

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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**DATE:** June 16, 2017

**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

**FROM:** Matthew Vogel, Public Utility Analyst II, Division of Accounting & Finance

**RE:** Docket No. 150149-WS - Application for staff-assisted rate case in Glades and Highlands Counties by Silver Lake Utilities, Inc.

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Attached please find a copy of correspondence between Commission staff and Silver Lake Utilities, Inc. containing questions and concerns about the Commission-ordered adjustments to be made as required by Order No. PSC-16-0370-PAA-WS. Please file the attached document in the documents tab of the above-referenced docket file.

Thank you for your assistance in this matter. Should you have any questions please do not hesitate to contact me.

MAV

COMMISSION  
CLERK

2017 JUN 16 PM 2:57

RECEIVED-FPSC

## Matthew Vogel

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**From:** Noah Handley <Noah.Handley@LykesRanch.com>  
**Sent:** Friday, May 26, 2017 4:09 PM  
**To:** Matthew Vogel  
**Subject:** RE: Silver Lake - questions about work papers

Thank you I am trying to get that exact memo out of my accountants. As soon as I have it I will send it to you.

Noah Handley  
Lykes Bros. Inc.  
(863) 763-3041 (office)  
(863) 273-9436 (cell)

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**From:** Matthew Vogel [mailto:MVogel@PSC.STATE.FL.US]  
**Sent:** Friday, May 26, 2017 4:04 PM  
**To:** Noah Handley  
**Subject:** RE: Silver Lake - questions about work papers

Noah,

The attached Excel file is the trial balances our auditors were given at the start of the rate case.

The Order has attached schedules at the end that show what the Utility's balance for accounts were and what was approved for each balance. Some of the accounts such as, Non-used and useful and Working Capital are not accounts that utilities keep on their books. We only use those accounts for rate-making purposes.

All I need to close the docket is a memo stating that all Commission Ordered Adjustments have been made.

Thank you,

**MATTHEW A VOGEL**  
Public Utility Analyst II  
Division of Accounting and Finance  
Florida Public Service Commission  
[MVogel@psc.state.fl.us](mailto:MVogel@psc.state.fl.us)  
Phone: 850-413-6453  
Fax: 850-413-6454

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**From:** Noah Handley [mailto:Noah.Handley@LykesRanch.com]  
**Sent:** Friday, May 26, 2017 3:51 PM  
**To:** Matthew Vogel  
**Subject:** RE: Silver Lake - questions about work papers

Matthew,

First I am sorry to keep bugging you but the person who kept up with this left and their files are not in the shape I prefer. Can you send me the first copy of the General Ledger that was sent with the Rate Case as well as the Final Version that was agreed upon?

Thank you,

Noah Handley  
Silver Lake Utilities, Inc.  
(863) 763-3041 (office)  
(863) 273-9436 (cell)

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**From:** Matthew Vogel [<mailto:MVogel@PSC.STATE.FL.US>]  
**Sent:** Thursday, May 18, 2017 9:50 AM  
**To:** Noah Handley  
**Subject:** RE: Silver Lake - questions about work papers

I have attached my excel workpapers for the case. It does not include much more that what is in the Order.

**MATTHEW A VOGEL**

Public Utility Analyst II  
Division of Accounting and Finance  
Florida Public Service Commission  
[MVogel@psc.state.fl.us](mailto:MVogel@psc.state.fl.us)  
Phone: 850-413-6453  
Fax: 850-413-6454

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**From:** Noah Handley [<mailto:Noah.Handley@LykesRanch.com>]  
**Sent:** Thursday, May 18, 2017 9:17 AM  
**To:** Matthew Vogel  
**Cc:** Todd Brown  
**Subject:** RE: Silver Lake - questions about work papers

Do I understand there are no workpapers available?

Noah Handley  
Lykes Bros. Inc.  
(863) 763-3041 (office)  
(863) 273-9436 (cell)

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**From:** Matthew Vogel [<mailto:MVogel@PSC.STATE.FL.US>]  
**Sent:** Wednesday, May 17, 2017 2:11 PM  
**To:** Noah Handley  
**Cc:** Todd Brown  
**Subject:** RE: Silver Lake - questions about work papers

Good afternoon Mr. Handley,

I have attached an example of the proof of adjustments from a previous case. As you can see in the attachment, the adjustments come straight from the order's schedules.

Please have the accountant call me in regards to Non Used and Useful and Working Capital. Those are accounts that we use for rate making purposes, but not adjustments the company will need to make.

If you have any questions please feel free to call or email anytime.

Thank you,

**MATTHEW A VOGEL**

Public Utility Analyst II  
Division of Accounting and Finance  
Florida Public Service Commission  
[MVogel@psc.state.fl.us](mailto:MVogel@psc.state.fl.us)  
Phone: 850-413-6453  
Fax: 850-413-6454

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**From:** Noah Handley [<mailto:Noah.Handley@LykesRanch.com>]  
**Sent:** Friday, May 12, 2017 3:16 PM  
**To:** Adam Hill; Matthew Vogel  
**Subject:** RE: Silver Lake - questions about work papers

Adam, thank you for the introduction.

Matthew, My accountant is asking for the work papers for which we are requested to make adjustments to our books. He referenced something about support for future audits.

The following are specific items he asked me questions that I was unable to answer, the page numbers are from the attached Order:

Page 6:

*Utility Plant in Service (UPIS)*

Silver Lake recorded UPIS of \$1,246,881. Our audit staff compiled all subsequent plant additions and retirements and our audit noted exceptions to the Utility's UPIS balances. As a result, the following adjustments were made to UPIS. We decreased UPIS by \$57,525, to remove plant that is being held for future use associated with the Muse Village development. We increased UPIS by \$4,400, to capitalize two plant additions (\$1,805 + \$2,595) that were originally placed in Operation & Maintenance (O&M) expenses. We increased UPIS by \$2,694, to include pro forma plant additions made after the test year along with the appropriate retirements. We also decreased UPIS by \$3,547, to include an averaging adjustment. The result of our adjustments to UPIS is a net decrease of \$53,978. Therefore, we find the appropriate UPIS balance to be \$1,192,903.

Page 7

*Non-Used and Useful (non-U&U) Plant*

As discussed in the U&U section above, we adjusted U&U. As a result of our adjustment, we increased non-U&U plant by \$184,555, and decreased non-U&U accumulated depreciation by \$78,414. Therefore, we find a net increase of \$106,141 to non-U&U plant.

*Contributions In Aid of Construction (CIAC)*

Silver Lake did not record a CIAC balance for the test year; however, it did include a CIAC account balance in its original certificate 2006 filing. This account includes all Transmission and Distribution lines. We increased CIAC by \$248,963, to include Transmission and Distribution lines, and find the appropriate CIAC balance to be \$248,963.

I look forward to hearing from you next week.

Thanks,

Noah Handley  
Lykes Bros. Inc.  
(863) 763-3041 (office)  
(863) 273-9436 (cell)

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**From:** Adam Hill [<mailto:AHill@PSC.STATE.FL.US>]  
**Sent:** Friday, May 12, 2017 1:41 PM  
**To:** Matthew Vogel  
**Cc:** Noah Handley  
**Subject:** Silver Lake - questions about work papers

Matthew-

Mr. Handley with Silver Lake has some questions about the work papers for Silver Lake so they can submit what they need to in order to close the docket. I assume he'll follow up this email with specific questions for when you're back in the office Monday or Tuesday.

*Adam R. Hill  
Engineering Specialist II  
Division of Engineering  
(850) 413-6425*

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**From:** Noah Handley [<mailto:Noah.Handley@LykesRanch.com>]  
**Sent:** Friday, May 12, 2017 1:38 PM  
**To:** Adam Hill  
**Subject:** Noah Handley Contact

Noah A. Handley, P.E.  
Director of Engineering  
& Land Management

Lykes Bros. Inc.  
106 SW CR 721

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