

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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07 DEC 11 AM 9:45  
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**DATE:** December 10, 2007

**TO:** Stephen B. Fletcher, Professional Accountant Specialist, Division of Economic Regulation

**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance *W*

**RE:** **Docket No: 070293-SU; Company Name: K W Resort Utilities Corp;**  
**Audit Purpose: File and Suspend Rate Case;**  
**Audit Control No: 07-233-4-1**

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Attached is revised page 25 to the staff audit report issued by memo dated October 29, 2007. I am sending the utility a copy of this memo and a copy of the revised page. There are confidential work papers associated with this audit.

DNV:bj  
Attachments

Copy: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of Commission Clerk (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Mr. Doug Carter, General Manager  
K W. Resort Utilities Corp.  
P.O. box 2125  
Key West, FL 33045

Rose Law Firm  
F. Marshall Deterding  
2548 Blairstone Pines Dr.  
Tallahassee, FL 32301

DOCUMENT NUMBER-DATE

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did not have to be repaid to the county should have been removed from the advance and transferred to CIAC. The County then paid the remainder of the \$900,000 by giving the Utility a check for \$707,000 in advance of the customers signing up. The utility booked the \$707,000 in CIAC instead of the advance account. There is a 9.77 difference that remains. Since the County took over and until the end of 2006, 37.55 ERC's were paid for. At \$600 each, \$22,530 of the \$707,000 advance should have been removed from advances and transferred to CIAC.

Finally, the utility received and booked more in the advance account than it actually owes to the County and this amount needs to be adjusted as follows:

Amount received in twelve payments	3,886,674.23
Less amount of \$600 received by Utility but not transferred to CIAC	(192,990.23)
Less amount of advance at \$2,100	<u>(3,150,000.00)</u>
	543,684.00
Less Advance transferred to CIAC	<u>(450,684.89)</u>
Net remaining to be transferred	92,999.11

**EFFECT ON THE GENERAL LEDGER:** The following entry should be made:

	DEBIT	CREDIT
Advances for Construction	707,000.00	
CIAC		707,000.00
To transfer advance toward \$600 per ERC from CIAC to Advance		
CIAC	192,990.23	
Advances for Construction		192,990.23
To reduce advance and increase CIAC for \$600 per customer left in advance account.		
CIAC	22,536.00	
Advances for Construction		22,536.00
To reduce advance and increase CIAC for \$600 per customer received in \$707,000 check		
CIAC	92,999.11	
Advances for Construction		92,999.11
To transfer balance of additional funds received from County over the amount that was to be refunded.		

**EFFECT ON THE FILING:** There is no effect on the filing because both accounts are included in their entirety.