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Public Service Commission

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

DATE: June 30, 2026

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis

RE: Docket No.: 20260033- WS
Company Name: Placid Lakes Utilities, Inc.
Company Code: WU193
Audit Purpose: B1c: Certificate Transfer
Audit Control No.: 2026-093-1-2

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachement: Audit Report

Cc: Office of Audit & Performance Analysis

State of Florida

Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Placid Lakes Utilities, Inc.
Transfer of Certificate

As of January 31, 2026

Docket No. 20260033-WS
Audit Control No. 2026-093-1-2
June 26, 2026

Ronald A. Mavrides
Audit Manager

Lynn M. Deamer
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting & Finance in its audit service request dated March 11, 2026. We have applied these procedures to the attached schedules prepared by the audit staff in support of Placid Lakes Utilities, Inc.'s request for a Transfer of Certificate in Docket No. 20260033-WS.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Seller/Utility refers to Placid Lakes Utilities, Inc.

Buyer refers to Sunshine Water Services Company.

NARUC refers to the National Association of Regulatory Utility Commissioners.

USoA refers to the NARUC Uniform System of Accounts as adopted by Rule 25-30.115-Uniform System of Accounts for Water and Wastewater Utilities, Florida Administrative Code (F.A.C.)

Utility Information

On February 27, 2026, Sunshine Water Services Company filed the Application for authority to transfer assets of exempt entity in Highlands County by Placid Lakes Utilities, Inc. to Sunshine Water Services Company. Placid Lakes Utilities, Inc., is a Class B Utility which operates a wastewater system serving approximately 18 customers in Highlands County. Placid Lakes Utilities, Inc.'s wastewater facility has been exempted from Commission's jurisdiction. There is no Order with established rate base.

The Utility was only able to provide the transaction detail report and depreciation schedules, which audit staff used as the source of financial information.

This report only addresses the wastewater operations.

Utility Books and Records

Objectives: The objective was to determine whether the Utility maintained its accounts and records in conformity with the NARUC USoA.

Procedures: The Utility did not use NARUC USoA to maintain its accounts and records, because it was not under jurisdiction of Commission. In addition, the Utility does not have the general ledger, but only maintains a transaction detail reports to maintain its records.

Net Book Value

Utility Plant in Service

Objectives: The objectives were to determine whether utility plant in service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are recorded at original cost, 3)

Retirements are recorded when a replacement asset is put into service, and 4) Adjustments required in the Utility's last proceeding are recorded in its books and records.

Procedures: We established the beginning Plant balances as of December 31, 2018, by using the Utilities' transaction details reports and depreciation schedules. We scheduled and recalculated the UPIS balances by NARUC accounts as of January 31, 2026. See Finding 1.

Land & Land Rights

Objectives: The objectives were to determine whether the Utility's land was: 1) Recorded at original cost, 2) Owned or secured under a long-term lease agreement, and 3) Adjustments required in the Utility's last rate proceeding were recorded in its books and records.

Procedures: We obtained the warranty deeds for the Utility land and determined that there has been no change in land ownership since 2017. We obtained the confirmation from the Utility that the 2022 deed was used for correcting some of the legal survey language that was incorrectly entered on the original 2017 deed by their attorney. No exceptions were noted.

Accumulated Depreciation

Objectives: The objectives were to determine whether accumulated depreciation: 1) Accruals were properly calculated and recorded based on Rule 25-30.140, Florida Administrative Code-Depreciation, 2) Retirements were recorded when an asset was replaced, and 3) Adjustments required in the Utility's last rate proceeding were recorded in its books and records.

Procedures: We determined the beginning balances for Accumulated Depreciation as of January 31, 2019, from the Utility's transaction report and depreciation schedule. We recalculated depreciation accruals for all UPIS accounts to verify that the correct Class B depreciation rates were used. We determined the accumulated depreciation balances as of January 31, 2026. See Finding 2.

Contributions-in-Aid-of-Construction

Objectives: The objectives were to determine whether contributions-in-aid-of-construction (CIAC): 1) Consist of cash or property contributions that exist and are owned by the Utility, 2) Additions are recorded using Commission-approved tariffs, 3) Retirements are recorded when a contributed asset is replaced, and 4) Adjustments in the Utility's last rate proceeding are recorded in its books and records.

Procedures: We determined that the Utility's Wastewater plant was fully paid by Placid Lakes Utilities without any contributions from customers or developers. No further work was performed.

Accumulated Amortization of CIAC

Objectives: The objectives were to determine whether accumulated CIAC: 1) Accruals are properly calculated and recorded based on Rule 25-140, Florida Administrative Code-

Depreciation, 2) Retirements are recorded when an asset is replaced, and 3) Adjustments required in the Utility's last rate proceeding are recorded to its books and records.

Procedures: We determined that the Utility has no CIAC, thus, there is no Accumulated Amortization of CIAC. No further work was performed.

Customer Deposits

Objectives: The objectives are to determine the amount and disposition of customer deposits during and after the transfer.

Procedures: We determined that the Utility did not collect customer deposits for Wastewater. No further work was performed.

Customer Bills

Objectives: The objectives are to determine whether the Utility is using the applicable tariff rates in its billings to customers.

Procedures: As the Utility is not jurisdictional to FPSC, it uses internally developed rates for its wastewater system. Audit staff determined that these tariff rates were being billed to customers. No exceptions were noted.

Audit Findings

Finding 1: Utility Plant in Service

Audit Analysis: The Utility does have a general ledger for Wastewater. The only records the Utility has been using to support its UPIS balance is the transaction detail reports and depreciation schedules. The NARUC USoA accounts were not used by the Utility.

Audit staff used the account descriptions from the transaction details report and other supporting documentation from the Utility to schedule the UPIS balance by NARUC Accounts.

Effect on the General Ledger: Utility should maintain a general ledger using NARUC USoA.

Effect on the Filing: The UPIS ending balance should be $75,751 as of January 31, 2026.

Finding 2: Accumulated Depreciation

Audit Analysis: Audit staff recalculated the Accumulated Depreciation of plant account balances using NARUC Accounts and depreciation rates in Rule 25-30.140, F.A.C. See Table 2-1 below for our adjustments.

Table 2-1 Accumulated Depreciation

NARUC Acct. No.	Account Description	Accumulated Depreciation per Utility As of 01/31/2026	Audit Adjustments	Accumulated Depreciation per Audit As of 01/31/2026
354	STRUCTURES & IMPOROVEMENTS	$ 2,409	$ (307)	$ 2,101
360	COLLECTING & IMPOUNDING RESEVOIRS	$ 2,126	$ 1,115	$ 3,241
371	PUMPING EQUIPMENT	$ 723	$ (5,991)	$ (5,267)
380	TREATMENT & DISPOSAL EQUIPMENT	$ 762	$ 296	$ 1,058
398	OTHER TANGIBLE PLANT	$ 42,755	$ 805	$ 43,559
	TOTAL ACCUMULATED DEPRECIATION	$ 48,774	$ (4,082)	$ 44,692

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

Effect on the Filing: The Accumulated Depreciation should be decreased by $4,082 ($44,692 - $48,774). Please note that, as a result of early retirement, Account 371 has a debit balance. Staff should evaluate the proper disposition of this balance pursuant to NARUC Accounting Instruction 28 (H).

Exhibits

Exhibit 1: Rate Base – Net Book Value

PLACID LAKES UTILITIES, INC.
TRANSFER OF CERTIFICATE
AS OF JANUARY 31, 2026
DOCKET NO.: 20260033-WS; ACN: 2026-093-1-2

SCHEDULE OF NET BOOK VALUE

Description	Balance per Utiltiy As of 01/31/2026	Audit Adjustments	Audit Finding	Balance per Audit As of 01/31/2026
Utility Plant in Service	$ 75,751	$ -	1	$ 75,751
Land	$ 8,138	$ -		$ 8,138
Contributions in Aid of Construction	$ -	$ -		$ -
Accumulated Depreciation	$ (48,774)	$ 4,082	2	$ (44,692)
Accumulated Amortization of CIAC	$ -	$ -		$ -
NET BOOK VALUE	$ 35,115	$ 4,082		$ 39,197