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# Public Service Commission

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** October 25, 2000  
**TO:** Division of Regulatory Oversight (Clapp)  
**FROM:** Division of Regulatory Oversight (Vandiver) *W*  
**RE:** 000793-WS; Bartelt Enterprises  
 Audit Report; Certificate Transfer  
 Audit Control No. 00-213-2-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)  
 Tampa District Office (McPherson)  
 Division of Records and Reporting  
 Division of Legal Services

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 Tarpon Springs, FL 34688-0609

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Martin Friedman  
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 2548 Blairstone Pines Drive  
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- APP \_\_\_\_\_
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**FLORIDA PUBLIC SERVICE COMMISSION**

***DIVISION OF REGULATORY OVERSIGHT  
BUREAU OF AUDITING SERVICES***

***TAMPA DISTRICT OFFICE***

**BARTELT ENTERPRISES, INC.**

**CERTIFICATE TRANSFER**

**AS OF JUNE 15, 2000**

**DOCKET NO. 000793-WS**

**AUDIT CONTROL NO. 00-213-2-1**

A handwritten signature in black ink, appearing to read "Simon Ojada".

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***Simon Ojada, Audit Manager***

A handwritten signature in black ink, appearing to read "James A. McPherson".

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***James A. McPherson, Audit Supervisor***

## TABLE OF CONTENTS

<b>I. AUDITOR'S REPORT</b>	<b>PAGE</b>
PURPOSE .....	1
DISCLAIM PUBLIC USE .....	1
SUMMARY OF SIGNIFICANT FINDINGS .....	2
SUMMARY OF SIGNIFICANT PROCEDURES .....	2
<b>III. DISCLOSURES</b>	
1. PURCHASE INFORMATION .....	3
2. LAND .....	4
3. ACCUMULATED DEPRECIATION .....	5
4. CIAC/AMORTIZATION OF CIAC .....	6
<b>IV. EXHIBITS</b>	
BARTELT SUNSHINE (Buena Vista) WATER RATE BASE .....	7
WIS-BAR (Buena Vista Manor) WATER RATE BASE .....	8
WIS-BAR (Buena Vista Manor) WASTEWATER RATE BASE .....	9

**DIVISION OF REGULATORY OVERSIGHT  
AUDITOR'S REPORT**

**OCTOBER 18, 2000**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to prepare and audit schedules of Water and Wastewater Rate Base as of June 15, 2000 for Bartelt Enterprises, Inc.'s petition for transfer of Certificate Nos. 484-W and 421-S. These schedules were prepared by the auditor as part of the utility's petition for Certificate Transfer in Docket No. 000793-WS. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT FINDINGS:**

Bartelt Enterprises did not record the amortization of Contributions in Aid of Construction. Land costing \$500 had to be added back to the Wis-Bar Wastewater system. Accumulated depreciation had to be recomputed.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

**RATE BASE:** Prepared a schedule from annual reports and compiled account balances for Utility-Plant-in-Service (UPIS), Contributions-in-Aid-of-Construction (CIAC), accumulated depreciation, and accumulated amortization of CIAC for Bartelt Sunshine and Wis-Bar Utilities. Reconciled rate base balances to previous PSC audit balances. Reviewed for CIAC additions. Examined invoices and supporting documentation for all major plant additions. Calculated accumulated depreciation. Computed amortization of CIAC using PSC authorized rates.

**Disclosure No. 1**

**Subject: Purchase Information**

**Statement of Fact:** Bartelt Enterprises, Inc. is comprised of two systems, Bartelt Sunshine Corporation and Wis-Bar Utilities. Bartelt Sunshine consists of a water system with 1108 customers as of June 15, 2000. The system is also known as the Buena Vista Water System. The Public Service Commission began regulatory control of the system in 1972. The utility has not made any application for a rate increase with the exception of yearly indexing and as such the system has not been audited by the Commission.

Wis-Bar Utilities has both water and wastewater systems with 134 customers in its water system and 155 customers in its wastewater system as of June 15, 2000. The system is also known as the Buena Vista Manor Water and Wastewater System. The system was last audited by the Florida Public Service Commission in 1984.

The two systems (Bartelt Sunshine and Wis-Bar) were sold on June 15, 2000 to Utilities, Inc. for \$440,000 to be allocated by the Seller and Purchaser as follows:

Buena Vista Water	50% of purchase price	\$220,000
Wis-Bar Water	12.5% of purchase price	\$ 55,000
Wis-Bar Wastewater	37.5% of purchase price	\$165,000

The two systems have a net rate base of \$160,494 (68,604+3,446+88,444). The purchase resulted in an acquisition adjustment of \$279,506+ (440,000 - 160,494). The Purchaser has not requested an acquisition adjustment.

**Recommendation:** The current Commission policy on acquisition adjustment is that, "absent extraordinary circumstances, the purchase of a utility system at a premium or discount, shall not affect rate base." There are no extraordinary circumstances in this case, therefore, there is no basis for an acquisition adjustment. Utilities, Inc. is aware of the Commission policy on an acquisition adjustment.

**Disclosure No. 2**

**Subject: Land**

**Statement of Fact:** The utility originally owned six lots in the Buena Vista Manor service area. These lots were valued at \$3,000 and included in the Wis-Bar Wastewater system. On December 1, 1999, five of the lots were sold. The utility removed the entire \$3,000 from its books.

**Recommendation:** Auditors recommend \$500 ( $\$3,000/6$  lots) be recorded for land still owned by the utility.

**Disclosure No. 3**

**Subject: Accumulated Depreciation**

**Statement of Fact:** The Bartelt Sunshine books and records have never been audited by the Florida Public Service Commission. The utility accumulated depreciation balance is as of December 31, 1999 while the audit balance is as of June 15, 2000, the sale closing date.

**Recommendation:** Depreciation expense and accumulated depreciation were recomputed by the auditor for Bartelt Sunshine and Wis-Bar utilities using 2.5%, the rate used before the current depreciation rule was adopted. The auditor's computed accumulated depreciation was different from the utility's recorded amount for both systems. For the Bartelt Sunshine system, the utility used 2.5% in its depreciation calculation, however, the utility failed to reduce its accumulated depreciation whenever there was a retirement of an asset. For the Wis-Bar systems, the utility did not adjust its books to the previous audited amounts. Below are the auditor's recomputed accumulated depreciation as compared to the utility's books and records.

	<b>Bartelt Sunshine <u>Water</u></b>	<b>Wis-Bar <u>Water</u></b>	<b>Wis-Bar <u>Sewer</u></b>
Balance Per Utility	217,933	10,443	12,659
Balance Per Audit	<u>172,085</u>	<u>18,944</u>	<u>17,191</u>
Difference	<u>45,848</u>	<u>(8,501)</u>	<u>(4,532)</u>

Accumulated Depreciation should be reduced for the Bartelt Sunshine water system by \$45,848 and should be increased for the Wis-Bar water and wastewater systems by \$8,501 and \$4,532 respectively.



**Disclosure No. 4**

**Subject: Contribution in Aid of Construction (CIAC)**

**Statement of Fact:** Previous FPSC audits established Contributions in Aid of Construction (CIAC) and Accumulated Amortization of CIAC as of December 31, 1983 to be \$12,002 and \$3,116 for Wiz-Bar Utilities water system; and, \$26,304 and \$7,300 for the wastewater systems respectively.

Bartelt Sunshine Corporation recorded no CIAC.

**Recommendation:** The auditor started with the balance of CIAC and accumulated amortization of CIAC per the previous PSC audit and used a rate of 2.5% to recompute the amortization of CIAC for the Wis-Bar Utilities system. For the Bartelt Sunshine system, CIAC was imputed based on the number of customers added since 1975 when its tariff came into effect.

	<u>Wis-Bar - Water</u>		<u>Wis-Bar-Wastewater</u>	
	<u>CIAC</u>	<u>Amort</u>	<u>CIAC</u>	<u>Amort</u>
Balance per utility	12,002	0	16,482	0
Balance per audit	<u>12,302</u>	<u>8,078</u>	<u>17,232</u>	<u>8,234</u>
Difference	<u>300</u>	<u>8,078</u>	<u>750</u>	<u>8,234</u>

The imputed CIAC amount for Bartelt Sunshine is \$325, based on its tariff, with a corresponding accumulated amortization of CIAC of \$85.

The utility should adjust its books to reflect the auditor's recomputed amounts for CIAC and accumulated amortization of CIAC as shown above.

**BARTELT ENTERPRISES, INC.**  
**d/b/a BARTELT SUNSHINE CORPORATION**  
**DOCKET 000793-WS**

EXHIBIT 1

P 1 of 3

**CERTIFICATE TRANSFER**

**BARTELT SUNSHINE CORP. SUMMARY OF WATER RATE BASE**

**TEST PERIOD ENDED 06/15/2000**

<u>Component</u>	<u>Per G/L</u> <u>12/31/99</u>	<u>Ref</u>	<u>Audit</u> <u>Adjustments</u>	<u>Per Audit</u> <u>06/15/00</u>
Plant in Service	238,019		0	238,019
Land	2,910		0	2,910
Const Work in Progress	0		0	0
Accum Depr of Plant	(217,933)	D-3	45,848	(172,085)
CIAC	0	D-4	(325)	(325)
Amort of CIAC	0	D-4	85	85
Working Capital	0		0	0
<b>Total</b>	<u>22,996</u>		<u>45,608</u>	<u>68,604</u>

BARTELT ENTERPRISES, INC.  
d/b/a WIZ-BAR UTILITIES  
DOCKET 000793-WS

EXHIBIT 1

P 2 of 3

CERTIFICATE TRANSFER

WIZ-BAR UTILITIES, INC. SUMMARY OF WATER RATE BASE

TEST PERIOD ENDED 06/15/2000

<u>Component</u>	<u>Per G/L 12/31/99</u>	<u>Ref</u>	<u>Audit Adjustments</u>	<u>Per Audit 06/15/00</u>
Plant in Service	26,614		0	26,614
Land	0		0	0
Const Work in Progress	0		0	0
Accum Depr of Plant	(10,443)	D-3	(8,501)	(18,944)
CIAC	(12,002)	D-4	(300)	(12,302)
Amort of CIAC	0	D-4	8,078	8,078
Working Capital	0		0	0
Total	<u>4,169</u>		<u>(723)</u>	<u>3,446</u>
	=====		=====	=====

BARTELT ENTERPRISES, INC.  
d/b/a WIZ-BAR UTILITIES  
DOCKET 000793-WS

EXHIBIT 1  
P 3 of 3

CERTIFICATE TRANSFER

WIZ-BAR UTILITIES, INC. SUMMARY OF WASTEWATER RATE BASE

TEST PERIOD ENDED 06/15/2000

<u>Component</u>	<u>Per G/L</u> <u>12/31/99</u>	<u>Ref</u>	<u>Audit</u> <u>Adjustments</u>	<u>Per Audit</u> <u>06/15/00</u>
Plant in Service	114,133		0	114,133
Land	0	D-2	500	500
Const Work in Progress	0		0	0
Accum Depr of Plant	(12,659)	D-3	(4,532)	(17,191)
CIAC	(16,482)	D-4	(750)	(17,232)
Amort of CIAC	0	D-4	8,234	8,234
Working Capital	0		0	0
Total	<u>84,992</u>		<u>3,452</u>	<u>88,444</u>

**COMPANY IDENTIFICATION**

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**Complete Name:** Bartelt Enterprises, Inc.

**Mailing Name:** Bartelt Enterprises, Inc.

**Company Code:** WS522                      **FEID Number:** 59-2673153

**MAILING INFORMATION**

**Attention:**

**Address Line 1:** P. O. Box 609

**Address Line 2:**

**City:** Tarpon Springs                      **State:** FL              **Zip Code:** 34688-0609

**E-mail Address:**

**Web Address:**

**Liaison 1:** Ruth Bartelt

**Title:** President

**Phone:** (727) 937-6133

**Fax 1:** (727) 937-6172

**County:** 51 - Pasco

**Liaison 2:** David C. Bartelt

**Title:** Secretary/Treasurer

**Phone:** (727) 937-6133

**Fax 2:**

**COMPANY IDENTIFICATION**

Printed on 10/25/2000 at 16:25:36 by SCP

Complete Name: Utilities, Inc.

Mailing Name: Utilities, Inc.

Company Code: FEID Number:

**MAILING INFORMATION**

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Liaison 1:

Liaison 2:

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County: