



October 20, 2015

**VIA E-FILING**

Carlotta S. Stauffer, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RE: Docket No. 150102-SU; Application for an increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven  
Our File No. 30057.221

Dear Ms. Stauffer:

The following are the remaining responses (3, 8 & 9) of Utilities, Inc. of Sandalhaven, ("Utility") to the Staff's Third Data Request dated October 2, 2015 (responses to #1 will be filed as soon as possible):

1. Please refer to Sandalhaven's response to staff's second data request number 3:  
Please refer to MFR Schedule A-4, line 26. Please explain how the utility had a negative addition of \$341,741.

**RESPONSE:** Additions are net of Commission Ordered Adjustments (COA).

Please clarify the utility's response by providing the following:

- a. A schedule showing all calculations used to derive the amount of \$341,741.

**RESPONSE:**

- b. A copy of the Commission Order wherein the adjustment was ordered. Please indicate where in the order the adjustment is identified.

**RESPONSE:**

2. Please refer to Staff Auditor's Report for Utilities, Inc. of Sandalhaven, Audit Control No. 15-175-1-1, dated August 31, 2015, Audit Finding 3: Retirement of Wastewater Treatment Plant, Items 2 and 4.
  - a. For item 2, provide documentation supporting the utility's estimates of the cost to remove for the following plant accounts (see also Sandalhaven's response to staff's first data request, item number 6):

- i. 389.4 Other Plant & Misc. Equipment \$4,000
- ii. 355.2 Power Generation Equipment \$52,000
- iii. 380.4 Treatment & Disposal Equipment \$100,000

**RESPONSE:** 355.2 The emergency generator, fuel tank, and transfer switch will be retired once the plant decommissioning has been completed. There is only one emergency generator at the plant so the amount of the retirement should be whatever is in NARUC account 355.3. This equipment was purchased. We are aware that we have an emergency generator at our master lift station that will remain in service; this is associated with NARUC account 355.2.

380.4 The attached proposal from EESI reflects the cost to decommission the plant inclusive of the abandonment of the groundwater wells. The quote is for \$93,573. The net cost for this account would be \$89,573. I don't have a fully executed copy yet since the work will be initiated only after the flow is diverted to EWD on or before 11/2/15. Thereafter, we will furnish staff with the fully executed version.

389.4 The decommissioning process includes the proper abandonment of groundwater monitoring wells. See Attachment "3-2a".

- b. For item 4, provide a justification for why more CIAC is being retired than plant (\$1,310,499 for CIAC as compared to \$1,061,091 for UPIS).

**RESPONSE:** In the filing, an adjustment was made to reclassify a portion of the cash CIAC that was received and attributable to the capacity that was purchased from Englewood Water District. After further review, it was determined that an additional CIAC payment which was made for the Hammocks development should have been included in that reclassification. That payment was made prior to the EWD Agreement but it triggered the need for the development/purchase of additional capacity. The detailed adjustments for the CIAC will be provided in response to the questions posed in Staff Date Request No. 5.

- 3. Please refer to Staff Auditor's Report for Utilities, Inc. of Sandalhaven, Audit Control No. 15-175-1-1, dated August 31, 2015, Audit Finding 5: Deferred Income Taxes.

- a. Provide the detail calculation for the total depreciation expense claimed on the tax return in 2012 and 2013 including the difference between the book and tax depreciable assets and how the related deferred income tax adjustments were calculated.

**RESPONSE:** See Attachment "3a".

- b. Audit staff asked why the debit balances for the deferred taxes pertaining to the plant capacity fees were not declining as the CIAC is amortized annually. The utility indicated that the decrease was posted to the deferred tax - depreciation account and should be reclassified out of the deferred tax - depreciation account and into accounts 256.4371 and 256.4371 (Def Tax Tap Fee Post 2000) in 2006 through 2009 (see audit work paper 36). Provide a schedule showing the detail calculations for the reclassification of the deferred tax - depreciation account to the Deferred Tax Tap Fee Post 2000 accounts.

**RESPONSE:** See Attachment "3b".

4. Please refer to MFR Schedule B-6, line 27, Account 775 Miscellaneous Expenses.
- a. Provide all of the utility's calculations, basis, and work papers for the annual total miscellaneous expense of \$20,770.

**RESPONSE:** Please see Attachment "3-4a". Please note that the majority of the Miscellaneous expenses were allocations from UIF's parent. An excel spreadsheet identifying dates and individual expenses will be provided to staff upon its request.

- b. Provide all single invoices or other supporting documents for expenses \$250 or greater.

**RESPONSE:** Please see Attachment "3-4b".

5. According to the affiliate audit conducted for Utilities, Inc. in this docket, audit staff noted expenses totaling approximately \$45,346 related to a leadership meeting during the test year ending December 31, 2014.

- a. Please provide a breakdown of the allocation of the total expenses associated with this meeting to Utilities Inc., of Sandalhaven.

**RESPONSE:** All expenses were paid through a group account with the exception of individual travel expenses. See Attachment "3-5a" for a detailed breakdown of the group expenses and travel costs that were allocated to Sandalhaven.

- b. Please indicate where in the MFR's this expense is included.

**RESPONSE:** Schedule B-12, Line 48

- c. Please explain the details of the meeting, including, but not limited to its purpose, why the level of expense is reasonable and should be allocated to Sandalhaven.

**RESPONSE:** The purpose of the annual leadership meeting is to provide a forum for cross-functional senior leadership to meet, collaborate, share and learn. They can share knowledge, discuss innovative ideas and stay current on industry regulations, trends and technologies. The agenda also includes "state of the Company" presentations from various departments as well as in-depth planning sessions where Company goals and performance metrics are formulated. Company and industry best practices are shared and discussed. The annual leadership meeting has been held since 2008. The location was chosen because of its cost effective nature. Low travel expense and the ability to negotiate for lowest rates assures best value at the lowest expense possible. The President, Vice President of Operations, and Regional Manager of Utilities Inc. of Sandalhaven attended the meeting.

6. Please provide a statement detailing which audit finding(s) in the following audits the utility agrees with. For each finding the utility disagrees with, please provide a detailed explanation of the disagreement as well as any support documentation.

- a. Staff's Audit Report of Utilities, Inc. of Sandalhaven, Audit Control No. 15-175-1-1, which was filed on September 17, 2015 (Document No. 05824-15).

**RESPONSE:**

Audit Finding #1 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #2 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, the Utility believe that are reclassifications of Plant were appropriate.

Audit Finding #3 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, please refer to the response to Questions #2 for further input on the retirement of the WWTP.

Audit Finding #4 – The Utility accepts that Land should be increased by \$10,000.

Audit Finding #5 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, please see our response to Question #3 for further detail on the deferred income taxes. Also, please refer to the Memorandum from the Utility's consultants, PriceWaterhouseCoopers, for its opinion on the tax treatment related to plant fees.

Audit Finding #6 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #7 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, the Utility believes the appropriate total purchased wastewater treatment should be \$208,262.

Audit Finding #8 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #9 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, the Utility does agree that a 15 year life should be used instead of a 5 year life to determine the unamortized balance and the remaining life of the deferred maintenance projects.

- b. Staff's Audit of Affiliate Transactions Report of Utilities, Inc., Audit Control No. 15-175-1-2, which was filed on September 17, 2015 (Document No. 05823-15).

**RESPONSE:**

Audit Finding #1 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #2 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #3 – The Utility accepts the PSC staff's audit adjustments.

Audit Finding #4 – Because the finding was deferred to the PSC analyst and no recommended adjustments are known, the Utility cannot say whether it agrees or disagrees. However, the Utility believes that after the WWTP is decommissioned, having on full-time employee and one part-time employee is appropriate.

7. Please refer to Sandalhaven’s response to staff’s first data request, numbers 13 through 15. The utility’s response included supporting documentation and invoices related to rate case expense through June 30, 2015. Please provide the following information for rate case expense incurred since June 30, 2015.

a. For each individual person, in each firm providing consulting services to the applicant pertaining to this docket, provide the billing rate, and an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.

**RESPONSE:** See Attachment “3-7”

b. For each firm or consultant providing services for the applicant in this docket please provide copies of all invoices for services provided to date.

**RESPONSE:** See Attachment “3-7”

c. If rate consultant invoices are not broken down by hour, please provide reports that detail by hour, a description of actual duties performed, and amount incurred to date.

**RESPONSE:** See Attachment “3-7”

d. Please provide an estimate of costs to complete the case by hour for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.

**RESPONSE:** See Attachment “3-7”

e. Please provide an itemized list of all other costs estimated to be incurred through the PAA process, such as postage and mailing of customer notices.

**RESPONSE:** See Attachment “3-7”

8. Please refer to MFR Schedule C-6, page 3 of 3, lines 21, 22, and 23.

a. Provide all of the utility's calculations, basis, and work papers for the following debit entries included in Account No. 256.4387, Def Fed Tax – Depreciation.

- i. \$157,570 in 2012.
- ii. \$60,632 in 2013.
- iii. \$94,921 in 2014.

**RESPONSE:** See Attachment “8a”. As for aiii, see the response to 9c below.

- b. If the above entries correspond to any plant additions, list the plant additions and indicate where in the MFR schedules these additions are included.

**RESPONSE:** N/A

- c. If the above entries relate to CIAC adjustments or reclassification of accounts, provide a detailed explanation for the adjustment, including all calculations and justification supporting the adjustment or reclassification.

**RESPONSE:** See Attachment "8c".

9. Please refer to MFR Schedule C-6. Schedule C-6 includes 14 ADIT accounts, 7 for state tax and 7 for federal tax. The MFRs and staff's audit indicate annual activity in 2014 for only Account No. 256.4387, Deferred Federal Tax – Depreciation.

- a. Is it the utility's position that there is no change in the balances for the other 13 ADIT accounts in the test year ended December 31, 2014?

**RESPONSE:** No.

- b. If the answer is affirmative, please explain why there is no deferral activity for each of the other 13 accounts.

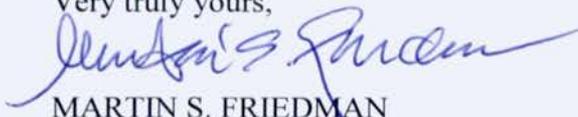
**RESPONSE:** N/A

- c. If the answer is negative, meaning there was deferral activity for other accounts in 2014, please provide all of the utility's calculations, basis, and work papers for the 2014 deferrals and any related adjustments.

**RESPONSE:** See Attachment "9c".

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

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/  
Enclosures

cc: John Hoy (via email, w/o attachments)  
Patrick Flynn (via email, w/o attachments)  
Suzanne Brownless, Esquire (via email, w/o attachments)  
Erik Sayler, Esquire (via US Mail, with attachments)

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	UI of Sandalhaven 256	UI of Sandalhaven 256
	2012	2013
Total Depreciation (Book)	Per TB 831,013.22	Per TB 236,813.48
Less: AFUDC Equity	AFUDC by Years - g 8,434.01	AFUDC by Years - h 2,376.20
Book Depreciation before Equity AFUDC	<u>822,579.21</u>	<u>234,437.28</u>
Tax Depreciation for assets placed in service before 12/31/07	Pre 2008 Tax Depr - e 276,829.00	Pre 2008 Tax Depr - f 276,829.00
Tax Depreciation for assets placed in service after 12/31/07	c 7,036.75	Sum of d 14,304.36
Tax Depreciation on Computers/transportation	a 20,945.44	b 17,626.14
Total Tax Depreciation per tax return	<u>304,811.19</u>	<u>308,759.50</u>
GROSS DEFERRED TAX ASSET/(LIABILITY) - DEPRECIATION (PER RETURN)	517,768.02	(74,322.22)
DEF STATE TAX - DEPRECIATION (TAX EFFECTED) (PER RETURN)	5.50% 28,477.24	5.50% (4,087.72)
DEF FED TAX - DEPRECIATION (TAX EFFECTED) (PER RETURN)	34.00% 166,358.87	34.00% (23,879.73)
Book Depreciation at Provision	822,652.08	234,437.28
Estimated Tax Depreciation at Provision	<u>(313,160.06)</u>	<u>(308,759.49)</u>
GROSS DEFERRED TAX ASSET/(LIABILITY) - DEPRECIATION (AT PROVISION)	<u>509,492.02</u>	<u>(74,322.21)</u>
DEF STATE TAX - DEPRECIATION (TAX EFFECTED) (AT PROVISION)	5.50% 28,022.06	5.50% (4,087.72)
DEF FED TAX - DEPRECIATION (TAX EFFECTED) (AT PROVISION)	34.00% 163,699.79	34.00% (23,879.73)
DEF STATE TAX - DEPRECIATION (TAX EFFECTED) (TRUE-UP)		5.50% 455.18
DEF FED TAX - DEPRECIATION (TAX EFFECTED) (TRUE-UP)		34.00% 2,659.08

Post 2007 Tax Depreciation	2012	2013
	UI of Sandalhaven	UI of Sandalhaven
<b>2013 Additions and Tax Depreciation</b>		
2013 Tax Basis		27,532.64
<b>Beginning Accum Depr</b>		0.00
Current year bonus depreciation		13,766.32
Current year tax depreciation		275.33
<b>Ending Accum Depr</b>		<u>14,041.65</u>
<b>2012 Additions and Tax Depreciation</b>		
2012 Tax Basis	(338,701.74)	(338,701.74)
<b>Beginning Accum Depr</b>	0.00	(6,774.03)
Current year bonus depreciation	0.00	
Current year tax depreciation	(6,774.03)	(13,548.07)
<b>Ending Accum Depr</b>	<u>(6,774.03)</u>	<u>(20,322.10)</u>
<b>2011 Additions and Tax Depreciation</b>		
2011 Tax Basis	29,674.99	29,674.99
<b>Beginning Accum Depr</b>	593.50	1,780.50
Current year tax depreciation	1,187.00	1,187.00
<b>Ending Accum Depr</b>	<u>1,780.50</u>	<u>2,967.50</u>

				2012 TB
256	256100.6920	256100.6920	DEPREC-COMPUTER	14,917.50
256	256100.6905	256100.6905	DEPREC-AUTO TRANS	6,027.94
				<u>20,945.44</u> a
				2013 TB
256	256100.6920	256100.6920	DEPREC-COMPUTER	12,574.31
256	256100.6905	256100.6905	DEPREC-AUTO TRANS	5,051.83
				<u>17,626.14</u> b

**2010 Additions and Tax Depreciation**

2010 Tax Basis	51,952.89	51,952.89
<b>Beginning Accum Depr</b>	27,535.04	28,574.10
Current year tax depreciation	<u>1,039.06</u>	<u>1,039.06</u>
<b>Ending Accum Depr</b>	<u>28,574.10</u>	<u>29,613.16</u>

**2009 Additions and Tax Depreciation**

2009 Tax Basis	128,070.01	128,070.01
<b>Beginning Accum Depr</b>	12,807.00	17,929.80
Current year tax depreciation	<u>5,122.80</u>	<u>5,122.80</u>
<b>Ending Accum Depr</b>	<u>17,929.80</u>	<u>23,052.60</u>

**2008 Additions and Tax Depreciation**

2008 Tax Basis	161,547.91	161,547.91
<b>Beginning Accum Depr</b>	22,616.71	29,078.63
Current year tax depreciation	<u>6,461.92</u>	<u>6,461.92</u>
<b>Ending Accum Depr</b>	<u>29,078.63</u>	<u>35,540.55</u>

**Post 12/31/2007 ASSETS - TOTAL**

Basis	32,544.06	60,076.70
<b>Beginning Accum Depr</b>	63,552.25	70,589.00
Current year bonus depreciation	0.00	13,766.32 d
Current year tax depreciation	<u>7,036.75 c</u>	<u>538.04 d</u>
<b>Ending Accum Depr</b>	<u>70,589.00</u>	<u>84,893.36</u>

7430	AMORT-SEWER-TAP	(294,356.74)	
7440	AMORT-SWR RES CAP FEE	(6,541.56)	
		<u>(300,898.30)</u>	Pre-2012 CIAC Amortization included in book-tax depreciation entry
		5.50%	(16,549.41)
		32.13%	(96,678.62)

7430	AMORT-SEWER-TAP	(3,965.29)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(5,912.53)</u>	2012 CIAC Amortization included in book-tax depreciation entry
		5.50%	(325.19)
		32.13%	(1,899.70)

7430	AMORT-SEWER-TAP	(39,839.28)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(41,786.52)</u>	2013 CIAC Amortization included in book-tax depreciation entry
		5.50%	(2,298.26)
		32.13%	(13,426.01)

7430	AMORT-SEWER-TAP	(39,839.28)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(41,786.52)</u>	2014 CIAC Amortization included in book-tax depreciation entry
		5.50%	(2,298.26)
		32.13%	(13,426.01)

3705	CIAC-SEWER-TAP	(1,593,574.54)	
3715	CIAC-SWR RES CAP FEE	(77,889.98)	
		<u>(1,671,464.52)</u>	CIAC Cost Basis at 12/31/2014

4265	ACC AMORT SEWER-TAP	378,000.59	
4275	ACC AMORT SWR RES CAP F	12,383.28	
		<u>390,383.87</u>	CIAC Accumulated Amortization at 12/31/2014

4371	DEF FED TAX - TAP FEE P	527,791.00
		(96,678.62) Pre-2012 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT
		(1,899.70) 2012 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT
		(13,426.01) 2013 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT
		(13,426.01) 2014 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT
		<hr/>
		402,360.66

4421	DEF ST TAX - TAP FEE PO	90,347.00
		(16,549.41) Pre-2012 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI
		(325.19) 2012 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI
		(2,298.26) 2013 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI
		(2,298.26) 2014 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI
		<hr/>
		68,875.88

- Add : Book Depr (depr, paa, ciac)  
 - Ded : Tax Depreciation  
 - Additional Interest Under 263A  
 - Rev book debt portion of AFUDC

f	822,652.08	
d	(313,160.06)	
AFUDC - b	(39,084.56)	
AFUDC - a	20,007.41	
	490,414.87	490,414.87
	5.50%	(26,972.82)
	26,972.82	463,442.05
		34.00%
		157,570.00 ■

Tax Depreciation for assets placed in service before 12/31/07  
 Tax Depreciation for assets placed in service after 12/31/07  
 Tax Depreciation on Computers/transportation  
 Total Tax Depreciation per tax provision

Pre 2008 Tax Depr - e	276,829.00
c	15,385.62
b	20,945.44
	313,160.06 d

6905	DEPREC-AUTO TRANS	6,027.94
6920	DEPREC-COMPUTER	14,917.50
		20,945.44 b

EXHIBIT "8a1"

Post 2007 Tax Depreciation	2012
	Ul of Sandalhaven
<u>2013 Additions and Tax Depreciation</u>	
2013 Tax Basis	
Beginning Accum Depr	
Current year bonus depreciation	
Current year tax depreciation	
Ending Accum Depr	
<u>2012 Additions and Tax Depreciation</u>	
2012 Tax Basis	(338,701.74)
Beginning Accum Depr	0.00
Current year bonus depreciation	0.00
Current year tax depreciation	0.00
Ending Accum Depr	0.00
<u>2011 Additions and Tax Depreciation</u>	
2011 Tax Basis	29,674.99
Beginning Accum Depr	2,700.20
Current year tax depreciation	2,699.50
Ending Accum Depr	5,399.70
<u>2010 Additions and Tax Depreciation</u>	
2010 Tax Basis	51,952.89
Beginning Accum Depr	27,535.04
Current year tax depreciation	1,101.40
Ending Accum Depr	28,636.44
<u>2009 Additions and Tax Depreciation</u>	
2009 Tax Basis	128,070.01
Beginning Accum Depr	12,807.00
Current year tax depreciation	5,122.80
Ending Accum Depr	17,929.80
<u>2008 Additions and Tax Depreciation</u>	
2008 Tax Basis	161,547.91

6655	DEPREC-STRUCT/IMPRV COL	(489,462.49)	
6660	DEPREC-STRUCT/IMPRV PUM	(249,382.12)	
6665	DEPREC-STRUCT/IMPRV TRE	325,246.93	
6675	DEPREC-STRUCT/IMPRV RCL	7.03	
6680	DEPREC-STRUCT/IMPRV GEN	(305,895.85)	
6685	DEPREC-POWER GEN EQUIP	29,374.65	
6695	DEPREC-POWER GEN EQUIP	41.17	
6710	DEPREC-SEWER FORCE MAIN	696,377.51	
6715	DEPREC-SEWER GRAVITY MA	9,863.46	
6717	DEPREC-MANHOLE	12,268.23	
6725	DEPREC-SERVICES TO CUST	83,248.87	
6740	DEPREC-RECEIVING WELLS	147,383.09	
6745	DEPREC-PUMP EQ PUMP PL	71,547.55	
6760	DEPREC-TREAT/DISP EQUIP	1,478.65	
6765	DEPREC-TREAT/DISP EQ TR	548,014.15	
6770	DEPREC-TREAT/DISP EQ RC	94.03	
6775	DEPREC-PLANT SEWERS TRT	1,441.35	
6800	DEPREC-OTHER PLT PUMP	20.62	
6805	DEPREC-OTHER PLT TREATM	4.33	
6820	DEPREC-OFFICE STRUCTURE	9.13	
6825	DEPREC-OFFICE FURN/EQPT	25.82	
6835	DEPREC-TOOL SHOP & MISC	1,577.80	
6840	DEPREC-LABORATORY EQPT	(109.35)	
6850	DEPREC-COMMUNICATION EQ	150.00	
6885	DEPREC-REUSE DIST RESER	4.32	
6890	DEPREC-REUSE TRANSM / D	71.35	
6905	DEPREC-AUTO TRANS	6,027.94	
6920	DEPREC-COMPUTER	14,917.50	Book Depreciation
			904,345.67
7225	AMORT-STRUCT/IMPRV PUMP	(21,219.57)	
7230	AMORT-STRUCT/IMPRV TREA	(833,492.49)	
7245	AMORT-STRUCT/IMPRV GEN	813,365.78	
7275	AMORT-SEWER FORCE MAIN/	13,776.10	
7280	AMORT-SEWER GRAVITY MAI	13,152.43	
7285	AMORT-SPECIAL COLL STRU	(29,329.90)	
7290	AMORT-SERVICES TO CUSTO	(15,340.84)	
7325	AMORT-TREAT/DISP EQUIP	(26.84)	
7330	AMORT-TREAT/DISP EQUIP	(8,304.59)	
7430	AMORT-SEWER-TAP	(3,965.29)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	CIAC - Book Amortization
			(73,332.45)
			831,013.22
			8,361.14
			822,652.08
			Less: AFUDC Equity

<i>Beginning Accum Depr</i>	22,616.71
<i>Current year tax depreciation</i>	<u>6,461.92</u>
<i>Ending Accum Depr</i>	<u>29,078.63</u>
<b><u>Post 12/31/2007 ASSETS - TOTAL</u></b>	
<i>Basis</i>	32,544.06
<i>Beginning Accum Depr</i>	65,658.95
<i>Current year bonus depreciation</i>	0.00
<i>Current year tax depreciation</i>	<u>15,385.62 c</u>
<i>Ending Accum Depr</i>	<u>81,044.57</u>

Consolidated AFUDC Included In book depreciation for Utilities, Inc.	161,454.00
Book Depreciation for UI Sandalhaven	<u>831,013.22</u>
Consolidated Book Depreciation for Utilities, Inc.	<u>16,046,900.59</u>
AFUDC Included in book depreciation for UI Sandalhaven	<u>8,361.14</u>

Do Ty	Doc Number	G/L Date	Explanation	Explanation -Remark-	Purchase Order	Asset Number	LT 1 Amount
JE	297232	12/31/2013	NOL ADJ	NOL ADJ			a 677.00 see "2011 Depr Adj (11)-POSTED.xlsx" file
JE	297246	12/31/2013	TRUEUP FA	TRUEUP FA			b (7,744.00) see "Trueup FA.xlsx" file
JE	297248	12/31/2013	BONUS DEPR	FED BONUS DEPR			c 40.86 see "Bonus Dep Remaining 2013 (JE 21)-POSTED.xlsx" file
JE	297267	12/31/2013	REVISION PRIOR TO 2013 2 OF 2	DEF FED TAX - DEPRECIAT			d <u>67,626.72</u>
							60,600.58

a Truing up 2011 book-tax depreciation

b Truing up 2012 book-tax depreciation

c Truing up tax bonus depreciation through 2012

d During the year ended December 31, 2012, the Company's current management identified what it believes to be errors related to rate orders issued in rate case proceedings finalized prior to 2012 for which it appears that prior management did not previously record the accounting impacts. These errors related to years ending December 31, 2008 or prior and were not significant to any given year. The cumulative impact of these errors was recorded in 2012 which decreased net income by \$744k. The impact of these items on the financial statements, whether taken individually or in the aggregate, is not considered material to any period presented.

Subsequent to the issuance of its 2012 financial statements, the Company's current management identified what it believes to be additional errors in its prior financial statements related to its accounting for the impact of certain rate orders issued in rate case proceedings finalized prior to 2009. Certain of these errors related to utility systems that were sold in 2012. These errors accumulated over time, dating as far back as 1987, such that the impact of these errors was not significant in any given year. However, the cumulative impact of these errors would be material if they were recorded entirely in 2013.

As a result, the Company has revised its 2012 financial statements for the combined impact of the combined errors described above, which includes deferred income taxes.

If you need additional information on this item, please reach out to Jim Andrejko.

EXHIBIT "8c"

7430	AMORT-SEWER-TAP	(294,356.74)	
7440	AMORT-SWR RES CAP FEE	(6,541.56)	
		<u>(300,898.30)</u>	Pre-2012 CIAC Amortization included in book-tax depreciation entry
	5.50%	(16,549.41)	
	32.13%	(96,678.62)	
7430	AMORT-SEWER-TAP	(3,965.29)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(5,912.53)</u>	2012 CIAC Amortization included in book-tax depreciation entry
	5.50%	(325.19)	
	32.13%	(1,899.70)	
7430	AMORT-SEWER-TAP	(39,839.28)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(41,786.52)</u>	2013 CIAC Amortization included in book-tax depreciation entry
	5.50%	(2,298.26)	
	32.13%	(13,426.01)	
7430	AMORT-SEWER-TAP	(39,839.28)	
7440	AMORT-SWR RES CAP FEE	(1,947.24)	
		<u>(41,786.52)</u>	2014 CIAC Amortization included in book-tax depreciation entry
	5.50%	(2,298.26)	
	32.13%	(13,426.01)	
3705	CIAC-SEWER-TAP	(1,593,574.54)	
3715	CIAC-SWR RES CAP FEE	(77,889.98)	
		<u>(1,671,464.52)</u>	CIAC Cost Basis at 12/31/2014
4265	ACC AMORT SEWER-TAP	378,000.59	
4275	ACC AMORT SWR RES CAP F	12,383.28	
		<u>390,383.87</u>	CIAC Accumulated Amortization at 12/31/2014

4371 DEF FED TAX - TAP FEE P

527,791.00

(96,678.62) Pre-2012 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT

(1,899.70) 2012 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT

(13,426.01) 2013 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT

(13,426.01) 2014 Reclass from Acct 4387 DEF FED TAX - DEPRECIAT

402,360.66

4421 DEF ST TAX - TAP FEE PO

90,347.00

(16,549.41) Pre-2012 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI

(325.19) 2012 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI

(2,298.26) 2013 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI

(2,298.26) 2014 Reclass from Acct 4437 DEF ST TAX - DEPRECIATI

68,875.88

Entry to DEF FED TAX - DEPRECIAT  
 Reclass JE to proper deferred state accounts  
 Reclass JE to proper deferred federal accounts  
 Reclass JE to accrued state income taxes  
 Correct entry to DEF FED TAX - DEPRECIAT

94,921.00  
 76,395.57 ENTRY #1  
 (188,775.00) ENTRY #2  
 2,154.36 ENTRY #3  
(15,304.07) 5 & 9

DEF INCOME TAX-FEDERAL		173,470.93
DEF INCOME TAXES-STATE	76,395.57	
DEF FED TAX - DEPRECIAT	97,075.36	

ENTRY #1

DEF FED TAX - DEPRECIAT	76,395.57		
DEF ST TAX - NOL		0.00	6
DEF ST TAX - RATE CASE	2,105.00		2
DEF ST TAX - DEF MAINT	3,394.00		1
DEF ST TAX - ORGN EXP	8.00		3
DEF ST TAX - BAD DEBT	226.00		4
DEF ST TAX - DEPRECIATI		2,626.00	5
DEF ST TAX - NOL	21,007.00		8
DEF ST TAX - DEPRECIATI		299.80	9
DEF ST TAX - NOL		100,148.77	10
DEF ST TAX - NOL		61.00	11
	103,135.57	103,135.57	

ENTRY #2

DEF FED TAX - DEPRECIAT		188,775.00	
DEF FED TAX - NOL	78,446.00		6
DEF FED TAX - RATE CASE	11,151.00		2
DEF FED TAX - DEF MAINT	17,978.00		1
DEF FED TAX - ORGN EXP	42.00		3
DEF FED TAX - BAD DEBT	1,196.00		4
DEF FED TAX - NOL	131,500.00		7
DEF FED TAX - NOL		7,142.00	8
DEF FED TAX - NOL		0.00	10
DEF FED TAX - NOL		44,396.00	12
	240,313.00	240,313.00	

ENTRY #3

DEF FED TAX - DEPRECIAT	2,154.36	
ACCRUED ST INCOME TAX		2,154.36
	2,154.36	2,154.36

1				
- Def. Maint. C/Y Additions	(13,500.00)			
- Def. Maint. C/Y Amortization	69,770.67			
	56,270.67	5.50%	3,095.00	FL
		0.53%	299.00	IL-UNITARY
	(3,394.00)		3,394.00	
	52,876.67	34.00%	17,978.00	FEDERAL

2				
- Def. Rate Case C/Y Additions	(2,484.00)			
- Def. Rate Case C/Y Amortization	37,383.75			
	34,899.75	5.50%	1,919.00	FL
		0.53%	186.00	IL-UNITARY
	(2,105.00)		2,105.00	
	32,794.75	34.00%	11,151.00	FEDERAL

3				
- Organization Expense-Amort	130.40			
	130.40	5.50%	7.00	FL
		0.53%	1.00	IL-UNITARY
	(8.00)		8.00	
	122.40	34.00%	42.00	FEDERAL

4				
- Bad Debts - Current Year (5515)	3,744.00			
	3,744.00	5.50%	206.00	FL
		0.53%	20.00	IL-UNITARY
	(226.00)		226.00	
	3,518.00	34.00%	1,196.00	FEDERAL

5				
- Book Depr (depr.paa,cia,c)	262,142.59			
- Tax Depreciation	(310,161.20)			
- Additional Interest Under 263A	5,005.58			
- Rev book debt portion of AFUDC	0.00			
- Amort of Bk PAA a/c 7495,6960,6965 )	0.00			
- Sch MBook Gain(Loss) on sale of assets	(419.64)			
- Sch MTax Gain(Loss) on sale of assets	(4,505.16)			
	(47,937.83)	5.50%	(2,637.00)	FL

6				
- Est. Valuation Allowance on State NOL (at 12/31/2014)	237,487.35			
- State NOL - Rate Change True-Up (at 12/31/2013)	(6,764.00)			
	230,723.35	34.00%	78,446.00	FEDERAL

- State Modification: Depreciation	4,820.81		0.53%	(254.00)	IL-UNITARY
		2,626.00	5.50%	265.00	FL
				(2,626.00)	
		<u>(45,311.83)</u>	34.00%	(15,406.00)	FEDERAL

7 - 2014 Estimated Federal NOL Carryforward		(386,765.94)			
		<u>(386,765.94)</u>	34.00%	(131,500.00)	FEDERAL

9 - True-Up 2013 Depreciation (Gross Additions vs Net Additions)		(5,048,773.00)			
		<u>(5,048,773.00)</u>	5.88%	(296,867.00)	
				0.10% Allocated	
				(299.80)	FL
		299.80	34.00%	101.93	FEDERAL

11 - True-Up 2013 NOL		(1,114.49)			
		<u>(1,114.49)</u>	5.50%	(61.00)	FL

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8 - 2014 Estimated State NOL Carryforward		381,945.13			
		<u>381,945.13</u>	5.50%	21,007.00	FL
		(21,007.00)	34.00%	(7,142.00)	FEDERAL

10 - Est. Valuation Allowance on State NOL (at 12/31/2014)		237,487.35			
- Est. Valuation Allowance on State NOL (at 12/31/2013)		<u>137,338.58</u>			
- 2014 Estimated Valuation Allowance on State NOL Carryforward		100,148.77			FL

12 - State NOL (at 12/31/2013)		2,497,065.02			
		<u>2,497,065.02</u>	5.50%	137,339.00	
- State NOL - Rate Change True-Up (at 12/31/2013)				(6,764.00)	
				<u>130,575.00</u>	
		(130,575.00)	34.00%	(44,396.00)	FEDERAL