

State of Florida



## Public Service Commission

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

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

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**DATE:** April 10, 2017  
**TO:** Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 160101-WS  
Company Name: Utilities, Inc. of Florida  
Audit Purpose: A1a – Rate Case  
Audit Control No.: 16-259-1-1

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Attached is the Revised Finding 1, pages 9 and 10 of the official audit report for the Utility stated above. Table 1-1, had incorrect formulas in the line labeled "Net Rate Base – Water". This also necessitates a change in the Effect on the Filing section of the Finding from a 13-month average water rate base adjustment of \$37,045 to \$13,362. I am sending the Utility a copy of this memo and the Revised Finding 1 of the audit report.

LMD/cmm

Attachment: Revised Finding 1

cc: Office of Auditing and Performance Analysis File

Audit Findings**Finding 1: Commission Ordered Adjustments – Cypress Lakes**

**Audit Analysis:** Order No. PSC-14-0283-PAA-WS, issued May 30, 2014, in Docket No. 130212-WS, established rate base as of December 31, 2012 and required Cypress Lakes Utility, Inc. (CLU) to make several adjustments to specific rate base account balances. We compared the Commission ordered adjustments (COAs) to CLU's supporting journal entry and noted that CLU did not record the COAs as of December 31, 2012 until November 30, 2014.

We found that plant adjustments were either not recorded or recorded incorrectly. We also found that the accumulated depreciation and accumulated amortization of CIAC was recorded at the December 31, 2012 balance, and was not carried forward the 23 months to November 30, 2014. Table 1-1 following this finding reflects our adjustments.

Our adjustments only pertain to the direct costs COA, which are posted to CLU's AA ledger. See Finding 9 for the allocated COAs. Table 1-1 following this finding details the adjustments.

**Effect on the General Ledger:** The Utility should determine the effect on the general ledger.

**Effect on the Filing:** The 13-month average water rate base adjustment is an increase of \$13,362. The 13-month average wastewater rate base adjustment is a decrease of \$135,012. There is no effect on net depreciation expense.

Table 1-1

OBJ	NARUC	ACCOUNT TITLE	CLU recorded COA	Audit Adjustment	Audit COA balance
<b>Water</b>					
1090	309.2	SUPPLY MAINS	\$ -	\$ 23,660	\$ 23,660
1115	320.3	WATER TREATMENT EQPT	(1,641)	(341)	(1,981)
1170	339.4	OTH PLT&MISC EQUIP	-	596	596
1885	108.1	ACC DEPR-SUPPLY MAINS	-	(4,338)	(4,338)
1900	108.1	ACC DEPR-ELECT PUMP EQU	4,294	(3,493)	801
1910	108.1	ACC DEPR-WATER TREATMEN	828	341	1,169
1920	108.1	ACC DEPR-TRANS & DISTR	(14,150)	(6,283)	(20,433)
1925	108.1	ACC DEPR-SERVICE LINES	(6,457)	(2,250)	(8,707)
1940	108.1	ACC DEPR-HYDRANTS	(1,421)	(496)	(1,917)
1965	108.1	ACC DEPR-OTH PLANT&MISC	-	(145)	(145)
3350	271	CIAC-METERS	-	(3,625)	(3,625)
3885	272	ACC AMORT TRANS & DISTR	18,063	6,283	24,346
3890	272	ACC AMORT SERVICE LINES	6,457	2,250	8,707
3895	272	ACC AMORT METERS	-	825	825
3905	272	ACC AMORT HYDRANTS	1,421	496	1,917
4005	272	ACC AMORT WTR PLT MTR F	(323)	(119)	(442)
		<b>Net Rate Base - Water</b>	<b>\$ 7,071</b>	<b>\$ 13,362</b>	<b>\$ 20,433</b>
<b>Wastewater</b>					
1315	354.7	STRUCT/IMPRV GEN PLT	\$ (382,687)	\$ (652,831)	\$ (1,035,518)
1400	380.4	TREAT/DISP EQUIP TRT PL	278,788	850,500	1,129,288
1475	394.1	LABORATORY EQPT	-	(323)	(323)
2055	108.1	ACC DEPR-STRUCT/IMPRV P	(30,434)	30,434	-
2060	108.1	ACC DEPR-STRUCT/IMPRV T	71,303	(71,303)	-
2075	108.1	ACC DEPR-STRUCT/IMPRV G	-	216,496	216,496
2090	108.1	ACC DEPR-PWR GEN EQP TR	(16,333)	(7,667)	(24,000)
2105	108.1	ACC DEPR-SEWER FORCE MA	(10,096)	(4,278)	(14,374)
2110	108.1	ACC DEPR-SEWER GRAVITY	(36,942)	(7,381)	(44,323)
2113	108.1	ACC DEPR-MANHOLES	-	(92,939)	(92,939)
2140	108.1	ACC DEPR-PUMP EQP PUMP PLT	-	(41,693)	(41,693)
2160	108.1	ACC DEPR-TREAT/DISP EQP TRT PLT	(67,680)	(378,081)	(445,762)
2235	108.1	ACC DEPR-LABORATORY EQPT	-	373	373
4050	272	ACC AMORTSTRUCT/IMPRV P	30,434	8,286	38,720
4100	272	ACC AMORT SEWER FORCE M	10,096	4,278	14,374
4105	272	ACC AMORT SEWER GRAVITY	36,942	11,000	47,942
4265	272	ACC AMORT SEWER-TAP	310	119	429
		<b>Net Rate Base - Wastewater</b>	<b>\$ (116,299)</b>	<b>\$ (135,012)</b>	<b>\$ (251,311)</b>