



Public Service Commission

ORIGINAL
FILE COPY

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

DATE: April 3, 1997
TO: Denise Vandiver, Chief of Audits, Division of Auditing and Financial Analysis
FROM: Martha A. Golden, Economic Analyst, Division of Water & Wastewater *MA*
RE: Audit for Docket No. 970201-WU, Application for transfer of facilities of Lake Region Paradise Island and amendment of Certificate No. 582-W in Polk County by Keen Sales & Rentals, Inc.

Please find attached an Audit Service Request for this docket. Because your Division has already initiated the audit in this case, I am only submitting this request for the purpose of providing the Audit Staff with a list of the items that we would like to have covered by the audit. If you have any questions, please feel free to call me at 413-7015. Thank you.

cc: Division of Records and Reporting

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

03524 APR -4 97

FPSC-RECORDS/REPORTING

AUDIT SERVICE REQUEST

April 3, 1997

Date of Request

- - -

AFAD control #

TO : DIVISION AUDITING & FINANCIAL ANALYSIS

FROM: DIVISION OF WATER AND WASTEWATER Martha Golden (904) 413-7015
Division Name Phone number

RE : REQUEST FOR AUDIT OF Lake Region Paradise Island/Keen Sales & Rentals
DOCKET NO.: 970201-WU
AUDIT PURPOSE: TO ESTABLISH RATE BASE AS OF DECEMBER 31, 1996 (or through
January 19, 1997 - the date of transfer - if possible.)

LIST AUDIT OBJECTIVES & OTHER INFORMATION ON BACK.

ADMINISTRATIVE DETAILS:

COMPANY CONTACT: J. RAY KEEN OWNER (941)421-6827
Name Title Phone Number

MAIL ADDRESS: 685 DYSON ROAD
Street Address
HAINES CITY FLORIDA 33844
City State Zip Code

LOCATION OF RECORDS: The application states that the books and records are in the possession of
Susan Cliett, Phone No. (941)422-1958,
115 Scenic Highway, Haines City, Florida 33844.

AUDIT DUE DATE: July 31, 1997
PIECEMEAL RESULTS: YES_ NO XX

COORDINATING DETAILS: MARTHA GOLDEN (Analyst) (904) 413-7015
RICHARD REDEMANN (Engineer) (904) 413-6999
Name and phone number of other Division staff and any other administrative instructions

REFERENCES: There are no reference documents available for this utility because we only recently
obtained jurisdiction in Polk County and have not yet issued a certificate for this utility.
Attach copies of FPSC ORDERS and other documents as appropriate

FOR USE OF THE FIELD AUDIT SUPERVISOR:

REQUEST ACKNOWLEDGED BY: _____ DATE: _____
AUDIT MANAGER ASSIGNED: _____ DATE ON SIGHT: _____
COMMENTS: _____

ITEM #

AUDIT OBJECTIVE OR QUESTION
Add supplemental background for auditor

PRIORITY

WORK

ALL ITEMS CONSIDERED HIGH (H) PRIORITY

- 1 The rate base objectives per rate case audit guide of the DAFA audit manual should be used in auditing utility plant, accumulated depreciation, CIAC and accumulated amortization of CIAC. A working capital allowance need not be calculated.
- 2 Determine whether any assets on the seller's books are not being transferred, such as desk, computer equipment and vehicles, and exclude these items from the calculation of rate base.
- 3 Determine if these are any extraordinary circumstances surrounding the purchase. Current Commission policy is not to allow an acquisition adjustment up or down unless there are extraordinary circumstance justifying an acquisition adjustment. The burden of proof is on the utility.
- 4 Verify land ownership in the name of the current owner of the utility for the real property on which the utility plant is located.
- 5 Verify the existing rates, miscellaneous service charges, service availability charges, and customer deposits charged by the utility.

PRIORITY
CODES

H - HIGH PRIORITY - CRITICAL WORK NEEDED TO COMPLETE PROGRAM.
M - MIDDLE PRIORITY - REQUIRED FOR FULL CONSIDERATION OF PROGRAM.
L - LOW PRIORITY - WORK THAT CAN BE DEFERRED.