fees	759,731	829,268	794,500	914,399	854,449	841,642	748,322
19								
20	Contributed Plant	-	-	-	-	-	-	-
21								
22	Other	-	-	-	-	-	-	-
23								
24	Total	\$ 759,731	\$ 829,268	\$ 794,500	\$ 914,399	\$ 854,449	\$ 841,642	\$ 748,322

Note: Accum. Amort. at 12/31/2010 = balance at 12/31/06 additions in 2007+ 12 x the 12/07 monthly amortization expense x 2.5 years.

From this schedule and page 2 of this schedule filed 12/06: \$914,399-\$539,357 + 12 x \$15,553 x 2.5 years = \$841,642.

Recap Schedules: A-2, A-13

Accumulated Amortization of CIAC by Type and Calculation

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2006
 Projected Year End: December 31, 2007
 Historic [x] or Projected [X]
 Interim [] or Final [x]

Florida Public Service Commission

Schedule: A-14 Buildout
 Page 2 of 2

Revised: 7/09/07
 New: 12/06
 Preparer: Seldman, F.

Projection of Additions & Retirements to Accumulated Amortization - Post 12/31/05

MFR Account	Ledger Account	Accum. Amort. Additions through 3rdQtr06	Monthly Dep. Exp.	Dep. Exp. 10/06	11/06	12/06	Total Accum. Amort. Additions 2006	12/07	Total Accum. Depr. Additions 2007	Source:
272.3	272.3 Accum.Amort. -Sewer, Existing CIAC	55,975	9,719	9,719	9,719	9,719	85,131	7,278	101,980	General Ledger & Response to 7/12/06 Staff Info Request. Begin amort of 12/06 CIAC additions in 1/07 and 2007 additions in 7/07. Response to 7/12/06 Staff info Request adj. through 7/07.
272.3	Accum. Amort. - Additional SACs							8,275	81,036	
272.3	Retire WWTP Total Accum Amort. additions & retirements	55,975	9,719	9,719	9,719	9,719	85,131	15,553	(722,374) (539,357)	

Retirement of WWTP @ 7/07

Acct	Retired CIAC	Accum. Amort. thru 12/05
354.2	812,841	653,008
380.4	119,265	23,794
394.5	3,627	1,639
Total	935,733	678,441

Monthly Amortization, Retired

**Net Operating Income Statement - Sewer
Innovative Phased Rate Approach**

Florida Public Service Commission

**Company: Utilities Inc. of Sandalhaven
Docket No.: 060285-SU
Historic Year End: December 31, 2005
Projected Year End: December 31, 2007
Interim [] or Final [x]
Historic [x] or Projected [X]**

**Schedule: B-2 Buildout
Page 1 of 1**

**Preparer: Seidman, F.
9-Jul-07
Revised: 8/10/07**

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Historic Test Year Adjustments	(4) Historic Adjusted Test Year	(5) Requested Rev. Adjust. from 2005 to 80% Buildout	(6) Requested Annual Revenues @ 80% Buildout	(7) Supporting Schedules
1	OPERATING REVENUES	\$ 270,518	\$ 6,044 A	\$ 276,562	\$ 849,119 H	\$ 1,125,682	B-4, E-2, B-3
2	Operation & Maintenance	313,247	397 E1	313,644	330,282 E2,3, F	643,926	B-6, B-3
3	Depreciation, net of CIAC amort.	(32,297)	-	(32,297)	77,691 D1,2	45,394	B-14, B-3
4	Amortization	529	(529) B1	-	50,871 B2	50,871	B-3
5	Taxes Other Than Income	43,260	(325) G	42,935	107,753 J	150,688	B-15, B-3
6	Provision for Income Taxes	(44,051)	44,051 C	-	40,509 I	40,509	C-1, B-3
7	OPERATING EXPENSES	280,688	43,594	324,282	607,106	931,388	
8	NET OPERATING INCOME	\$ (10,170)	\$ (37,550)	\$ (47,719)	\$ 242,013	\$ 194,294	
9	RATE BASE	\$ 501,226		\$ 501,226		\$ 2,247,443	A-2
10	RATE OF RETURN	-2.03%		-9.52%		8.65%	

Adjustments to Net Operating Income
Innovative Phased Rate Approach

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
Docket No.: 060285-SU
Historic Year End: December 31, 2005
Projected Year End: December 31, 2007
Interim [] or Final [x]
Historic [x] or Projected [X]

Schedule: B-3 Buildout
Page 1 of 1

Preparer: Seidman, F.
9-Jul-07
Revised: 8/10/07

Explanation: Provide a detailed description of all adjustments to operating income per books, with a total for each line item shown on the net operating income statement.

Line No.	Description	Water	Wastewater
(A)	Operating Revenues, Historic		
	Effect of mid year rate change	-	5,784
	RAF Effect on above	-	260
(B1)	Amortization		
	Reverse out	-	(529)
(B2)	Adjustment to amortize net loss due to the prudent retirement of WWTP & assoc. plant, per Rule 25-30.433(9). (B-14(2))	-	50,871
(C)	Provision for Income Tax		
	Reverse Out Negative	-	44,051
(D1)	Proforma Maintenance Project		
	Hurricane Def		21,365
	Amortization Period (Years)		<u>5</u>
	Expense in 2006 and 2007	-	4,273
(D2)	Adjustment to reflect 80% buildout projected depr. net of CIAC amort. Exp. (B-14)	-	73,418
(E1)	Proforma O&M Expenses		
	Salary Adjustment (see WP)	-	(573)
	Pension/Benefit Adjustment (see WP)	-	970
(E2)	Projected change in O&M exp. from 2005 to 2006 (B-6, page 2)		27,198
(E3)	Projected change in O&M exp. from 2006 to 2007 (B-6, page 2)		254,065
(F)	Rate Case Expense		
	1/4 of Rate Case Expense (Schedule B-10) in 2007	-	49,020
(G)	Proforma Tax Other than Income		
	Payroll Taxes (see WP)	-	(325)
(H)	Revenue Increase		
	Required to realize a 8.56% rate of return	-	849,119
(I)	Provision for Income Taxes		
	Income Taxes (C-1)	-	40,509
(J)	Taxes other than Income		
	Regulatory Assessment Fees (RAF's)		
	Adjusted for Revenue Increase (B-15)	-	38,597
	Personal Property Tax Adj. 2007		74,120
	Adjustment for reduction in payroll		(4,963)

Net Depreciation Expenses - Sewer

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Interim [] or Final [x]
 Historic [x] or Projected [X]

Schedule B-14 Buildout
 Page 1 of 2
 Preparer: Virchow, Krause
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Explanation: Provide a schedule of test year non-used and useful depreciation expense by primary account.

(1) No.	(2) Line Account No. and Name	(3) Historic Year 2005	(4) Historic Non-Used & Useful %	(5) Non-Used & Useful Amount	(6) Projected Year 2006	(7) Projected TY 80% Buildout	(8) Projected Non-Used & Useful %	(9) Non-Used & Useful Amount
1	INTANGIBLE PLANT	\$ -	0%	\$ -	\$ -	\$ -	0%	\$ -
2	351.1 Organization	-	0%	-	-	-	0%	-
3	352.1 Franchises	-	0%	-	788	912	0%	-
4	389.1 Other Plant & Misc. Equipment	-	0%	-	-	-	0%	-
5	COLLECTION PLANT	-	0%	-	-	-	0%	-
6	353.2 Land & Land Rights	-	0%	-	-	-	0%	-
7	354.2 Structures & Improvements	24,404	0%	-	52,133	107,094	0%	-
8	360.2 Collection Sewers - Force	6,630	0%	-	13,064	88,857	0%	-
9	361.2 Collection Sewers - Gravity	14,734	0%	-	13,144	18,381	0%	-
10	362.2 Special Collecting Structures	-	0%	-	-	-	0%	-
11	363.2 Services to Customers	-	0%	-	-	-	0%	-
12	364.2 Flow Measuring Devices	-	0%	-	-	-	0%	-
13	365.2 Flow Measuring Installations	-	0%	-	-	-	0%	-
14	375.2 Reuse Services	-	0%	-	-	-	0%	-
15	389.2 Other Plant & Misc. Equipment	-	0%	-	-	-	0%	-
16	SYSTEM PUMPING PLANT	-	0%	-	-	-	0%	-
17	353.3 Land & Land Rights	-	0%	-	-	-	0%	-
18	354.3 Structures & Improvements	-	0%	-	-	-	0%	-
19	370.3 Receiving Wells	-	0%	-	-	-	0%	-
20	371.3 Pumping Equipment	-	0%	-	-	-	0%	-
21	389.3 Other Plant & Misc. Equipment	-	0%	-	-	-	0%	-
22	TREATMENT AND DISPOSAL PLANT	-	0%	-	-	-	0%	-
23	353.4 Land & Land Rights	-	0%	-	-	-	0%	-
24	354.4 Structures & Improvements	-	0%	-	-	-	0%	-
25	380.4 Treatment & Disposal Equipment	16,633	0%	-	9,189	11,367	0%	-
26	381.4 Plant Sewers	-	0%	-	-	-	0%	-
27	382.4 Outfall Sewer Lines	-	0%	-	-	-	0%	-
28	389.4 Other Plant & Misc. Equipment	-	0%	-	-	-	0%	-
29	GENERAL PLANT	-	0%	-	-	-	0%	-
30	353.5 Land & Land Rights	-	0%	-	-	-	0%	-
31	354.5 Structures & Improvements	-	0%	-	-	-	0%	-
32	390.5 Office Furniture & Equipment	35	0%	-	35	35	0%	-
33	391.5 Transportation Equipment	7,879	0%	-	-	-	0%	-
34	392.5 Stores Equipment	-	0%	-	-	-	0%	-
35	393.5 Tools, Shop & Garage Equipment	1,115	0%	-	1,115	1,115	0%	-
36	394.5 Laboratory Equipment	251	0%	-	278	-	0%	-
37	395.5 Power Operated Equipment	-	0%	-	-	-	0%	-
38	396.5 Communication Equipment	-	0%	-	-	-	0%	-
39	397.5 Miscellaneous Equipment	687	0%	-	-	-	0%	-
40	398.5 Other Tangible Plant	-	0%	-	-	-	0%	-
41	398.5 Other Tangible Plant	-	0%	-	-	-	0%	-
42	398.5 Other Tangible Plant	-	0%	-	-	-	0%	-
43	TOTAL	72,368	-	-	89,748	227,761	-	-
44	Less: Amortization of CIAC	104,665	0%	-	85,131	186,640	0%	-
45	NET DEPRECIATION EXPENSE - SEWER	\$ (32,297)	-	\$ -	\$ 4,617	\$ 41,121	-	\$ -

Projected Depreciation Expense: See General Ledger @ 9/30/06 + MFR Schedule A-10, page 2
 Projected Amortization Expense: See MFR Schedule A-14, page 2

Recap Schedule: B-2

Net Prudent Retirement Loss

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007
 Interim [] or Final [x]
 Historic [x] or Projected [X]

Schedule B-14 Bulldout
 Page 2 of 2
 New: 8/10/07
 Preparer: Seidman, F.

Retired Plant	Acct	Retired Plant	Avg Life, Yrs	Ann. Dep. Exp.
	354.2	965,905	32	30,184.54
	380.4	141,723	18	7,873.50
	380.4	89	18	4.94
	380.4	15,238	18	846.56
	380.4	31,997	18	1,777.61
	394.5	4,310	15	287.33
Total		1,159,262	28.3	40,974
Retired Plant in Service		1,159,262	28.3	40,974
Retired Accumulated Depreciation		(493,182)		
Retired CIAC		(935,733)	32.0	(29,242)
Retired Accum. Amort. Of CIAC		<u>722,374</u>		<u>-</u>
Net Prudent Retirement Loss		452,721		11,733

Amortization period:
$$\frac{\text{net loss}}{\text{ann. depr. exp.} + r \cdot \text{net loss}} = 8.90 \text{ years}$$

where:
 net loss = 452,721
 ann. net depr. exp. = 11,733
 r (rate of return) = 8.65%

Annual amortization expense = Loss/years = \$ 50,871

Requested Cost of Capital

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007

Schedule D-1 Buildout
 Page 1 of 1
 Preparer: Kirsten E. Weeks
 Revised: 8/10/07
 Revised: 12/06
 Preparer: Seidman, F.

Interim [] or Final [x]
 Historic [x] or Projected [X]

Provide a
 schedule

Line No.	(1) Class of Capital	(2) Reconciled Capital Historic 2005	(3) Reconciled Capital Projected 2006	(4) Reconciled Capital Buildout TY	(5) Ratio	(6) Cost Rate	(7) Weighted Cost
1	Long Term Debt	\$ 265,841	\$ 896,074	\$ 1,223,526	54.84%	6.81%	3.73%
2	Short Term Debt	24,318	81,969	111,923	5.02%	2.00%	0.10%
3	Preferred Stock	-	-	-	0.00%	0.00%	0.00%
4	Common Equity	194,568	655,832	895,494	40.14%	11.99%	4.81%
5	Customer Deposits	16,500	16,500	16,500	0.01%	6.00%	0.00%
6	Tax Credits - Zero Cost	-	-	-	0.00%	0.00%	0.00%
7	Tax Credits - Weighted Cost	-	-	-	0.00%	0.00%	0.00%
8	Accumulated Deferred Income Tax	-	-	-	0.00%	0.00%	0.00%
9	Other (Explain)	-	-	-	0.00%	0.00%	0.00%
10	Total	<u>\$ 501,226</u>	<u>\$ 1,650,375</u>	<u>\$ 2,247,443</u>	<u>100%</u>		<u>8.65%</u>

Note: The cost of equity is based on the leverage formula in effect pursuant to Order No. PSC-07-0472. Since the equity ratio is greater than 40.00%, a(n) 11.99% cost rate has been used.

Reconciliation of Capital Structure to Rate Base

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Historic Year End: December 31, 2005
 Projected Year End: December 31, 2007

Schedule D-2 Buildout
 Page 1 of 1
 Preparer: Kirsten E. Weeks
 Revised: 8/10/07
 Revised: 12/08
 Preparer: Seidman, F.

Utility or Parent
 Interim or Final
 Historic or Projected

Explanation: Provide a reconciliation of the simple average capital structure to requested rate base. Explain all adjustments. Submit an additional schedule if a year-end basis is used.

Line No.	Class of Capital	(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		(9)	(10)	(11)		(12)	(13)	
		Parent Capital Structure			Reconciliation Adjustments		Historic Year 2005		Reconciled	Reconciliation Adjustments		Projected Year 2006		Reconciled	Reconciliation Adjustments		Projected Test Year 2007	
		Prior Year 12/31/2004	Historic Year 12/31/2005	Average	Pro Rate	Prorate %	To Requested Rate Base	Pro Rate	Prorate %	To Requested Rate Base	Pro Rate	Prorate %	To Requested Rate Base	Pro Rate	Prorate %	To Requested Rate Base		
1	Long Term Debt	\$ 112,803,215	\$ 135,285,191	\$ 124,044,203	\$ (124,044,203)	54.84%	\$ 265,841	\$ (124,044,203)	54.84%	\$ 896,074	\$ (124,044,203)	54.84%	\$ 1,223,528					
2	Short Term Debt	18,768,000	3,926,000	11,347,000	(11,347,000)	5.02%	24,318	(11,347,000)	5.02%	81,969	(11,347,000)	5.02%	111,923					
3	Preferred Stock	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-					
4	Common Equity	88,963,597	92,611,247	90,787,422	(90,787,422)	40.14%	194,568	(90,787,422)	40.14%	655,832	(90,787,422)	40.14%	895,494					
5	Customer Deposits	16,500	16,500	16,500	-	0.01%	16,500	-	0.01%	16,500	-	0.01%	16,500					
6	Tax Credits - Zero Cost	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-					
7	Tax Credits - Weighted Cost	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-					
8	Accumulated Deferred Income Taxes	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-					
9	Other (Explain)	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-					
10	Total	\$ 220,551,312	\$ 231,838,938	\$ 226,195,125	\$ (226,178,625)	100.01%	\$ 501,226	\$ (226,178,625)	100.01%	\$ 1,650,375	\$ (226,178,625)	100.01%	\$ 2,247,443					

NOTE: Reconciliation is based on the parent company capital structure. For purposes of reconciling projected periods, it is assumed that, although amounts in each class may change, the relative percentages will not. Therefore, no attempt was made to project amounts per class of capital for the parent company.

NOTE - Deferred Taxes: Review revealed that the net balance is a debit and is included in rate base. See Schedule A-2.

Supporting Schedules: A-19, C-7, C-8, D-3, D-4, D-5, D-7
 Recap Schedules: D-1

Rate Schedule - Present, Final & Phase I
 Innovative Phased Rate Approach

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
 Docket No.: 060285-SU
 Test Year End: December 31, 2005
 Historic Year Ended: December 31, 2005
 Projected Year Ended: December 31, 2007
 Water [] or Sewer [x]
 Interim [] or Final [x]
 Historic [x] or Projected [X]

Schedule: E-1 Buildout & Phase I
 Page 1 of 1
 Preparer: Seidman, F.
 Revised: 7/9/2007
 Revised: 8/10/07

Explanation: Provide a schedule of present and proposed rates. State residential sewer cap, if one exists.

Line No.	(1) Class/Meter Size	(2) Historic Year Rates, End of Yr	(3) Proposed 80% Buildout Rates	(3) Proposed Phase I Rates
1 Wastewater(1)				
2	69020 5/8" Reserved Capacity	\$ 13.13	\$ 31.40	\$ 27.74
3	69022 5/8" Residential Base Charge	13.13	31.40	27.74
4	6902X 5/8" Multi-Residential Base Charge	None	31.40	27.74
5	69024 1" Residential Base Charge	13.13	31.40	27.74
6	6902X 1.5" Multi-Residential Base Charge	None	31.40	27.74
7	6902X 2" Multi-Residential Base Charge	None	31.40	27.74
8	69023 3" Multi-Residential Base Charge	13.13	31.40	27.74
9	69025 6" Multi-Residential Base Charge	13.13	31.40	27.74
10	69029 5/8" General Service Base Charge	13.13	31.40	27.74
11	69030 1" General Service Base Charge	32.85	78.55	69.41
12	69032 1.5" General Service Base Charge	65.69	157.08	138.80
13	69033 2" General Service Base Charge	105.10	251.32	222.07
14	690XX 3" General Service Base Charge	197.06	471.21	531.02
15	690XX 4" General Service Base Charge	328.42	785.32	1,269.78
16	690XX 6" General Service Base Charge	656.85	1,570.66	3,036.30
17	69028 1" General Service Base Charge - Restaurant	32.85	78.55	69.41
18	69090 Reuse Flat Charge	345.27	825.61	729.54
19 Gallonage Charge per 1,000 Gallons				
20	69022 5/8" Residential (8,000 Gal. Cap) (1)	\$ 3.70	\$ 5.73	\$ 5.32
21	6902X 5/8" Multi-Residential Base Charge	None	6.88	6.39
22	69024 1" Residential (8,000 Gal. Cap) (1)	3.70	5.73	5.32
23	6902X 1.5" Multi-Residential Base Charge	None	6.88	6.39
24	6902X 2" Multi-Residential Base Charge	None	6.88	6.39
25	69023 3" Multi-Residential	4.43	6.88	6.39
26	69025 6" Multi-Residential	4.43	6.88	6.39
27	69029 5/8" General Service	4.43	6.88	6.39
28	69030 1" General Service	4.43	6.88	6.39
29	69032 1.5" General Service	4.43	6.88	6.39
30	69033 2" General Service	4.43	6.88	6.39
31	690XX 3" General Service	4.43	6.88	6.39
32	690XX 4" General Service	4.43	6.88	6.39
33	690XX 6" General Service	4.43	6.88	6.39
34	69028 Restaurant All	4.43	6.88	6.39

(1) Single Family residential class customers have maximum monthly gallonage charge of 6,000 gallons.

Projected Revenue Calculation - 80% Buildout & Phase I
Innovative Phased Rate Approach

Florida Public Service Commission

Company: Utilities Inc. of Sandalhaven
Docket No.: 060285-SU
Historic Year End: December 31, 2005
Projected Year End: December 31, 2007
Water [] or Sewer [x]
Interim [] or Final [x]
Historic [x] or Projected [X]

Schedule E- 13 Buildout & Phase I
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Explanation: If a projected test year is used, provide a schedule of historical and projected bills and consumption by classification. Include a calculation of each projection factor on a separate schedule, if necessary. List other classes or meter sizes as applicable. Include a calculation of each projection factor on a separate schedule, if necessary. List other classes or meter sizes as applicable.

Line No.	(1) Class/Meter Size	(2) Historic 2005 Invoices/ Gallons	(3) Projected Buildout Changes Invoices/ Gallons	(4) Proj. Factor	(5) Projected Buildout Invoices/ Gallons	(6) Present Rates	(7) Projected Buildout Revenue @ Present Rates	(8) Proposed Buildout Rates (A)	(9) Projected Buildout Revenue Requirement	(8) Proposed Phase I Rates (D)
Sewer Customers (3)										
1	69020 5/8" Reserved Capacity	1,352	(1,352)	B	0	\$ 13.13	\$ -	\$ 31.40	\$ 0	27.74
2	69022 5/8" Residential Base Charge	8,563	1,738	B	10,321	13.13	135,509	31.40	324,031	27.74
3	6902X 5/8" Multi-Residential Base Charge		432	B	432	13.13	5,672	31.40	13,563	27.74
4	69024 1" Residential Base Charge	12	-		12	13.13	158	31.40	377	27.74
5	6902X 1.5" Multi-Residential Base Charge		4,264	B	4,264	13.13	55,992	31.40	133,888	27.74
6	6902X 2" Multi-Residential Base Charge		812	B	812	13.13	10,661	31.40	25,493	27.74
7	69023 3" Multi-Residential Base Charge	251	2,847	B	3,098	13.13	40,672	31.40	97,255	27.74
8	69025 6" Multi-Residential Base Charge	495	2,428	B	2,923	13.13	38,376	31.40	91,765	27.74
9	69029 5/8" General Service Base Charge	197	-		197	13.13	2,587	31.40	6,185	27.74
10	69030 1" General Service Base Charge	12	-		12	32.85	394	78.55	943	69.41
11	69032 1.5" General Service Base Charge	36	-		36	65.69	2,365	157.08	5,655	138.80
12	69033 2" General Service Base Charge	35	36	B	71	105.10	7,462	251.32	17,843	222.07
13	69028 Restaurant All	12	-		12	32.85	394	78.55	943	69.41
14	69090 Reuse Flat Charge	11	-		11	345.27	3,798	825.61	9,082	729.54
15	Gallonge Charge per 1,000 Gallons									
16	69022 5/8" Residential (8,000 gal. cap)	17,939,000	3,631,691	C	21,570,691	\$ 3.70	\$79,812	5.73	\$123,606	5.32
17	6902x 5/8" Multi-Residential Base Charge		1,173,883	B	1,173,883	4.43	5,200	6.88	8,072	6.39
18	69024 1" Residential (8,000 gal. cap)	34,000	-		34,000	3.70	126	5.73	195	5.32
19	6902x 1.5" Multi-Residential Base Charge		11,587,802	B	11,587,802	4.43	51,334	6.88	79,682	6.39
20	6902x 2" Multi-Residential Base Charge		2,206,350	B	2,206,350	4.43	9,774	6.88	15,172	6.39
21	69023 3" Multi-Residential	2,075,000	7,735,270	B	9,810,270	4.43	43,459	6.88	67,459	6.39
22	69025 6" Multi-Residential	1,204,000	6,597,084	B	7,801,084	4.43	34,559	6.88	53,643	6.39
23	69029 5/8" General Service	2,001,000	-		2,001,000	4.43	8,864	6.88	13,760	6.39
24	69030 1" General Service	142,000	-		142,000	4.43	629	6.88	976	6.39
25	69032 1.5" General Service	619,000	-		619,000	4.43	2,742	6.88	4,256	6.39
26	69033 2" General Service	399,000	2,040,222	B	2,439,222	4.43	10,806	6.88	16,773	6.39
27	69028 Restaurant All	1,146,000	-		1,146,000	4.43	5,077	6.88	7,880	6.39
28	Total Billed Gallons	25,559,000	34,972,302		60,531,302					
29	Total Sewer Revenues						\$ 556,423		\$ 1,118,496	
30	Misc Revenues						6,862		6,862	
31	Total Operating Revenues						\$ 563,285		\$ 1,125,358	

- Notes:
- 32 A - The rate design for revenue requirements is based on 65% recovery through the BFC and 35% recovery through the gallonage charge in order to keep the gallonage charge at an acceptable level.
 - 33 B - The projection of billing units and gallons is derived on Schedule E13, page 2
 - 34 C - Since SFR accounts are capped, the derived gallons shown on Schedule E-13, cannot be used. The number of added billing units is multiplied by the ratio of historic year gallons to billing units to arrive at projected added gallons, or col. 2, line 18/col. 2, line 2+C30 x col. 3. line 2. Because of this, the billed gallons @ col. 5, 1.28 does not exactly match the calculated gallons @ col. 9 of p. 2 of this schedule.
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 - 37 D - Phase I rates are set at the existing rate plus 80% of the difference between the existing and buildout rate.