

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-

DATE: February 4, 2014
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis *LD*
RE: Revised Audit Report Pages; Docket 130055-WS; Audit Control Number 13-085-1-1; LP Waterworks, Inc.

Attached are 4 revised pages for the audit report issued in Docket 130055-WS, Audit Control Number 13-085-1-1 for LP Waterworks, Inc.

In the original audit report issued July 10, 2013, the amount for Contributions In Aid of Construction and Accumulated Amortization of CIAC were incorrect for both water and wastewater. The revised pages attached have the correct amounts.

Finding 2: Contributions-in-Aid-of-Construction

Audit Analysis: The water and wastewater CIAC balances per the Utility are \$204,307 and \$65,600, respectively, as of December 27, 2012.

Order No. PSC-02-1739-PAA-WS established water and wastewater CIAC balances of \$204,307 and \$65,600, respectively, as of December 31, 2001. Order No. PSC-03-1051-FOF-WS, issued September 22, 2003, increased the water CIAC balance by an additional \$30,608 as of December 31, 2001. This was to record CIAC attributable to 162 customers that was overlooked in the prior order. The Utility did not adjust the water CIAC balance to this Commission Order.

We compiled CIAC additions for the period January 1, 2002, through December 27, 2012, to determine the Utility's CIAC balances as of December 27, 2012. We used information from the Utility's 2002 to 2012 annual reports in conjunction with Commission's staff's billing analysis to determine the customer additions since the last rate proceeding. CIAC was calculated using the prescribed rates in the approved tariffs.

The water CIAC adjustment of \$61,339 consists of \$30,608 adjustment reflected in the Commission Order and \$30,731 for CIAC additions that the Utility has not recorded. The wastewater CIAC adjustment of \$26,800 represents CIAC additions that the Utility has not recorded.

Effect on the General Ledger: The Utility should record the CIAC balances of \$265,646 for water and \$92,400 for wastewater as of December 27, 2012.

Finding 4: Accumulated Amortization of CIAC

Audit Analysis: The water and wastewater accumulated amortization of CIAC balances per the Utility are \$103,313 and \$39,129, respectively, as of December 27, 2012.

Order PSC-02-1739-PAA-WS established water and wastewater accumulated amortization of CIAC balances of \$36,374 and \$19,911, respectively as of December 31, 2001. Order No. PSC-03-1051-FOF-WS, issued September 22, 2003, increased the water accumulated amortization of CIAC balance by an additional \$900 for a total balance of \$37,274 as of December 31, 2001. This was to record accumulated amortization of CIAC that was attributable to the 162 customers that were overlooked in the prior order. The Utility did not adjust the water accumulated amortization of CIAC balance to this Commission Order.

Using the audited balances for CIAC as discussed in Finding 2 and applicable amortization rates, we calculated accumulated amortization of CIAC to be \$133,294 for water and \$44,267 for wastewater as of December 27, 2012.

Effect on the General Ledger: The Utility should record the accumulated amortization of CIAC balances of \$133,294 for water and \$44,267 for wastewater as of December 27, 2012.

Exhibits

Exhibit 1: Water Rate Base

LP Waterworks, Inc.
Water Rate Base
Docket No.: 130055-WS
Audit Control No.: 13-085-1-1
As of December 27, 2012

Description	Balance Per Utility	Audit Adjustments	Balance per Audit @12/27/12
Utility Plant in Service	\$ 469,295	\$ 27,922	\$ 497,217
Land	\$ 20,598	\$ -	\$ 20,598
Accumulated Depreciation	\$ (272,636)	\$ (33,590)	\$ (306,226)
Contributions in Aid of Construction	\$ (204,307)	\$ (61,339)	\$ (265,646)
Accumulated Amortization of CIAC	\$ 103,313	\$ 29,981	\$ 133,294
Net Book Value	\$ 116,263	\$ (37,026)	\$ 79,237

Exhibit 2: Wastewater Rate Base

LP Waterworks, Inc.
Wastewater Rate Base
Docket No.: 130055-WS
Audit Control No.: 13-085-1-1
As of December 27, 2012

Description	Balance Per Utility	Audit Adjustments	Balance per Audit @12/27/12
Utility Plant in Service	\$ 377,807	\$ 6,191	\$ 383,998
Land	\$ 36,000	\$ -	\$ 36,000
Accumulated Depreciation	\$ (297,869)	\$ 24,694	\$ (273,175)
Contributions in Aid of Construction	\$ (65,600)	\$ (26,800)	\$ (92,400)
Accumulated Amortization of CIAC	\$ 39,129	\$ 5,138	\$ 44,267
Net Book Value	\$ 89,467	\$ 9,223	\$ 98,690