

Marguerite McLean

090349-WS

From: Filings@psc.state.fl.us
Sent: Thursday, January 06, 2011 3:12 PM
To: 'JDWilliams@uiwater.com'
Subject: FW: Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk County by Cypress Lakes Utilities, Inc.
 Mr. Williams:

This message was delivered to the e-filings in-box. This message will be placed in parties correspondence without further action.

Marguerite H. McLean
Commission Deputy Clerk II
Florida Public Service Commission
2540 Shunard Oak Boulevard
Tallahassee, Florida 32399-0850
850-413-6824

FPSC, CLK - CORRESPONDENCE
Administrative Parties Consumer
DOCUMENT NO. 09950-09
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From: John Williams [mailto:JDWilliams@uiwater.com]
Sent: Wednesday, January 05, 2011 5:34 PM
To: Dana Rudolf; Filings@psc.state.fl.us
Cc: Christian W. Marcelli; Steve Lubertozzi; Kirsten Weeks; Patrick Flynn; Bart Fletcher; Curt Mouring; Jennifer Crawford
Subject: RE: Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk County by Cypress Lakes Utilities, Inc.

This is a notice of the PAA Order, not a notice of customer meeting. The customer meeting was months ago, and if no one protests the PAA, the case is over.

From: Dana Rudolf [mailto:DRudolf@RSBattorneys.com]
Sent: Wednesday, January 05, 2011 4:04 PM
To: filings@psc.state.fl.us
Cc: Christian W. Marcelli; Steve Lubertozzi; Kirsten Weeks; John Williams; Patrick Flynn; BFletche@PSC.STATE.FL.US; cmouring@psc.state.fl.us; jcrowfor@psc.state.fl.us
Subject: Docket No. 090349-WS; Application for Limited Proceeding Rate Increase in Polk County by Cypress Lakes Utilities, Inc.

- a) Christian W. Marcelli, Esquire
 Rose, Sundstrom & Bentley, LLP
 766 North Sun Drive, Suite 4030
 Lake Mary, FL 32746
 (407) 830-6331
cmarcelli@rsbattorneys.com
- b) Docket No. 090349-WS
 Application for Limited Proceeding Rate Increase in Polk County by Cypress Lakes Utilities, Inc.
- c) Cypress Lakes Utilities, Inc.
- d) 6 pages
- e) Notice of Filing the Affidavit of Mailing of Notice of Customer Meeting

1/6/2011

Diamond Williams

From: Dorothy Menasco
Sent: Wednesday, October 20, 2010 8:33 AM
To: Diamond Williams
Cc: Lorena Holley; Caroline Klancke
Subject: FW: Docket Correspondence
Attachments: Halleen.pdf; 12078-09.pdf; 12077-09.pdf; 25-30.140[1].doc

FPSC, CLK - CORRESPONDENCE		
<input type="checkbox"/> Administrative	<input checked="" type="checkbox"/> Parties	<input type="checkbox"/> Consumer
DOCUMENT NO. 09950-09		
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Good morning, Diamond. Please place this e-mail and attachments in Docket Correspondence - Parties and Interested Persons for Docket 090349, as requested below.

Thank you.

Dorothy Menasco
Chief Deputy Commission Clerk
Florida Public Service Commission
Office of Commission Clerk
850-413-6770

Please note: Florida has a very broad public records law. Most written communications to or from state officials regarding state business are public records available to the public and media upon request. Your e-mail communications may therefore be subject to public disclosure.

From: Lorena Holley
Sent: Thursday, October 14, 2010 10:46 AM
To: Dorothy Menasco
Cc: Caroline Klancke
Subject: Docket Correspondence

Hi Dorothy -
Could you please place the forwarded letter in the Parties and Interested Persons portion of Docket no. 090349? Thanks so much!

Lorena A. Holley
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6197 (telephone)
(850) 413-6198 (facsimile)
lorena.holley@psc.state.fl.us

From: Lorena Holley
Sent: Thursday, October 14, 2010 10:44 AM
To: 'rhalleen1@tampabay.rr.com'
Cc: 'r.r.attebery@worldnet.att.net'; 'MFriedman@RSBattorneys.com'; 'CMarcelli@RSBattorneys.com'; Charles Rehwinkel; Caroline Klancke; Bart Fletcher; Curt Mouring; Andrew Maurey; Lorena Holley; Patti Daniel

10/20/2010

Subject: Response to October 6, 2010, Letter

Dear Dr. Halleen:

Thank you for your letter dated October 6, 2010, in which you request certain information in advance of the October 26, 2010, Commission Conference. A copy of your letter was included in the Parties and Interested Persons portion of Docket No. 090349-WS, and is also attached to this e-mail for reference.

With respect to your request for bid documents related to the wastewater treatment plant expansion, you state that you were provided certain bid documents, but that you did not receive a list of actual bidders or bid amounts for that project. Commission staff is not in possession of that information. However, by way of providing a copy of this e-mail and attachments to Marty Friedman and Christian Marcelli, representatives of Cypress Lakes Utilities, Inc., staff is hopeful that the utility will provide that information, if available, to you.

You also reference a letter dated July 12, 2010, that you sent to Mr. Charles Rehwinkel with the Office of Public Counsel in which you request some details regarding the Settlement Agreement, to which you have not received a response. We would first like to note that we are unaware of the contents of your July 12 letter, as a copy was not provided to our office. However, again by way of providing a copy of this e-mail and attachments to Mr. Rehwinkel, we are hopeful that his office will be in touch with you regarding the information that you seek.

Your third request is with respect to an audit conducted within the PSC on the Project Phoenix that staff has referenced. As you know, staff's initial recommendation in this docket was filed on June 1, 2010. Issue 2 of that recommendation addressed the appropriate allocation of Project Phoenix costs to Cypress Lakes Utilities and referred to some audits that were performed on Cypress Lakes' sister companies. Attached to this e-mail are copies of two such audits for Utilities, Inc. of Longwood and Sanlando Utilities, Inc. Project Phoenix is addressed in Finding No. 7 and Finding No. 5 of those Audits, respectively.

Finally, you seek information related to the Commission's allowable depreciation rates, specifically with respect to standby generators. Depreciation is governed by Commission Rule 25-30.140, Florida Administrative Code. I have attached a copy of that rule to this e-mail for your convenience. In addition, the specific issue of the standby generator you reference will be addressed in staff's revised recommendation which will be issued on October 14, 2010.

I hope that this information has been helpful and responds to your questions.
Sincerely,

Lorena A. Holley

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6197 (telephone)
(850) 413-6198 (facsimile)
lorena.holley@psc.state.fl.us

10/20/2010

Ms. Lorena A. Holley, Senior Attorney
Office of General Counsel
Public Service Commission
Capital Circle Office Center
2540 Shumard Oaks Boulevard
Tallahassee, FL 32399-0850

October 6, 2010

Dear Ms. Holley,

In reviewing the material for the upcoming Agenda Hearing on the 26th of October in Tallahassee, we have found that there are still questions and unanswered correspondence. We would appreciate your help in trying to secure those responses.

First was a request made early in the process; we requested both the Bid package for the wastewater treatment plant expansion and the List of Bidders, including the bid amounts submitted. The Bid document including the consultant's report is available, but no list has been provided as to the actual other bidders and their bid amounts.

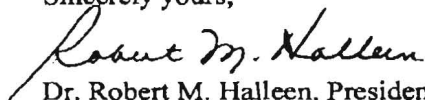
On July 12, 2010, a letter was sent to Mr. Charles Rehwinkel of the Office of Public Counsel requesting specific details concerning the Settlement Agreement. We felt that as current representative from that office to the Agenda Hearing, it was most appropriate to direct our inquiry to him. To date, we have not received a response to that letter.

Staff has made reference to an audit conducted within the PSC on the Project Phoenix. To date, we have not been able to locate the document in the public record. Members of our Board with software and programming experience felt that they would like to review the document. I would appreciate it if you would provide us with a reference source to secure the document.

The document provided by Mr. Marcelli on the transfer of the standby generator set showed it being depreciated in less than 20 years (almost 50 % depreciated in less than nine years). This is certainly inconsistent with published information relative to the life expectancy of such units. Normally, a service life of more than 30 years is expected.. We are not familiar with the PSC allowable depreciation rate and would appreciate any information that Staff could supply ..

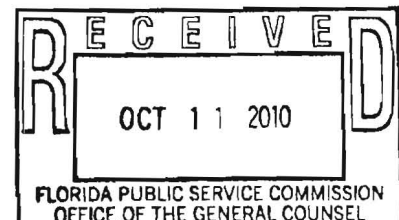
Thanking you in advance for your cooperation, I remain

Sincerely yours,



Dr. Robert M. Halleen, President
Cypress Lakes Homeowners Association
2237 Big Cypress Boulevard
Lakeland, FL 33810

cc: R. R. Attebery



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: December 17, 2009
TO: Tonya Linn, Regulatory Analyst II, Division of Economic Regulation
FROM: Dale N. Mailhot, Director, Office of Auditing and Performance Analysis *DM*
RE: Docket No.: 090402-WS
Company Name: Salando Utilities, Co.
Company Code: WS397
Audit Purpose: Rate Case
Audit Control No: 09-281-4-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are confidential work papers associated with this audit.

DNM/ip
Attachment: Audit Report

cc: (With Attachment)
Office of Auditing and Performance Analysis (Mailhot, File Folder)
Office of Commission Clerk
Office of the General Counsel

(Without Attachment)
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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FLORIDA PUBLIC SERVICE COMMISSION
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
BUREAU OF AUDITING

Miami District Office

SANLANDO UTILITIES, INC.

RATE CASE

AS OF DECEMBER 31, 2008

DOCKET NO. 090402-WS
AUDIT CONTROL NO. 09-281-4-1

Bety Mc
Bety Maitre, Audit Manager

Gabriela Leon
Gabriela Leon, Audit Staff

Iliana Piedra
Iliana Piedra, Audit Staff

Jeffery Small
Jeffery Small, Audit Staff

Yen Ngo
Yen Ngo, Audit Staff

Kathy Welch
Kathy Welch, District Audit Supervisor

DOCUMENT NUMBER DATE

12078 DEC 18 8

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FPSC-COMMISSION CLERK

**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT**

December 11, 2009

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules which were prepared by Sanlando Utilities, Inc. in support of its filing for rate relief in Docket No. 090402-WS.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSIONER'S OFFICE

OBJECTIVES AND PROCEDURES

RATE BASE

General

Objective: To determine that the utility's filing represents its recorded results from continuing operations.

Procedures: We reconciled the following individual component rate base balances to the utility's general ledger as of December 31, 2007 and 2008 and verified that adjustments required in Order No. PSC-07-0205-PAA-WS, were recorded.

Utility-Plant-in-Service

Objective: To determine that property exists and is owned by the utility. To determine that additions to plant are authentic, recorded at original cost, and properly classified in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that the proper retirements of plant were made when a replacement item was put in service.

Procedures: We sampled plant additions for the period January 1, 2006 through December 31, 2008 for compliance with the stated objectives above. We verified whether the utility properly recorded retirements to plant when a capital item was removed or replaced. We toured the utility plant sites to observe whether asset additions were completed and to ascertain if asset retirements were properly recorded. We sampled construction project additions and the corresponding source documentation. We verified that the utility used Commission approved AFUDC rates. We determined that at the end of 2008, there was a credit balance in construction work in process. This credit balance was not included in rate base because the entire construction work in process balance was eliminated. We were unable to determine if plant in service is overstated by this amount and have asked the analyst to follow up on this problem. We tested the allocations of plant allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit.

Land and Land Rights

Objective: To determine that utility land is recorded at original cost and is owned or secured under a long-term lease.

Procedures: We verified that there has been no change to utility land since its last rate proceeding by searching the county's public records.

Contributions-in-Aid-of-Construction (CIAC)

Objective: To determine that additions to CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC additions are reflective of the utility's Commission approved service availability tariff. To verify and insure that all donated property is properly accounted for and recorded as CIAC and plant in service.

Procedures: We sampled CIAC additions for the period January 1, 2006 through December 31, 2008 for compliance with the stated objectives above. We reviewed

developer agreements for unrecorded CIAC. We traced utility CIAC schedules to the general ledger and the utility's authorized tariff rates. We toured the utility's authorized service territory to look for new developments that may have included contributed property.

Accumulated Depreciation

Objective: To determine that accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that depreciation expense accruals are calculated using the Commission authorized rates and that retirements are properly recorded.

Procedures: We traced the accumulated depreciation schedules to the corresponding plant schedules. We verified that the utility used Commission authorized rates to depreciate its plant accounts by calculating a sample of accumulated depreciation account balances to test for calculation errors. We verified whether the utility properly recorded retirements to accumulated depreciation when the corresponding plant was removed or replaced. We recalculated a sample of accumulated depreciation account balances from January 1, 2006 to December 31, 2008. We tested the allocations of accumulated depreciation allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit.

Accumulated Amortization of CIAC

Objective: To determine that accruals to accumulated amortization of CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC amortization expense accruals are properly recorded and calculated based on the rates and method used in the utility's last rate proceeding.

Procedures: We traced the accumulated amortization of CIAC schedules to the corresponding CIAC schedules. We verified that the utility used Commission authorized rates to amortize its CIAC accounts by calculating a sample of accumulated amortization account balances to test for calculation errors. We recalculated a sample of accumulated amortization of CIAC account balances from January 1, 2006 to December 31, 2008.

Working Capital

Objective: To determine that the utility's working capital balance is properly calculated in compliance with Commission rules.

Procedures: We recalculated the utility's working capital calculation.

NET OPERATING INCOME

General

Objective: To determine that the utility's filing represents its results from continuing operations.

Procedures: We reconciled the individual components of net operating income to the utility's general ledger for the 12-month period ended December 31, 2008.

Revenues

Objective: To determine that revenues are properly recorded in compliance with Commission rules and are based on the utility's Commission approved tariff rates.

Procedures: We traced revenues to the utility's general ledger and we reconciled the billing summaries to the utility's revenue reports. We recalculated bills to make sure they were billed in accordance with the tariff.

Operation and Maintenance Expenses (O&M)

Objective: To determine that operation and maintenance expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We sampled O&M expense items from the general ledger based on auditor judgment. We reviewed the sample for the proper utility system, classification, NARUC account, amount, period and recurring nature. We examined invoices and supporting documentation to determine if the above objectives are met. We reviewed the allocations of both Illinois and Florida headquarters expenses and sampled the expenses charged through the allocations.

Taxes-Other-Than-Income (TOTI)

Objective: To determine that taxes other than income tax expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We obtained the regulatory assessment fee (RAF) filings and reconciled them to the general ledger. We obtained the property tax bills for review and to determine if the amount booked reflects the discount amount.

Depreciation Expense

Objective: To determine that depreciation expense is properly recorded in compliance with Commission rules and that it accurately represents the depreciation of plant assets and amortization of CIAC assets for ongoing utility operations.

Procedures: We recalculated a sample of depreciation expense and CIAC amortization expense balances for the period using Commission approved rates and we verified that CIAC amortization expense was properly netted against depreciation expense.

CAPITAL STRUCTURE

General

Objective: To determine the components of the utility's capital structure and the respective cost rates used to arrive at the overall weighted cost of capital are properly recorded in compliance with Commission rules and that it accurately represents the ongoing utility operations.

Procedures: We reconciled the following individual component capital structure balances to the parent company general ledger as of December 31, 2008. We verified debt to the notes and short term debt to bank statements.

Accumulated Deferred Income Taxes

Objective: To determine that accumulated deferred income taxes are properly stated and calculated based on the recorded differences between utility book and taxable income.

Procedures: Recalculated a sample of deferred tax balances for the period using Commission authorized rates and federal tax rates.

AUDIT FINDING NO. 1

SUBJECT: ORDERED ADJUSTMENTS NOT BOOKED

AUDIT ANALYSIS: The utility did not book the Commission Ordered adjustments in the last rate Order PSC-07-0205-PAA-WS. However, an adjustment was included in the filing to account for the adjustments. In preparing its adjustments to this filing, the utility did not include wastewater audit finding number four to Retire Utility Plant in Service in the amount of \$(23,619) and the associated depreciation expense. The depreciation expense was calculated as follows.

ACCOUNT	ADJUSTMENT	RATE	DEPRECIATION	ANNUAL
255.1400	\$	23,619	5.56%	\$ 1,312
YEARS				13.50
ACCUMULATED DEPRECIATION BOOKED SINCE ENTRY SHOULD HAVE BEEN MADE				<u>17,714.25</u>
ENTRY THAT SHOULD HAVE BEEN MADE AT RETIREMENT				<u>23,619.00</u>
				<u>41,333.25</u>

EFFECT ON THE GENERAL LEDGER: The following entries are needed to fully comply with the last rate case.

NARUC	DESCRIPTION	DEBIT	CREDIT
380	TREAT & DISPOSAL EQUIP		\$ 23,619
108	TREAT & DISPOSAL EQUIP ACCUMULATED DEP.	\$ 41,333	
403	TREAT & DISPOSAL EQUIP DEP. EXPENSE		\$ 1,312
215	RETAINED EARNINGS		\$16,402
	TOTAL	\$ 41,333	\$ 41,333

EFFECT ON THE FILING: Average wastewater plant should be decreased by \$23,619. Average wastewater accumulated depreciation should be reduced by \$41,333 for the retirement and the depreciation expense in the test year. Wastewater depreciation expense should be decreased by \$1,312.

AUDIT FINDING NO. 2

SUBJECT: PLANT SAMPLE

AUDIT ANALYSIS: A sample of entries was selected from the Sanlando ledger to be traced to supporting documentation. The schedule on the following page shows invoices that were requested as part of our audit samples and should be removed along with the associated depreciation. The entries are being removed because the utility was unable to provide sufficient support; the entries should have been expensed; or the entries are associated with an affiliated company.

The second schedule calculates the accumulated depreciation. The third schedule that follows calculates the 13-month average effect.

NARUC	YEAR	Acc No.	Account Description	Amount	DESCRIPTION	REASON	WASTE- WATER	WATER
			RECLASS ROSE SUNSTROM		Legals fees for UII-2007 Territory			
303	Jul-07	1045	& BENTLEY	\$ 331	Extension matters	Affiliate		
					Legals fees for Lake Unity			
					Services, Inc/misc matters -			
					Development Agreements for			
303	Jul-07	1045	& BENTLEY	\$ 566	Presco, Tuscany, & Barrington	Affiliate		
TOTAL 303				\$ 897				
			TAMPA ARMATURE					
311	Nov-08	1105	WORKS INC	\$ 5,361		Not Provided		
			FLORIDA ARMATURE					
311	Aug-08	1110	WORKS, INC.	\$ 3,580		PO never paid		
TOTAL 311				\$ 8,941				
330	Aug-06	1120	25982*18208*FERGUSON	\$ 6,137	Electric Valve operators	Duplicate		
			SUNSTATE MEYER &					
333	Dec-07	1130	SUPPLY, INC	\$ 1,312		Not Provided		
335	Apr-08	1145	SUNSHINE BUILDING AND	\$ 4,450		PO never paid		
			WATER	\$ 21,737			\$ 21,737	
			F.J. NUGENT &					
354	Nov-08	1295	ASSOCIATES INC	\$ 4,048		PO never paid		
354	May-08	1295	ITT FLYGT	\$ 6,303		PO never paid		
			FLORIDA ARMATURE					
354	Dec-07	1295	WORKS, INC.	\$ 1,886		Not Provided		
354	Dec-07	1295	ITT FLYGT	\$ 2,675	Parts and labor to rebuild pump			
				\$ 14,912				
					Sewer shut out for dispatch and			
					elder valve installation - various			
360	Apr-08	1345	SUNSHINE BUILDING AND	\$ 4,245	locations	Affiliate		
			CAPTIVE SUSPENSE					
361	Aug-08	1350	CLEANUP	\$ 5,640		Not Provided		
			FLORIDA ARMATURE					
371	Aug-08	1380	WORKS, INC.	\$ 2,001		PO never paid		
			PRISTINE WATER					
389	Jan-08	1440	SOLUTIONS	\$ 12,000		PO never paid		
397	May-08	1490	INC	\$ 385	Bobcat loader maintenance	Expensed		
			WASTEWATER	\$ 39,183			\$ 39,183	
343	Jun-06	1190	18961*17088*DAVIDS T	\$ 1,284	2006 Triple Crown Trailer	Unsupported		
346	Feb-06	1205	9563*17161*RADIO SHA	\$ 225		Not Provided		
			BOTH ALLOCATED					
			56.29% WATER 43.71%					
			WASTEWATER	\$ 1,509			\$ 849	\$ 659.63
			TOTAL	\$ 62,428			\$ 22,586	\$ 39,842

CALCULATION OF ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE

NARUC	YEAR	Amount	RATE	DEP. EXP.	YEARS	ACC. DEP.
303	2007	\$ 331	0.00%	\$ -	1.5	\$ -
303	2007	\$ 566	0.00%	\$ -	1.5	\$ -
		<u>\$ 897</u>				
311	2008	\$ 5,361	5.00%	\$ 268	0.5	\$ 134
311	2008	\$ 3,580	5.00%	\$ 179	0.5	\$ 90
		<u>\$ 8,941</u>		<u>\$ 447</u>		<u>\$ 224</u>
330	2006	\$ 6,137	2.70%	\$ 166	2.5	\$ 414
333	2007	\$ 1,312	2.50%	\$ 33	1.5	\$ 49
335	2008	\$ 4,450	2.22%	\$ 99	0.5	\$ 49
		<u>\$ 21,737</u>		<u>\$ 744</u>		<u>\$ 736</u>
354	2008	\$ 4,048	4.00%	\$ 162	0.5	\$ 81
354	2008	\$ 6,303	4.00%	\$ 252	0.5	\$ 126
354	2007	\$ 1,886	4.00%	\$ 75	1.5	\$ 113
354	2007	\$ 2,675	4.00%	\$ 107	1.5	\$ 161
		<u>\$ 14,912</u>		<u>\$ 596</u>		<u>\$ 481</u>
360	2008	\$ 4,245	2.63%	\$ 112	0.5	\$ 56
361	2008	\$ 5,640	2.22%	\$ 125	0.5	\$ 63
371	2008	\$ 2,001	5.56%	\$ 111	0.5	\$ 56
389	2008	\$ 12,000	5.56%	\$ 667	0.5	\$ 333
397	2008	\$ 385	6.67%	\$ 26	0.5	\$ 13
		<u>\$ 39,183</u>		<u>\$ 1,637</u>		<u>\$ 1,001</u>
343	2006	\$ 1,284	6.25%	\$ 80	2.5	\$ 201
346	2006	\$ 225	10.00%	\$ 22	2.5	\$ 56
		<u>\$ 1,509</u>		<u>\$ 103</u>		<u>\$ 257</u>
		<u>\$ 62,428</u>		<u>\$ 2,484</u>		<u>\$ 1,994</u>

NOTE: ACCT. 343 AND 346 WERE ALLOCATED AT 56.29 WATER AND 43.71 WASTEWATER

	WATER	WASTEWATER
WATER PLANT	21,736.57	
WASTEWATER PLANT		39,182.80
COMMON PLANT ALLOCATED	849.47	659.63
TOTAL PLANT	<u>22,586.04</u>	<u>39,842.43</u>
WATER DEP. EXP.	744.34	
WASTEWATER DEP. EXP.		736.37
COMMON DEP. EXP.	57.84	437.49
	<u>802.17</u>	<u>1,173.86</u>
WATER ACC. DEP.	736.37	
WASTEWATER ACC. DEP.		1,000.89
COMMON PLANT ALLOCATED	57.84	112.28
TOTAL ACC. DEP.	<u>794.20</u>	<u>1,113.17</u>

CALCULATION OF 13-MONTH AVERAGE

	12/07	1/08	2/08	3/08	4/08	5/08	6/08	7/08	8/08	9/08	10/08	11/08	12/08	AVERAGE
WATER PLANT	9,195	9,195	9,195	9,195	13,645	13,645	13,645	13,645	17,225	17,225	17,225	22,586	22,586	14,477
W W PLANT	5,221	17,221	17,221	17,221	21,466	28,154	28,154	28,154	35,795	35,795	35,795	39,843	39,843	26,914
WATER ACC. DEP.	361	404	447	491	534	577	621	664	707	751	794	837	881	621
W W WATER ACC. DEP.	203	279	355	431	507	582	658	734	810	886	962	1,037	1,113	658

EFFECT ON THE GENERAL LEDGER: The following entries should be posted to the general ledger.

NARUC	DESCRIPTION	DEBIT	CREDIT
303	LAND		\$ 897
311	ELECTRIC PUMPEQUIP		\$ 8,941
330	DIST RESV & STANDPIPES		\$ 6,137
333	SERVICES		\$ 1,312
335	HYDRANTS		\$ 4,450
343	TOOLS		\$ 1,284
346	COMMUNICATION EQ.		\$ 225
360	SEWER FORCE MAIN/SRVC LINES		\$ 4,245
361	COLLECTION SEWER GRAVITY		\$ 5,460
354	STRUCT/IMPRV PUMPPLT LS		\$ 14,912
371	PUMPING EQUIPMENT		\$ 2,001
389	OTHER PLANT AND MISC. EQ		\$ 12,000
397	MISC. EQ.		\$ 385
403	ELECTRIC PUMPEQUIP. DEP. EXP.		\$ 447
403	DIST RESV & STANDPIPES DEP. EXP.		\$ 166
403	SERVICES DEP. EXP.		\$ 33
403	HYDRANTS DEP. EXP.		\$ 99
403	TOOLS DEP. EXP.		\$ 80
403	COMMUNICATION EQ. DEP. EXP.		\$ 22
403	SEWER FORCE MAIN/SRVC LINES DEP. EXP.		\$ 596
403	COLLECTION SEWER GRAVITY DEP. EXP.		\$ 112
403	STRUCT/IMPRV PUMPPLT LS DEP. EXP.		\$ 125
403	PUMPING EQUIPMENT DEP. EXP.		\$ 111
403	OTHER PLANT AND MISC. EQ. DEP. EXP.		\$ 667
403	MISC. EQ. DEP. EXP.		\$ 26
108	ELECTRIC PUMPEQUIP. ACC. DEP.	\$ 224	
108	DIST RESV & STANDPIPES ACC. DEP.	\$ 414	
108	SERVICES ACC. DEP.	\$ 49	
108	HYDRANTS ACC. DEP.	\$ 49	
108	TOOLS ACC. DEP.	\$ 201	
108	COMMUNICATION EQ. ACC. DEP.	\$ 56	
108	SEWER FORCE MAIN/SRVC LINES ACC. DEP.	\$ 481	
108	COLLECTION SEWER GRAVITY ACC. DEP.	\$ 56	
108	STRUCT/IMPRV PUMPPLT LS ACC. DEP.	\$ 63	
108	PUMPING EQUIPMENT ACC. DEP.	\$ 56	
108	OTHER PLANT AND MISC. EQ. ACC. DEP.	\$ 333	
108	MISC. EQ. ACC. DEP.	\$ 12	
775	WASTEWATER-OTHER MAINT EXP.	\$ 385	
145	A/R AFFILIATE RECEIVABLE	\$ 5,142	
215	RETAINED EARNINGS	\$ 57,212	
	TOTAL	\$ 64,733	\$ 64,733

EFFECT ON THE FILING: Average water plant should be reduced by \$14,477. Average water accumulated depreciation should be reduced by \$621. Water depreciation expense should be reduced by \$802.

Average wastewater plant should be reduced by \$26,914. Average wastewater accumulated depreciation should be reduced by \$658. Wastewater depreciation expense should be reduced by \$1,174.

AUDIT FINDING NO. 3**SUBJECT: LACK OF PROFORMA SUPPORT FOR PLANT**

AUDIT ANALYSIS: The utility included Pro Forma plant additions for water and wastewater in the amounts of \$142,500 and \$687,500, respectively. However, the utility could only provide support for the water plant's well pump replacement projects.

PRO FORMA DESCRIPTION

	AMOUNT		TOTAL
	WATER	WASTE	
311.3 Replace Well Pumps 1A, 3, 5, 7	\$ 80,000		
354.4 Electrical Improvements Design Wekiva WWTP		\$ 75,000	
331.4 Water Main Relocations SR 434 / Sr 434 east of I-4	\$ 62,500		
360.2 Force Main Relocations SR 434 east of I-4		\$ 62,500	
380.4 Nitrogen removal Treatment Design Des Pinar / Wekiva		\$ 50,000	
380.4 Des Pinar WWTP upgrade for Nitrogen removal Treatment		\$ 500,000	
TOTAL	\$ 142,500	\$ 687,500	\$ 830,000

EFFECT ON THE GENERAL LEDGER: There is no effect on the general ledger.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 4

SUBJECT: ERROR IN PROFORMA ADJUSTMENT TO CHANGE ERC'S

AUDIT ANALYSIS: The utility's new accounting system automatically allocates each account in Division 102-Northbrooke Headquarters, Division 802-Florida Regional Costs, and Division 855-Florida State costs each month using the monthly input ERC's for the applicable region. In 2009, the utility sold some of its systems which changed the ERC allocations. The utility personnel then took the costs for these divisions and re-allocated them using the new ERC calculations and planned to include the increase over what was in the ledger in 2008 in the proforma adjustments in the filing. However, in computing this adjustment, instead of using what was actually booked for rate base items, they used the yearly activity which only consisted of the additions for the year. Therefore, they increased rate base in the adjustments for more than the entire beginning balance of the plant allocated times the new ERC's. The following schedule shows the differences between what the utility used in its proforma calculation and what was actually in the ledger.

Obj Acct	Description	13-Month Average	Restated Avg. Per Co.	Proforma Using Correct Ledger	Proforma Made By Company	Difference
1045	LAND & LAND RIGHTS GEN PLT	\$5,673.52	\$7,023.00	\$1,349.48	\$6,507.00	(\$5,157.52)
1055	STRUCT & IMPRV WTR TRT PLT	\$52.06		(\$52.06)		(\$52.06)
1065	STRUCT & IMPRV GEN PLT	\$90.12		(\$90.12)		(\$90.12)
1175	OFFICE STRUCT & IMPRV	\$232,654.19	\$405,452.00	\$172,797.81	\$373,540.00	(\$200,742.19)
1180	OFFICE FURN & EQPT	\$93,032.85	\$138,651.00	\$45,618.15	\$128,023.00	(\$82,404.85)
1190	TOOL SHOP & MISC EQPT	\$17,643.32	\$64,322.00	\$46,678.68	\$60,138.00	(\$13,459.32)
1195	LAB EQPT		\$822.00	\$822.00	\$822.00	\$0.00
1205	COMMUNICATION EQPT	\$21,543.88	\$45,631.00	\$24,087.12	\$43,668.00	(\$19,580.88)
1320	POWER GEN EQUIP COLL PLT	\$60.30		(\$60.30)		(\$60.30)
1460	OFFICE FURN & EQPT	\$6.56		(\$6.56)		(\$6.56)
1470	TOOL SHOP & MISC EQPT	\$78.55		(\$78.55)	(\$8.00)	(\$70.55)
1580	MAINFRAME COMPUTER WTR	\$36,248.33	\$18,802.00	(\$17,446.33)	\$15,314.00	(\$32,760.33)
1585	MINI COMPUTERS WTR	\$130,528.94	\$145,796.00	\$15,267.06	\$130,771.00	(\$115,503.94)
1590	COMP SYS COST WTR	\$1,004,422.55	\$1,254,096.00	\$249,673.45	\$1,131,454.00	(\$881,780.55)
1595	MICRO SYS COST WTR	\$34,322.73	\$37,053.00	\$2,730.27	\$33,674.00	(\$30,943.73)
		<u>\$1,576,357.90</u>	<u>\$2,117,648.00</u>	<u>\$541,290.10</u>	<u>\$1,923,903.00</u>	<u>(\$1,382,612.90)</u>
1970	ACC DEPR-OFFICE STRUCTURE	(\$91,284.76)	(\$139,698.00)	(\$48,413.24)	(\$128,973.00)	\$80,559.76
1975	ACC DEPR-OFFICE FURN/EQPT	(\$73,716.24)	(\$104,650.00)	(\$30,933.76)	(\$96,732.00)	\$65,798.24
1985	ACC DEPR-TOOL SHOP & MISC	(\$12,549.51)	(\$43,424.00)	(\$30,874.49)	(\$40,460.00)	\$9,585.51
1990	ACC DEPR-LAB EQUIP		(\$642.00)	(\$642.00)	(\$642.00)	\$0.00
2000	ACC DEPR-COMMUNICATION EQP	(\$21,765.95)	(\$18,946.00)	\$2,819.95	(\$16,954.00)	\$19,773.95
2001	ACC DEPR-COMMUNICATION EQP		(\$26,738.00)	(\$26,738.00)	(\$26,738.00)	\$0.00
2230	ACC DEPR-TOOL SHOP & MISC	(\$3.45)		\$3.45	\$1.00	\$2.45
2320	ACC DEPR-MAINFRAME COMP W1	(\$32,967.17)	(\$17,795.00)	\$15,172.17	(\$14,352.00)	\$29,524.17
2325	ACC DEPR-MINI COMP WTR	(\$91,542.54)	(\$95,041.00)	(\$3,498.46)	(\$84,364.00)	\$80,865.54
2330	COMP SYS AMORTIZATION WTR	(\$124,624.80)	(\$35,287.00)	\$89,337.80	(\$17,087.00)	\$106,424.80
2335	MICRO SYS AMORTIZATION WTR	(\$20,487.82)	(\$17,272.00)	\$3,215.82	(\$14,957.00)	\$18,172.82
		<u>(\$468,942.25)</u>	<u>(\$499,493.00)</u>	<u>(\$30,550.75)</u>	<u>(\$441,258.00)</u>	<u>\$410,707.25</u>
		<u>\$2,683,773.56</u>	<u>\$3,735,803.00</u>	<u>\$1,052,029.44</u>	<u>\$3,406,548.00</u>	<u>(\$971,905.65)</u>

The utility adjustment made to plant in service should be reduced by \$1,382,613 and the adjustment to accumulated depreciation should be reduced by \$410,707. Fifty-six percent of these costs were allocated to water ((\$774,263) for water plant and \$229,996 to water accumulated depreciation) and forty-four percent to wastewater ((\$608,350) for wastewater plant and \$180,711 accumulated depreciation wastewater).

EFFECT ON THE GENERAL LEDGER: The utility only made the adjustment to the filing and therefore, no adjustment is necessary to the ledger.

EFFECT ON THE FILING: Plant in service should be reduced by \$1,382,613 (\$774,263 water and \$608,350 wastewater) and accumulated depreciation should be reduced by \$410,707 (\$229,996 water and \$180,711 wastewater).

AUDIT FINDING NO. 5

SUBJECT: ERRORS IN COMMON PLANT ALLOCATION AND DEPRECIATION RATES

AUDIT ANALYSIS: In 2008, the utility installed new general ledger software (Project Phoenix) and new billing software (CC & B). The ending ledger balance of \$21,617,487 was recorded as \$21,364,569. In the allocations from headquarters that were adjusted in both the rate base and net operating income proformas, the utility included an incorrect balance for the new software installed in 2008.

In addition, the utility does not use depreciation rates from Rule 25-30.140, F.A.C. to depreciate the headquarters assets. The rule requires computers to be depreciated at six years. It does not make a separate requirement for software. The utility depreciated its mainframe over five years, its mini computers over three years, and some of the software over three years. The Project Phoenix and CC & B software was depreciated at eight years. This is a major software addition that probably will not be redone for many years and probably has a longer life than eight years. In the calculations that follow, we did not change the rate from eight to six years. A longer life is probably more appropriate for this asset than a shorter one. The utility also depreciated office furniture over 10 years instead of 15 and telephones at 15 years instead of 10. Staff recomputed depreciation since the last rate case. If the assets were fully depreciated by December 31, 2007, no change was made. The comparison of staff's computations using the rule compared to the utility computations follow.

	Asset At 12/31/2007	Asset At 12/31/2008	13-Month Average	13-Mth Avg. Per Company	Difference
MAINFRAME 5 YEARS	\$187,704.73	\$194,181.10	\$191,690.8	\$191,690.00	\$0.19
A/D MAINFRAME	(\$137,312.69)	(\$169,136.51)	(\$153,100.6)	(\$179,098.00)	\$25,997.95
MAINFRAME DEP. EXP.		\$32,004.00			
MINI COMP. 3 YEARS	\$623,522.54	\$694,224.87	\$653,154.54	\$653,155.00	(\$0.46)
A/D MINI COMPUTERS	(\$305,019.73)	(\$376,399.23)	(\$339,349.8)	(\$445,211.00)	\$105,861.18
MINI COMP. DEP. EXP.		\$71,379.00			\$0.00
SOFTWARE 8 YEARS	\$20,152.31	\$21,617,486.75	\$17,049,757.95	\$16,858,827.00	\$190,930.95
A/D SOFTWARE	(\$12,074.71)	(\$1,364,427.15)	(\$376,750.92)	(\$372,495.00)	(\$4,255.92)
DEP. EXP. SOFTWARE		\$1,352,352.00			
SOFTWARE 3 YEARS	\$400,338.96	\$460,942.80	\$446,082.8	\$446,083.00	(\$0.20)
A/D SOFTWARE	(\$75,680.00)	(\$142,235.78)	(\$107,792.48)	(\$182,873.00)	\$75,080.57
DEP. EXP. SOFTWARE		\$66,556.00			
A/D OFFICE FURNITURE			(\$1,090,017.6)	(\$1,119,212.00)	\$29,194.64
DEP. EXP. OFFICE FURN.					
A/D TELEPHONES			(\$113,035.91)	(\$107,937.00)	(\$5,098.94)
DEP. EXP. TELEPHONES					

	13-MONTH	SANLANDO
DIFFERENCE IN PLANT	\$190,930.48	\$14,109.76
DIFFERENCE IN ACC. DEP.	\$226,779.48	\$16,759.00
DIFFERENCE IN DEPRECIATION EXPENSE	(\$106,402.4)	(\$7,863.14)

PERCENT SANLANDO 7.39%

EFFECT ON THE GENERAL LEDGER: The ledger is not effected because the depreciation calculations by the company are done only for the filing.

EFFECT ON THE FILING: Plant should be increased by \$14,110 in Sanlando. If the depreciation rates are changed because of the rule, Accumulated Depreciation should be reduced (debited) by \$16,759 for Sanlando and depreciation expense should be reduced \$7,863 for Sanlando. Fifty-six percent of these costs were allocated to water and forty-four percent to wastewater.

AUDIT FINDING NO. 6**SUBJECT: SAMPLE ERRORS FOR NORTHBROOK PLANT**

AUDIT ANALYSIS: Two problems were found with the sample taken of the plant additions for the Northbrook plant which are allocated to each division.

ACT.	DATE	PAYEE	AMOUNT	SIMPLE AVERAGE	13-MONTH AVERAGE	DEPRECIATION EXPENSE	ACC. DEP.	SIMPLE AVERAGE	13-MONTH AVERAGE
102.1175	2/08	REN. CONC	(\$1,060.00)	(\$530.00)	(\$896.92)	(\$97.17)	\$97.17	\$48.58	\$82.22
102.159	3/08	COMP SYST	(\$85,146.39)	(\$42,573.20)	(\$65,497.22)	(\$8,869.42)	\$8,869.42	\$4,434.71	\$6,822.63
			(\$86,206.39)	(\$43,103.20)	(\$66,394.15)	(\$8,966.58)	\$8,966.58	\$4,483.29	\$6,904.85
<hr/>									
LONGWOOD		0.62%		(\$265.30)		(\$55.19)		\$27.59	
PENNBROOKE		0.96%		(\$412.33)		(\$85.77)		\$42.89	
SANLANDO		7.39%			(\$4,906.53)	(\$662.63)			\$510.27

EFFECT ON THE GENERAL LEDGER: Division 102-Northbrook plant should be reduced for the \$86,206. The allocations and depreciation are calculated for the filing only and should not be adjusted.

EFFECT ON THE FILING: Plant should be reduced by \$265 for Longwood, \$412 for Pennbrooke, and \$4,906 for Sanlando. Accumulated Depreciation should be reduced (debited) by \$28 for Longwood, \$43 for Pennbrooke, and \$510 for Sanlando. Depreciation expense should be reduced by \$55 for Longwood, \$86 for Pennbrooke, and \$663 for Sanlando. Fifty-six percent of these costs were allocated to water and forty-four percent to wastewater.

AUDIT FINDING NO. 7

SUBJECT: ACCUMULATED AMORTIZATION OF CIAC BEGINNING BALANCES

AUDIT ANALYSIS: Because the utility did not book the entries needed to adjust for the last rate order, the utility adjusted the CIAC and Accumulated Amortization in the filing. They prepared a schedule which was supposed to start at the beginning ledger balances plus the adjustments and then calculate the amortization each year through 2008. In preparing the schedule, the utility posted the order adjustments to CIAC as a debit to CIAC and a credit to Accumulated Amortization. The order did not require Accumulated Amortization be adjusted for these amounts. The following company adjustments need to be removed from the Accumulated Amortization Balances. The error does not affect amortization expense.

ACC. AMORT. STRUCTURES AND IMPROV. WATER TREATMENT	\$4,534.00
ACC. AMORT. WELLS AND SPRINGS	\$11,833.00
ACC. AMORT. ELECTRIC PUMPING EQ.	\$21,386.00
ACC. AMORT. DIST. RESERVOIRS	\$18,477.00
ACC. AMORT. TRANSMISSION AND DISTRIBUTION MAINS	\$126,887.00
ACC. AMORT. SERVICE LINES	\$20,271.00
ACC. AMORT. METERS	\$19,834.00
ACC. AMORT. METER INSTALLATION	\$703.00
ACC. AMORT. HYDRANTS	\$11,978.00
TOTAL WATER CORRECTION	<u>\$235,903.00</u>
ACC. AMORT. PUMP LIFT STATIONS	\$27,603.00
ACC. AMORT. WASTEWATER TREATMENT	\$4,387.00
ACC. AMORT. FORCE MAINS	\$1,330.00
ACC. AMORT. GRAVITY MAINS	\$112,093.00
ACC. AMORT. MANHOLES	\$630.00
ACC. AMORT. SERVICES	\$1,190.00
ACC. AMORT. WASTEWATER TREATMENT	\$75,483.00
ACC. AMORT. OUFALL LINES	\$10,617.00
	<u>\$233,333.00</u>

EFFECT ON THE GENERAL LEDGER: The calculation was only included in the filing. However, the utility should be required to book the entries from the last order.

EFFECT ON THE FILING: Average Accumulated Amortization of CIAC-Water should be increased (debited) by \$235,903. Average Accumulated Amortization of CIAC-Wastewater should be increased (debited) by \$233,333.

AUDIT FINDING NO. 8

SUBJECT: ACCUMULATED AMORTIZATION OF CIAC SERVICE LINES

AUDIT ANALYSIS: The adjustment to Accumulated Amortization of CIAC on the Company's filing Schedule A-1 for (\$144,788) included an adjustment to CIAC Service Lines. This adjustment incorrectly calculated the accumulated amortization service lines using a rate of 30 years. According to the Rule 25.30-140, F.A.C., the depreciation rate for this account is 40 years. The calculated adjustment using 30 years is (\$50,899) from 2005 to 2008 and the adjustment using the correct depreciation rate is (\$42,380) a difference of \$8,519. Depreciation for service lines and amortization expense for CIAC service lines were correctly calculated at 40 years.

<u>Account</u>	<u>Description</u>	<u>Year /Month</u>	<u>CIAC Balance</u>	<u>Acc. Amortization</u>
255.3 345	CIAC - Service Lines	2005	(\$902,874.14)	\$57 5,402.28
255.3 345	CIAC - Service Lines	2006	(\$902,874.14)	\$59 7,974.14
255.3 345	CIAC - Service Lines	Jan-07	(\$902,874.14)	\$59 9,855.13
255.3 345	CIAC - Service Lines	Feb-07	(\$902,874.14)	\$60 1,736.11
255.3 345	CIAC - Service Lines	Mar-07	(\$902,874.14)	\$60 3,617.10
255.3 345	CIAC - Service Lines	Apr-07	(\$902,874.14)	\$60 5,498.09
255.3 345	CIAC - Service Lines	May-07	(\$902,874.14)	\$60 7,379.08
255.3 345	CIAC - Service Lines	Jun-07	(\$902,874.14)	\$60 9,260.07
255.3 345	CIAC - Service Lines	Jul-07	(\$944,201.14)	\$61 1,227.15
255.3 345	CIAC - Service Lines	Aug-07	(\$944,201.14)	\$61 3,194.24
255.3 345	CIAC - Service Lines	Sep-07	(\$944,201.14)	\$61 5,161.32
255.3 345	CIAC - Service Lines	Oct-07	(\$944,201.14)	\$61 7,128.41
255.3 345	CIAC - Service Lines	Nov-07	(\$944,201.14)	\$61 9,095.49
255.3 345	CIAC - Service Lines	Dec-07	(\$944,201.14)	\$62 1,062.58
255.3 345	CIAC - Service Lines	Jan-08	(\$944,201.14)	\$62 3,029.67
255.3 345	CIAC - Service Lines	Feb-08	(\$944,201.14)	\$62 4,996.75
255.3 345	CIAC - Service Lines	Mar-08	(\$944,201.14)	\$62 6,963.84
255.3 345	CIAC - Service Lines	Apr-08	(\$944,201.14)	\$62 8,930.92
255.3 345	CIAC - Service Lines	May-08	(\$944,201.14)	\$63 0,898.01
255.3 345	CIAC - Service Lines	Jun-08	(\$944,201.14)	\$63 2,865.09
255.3 345	CIAC - Service Lines	Jul-08	(\$944,201.14)	\$63 4,832.18
255.3 345	CIAC - Service Lines	Aug-08	(\$944,201.14)	\$63 6,799.27
255.3 345	CIAC - Service Lines	Sep-08	(\$944,201.14)	\$63 8,766.35
255.3 345	CIAC - Service Lines	Oct-08	(\$944,201.14)	\$64 0,733.44
255.3 345	CIAC - Service Lines	Nov-08	(\$944,201.14)	\$64 2,700.52
255.3 345	CIAC - Service Lines	Dec-08	(\$944,201.14)	\$64 4,667.61
Month average staff				\$63 2,865.09
Month average per company				\$62 4,346.00
Difference				\$8,519.09

EFFECT ON GENERAL LEDGER: The company has not recorded any of the Adjustments on its books. It needs to record the entire entry it made to its filing with this correction.

EFFECT ON FILING: Accumulated Amortization of CIAC Service lines should be increased (debited) by \$8,519.00 on the Company's filing.

AUDIT FINDING NO. 9

SUBJECT: WORKING CAPITAL ALLOWANCE

AUDIT ANALYSIS: The Utility computed the working capital allowance to be \$299,835 for water and \$372,639 for wastewater. Working capital allowance should not include customer deposits because it is included in cost of capital. Deferred Rate Case Exp is the portion of the current rate case that has not been amortized. Staff has recalculated the proper working capital allowance to be \$688,355 (\$307,085 for water and \$378,270 for wastewater).

SANLANDO UTILITIES CORP
UNAMORTIZED RATE CASE EXPENSE
TEST YEAR ENDED DECEMBER 31, 2008

Month	Rate Case Exp	Monthly Amtz	Unamtz Bal
Apr-07	\$ 155,900	\$ 3,248	\$ 152,652
May-07	\$ 152,652	\$ 3,248	\$ 149,404
Jun-07	\$ 149,404	\$ 3,248	\$ 146,156
Jul-07	\$ 146,156	\$ 3,248	\$ 142,908
Aug-07	\$ 142,908	\$ 3,248	\$ 139,660
Sep-07	\$ 139,660	\$ 3,248	\$ 136,413
Oct-07	\$ 136,413	\$ 3,248	\$ 133,165
Nov-07	\$ 133,165	\$ 3,248	\$ 129,917
Dec-07	\$ 129,917	\$ 3,248	\$ 126,669
Jan-08	\$ 126,669	\$ 3,248	\$ 123,421
Feb-08	\$ 123,421	\$ 3,248	\$ 120,173
Mar-08	\$ 120,173	\$ 3,248	\$ 116,925
Apr-08	\$ 116,925	\$ 3,248	\$ 113,677
May-08	\$ 113,677	\$ 3,248	\$ 110,429
Jun-08	\$ 110,429	\$ 3,248	\$ 107,181
Jul-08	\$ 107,181	\$ 3,248	\$ 103,933
Aug-08	\$ 103,933	\$ 3,248	\$ 100,685
Sep-08	\$ 100,685	\$ 3,248	\$ 97,438
Oct-08	\$ 97,438	\$ 3,248	\$ 94,190
Nov-08	\$ 94,190	\$ 3,248	\$ 90,942
Dec-08	\$ 90,942	\$ 3,248	\$ 87,694
		13 MONTH AVERAGE	
		\$ 107,181	

SANLANDO UTILITIES CORP
WORKING CAPITAL
TEST YEAR ENDED DECEMBER 31, 2008

		Per Staff			Per Utility		Difference	
		13 MONTH AVG	Water	Wastewater	Water	Wastewater	Water	Wastewater
<u>Current & Accrued Assets</u>								
Cash	A	14,362	6,764	7,598	6,764	7,598	(0)	(0)
Accounts Rec'b - trade	A	831,186	391,459	439,726	391,459	439,726	0	0
Allowance for Bad Debts	A	-	-	-	-	-	-	-
Materials & Supplies	B	12,636	6,143	6,493	6,143	6,493	0	0
Miscellaneous Current & Accrued Assets	C	34,045	19,163	14,882	19,163	14,881	0	0
Unamortized Rate Case Exp	C	107,181	60,330	46,852	99,928	77,603	(39,598)	(30,751)
<u>Current & Accrued Liabilities</u>								
Accounts Payable	C	(100,164)	(56,380)	(43,784)	(55,834)	(43,360)	(546)	(424)
Customer Deposits	C	-	-	-	(48,840)	(37,929)	48,840	37,929
Accrued Taxes	C	(212,683)	(119,714)	(92,969)	(119,714)	(92,969)	0	0
Accrued Interest	C	-	-	-	1,500	1,165	(1,500)	(1,165)
Misc. Current and Accrued Liabilities	C	(1,208)	(680)	(528)	(734)	(570)	54	42
Total		685,355	307,085	378,270	299,834	372,639	7,251	5,631

A- Allocated based on revenues

W	47.10%
WW	52.90%
	<u>100.00%</u>

B-Allocated based on gross plant

W	48.61%
WW	51.39%
	<u>100.00%</u>

C- Allocated based on ERC

W	56.29%
WW	43.71%
	<u>100.00%</u>

EFFECT ON GENERAL LEDGER: There is no effect on the general ledger.

EFFECT ON FILING: Working Capital Allowance will increase by \$7,251 for water and \$5,631 for wastewater. Unamortized rate case expense will need to be recalculated at the end of the proceeding.

AUDIT FINDING NO. 10

SUBJECT: EQUITY RATE

AUDIT ANALYSIS: Commission Order PSC-09-0430-PAA-WS, established a formula to calculate equity rates for water and wastewater utilities. Using the formula in the order, the equity rate should be 11.17%. $(8.58\% + 1.087/1.4192)$ The utility filing includes equity at 11.24%.

EFFECT ON THE LEDGER: Equity rates are only calculated for the filing.

EFFECT ON THE FILING: Return on equity should be reduced to 11.17% and the overall return reduced to 8.11%.

AUDIT FINDING NO. 11

SUBJECT: PAYROLL INCREASES

AUDIT ANALYSIS: The utility used 2009 salaries to prepare the filing. It added a 2.25% salary increase for September 2009 of \$29,926 and a 3.5% salary increase for April 2010 of \$47,394, totaling \$77,320. These amounts are included in salary expenses in the filing. Fifty-six percent of these costs were allocated to water (\$43,299) and forty-four percent to wastewater (\$34,021).

EFFECT ON GENERAL LEDGER: This finding is included for informational purposes only.

EFFECT ON THE FILING: This finding is included for informational purposes only.

AUDIT FINDING NO. 12

SUBJECT: EMPLOYEE NOT REPLACED

AUDIT ANALYSIS: Salaries and benefits include a billing specialist who is no longer at the company and will not be replaced. The salary was allocated to Sanlando at 7.3928%. The total salary included was \$4,752 with \$602 in benefits. Fifty-six percent of these costs were allocated to water (\$2,998) and forty-four percent to wastewater (\$2,356).

EFFECT ON THE GENERAL LEDGER: The salaries were calculated for the proforma and therefore, this finding has no effect on the ledger.

EFFECT ON THE FILING: Expenses should be reduced by \$2,998 for water and \$2,356 for wastewater.

AUDIT FINDING NO. 13

SUBJECT: 401K COSTS

AUDIT ANALYSIS: The utility added 4% of total projected salaries to expenses for 401K costs. The actual contributions made to the 401K plan amounted to 2.73% of total Utilities, Inc. salaries. Total salaries projected for Sanlando were \$1,401,506. The amount of 401K included in the filing was \$54,713. The salaries times 2.73% equals \$38,261. The difference between the actual rate contributed and the filing of \$16,452 should be removed from expenses. Fifty-six percent of these costs were allocated to water (\$9,213) and forty-four percent to wastewater (\$7,239).

EFFECT ON THE GENERAL LEDGER: This finding does not effect the ledger since the utility adjusted salaries and benefits for the filing only.

EFFECT ON THE FILING: Expenses should be reduced by \$16,452, \$9,213 for water and \$7,239 for wastewater.

AUDIT FINDING NO. 14

SUBJECT: RATE CASE EXPENSE

AUDIT ANALYSIS: The balance of unamortized rate case expense on the utility's books does not agree with what was required by Commission Order PSC-07-0205-PAA-WS, issued March 7, 2008. As a result, staff computed the unamortized portion of the last rate case expense to be \$87,694. The order stated that \$155,900 should be amortized over four years or \$38,975 a year. Staff began amortization of rate case expense in April, 2007. The utility expensed \$59,611 in the test year. Most of the current unamortized balance will be amortized by the time rates are in effect.

The utility estimates \$236,709 for the current rate case expenses or \$59,177 amortized over four years. However, in making its adjustment to the filing, they did not remove any of the \$59,611 in test year expense.

Est Curr RC Exp		\$236,709.00		
Amtz Over # Yrs		4		
Annual Exp		<u>\$59,177.25</u>		
ERC Allocation %:		Per Staff Adjusted Balance	Per Utility Adjusted Balance	Difference
W	56.29%	\$33,310.87	\$66,863.00	(\$33,552.13)
WW	43.71%	\$25,866.38	\$51,925.00	(\$26,058.62)
Total	100.00%	<u>\$59,177.25</u>	<u>\$118,788.00</u>	<u>(\$59,610.75)</u>

EFFECT ON THE GENERAL LEDGER: Since rate case amortization expense was adjusted in the filing, there is no effect on the general ledger.

EFFECT ON THE FILING: The rate case expense for water and wastewater should be reduced by \$33,552 and \$26,059, respectively.

AUDIT FINDING NO. 15

SUBJECT: HEADQUARTERS SAMPLES

AUDIT ANALYSIS: A sample of entries charged from the Northbrook Division 102 and the Altamonte Springs Division 855 were selected to be traced to supporting documentation. The utility implemented a new ledger and accounting system this year. They were unable to obtain supporting documentation for many of the entries. In addition, some of the entries should have been capitalized or removed because they would not be re-occurring during the time period the rates would be implemented. A schedule of the entries and the reasons for their removal are on the following page. The allocation rates used in the adjustments to the filing were used.

EFFECT ON THE GENERAL LEDGER: There is no effect since these entries are to expense and they do not get carried forward to future audits.

EFFECT ON THE FILING: Expenses for Sanlando should be reduced by \$75,180 for water and \$58,360 for wastewater.

ACCOUNT	PAYEE	DATE	DESCRIPTION	ADJ.	SANLANDO WATER ALLOCATION RATE	SANLANDO WASTEW. ALLOCATION RATE	SANLANDO WATER ALLOCATION AMOUNT	SANLANDO WASTEW. ALLOCATION AMOUNT
DIVISION 102								
102100.573	DEC 2008 RECLASS ASSETS	12/31/2008	not provided 53 hours at \$155 for Oracle installation -Should be capital project	(149,720.15)	4.16%	3.23%	(6,228.36)	(4,835.96)
102100.573	ASHWOOD COMPUTER CO INC	3/7/2008	Phoenix	(8,215.00)	4.16%	3.23%	(341.74)	(265.34)
102100.573	IP SOFT	5/6/2008	PO was never vouchered. Remove	(425,475.60)	4.16%	3.23%	(17,699.78)	(13,742.86)
102100.574	WRO - MICROSOFT LISC	12/31/2008	not provided	(139,400.56)	4.16%	3.23%	(5,799.06)	(4,502.64)
102100.574	002*AP.INVD*03*75	11/30/2008	not provided	(4,418.82)	4.16%	3.23%	(183.82)	(142.73)
102100.574	002*AP.INVD*03*75	9/30/2008	not provided	(4,418.82)	4.16%	3.23%	(183.82)	(142.73)
102100.574	Summarized Depreciation Transa	5/31/2008	not provided Deployment solutions foundations training aug 4-8 Not	(8,964.95)	4.16%	3.23%	(372.94)	(289.57)
102104.582	ARLINGTON COMPUTER PRODUCTS	7/28/2008	Recurring	(2,395.00)	4.16%	3.23%	(99.63)	(77.36)
102101.600	FINANCE STUDY 08/08	9/21/2008	not provided	(3,750.00)	4.16%	3.23%	(156.00)	(121.13)
102100.601	WSC SE6.A WSC WORKPAPERS	11/30/2008	not provided	(42,541.65)	4.16%	3.23%	(1,769.73)	(1,374.10)
102100.601	PRICEWATERHOUSECOOPERS LLP	6/17/2008	2007 audit of Utilities Inc. of Georgia. Should be charged directly	(18,500.00)	4.16%	3.23%	(769.60)	(597.55)
102100.601	MV PREPAID TO EXP	11/30/2008	not provided	(125,857.00)	4.16%	3.23%	(5,235.65)	(4,065.18)
102100.602	ACCRUE 2008 LEGAL FEES	12/31/2008	not provided Consent orders Mid County and Labrador. Should be charged	(7,273.41)	4.16%	3.23%	(302.57)	(234.93)
102106.602	SQUIRE, SANDERS & DEMPSEY LLP	8/20/2008	directly Consent orders Mid County and Labrador. Should be charged	(2,890.78)	4.16%	3.23%	(120.26)	(93.37)
102106.602	LAW OFFICE OF DAVID BEERS P.A.	8/20/2008	directly Consent orders Mid County and Labrador. Should be charged	(1,330.64)	4.16%	3.23%	(55.35)	(42.98)
102106.602	SQUIRE, SANDERS & DEMPSEY LLP	8/20/2008	directly Consent orders Mid County and Labrador. Should be charged	(6,068.50)	4.16%	3.23%	(252.45)	(196.01)
102106.602	SQUIRE, SANDERS & DEMPSEY LLP	3/18/2008	directly Consultant fee final implementation project Phoenix. Should be	(2,271.83)	4.16%	3.23%	(94.51)	(73.38)
102100.605	DELGADO, DANIEL	4/4/2008	capital. Assistance on PWC audit before hired full time -since salary is	(5,000.00)	4.16%	3.23%	(208.00)	(161.50)
102100.605	Haynes Jr, John S	1/17/2008	annualized, non-recurring Assistance on PWC audit before hired full time -since salary is	(7,200.00)	4.16%	3.23%	(299.52)	(232.56)
102101.605	Haynes Jr, John S	5/2/2008	annualized, non-recurring	(11,700.00)	4.16%	3.23%	(486.72)	(377.91)
102101.605	MALCOLM PIRNIE, INC	3/25/2008	Financial model services through Jan. 08. Developed a model that helps in strategic planning and forecasting Not Recurring per co.	(49,956.21)	4.16%	3.23%	(2,078.18)	(1,613.59)
102102.607	HUNTON & WILLIAMS	12/31/2008	Carolina Water Service General Rep. Should be charged directly.	(4,724.91)	4.16%	3.23%	(196.56)	(152.61)

ACCOUNT	PAYEE	DATE	DESCRIPTION	ADJ.	SANLANDO WATER ALLOCATION RATE	SANLANDO WASTEW. ALLOCATION RATE	SANLANDO WATER ALLOCATION AMOUNT	SANLANDO WASTEW. ALLOCATION AMOUNT
DIVISION 102								
102100.618	CITICARD PAYMENTS	09/11/30/2008	not provided	(8,282.58)	4.16%	3.23%	(344.56)	(267.53)
			Two coach air tickets from Chicago to New York-for CEO and					
102100.619	Schumacher, Lawrence N	3/7/2008	wife for meeting with Highstar. Remove wife's ticket.	(1,235.00)	4.16%	3.23%	(51.38)	(39.89)
			Amortization of finders fee of 61,200 over 1 year. Did not					
102100.635	FINDERS FEE-SLOBODAN	12/31/2008	provide invoice-Don't know who for?	(5,111.94)	4.16%	3.23%	(212.66)	(165.12)
			Amortization of finders fee of 61,200 over 1 year. Did not					
102100.635	FINDERS FEE-SLOBODAN	11/30/2008	provide invoice-Don't know who for?	(5,111.95)	4.16%	3.23%	(212.66)	(165.12)
102100.635	RELOCATION	10/31/2008	Asked for more info 11/24/09-Never Received	(25,000.00)	4.16%	3.23%	(1,040.00)	(807.50)
102100.635	RELOCATION-J.HOY / J.JOI	10/31/2008	Asked for more info 11/24/09-Never Received	(5,253.56)	4.16%	3.23%	(218.55)	(169.69)
102100.635	RELOCATION-J.HOY / J.JOI	7/31/2008	Asked for more info 11/24/09-Never Received	(5,253.56)	4.16%	3.23%	(218.55)	(169.69)
102100.635	FINDERS FEE-T.ISAACS/ O.	6/30/2008	Asked for more info 11/24/09-Never Received	(19,472.00)	4.16%	3.23%	(810.04)	(628.95)
102100.635	JUNE DEFERRED ASSET W	6/30/2008	Asked for more info 11/24/09-Never Received	(12,062.27)	4.16%	3.23%	(501.79)	(389.61)
102100.635	WSC DEFERRED EMPLOY	6/30/2008	Asked for more info 11/24/09-Never Received	(54,980.00)	4.16%	3.23%	(2,287.17)	(1,775.85)
102100.635	WSC DEFERRED EMPLOY	6/30/2008	Asked for more info 11/24/09-Never Received	(19,500.00)	4.16%	3.23%	(811.20)	(629.85)
102100.635	RELOCATION-J.HOY / J.JOI	6/30/2008	Asked for more info 11/24/09-Never Received	(42,063.06)	4.16%	3.23%	(1,749.82)	(1,358.64)
102100.635	JUNE REVERSE WSC DEFE	6/30/2008	Asked for more info 11/24/09-Never Received	36,094.33	4.16%	3.23%	1,501.52	1,165.85
102100.635	WSC DEFERRED EMPLOY	6/30/2008	Asked for more info 11/24/09-Never Received	(60,244.00)	4.16%	3.23%	(2,506.15)	(1,945.88)
102100.638	SYLVESTER ASSOCIATES	10/2/2008	no invoice provided	(4,400.00)	4.16%	3.23%	(183.04)	(142.12)
102100.658	WATER PLANT-CONVERTI	6/30/2008	Asked what this was for?	(3,394.63)	4.16%	3.23%	(141.22)	(109.65)
				<u>(1,267,344.05)</u>			<u>(52,721.51)</u>	<u>(40,935.21)</u>
DIVISION 855								
855100.588	TRICOMM BUSINESS PROJ	11/20/2008	not provided	(1,279.07)	12.58%	9.76%	(160.91)	(124.84)
855100.590	SE 90 BU 252109 SEPT REC	9/30/2008	not provided	(2,546.85)	12.58%	9.76%	(320.39)	(248.57)
855100.590	SE 90 BU 252109 JUNE REC	6/30/2008	not provided	(10,384.50)	12.58%	9.76%	(1,306.37)	(1,013.53)
855100.594	SE 90 BU 252109 YTD REC	12/31/2008	not provided	(17,047.87)	12.58%	9.76%	(2,144.62)	(1,663.87)
855100.594	SE 90 BU 252109 JUNE REC	6/30/2008	not provided	(124,749.67)	12.58%	9.76%	(15,693.51)	(12,175.57)
855100.596	SE 90 BU 252104 JUNE REC	6/30/2008	not provided	(3,436.39)	12.58%	9.76%	(432.30)	(335.39)
855100.597	SE 90 BU 252104 JUNE REC	6/30/2008	not provided	(7,050.00)	12.58%	9.76%	(886.89)	(688.08)
855100.636	SE 90 BU 252104 OCT REC	10/31/2008	not provided	(9,360.87)	16.17%	12.55%	(1,513.65)	(1,174.79)
				<u>(175,855.22)</u>			<u>(22,458.64)</u>	<u>(17,424.64)</u>
							<u>(75,180.15)</u>	<u>(58,359.85)</u>

AUDIT FINDING NO. 16

SUBJECT: POSSIBLE DEFERRED MAINTENANCE

AUDIT ANALYSIS: The following expenses appear to extend the life of the plant. The staff engineer should review these costs to determine if they should be deferred or capitalized.

SANLANDO UTILITIES INC
OPERATING AND MAINTENANCE EXPENSES
TEST YEAR ENDED DECEMBER 31, 2008

UTILITY NARUC ACCOUNT	TRANSACTION DESCRIPTION	DOC	AMOUNT	DETAIL	REASON
720 255101 6325	B & B STEEL ERECTORS INC	13100	\$ 4,500	Emergency Repair and Replacement of Drive Unit on Clarifier	Prolongs life
720 255101 6325	B & B STEEL ERECTORS INC	14513	\$ 4,800	Furnish and install stiffener plate on outside of surge tank - top steel plate under the bridge and inlet box was rusted	Prolongs life
720 255101 6325	SUNSHINE BUILDING AND	26758	\$ 2,950	Furnish materials to repair leak in 20" air line at the Wekiva plant	Prolongs life
635/735 255103 6260	HACH CHEMICAL CO	16947	\$ 587	Replaced circuit board, interference filter, installed new maintenance kit, cleaned and checked for proper operation	Prolongs life
620/720 255103 6290	HUNTINGTON COMPANY, THE	1523	\$ 3,260	Fluor wash and rust off the ceiling of the chlorine room wire brush all bad sections/ mounts that hold ceiling in place/ paint the entire ceiling in black por-15 rust inhibitor paint - roof improvement and drainage system - to stop damage from a leaky HVAC system, install new ceiling tile, replaced the rotten plywood on the outside of the building, repaired the fallen soffit at the pump house, Replace the photo cell on the light fixture on the outside of the building to repair the second bad photo cell	Prolongs life
675/775 255103 6325	HUNTINGTON COMPANY, THE	25004	\$ 1,463		
TOTAL			\$ 17,560		

EFFECT ON THE LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: If the engineer decides that these amounts should be deferred, expenses will be reduced.

AUDIT FINDING NO. 17

SUBJECT: OPERATING AND MAINTENANCE SAMPLE

AUDIT ANALYSIS: A sample of operating and maintenance entries booked was selected for testing. The following entries were not provided by the company, recorded in the wrong period, or related to an associated company and therefore should be removed.

UTILITY NARDI ACCOUNT	TRANSACTION DESCRIPTION	AMOUNT	WATER	WATER	DETAIL	REASON
633 255103 6025	ROSE, SUNDSTROM & BEN	290	290		Review and respond to correspondence regarding dismissal	Insufficient Support
675 255100 5945	EMBARQ	334	334		Telephone bill for 407-830-1565	Unsupported
675 255100 5960	C & A SYSTEMS INC	1,745	1,745		Installed security system at 144 Ledbury	Not -reoccurring
675 255100 5960	C & A SYSTEMS INC	1,200	1,200		Installed security system at Des Pinar 125 Western Fork Rd.	Not -reoccurring
675 255100 6310	L & J SIGNS & AWNINGS 2	975	975		Design, manufacture and install new well sign with U1 logo. Total invoice \$1,950	Capital Project
		4,254	4,254	0	This is a partial payment Wekiva plant	
711 255101 6410	SHELLEY'S SEPTIC TANKS	9,873		9,873		PO never paid
711 255101 6410	SHELLEY'S SEPTIC TANKS	9,354		9,354		PO never paid
711 255101 6410	SHELLEY'S SEPTIC TANKS	6,755		6,755		PO never paid
		25,982	0	25,982		
720 255102 6320	ICI DULUX PAINT CENTER	356		356	Black Raspberry AL KYD IND GL EN	Use Unsupported
720 255102 6325	THOMPSON ELECTRIC CO	2,200		2,200	PASTEL TNTBSE - two -Sgal	Not Provided
		2,556	0	2,556		
775 255101 5980	PROGRESS ENERGY	785		785	Conversion of overhead to underground service at Markham Woods Rd. C-9	Not -reoccurring
620/720 255103 6285	MAINLINE SUPPLY COMP.	488	275	213		Not Provided
633/733 255103 6025	ROSE, SUNDSTROM & BEN	3,594	2,023	1,571	Legal fees to review case law, prepare for and attend hearing and draft letter on Wekiva Landing Utility	Insufficient Support
675/775 255103 5900	XM SATELLITE RADIO INC	166	93	72	XM Service for 1 year	Unsupported
675/775 255103 6310	SUNBELT RENTALS INC	223	125	97	Barricade II ENG grade for Jan 08	Use Unsupported
		389	219	170		
TOTAL		38,337	7,060	31,277		

EFFECT ON GENERAL LEDGER: The following entries should be made to the general ledger:

SANLANDO UTILITIES INC
OPERATING AND MAINTENANCE EXPENSES
TEST YEAR ENDED DECEMBER 31, 2008

NARUC		DEBIT	CREDIT
633	CONTRACT SERVICES LEGAL		\$ 290
675	MISC. EXPENSE		\$ 4,254
711	SLUDGE HAULING		\$ 25,982
720	MATERIALS AND SUPPLIES		\$ 2,556
775	MISC. EXPENSE		\$ 785
620/720	MATERIALS AND SUPPLIES		\$ 488
633/733	CONTRACT SERVICES LEGAL		\$ 3,594
675/775	MISC. EXPENSE		\$ 389
390	OFFICE STRUCTURES	\$ 975	
215	RETAINED EARNINGS	\$ 37,363	
		<u>\$ 38,338</u>	<u>\$ 38,338</u>

EFFECT ON FILING: Operating and maintenance expenses should be reduced by a total of \$38,338. Average water plant should be increased by \$ 150 ($\$975 \cdot 2$ months divided by 13).

AUDIT FINDING NO. 18**SUBJECT: REAL ESTATE AND PERSONAL PROPERTY TAXES**

AUDIT ANALYSIS: The per books test year amount on Schedule B-15 of \$175,474 for water and \$136,269 for wastewater agrees to the company's general ledger amount of \$311,743. However, the general ledger includes a negative balance of \$30,976.91 in account 7550 – Property Other General Tax. This appears to be a tax accrual. The remainder of the general ledger accounts 7545 – Personal Property Tax and 7555 – Real Estate Tax show a balance of \$280,273.05 and \$58,200.22, respectively. These two accounts total \$338,473.27 which agrees with the Personal and Real Estate Property tax bills.

EFFECT ON THE GENERAL LEDGER: None

EFFECT ON THE FILING: Because we could not determine the reason for the credit, this amount should be investigated further. The amount is allocated 56% or \$17,347.07 to water and 44% or \$13,629.84 to wastewater. The allocation is based on the test year per books amounts reflected on Schedule B-15.

AUDIT FINDING NO. 19

SUBJECT: GENERAL EXPENSE ALLOCATIONS TO REAL ESTATE AND PERSONAL PROPERTY TAX

AUDIT ANALYSIS: The utility has included an adjustment of \$3,702 for water and \$2,875 for wastewater on Schedule B-15 related to a General Expense Allocation from Headquarters.

The utility also included an adjustment of \$4,882 for water and \$12,945 for wastewater to increase the Ad Valorem Tax. The adjustment for the Advalorem Tax should only be \$1,180 for water and \$10,070 for wastewater. The adjustment the utility made for the Ad Valorem Tax includes the adjustment for the General Expense Allocation, therefore, including this adjustment twice.

Adjustment per B-3	<u>WATER</u>	<u>WASTEWATER</u>
General Expense Allocations from Utilities Inc.	\$3,702	\$2,875
Ad Valorem Tax	<u>\$1,180</u>	<u>\$10,070</u>
	<u>\$4,882</u>	<u>\$12,945</u>

EFFECT ON GENERAL LEDGER: None.

EFFECT ON FILING: Taxes other than income taxes should be decreased by \$3,702 for water and \$2,875 for wastewater.

AUDIT FINDING NO. 20

SUBJECT: REGULATORY ASSESSMENT FEE

AUDIT ANALYSIS: The per books test year amount on Schedule B-15 of \$146,881 for water and \$165,934 for wastewater agrees to the utility's general ledger amount of \$312,815 in Account 7540 – Regulatory Assessment Fee. This represents the payments for the second six months of 2007 and the first six months of 2008, it also represents a journal entry that may be related to a true up and two regulatory assessment fee payments for a prior year revenue difference. The actual payments related to the 2008 filings total \$137,371 for water and \$155,193 for wastewater or a total of \$292,564. The difference represents an overstatement of \$20,251.

	<u>WATER</u>	<u>WASTEWATER</u>	
Regulatory Assessment Fee per 2008 Filings	\$137,371.00	\$155,193.00	\$292,564.00
Regulatory Assessment Fee per Account 7540			<u>\$312,815.00</u>
Overstatement			<u>(\$20,251.00)</u>
Overstatement Detail			
Remove -			
Journal Entry in 11/17/08 - true up accrual			(\$13,359.00)
FPSC payment for additional 2007 revenues - water			(\$1,455.00)
FPSC payment for additional 2007 revenues - wastewater			(\$542.00)
Remove -			
Payment for second six months of 2007 - water			(\$74,868.72)
- wastewater			(\$77,770.02)
Add -			
Payment for second six months of 2008 - water			\$71,691.00
- wastewater			<u>\$76,053.00</u>
Total Difference - Overstatement in account			<u>(\$20,250.74)</u>

A proforma for the regulatory assessment fee was made by the utility for the increase in revenues only, not for the total requested revenues. Therefore, this adjustment was not fixed when the proforma was made.

EFFECT ON GENERAL LEDGER: None.

EFFECT ON THE FILING: Taxes other than income taxes should be decreased by \$9,510 for water and by \$10,741 for wastewater. The allocation to water and wastewater is based on the test year per book amounts reflected on Schedule B-15, 47% to water and 53% to wastewater. The utility did not include the proforma rate case expense in the unamortized balance included in working capital.

EXHIBITS

Schedule of Water Rate Base

Florida Public Service Commission

Company: Sanlando Utilities Corp.

Schedule: A-1

Docket No.: 090402-W5

Page 1 of 1

Schedule Year Ended: December 31, 2008

Preparer: Kirsten Weeks

Interim ☐ Final ☒Historic ☒ Projected ☐

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Amount Per Books	(3) A-3 Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant In Service	\$ 19,643,029	\$ (490,836) (A)	\$ 19,152,193	A-3, A-5
2					
3	Utility Land & Land Rights	130,342	(33,628) (A)	96,714	A-3, A-5
4					
5	Less: Non-Used & Useful Plant			-	A-7
6					
7	Construction Work in Progress	3,021,010	(3,021,010) (B)	-	A-3
8					
9	Less: Accumulated Depreciation	(10,099,856)	137,467 (C)	(9,962,389)	A-3, A-9
10					
11	Less: CIAC	(11,951,929)	582,948 (D)	(11,368,981)	A-12
12					
13	Accumulated Amortization of CIAC	8,287,105	(144,788) (E)	8,142,317	A-14
14					
15	Acquisition Adjustments				-
16					
17	Accum. Amort. of Acq. Adjustments				-
18					
19	Advances For Construction				A-16
20					
21	Working Capital Allowance		299,835 (F)	299,835	A-17
22					
23	Total Rate Base	\$ 9,029,701	\$ (2,670,013)	\$ 6,359,688	

Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Sanlando Utilities Corp.
 Docket No.: 090402-WS
 Schedule Year Ended: December 31, 2008
 Interim ☐ Final ☒
 Historic ☒ Projected ☐

Schedule: A-2
 Page 1 of 1
 Preparer: Kirsten Weeks

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Amount Per Books	(3) A-3 Utility Adjustments	(A)	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	\$ 24,962,220	\$ 2,238,414	(A)	\$ 27,200,634	A-3, A-6
2						
3	Utility Land & Land Rights	203,378	6,675	(A)	210,053	A-3, A-6
4						
5	Less: Non-Used & Useful Plant	-	-		-	A-7
6						
7	Construction Work in Progress	32,289	(32,289)	(B)	-	A-3
8						
9	Less: Accumulated Depreciation	(11,968,283)	(484,909)	(C)	(12,453,192)	A-3, A-10
10						
11	Less: CIAC	(13,236,312)	698,756	(D)	(12,537,556)	A-12
12						
13	Accumulated Amortization of CIAC	9,263,728	10,206	(E)	9,273,934	A-14
14						
15	Acquisition Adjustments					-
16						
17	Accum. Amort. of Acq. Adjustments					-
18						
19	Advances For Construction					A-16
20						
21	Working Capital Allowance	-	372,639	(F)	372,639	A-17
22						
23	Total Rate Base	\$ 9,257,020	\$ 2,809,492		\$ 12,066,512	

Schedule of Requested Cost of Capital
13 Month Average Balance

Florida Public Service Commission

Company: Sanlando Utilities Corp.
Docket No.: 090402-WS
Test Year Ended: December 31, 2008
Interim ☐ Final ☒
Historical ☒ Projected ☐

Schedule D-2
Page 1 of 1

Preparer: Dan Ciecierski

Explanation: Provide a schedule which calculates the requested cost of capital on a simple average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

(1)		(2)	(3)	(4)	(5)
		Reconciled to Requested Rate Base			
Line No.	Class of Capital	AYE 12/31/08	Ratio	Cost Rate	Weighted Cost
1	Long Term Debt	\$8,542,907	46.36%	6.65%	3.08%
2	Short Term Debt	1,885,257	10.23%	4.30%	0.44%
3	Preferred Stock	-	0.00%	0.00%	0.00%
4	Common Equity	7,526,664	40.85%	11.24%	4.59%
5	Customer Deposits	86,777	0.47%	6.00%	0.03%
6	Tax Credits - Zero Cost	-	0.00%	0.00%	0.00%
7	Tax Credits - Weighted Cost	-	0.00%	0.00%	0.00%
8	Accumulated Deferred Income Tax	384,596	2.09%	0.00%	0.00%
9	Other (Explain)	-	0.00%	0.00%	0.00%
10					
11	Total	\$18,426,201	100.00%		8.14%

Note: The cost of equity is based on the leverage formula in effect pursuant to Order No. PSC-090006-WS

Note: Long term debt, short term debt, preferred stock, and common equity are actual for Sanlando's parent company, Utilities, Inc.

Supporting Schedules: D-2
Recap Schedules: A-1, A-2

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Sanlando Utilities Corp.
 Docket No.: 090402-WS
 Test Year Ended: December 31, 2008
 Interim [] Final [X]
 Historic [X] Projected []

Schedule: B-1
 Page 1 of 1
 Preparer: Kirsten Weeks

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 3,061,746	\$ 111,977 (A)	\$ 3,173,723	\$ 460,784 (A)	\$ 3,634,507	B-4, B-3
2							
3	Operation & Maintenance	2,195,615	(118,099) (B)	2,077,516	(B)	2,077,516	B-5, B-3
4							
5	Depreciation, net of CIAC Amort.	424,469	(96,931) (C)	327,537	(C)	327,537	B-13, B-3
6							
7	Amortization	-		-		-	
8							
9	Taxes Other Than Income	396,002	2,384 (D)	398,385	20,735 (D)	419,120	B-15, B-3
10							
11	Provision for Income Taxes	(37,428)	164,492 (E)	127,064	165,591 (E)	292,655	C-1, B-3
12							
13	OPERATING EXPENSES	2,978,657	(48,155)	2,930,503	186,326	3,116,829	
14							
15	NET OPERATING INCOME	\$ 83,088	\$ 160,132	\$ 243,220	\$ 274,458	\$ 517,679	
16							
17							
18	RATE BASE	\$ 9,029,701	\$ (2,670,013)	\$ 6,359,688		\$ 6,359,688	
19							
20							
21	RATE OF RETURN	0.92 %		3.82 %		8.14%	

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Santando Utilities Corp.
 Docket No.: 090402-WS
 Test Year Ended: December 31, 2008
 Interim ☐ Final ☒
 Historic ☒ Projected ☐

Schedule: B-2
 Page 1 of 1
 Preparer: Kirsten Weeks

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 3,439,261	\$ 123,625 (A)	\$ 3,562,886	\$ 582,806 (A)	\$ 4,145,692	B-4, B-3
2							
3	Operation & Maintenance	1,965,278	118,545	2,083,822	(B)	2,083,822	B-6, B-3
4							
5	Depreciation, net of CIAC Amort.	352,743	187,608	540,351	(C)	540,351	B-14, B-3
6							
7	Amortization						
8							
9	Taxes Other Than Income	359,429	12,655 (D)	372,084	26,226 (D)	398,310	B-15, B-3
10							
11	Provision for Income Taxes	(28,582)	(39,863) (E)	(68,445)	209,440 (E)	140,995	C-1, B-3
12							
13	OPERATING EXPENSES	2,648,868	278,945	2,927,812	235,666	3,163,478	
14							
15	NET OPERATING INCOME	\$ 790,393	\$ (155,319)	\$ 635,074	\$ 347,140	\$ 982,214	
16							
17							
18	RATE BASE	\$ 9,257,020	\$ 2,809,492	\$ 12,066,512		\$ 12,066,512	
19							
20							
21	RATE OF RETURN	8.54 %		5.26 %		8.14%	

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: December 17, 2009
TO: Bart Fletcher, Public Utilities Supervisor, Division of Economic Regulation
FROM: Dale N. Mailhot, Director, Office of Auditing and Performance Analysis *DN*
RE: Docket No.: 090381-SU
Company Name: Utilities, Inc. of Longwood
Company Code: SU761
Audit Purpose: Rate Case
Audit Control No: 09-280-4-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are confidential work papers associated with this audit.

DNM/ip
Attachment: Audit Report

cc: (With Attachment)
Office of Auditing and Performance Analysis (Mailhot, File Folder)
Office of Commission Clerk
Office of the General Counsel

(Without Attachment)
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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FLORIDA PUBLIC SERVICE COMMISSION
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
BUREAU OF AUDITING
Miami District Office

UTILITIES, INC. OF LONGWOOD
RATE CASE

AS OF DECEMBER 31, 2008

DOCKET NO. 090381-SU
AUDIT CONTROL NO. 09-280-4-1

Bety Maitre

Bety Maitre, Audit Manager

Gabriela Leon

Gabriela Leon, Audit Staff

Iliana Piedra

Iliana Piedra, Audit Staff

Yen Ngo

Yen Ngo, Audit Staff

Kathy L. Welch

Kathy Welch, District Audit Supervisor

DOCUMENT NUMBER-DATE

12077 DEC 18 8

FPSC-COMMISSION CLERK

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS
AUDITOR'S REPORT**

December 11, 2009

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules which were prepared by Utilities, Inc. of Longwood in support of its filing for rate relief in Docket No. 090381-SU.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES

RATE BASE

General

Objective: To determine that the utility's filing represents its recorded results from continuing operations.

Procedures: We reconciled the following individual component rate base balances to the utility's general ledger as of December 31, 2007 and 2008 and verified that adjustments required in Order No. 960448-FOF-SU, were recorded.

Utility-Plant-in-Service

Objective: To determine that property exists and is owned by the utility. To determine that additions to plant are authentic, recorded at original cost, and properly classified in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that the proper retirements of plant were made when a replacement item was put in service.

Procedures: We sampled plant additions for the period January 1, 1996 through December 31, 2008 for compliance with the stated objectives above. We verified whether the utility properly recorded retirements to plant when a capital item was removed or replaced. We toured the utility plant sites to observe whether asset additions were completed and to ascertain if asset retirements were properly recorded. We sampled construction project additions and the corresponding source documentation. We verified that the utility used Commission approved AFUDC rates. We tested the allocations of plant allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit.

Land and Land Rights

Objective: To determine that utility land is recorded at original cost and is owned or secured under a long-term lease.

Procedures: We verified that there has been no change to utility land since its last rate proceeding by searching the county's public records.

Contributions-in-Aid-of-Construction (CIAC)

Objective: To determine that additions to CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC additions are reflective of the utility's Commission approved service availability tariff. To verify and insure that all donated property is properly accounted for and recorded as CIAC and plant in service.

Procedures: We sampled CIAC additions for the period January 1, 1996 through December 31, 2008 for compliance with the stated objectives above. We reviewed developer agreements for unrecorded CIAC. We traced utility CIAC schedules to the general ledger and the utility's authorized tariff rates. We toured the utility's authorized service territory to look for new developments that may have included contributed property.

Accumulated Depreciation

Objective: To determine that accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that depreciation expense accruals are calculated using the Commission authorized rates and that retirements are properly recorded.

Procedures: We traced the accumulated depreciation schedules to the corresponding plant schedules. We verified that the utility used Commission authorized rates to depreciate its plant accounts by calculating a sample of accumulated depreciation account balances to test for calculation errors. We verified whether the utility properly recorded retirements to accumulated depreciation when the corresponding plant was removed or replaced. We recalculated a sample of accumulated depreciation account balances from January 1, 1996 to December 31, 2008. We tested the allocations of accumulated depreciation allocated from both the Illinois and Florida headquarters and tested the additions made since the 2007 headquarters audit.

Accumulated Amortization of CIAC

Objective: To determine that accruals to accumulated amortization of CIAC are properly recorded in compliance with Commission rules and the NARUC Uniform System of Accounts. To verify that CIAC amortization expense accruals are properly recorded and calculated based on the rates and method used in the utility's last rate proceeding.

Procedures: We traced the accumulated amortization of CIAC schedules to the corresponding CIAC schedules. We verified that the utility used Commission authorized rates to amortize its CIAC accounts by calculating a sample of accumulated amortization account balances to test for calculation errors. We recalculated a sample of accumulated amortization of CIAC account balances from January 1, 1996 to December 31, 2008.

Working Capital

Objective: To determine that the utility's working capital balance is properly calculated in compliance with Commission rules.

Procedures: We recalculated the utility's working capital calculation.

NET OPERATING INCOME

General

Objective: To determine that the utility's filing represents its results from continuing operations.

Procedures: We reconciled the individual components of net operating income to the utility's general ledger for the 12-month period ended December 31, 2008.

Revenues

Objective: To determine that revenues are properly recorded in compliance with Commission rules and are based on the utility's Commission approved tariff rates.

Procedures: We traced revenues to the utility's general ledger and we reconciled the billing summaries to the utility's revenue reports. We recalculated bills to make sure they were billed in accordance with the tariff.

Operation and Maintenance Expenses (O&M)

Objective: To determine that operation and maintenance expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We sampled O&M expense items from the general ledger based on auditor judgment. We reviewed the sample for the proper utility system, classification, NARUC account, amount, period and recurring nature. We examined invoices and supporting documentation to determine if the above objectives are met. We reviewed the allocations of both Illinois and Florida headquarters expenses and sampled the expenses charged through the allocations.

Taxes-Other-Than-Income (TOTI)

Objective: To determine that taxes other than income tax expenses are properly recorded in compliance with Commission rules and were reasonable and prudent for ongoing utility operations.

Procedures: We obtained the regulatory assessment fee (RAF) filings and reconciled them to the general ledger. We obtained the property tax bills for review. We determined if the amount booked reflects the discount amount.

Depreciation Expense

Objective: To determine that depreciation expense is properly recorded in compliance with Commission rules and that it accurately represents the depreciation of plant assets and amortization of CIAC assets for ongoing utility operations.

Procedures: We recalculated a sample of depreciation expense and CIAC amortization expense balances for the period using Commission approved rates and we verified that CIAC amortization expense was properly netted against depreciation expense.

CAPITAL STRUCTURE

General

Objective: To determine the components of the utility's capital structure and the respective cost rates used to arrive at the overall weighted cost of capital are properly recorded in compliance with Commission rules and that it accurately represents the ongoing utility operations.

Procedures: We reconciled the following individual component capital structure balances to the parent company general ledger as of December 31, 2008. We verified debt to the notes and short term debt to bank statements.

Accumulated Deferred Income Taxes

Objective: To determine that accumulated deferred income taxes are properly stated and calculated based on the recorded differences between utility book and taxable income.

Procedures: Recalculated a sample of deferred tax balances for the period using Commission authorized rates and federal tax rates.

AUDIT FINDING NO. 1

SUBJECT: ACQUISITION ADJUSTMENT CORRECTING ENTRIES

AUDIT ANALYSIS: In 1995, the utility booked the acquisition of Utilities Inc. of Longwood prior to the issuance of Commission Order PSC-96-0448-FOF-SU that transferred and established rate base. The difference between what the utility booked and what was ordered was \$246,864. In 2005, the utility finally booked an acquisition adjustment to remove the overstatement. The utility stated that:

“...since plant was overstated at acquisition, there are no records showing in what accounts overstatement occurred. Therefore, plant was removed based on a ratio of each depreciable plant account booked at acquisition to total depreciable plant booked at acquisition, applied to the \$246,864 total overstatement.”

The following adjustments are the ones booked by the utility to correct the acquisition booked in 1995.

Correcting Entries Per Utility

Account	Description	Credit
3547003	Buildings & Structures	72,218
3804005	Sewage Treatment Plant	51,012
3602006	Sewage Service Lines	9,735
3602007	Force or Vacuum Mains	6,665
3612008	Sewer Mains	83,157
3612010	Manholes	17,847
3907091	Office Furniture & Equipment	1,054
3967097	Communication Equipment	1,176
3804005	Sewage Treatment Plant	4,002
Total		246,864

Through our analysis of the transfer audit work papers and the acquisition file furnished by the utility, we were able to discern where the utility should have booked the acquisition of Longwood.

UTILITIES INC. OF LONGWOOD

COMPARISON OF LAST AUDIT AND ORDER TO AMOUNT BOOKED BY UTILITY

TEST YEAR ENDED DECEMBER 31, 2008

NARUC	BALANCE	BOOKED	ADJUSTMENTS	ADJUSTED	
ACCOUNT DESCRIPTION	PRIOR AUDIT	BY	BY	TRANSFER ENTRY	DIFFERENCE
WORKPAPERS	LONGWOOD	LONGWOOD	BY LONGWOOD		
351 ORGANIZATION	200.00			0.00	200.00
353 LAND	228,560.00	228,560.00		228,560.00	0.00
354 LIFT STATIONS	296,840.00			0.00	296,840.00
354 STRUCT AND IMPROV.	463,717.00	756,696.00	(72,217.60)	684,478.40	(220,761.40)
360 COLLECTION FORCE		69,837.00	(6,665.11)	63,171.89	(63,171.89)
361 COLLECTION GRAVITY	965,943.00	871,315.00	(83,156.61)	788,158.39	177,784.61
363 SERVICES	43,847.00	102,000.00	(9,735)	92,265.32	(48,418.32)
MANHOLES		187,000.00	(17,846.92)	169,153.08	(169,153.08)
370 RECEIVING WELLS	5,734.00			0.00	5,734.00
371 PUMPING EQ.	70,785.00	119,359.00		119,359.00	(48,574.00)
380 T & D EQUIPMENT	342,081.00	415,140.00	(55,013.17)	360,126.83	(18,045.83)
380 LAGOON	124,370.00			0.00	124,370.00
390 OFFICE/TRANSP EQ	8,022.00	11,043.00	(1,053.92)	9,989.08	(1,967.08)
391 TRANSPORTATION EQUIPMENT				0.00	0.00
394 LAB EQUIPMENT	2,196.00			0.00	2,196.00
COMMUNICATION EQUIPMENT		12,322.00	(1,175.99)	11,146.01	(11,146.01)
397 OTHER GENERAL EQUIP.	14,931.00			0.00	14,931.00
398 MISCELLANEOUS	1,111.00			0.00	1,111.00
CONSTRUCTION WORK IN PROCESS		41,929.00		41,929.00	(41,929.00)
	2,568,337.00	2,815,201.00	(246,864.00)	2,568,337.00	(0.00)
PER ORDER					
LAND	228,560.00				
PLANT	2,339,777.00				
TOTAL PER ORDER	2,568,337.00				
DIFFERENCE	0.00				

UTILITIES INC. OF LONGWOOD
DEPRECIATION ON DIFFERENCES
TEST YEAR ENDED DECEMBER 31, 2008

NARUC		DEPRECIATION	DEPREC.	YEARS	ACC.
ACCOUNT	DESCRIPTION	DIFFERENCE	RATES	EXPENSE	DEPREC.
351	ORGANIZATION	200.00	2.50%	5.00	14.50 (72.50)
353	LAND	0.00			
354	LIFT STATIONS	296,840.00	4.00%	11,873.60	14.50 (172,167.20)
354	STRUCT AND IMPROV.	(220,761.40)	3.13%	(6,898.79)	14.50 100,032.51
360	COLLECTION FORCE	(63,171.89)	3.33%	(2,105.73)	14.50 30,533.08
361	COLLECTION GRAVITY	177,784.61	2.22%	3,950.77	14.50 (57,286.15)
363	SERVICES	(48,418.32)	2.63%	(1,274.17)	14.50 18,475.41
361	MANHOLES	(169,153.08)	3.33%	(5,638.44)	14.50 81,757.32
370	RECEIVING WELLS	5,734.00	3.33%	191.13	14.50 (2,771.43)
371	PUMPING EQ.	(48,574.00)	5.56%	(2,698.56)	14.50 39,129.06
380	T & D EQUIPMENT	(18,045.83)	5.56%	(1,002.55)	14.50 14,536.92
380	LAGOON	124,370.00	5.56%	6,909.44	14.50 (100,186.94)
390	OFFICE/TRANSP EQ	(1,967.08)	6.67%	(131.14)	14.50 1,901.51
391	TRANSPORTATION EQUIPMENT	0.00	16.67%	0.00	14.50 0.00
394	LAB EQUIPMENT	2,196.00	6.67%	146.40	14.50 (2,122.80)
396	COMMUNICATION EQUIPMENT	(11,146.01)	10.00%	(1,114.60)	14.50 16,161.72
397	OTHER GENERAL EQUIP.	14,931.00	6.67%	995.40	14.50 (14,433.30)
398	MISCELLANEOUS	1,111.00	10.00%	111.10	14.50 (1,610.95)
	CONSTRUCTION WORK IN PROCESS	(41,929.00)			
		(0.00)		3,318.88	(48,123.76)

EFFECT ON THE GENERAL LEDGER: The following reclass entries are required on the general ledger.

NARUC

ACCOUNT	DESCRIPTION	Debit	Credit
351	ORGANIZATION	200.00	
354	LIFT STATIONS	296,840.00	
354	STRUCT AND IMPROV.		(220,761.40)
360	COLLECTION FORCE		(63,171.89)
361	COLLECTION GRAVITY	177,784.61	
363	SERVICES		(48,418.32)
360	MANHOLES		(169,153.08)
370	RECEIVING WELLS	5,734.00	
371	PUMPING EQ.		(48,574.00)
380	T & D EQUIPMENT		(18,045.83)
380	LAGOON	124,370.00	
390	OFFICE/TRANSP EQ		(1,967.08)
394	LAB EQUIPMENT	2,196.00	
396	COMMUNICATION EQUIPMENT		(11,146.01)
397	OTHER GENERAL EQUIP.	14,931.00	
398	MISCELLANEOUS	1,111.00	
107	CONSTRUCTION WORK IN PROCESS		(41,929.00)
403	ORGANIZATION AMORTIZ.. EXP.	5.00	
403	LIFT STATIONS DEP. EXP.	11,873.60	
403	STRUCT AND IMPROV. DEP. EXP.		(6,898.79)
403	COLLECTION FORCE DEP. EXP.		(2,105.73)
403	COLLECTION GRAVITY DEP. EXP.	3,950.77	
403	SERVICES DEP. EXP.		(1,274.17)
403	MANHOLES DEP. EXP.		(5,638.44)
403	RECEIVING WELLS DEP. EXP.	191.13	
403	PUMPING EQ. DEP. EXP.		(2,698.56)
403	T & D EQUIPMENT DEP. EXP.		(1,002.55)
403	LAGOON DEP. EXP.	6,909.44	
403	OFFICE/TRANSP EQ DEP. EXP.		(131.14)
403	LAB EQUIPMENT DEP. EXP.	146.40	
403	COMMUNICATION EQ. DEP. EXP.		(1,114.60)
403	OTHER GENERAL EQUIP. DEP. EXP.	995.40	
403	MISCELLANEOUS DEP. EXP.	111.10	
108	ORGANIZATION ACC. DEP.		(72.50)
108	LIFT STATIONS ACC. DEP.		(172,167.20)
108	STRUCT AND IMPROV. ACC. DEP.	100,032.51	
108	COLLECTION FORCE ACC. DEP.	30,533.08	
108	COLLECTION GRAVITY ACC. DEP.		(57,286.15)
108	SERVICES ACC. DEP.	18,475.41	
108	MANHOLES ACC. DEP.	81,757.32	
108	RECEIVING WELLS ACC. DEP.		(2,771.43)
108	PUMPING EQ. ACC. DEP.	39,129.06	
108	T & D EQUIPMENT ACC. DEP.	14,536.92	
108	LAGOON ACC. DEP.		(100,186.94)
108	OFFICE/TRANSP EQ ACC. DEP.	1,901.51	
108	LAB EQUIPMENT ACC. DEP.		(2,122.80)
108	COMMUNICATION EQ. ACC. DEP.	16,161.72	
108	OTHER GENERAL EQUIP. ACC. DEP.		(14,433.30)
108	MISCELLANEOUS ACC. DEP.		(1,610.96)
215	RETAINED EARNINGS	44,804.88	
		<u>994,681.87</u>	<u>(994,681.87)</u>

EFFECT ON THE FILING: Depreciation expense should be increased by \$3,318.88.
Average accumulated depreciation should be increased by \$46,464.32
(((\$48,123.76+\$44,804.88)/2).

AUDIT FINDING NO. 2

SUBJECT: UNSUPPORTED PLANT PROFORMA

AUDIT ANALYSIS: The Utility included Pro Forma plant additions of \$370,000 to be constructed by December 2010.

Pro Froma Description	Amount
Manhole Rehabilitation at Township Plaza	\$ 70,000
I&I Investigation Longwood Grove Subdivision	\$ 100,000
Correct Deficiencies Identified In Longwood Grove I&I Study	<u>\$ 200,000</u>
Total	\$ 370,000

The Utility supplied proposals for the Manhole Rehabilitation dating as far back as December 20, 2006. The Utility has supplied support for professional engineering services and construction of \$57,756 (\$11,500 + \$46,156) but no contracts were provided.

The utility supplied a contract in the amount of \$17,658 for the cost to perform the I&I investigation on Longwood Grove subdivision; however, the Company has included \$100,000 for the study and an additional \$200,000 to correct the deficiencies. The company has not completed the investigation, thus making the cost to correct deficiencies unknown and immeasurable.

EFFECT ON THE GENERAL LEDGER: There is no effect on the general ledger.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 3

SUBJECT: PLANT SAMPLE

AUDIT ANALYSIS: A sample of entries were selected from the Longwood ledger to be traced to supporting documentation. The following entries are being removed because the utility was unable to provide them or provide sufficient support; the entries should have been expensed, or are associated with an affiliated company.

Account	Year	JDE	Description	Amount	Dep. Rate	Annual Dep. Exp.	Years In Service	Total Depreciation
351	199 5	124 5	20716*10333*MCWHIRTER, G	\$ 4,669	2.50%	\$ 117	12.5	\$ 1,459
351	199 5	124 5	PRELIM. SUR. 9/30 G	\$ 490	2.50%	\$ 12	12.5	\$ 153
351	199 6	124 5	PREL.SUR.4 /30/96 G	\$ 3,260	2.50%	\$ 82	11.5	\$ 937
354	199 9	129 5	10212*1311 3*C & A SY A	\$ 4,869	4.00%	\$ 195	8.5	\$ 1,655
354	199 7	129 5	R61860 *07302*ELLIS K G	\$ 1,083	4.00%	\$ 43	11.5	\$ 498
354	200 2	129 5	96653*1535 0*F LOR IDA G	\$ 2,968	4.00%	\$ 119	5.5	\$ 653
354	200 4	129 5	R63747 *10372*SUN SHIN G	\$ 2,071	4.00%	\$ 83	3.5	\$ 290
360	200 2	134 5	07738*1179 9*CENTRAL C	\$ 85	2.63%	\$ 2	5.5	\$ 12
360	199 8	134 5	80994*1179 9*CENTRAL G	\$ 365	2.63%	\$ 10	9.5	\$ 91
360	199 8	134 5	80994*1179 9*CENTRAL G	\$ 365	2.63%	\$ 10	9.5	\$ 91
360	200 0	134 5	29283*1179 9*CENTRAL G	\$ 365	2.63%	\$ 10	7.5	\$ 72
360	200 0	134 5	29283*1179 9*CENTRAL G	\$ 365	2.63%	\$ 10	7.5	\$ 72
360	200 0	134 5	29283*1179 9*CENTRAL G	\$ 365	2.63%	\$ 10	7.5	\$ 72
360	200 2	134 5	07738*1179 9*CENTRAL G	\$ 85	2.63%	\$ 2	5.5	\$ 12
361	200 4	135 0	69107*1529 2*REYNTECH G	\$ 1,800	3.33%	\$ 60	3.5	\$ 210
380	200 2	140 0	97197*0730 1*CU STOM F D	\$ 951	5.56%	\$ 53	5.5	\$ 290
380	199 8	139 5	98227*1085 1*M EISSNER F	\$ 3,700	5.56%	\$ 206	9.5	\$ 1,953
380	200 4	140 0	62188*1178 9*B&B STEE G	\$ 1,100	5.56%	\$ 61	3.5	\$ 214
380	200 4	140 0	R62198 *17880*U S FILT G	\$ 1,764	5.56%	\$ 98	3.5	\$ 343
380	200 4	140 0	62573*0204 8*PAT 'S PU G	\$ 6,182	5.56%	\$ 343	3.5	\$ 1,202
380	200 4	140 0	63573*0204 8*PAT 'S PU G	\$ 5,118	5.56%	\$ 284	3.5	\$ 995
380	200 4	140 0	R71953 *18025*AABOT F G	\$ 3,975	5.56%	\$ 221	3.5	\$ 773
393	200 2	147 0	07347*0352 7*HOM E DEP E	\$ 822	6.25%	\$ 51	5.5	\$ 282
393	199 7	147 0	69416*1205 1*LONGW OOD G	\$ 602	6.25%	\$ 38	11.5	\$ 433
393	199 7	147 0	57475*0089 3*FISHER S G	\$ 481	6.25%	\$ 30	10.5	\$ 316
394	200 1	147 5	62663*0089 3*FISHER S B	\$ 292	6.67%	\$ 19	6.5	\$ 127
394	199 8	147 5	87299*0680 8*UTILIT Y G	\$ 477	6.67%	\$ 32	9.5	\$ 302
394	199 9	147 5	20768*0089 3*FISHER S G	\$ 535	6.67%	\$ 36	8.5	\$ 303
TOTAL DECEMBER 31, 2007				\$ 49,202				
354	200 8	129 5	OCT REC LASS (OV) AD J. G	\$ 1,500	4.00%	\$ 60	0.5	\$ 30
354	200 8	129 5	Shue, Mickey A G	\$ 136	4.00%	\$ 5	0.5	\$ 3
354	200 8	131 5	EXPEN SE TO CAPITA L G	\$ 2,900	2.50%	\$ 73	0.5	\$ 36
354	200 8	131 5	RECLASS F L CAP. G	\$ 1,092	2.50%	\$ 27	0.5	\$ 14
354	200 8	131 5	2008Q1 PO RECL ASSES G	\$ 1,092	2.50%	\$ 27	0.5	\$ 14
360	200 8	132 0	LOC KE WELL & PU MP CO G	\$ 445	5.00%	\$ 22	0.5	\$ 11
TOTAL DECEMBER 31, 2008				\$ 56,367		\$ 2,449		\$ 13,919
A/D BALANCE A T DEC EM BER 3 1, 2007								\$ 11,470
AVERAGE				\$ 52,784				\$ 12,695

A	San lando Inv oice	E	Wedge field Inv oice
B	Expense in Yea r Added	F	Sludge Rem oval Ex pense in Year Added
C	Cancell ation fe e	G	Invoice No t P rovided
D	UIF Invoice		

EFFECT ON THE GENERAL LEDGER: The following entry should be posted to the books.

	DEBIT	CREDIT
351 ORGANIZATION		\$8,419.00
354 STRUCTURES AND IMPROVEMENTS		\$17,711.00
360 SERVICES TO CUSTOMERS		\$2,440.00
361 MANHOLES		\$1,800.00
380 TREATMENT AND DISPOSAL		\$22,790.00
393 TOOLS SHOP AND GARAGE EQUIPMENT		\$1,905.00
394 LABORATORY EQUIPMENT		\$1,304.00
108 ORGANIZATION	\$2,549.00	
108 STRUCTURES AND IMPROVEMENTS	\$3,192.00	
108 SERVICES TO CUSTOMERS	\$434.00	
108 MANHOLES	\$210.00	
108 TREATMENT AND DISPOSAL	\$5,770.00	
108 TOOLS SHOP AND GARAGE EQUIPMENT	\$1,031.00	
108 LABORATORY EQUIPMENT	\$732.00	
403 ORGANIZATION		\$210.00
403 STRUCTURES AND IMPROVEMENTS		\$632.00
403 SERVICES TO CUSTOMERS		\$75.00
403 MANHOLES		\$60.00
403 TREATMENT AND DISPOSAL		\$1,266.00
403 TOOLS SHOP AND GARAGE EQUIPMENT		\$119.00
403 LABORATORY EQUIPMENT		\$87.00
215 RETAINED EARNINGS	\$38,258.00	
145 AVR DUE TO AFFILIATE	\$6,642.00	
	<u>\$58,818.00</u>	<u>\$58,818.00</u>

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EFFECT ON THE FILING: Average Plant and Accumulated Depreciation, and Depreciation Expense should be reduced by \$52,784, \$12,695, and \$2,449.

AUDIT FINDING NO. 4

SUBJECT: PLANT RETIREMENTS

AUDIT ANALYSIS: The plant sample was reviewed to ensure all retirement entries were made. Several additions sampled were found to have no corresponding retirements. The following schedule shows the retirement amounts calculated for each transaction entry.

UTILITIES INC OF LONGWOOD

RETIREMENT

TEST YEAR ENDED DECEMBER 31, 2008

YEAR	NARUC	DESCRIPTION OF TRANSACTION	AMOUNT	PERCENT	RETIREMENT AMOUNT
1998	354	99623*07301*CUSTOM F	\$ 1,950	75%	\$ 1,463
2002	354	01664*07302*ELLIS K.	\$ 3,746	75%	\$ 2,810
2006	354	37171*07529*ADVANCED	\$ 2,080	75%	\$ 1,560
		354 Total			\$ 5,832
1997	360	71849*11106*PREFERRE	\$ 920	75%	\$ 690
		360 Total			\$ 690
1997	380	60759*10851*MEISSNER	\$ 3,500	75%	\$ 2,625
1997	380	60759*10851*MEISSNER	\$ 3,425	75%	\$ 2,569
2003	380	16114*16197*ODYSSEY	\$ 4,200	75%	\$ 3,150
2006	380	22421*16900*BIO TECH	\$ 7,500	75%	\$ 5,625
2008	380	THOMPSON ELECTRIC COMPANY	\$ 815	75%	\$ 611
		380 Total			\$ 14,580
2008	389	ITT WATER & WASTEWATER USA	\$ 6,870	75%	\$ 5,153
		389 Total			\$ 5,153
2000	390	37983*07301*CUSTOM F	\$ 507	75%	\$ 380
		390 Total			\$ 380
1995	396	24434*10344*COMMUNIC	\$ 1,936	75%	\$ 1,452
		396 Total			\$ 1,452
		Grand Total	\$ 37,448		\$ 28,086

The associated depreciation, both annual and accumulated, that should be removed from rate base is shown below.

UTILITIES INC OF LONGWOOD
RETIREMENT - DEPRECIATION
TEST YEAR ENDED DECEMBER 31, 2008

YEAR	NARUC	DESCRIPTION OF TRANSACTION	RETIREMENT AMOUNT	RATE	ANNUAL DEPRE EXP
1998	354	99623*07301*CUSTOM F	\$ 1,463	3.13%	\$ 46
2002	354	01664*07302*ELLIS K	\$ 2,810	3.13%	\$ 88
2006	354	37171*07529*ADVANCED	\$ 1,560	3.13%	\$ 49
	354 Total		\$ 5,832		\$ 182
1997	360	71849*11106*PREFERRE	\$ 690	3.33%	\$ 23
	360 Total		\$ 690		\$ 23
1997	380	60759*10851*MEISSNER	\$ 2,625	5.56%	\$ 146
1997	380	60759*10851*MEISSNER	\$ 2,569	5.56%	\$ 143
2003	380	16114*16197*ODYSSEY	\$ 3,150	5.56%	\$ 175
2006	380	22421*16900*BIO TECH	\$ 5,625	5.56%	\$ 313
2008	380	THOMPSON ELECTRIC COMPANY	\$ 611	5.56%	\$ 34
	380 Total		\$ 14,580		\$ 810
2008	389	ITT WATER & WASTEWATER USA	\$ 5,153	5.56%	\$ 286
	389 Total		\$ 5,153		\$ 286
2000	390	37983*07301*CUSTOM F	\$ 380	6.67%	\$ 25
	390 Total		\$ 380		\$ 25
1995	396	24434*10344*COMMUNIC	\$ 1,452	10.00%	\$ 145
	396 Total		\$ 1,452		\$ 145
	Grand Total		\$ 28,086		\$ 1,472

EFFECT ON GENERAL LEDGER: The following entries are needed for the general ledger

UTILITIES INC OF LONGWOOD
RETIREMENT - DEPRECIATION
TEST YEAR ENDED DECEMBER 31, 2008

NARUC	DESCRIPTION	DEBIT	CREDIT
354	Structures & Improvements		\$ 5,832
360	Collection Sewers - Force		\$ 690
380	Treatment & Disposal Equipment		\$ 14,580
389	Other Plant & Misc. Equipment		\$ 5,153
390	Office Furniture & Equipment		\$ 380
396	Communication Equipment		\$ 1,452
108	Structures & Improvements Acc. Dep.	\$ 5,832	
108	Collection Sewers - Force Acc. Dep.	\$ 690	
108	Treatment & Disposal Equipment Acc. Dep.	\$ 14,580	
108	Other Plant & Misc. Eq. Acc. Dep.	\$ 5,153	
108	Office Furniture & Equipment Acc. Dep.	\$ 380	
108	Communication Equipment Acc. Dep.	\$ 1,452	
403	Structures & Improvements Dep. Exp.		\$ 182
403	Collection Sewers - Force Dep. Exp.		\$ 23
403	Treatment & Disposal Equipment Dep. Exp.		\$ 810
403	Other Plant & Misc. Equipment Dep. Exp.		\$ 286
403	Office Furniture & Equipment Dep. Exp.		\$ 25
403	Communication Equipment Dep. Exp.		\$ 145
215	RETAINED EARNINGS	\$ 1,472	
	TOTAL	\$ 29,558	\$ 29,558

EFFECT ON FILING: Average plant should be reduced by \$25,204. Average Accumulated Depreciation should be decreased for the same amount. Plant, Depreciation expense should be decreased by \$1,472.

AUDIT FINDING NO. 5

SUBJECT: ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

AUDIT ANALYSIS: The utility has an approved AFUDC rate which was established in FPSC Order No. PSC-04-0262-PAA-WS, issued March 8, 2004. This Order states that the approved rate should be effective January 1, 2003. However, the utility has included AFUDC from 1995 through 2002 using a debt and equity ratio of Utilities, Inc. at June 30th and December 31st of each year.

Rule 25-30.116 (5), Florida Administrative Code states that, "No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission."

AFUDC CLOSED TO PLANT IN SERVICE FOR 1995 - 2002

<u>YEAR</u>	<u>PROJECT #</u>	<u>AMOUNT</u>
1995	1169501	\$61
1996	1169604	\$282
1996	1169605	\$59
1997	1169706	\$466
1997	1169707	\$300
1997	1169708	\$284
1997	1189709	\$65
1998	1169602	\$4,741
2000	1169909	\$198
2000	1160001	\$250
2001	1160101	\$504
2002	1160201	\$72
		<u>\$7,282</u>

EFFECT ON THE GENERAL LEDGER: Plant in Service should be reduced by \$7,282. The utility needs to determine which Plant in Service accounts these projects were closed to.

EFFECT ON THE FILING: Plant in Service should be reduced by \$7,282.

AUDIT FINDING NO. 6

SUBJECT: ERROR IN PROFORMA ADJUSTMENT TO CHANGE ERC'S

AUDIT ANALYSIS: The utility's new accounting system automatically allocates each account in Division 102-Northbrooke Headquarters, Division 802-Florida Regional Costs, and Division 855-Florida State costs each month using the monthly input ERC's for the applicable region. In 2009, the utility sold some of its systems which changed the ERC allocations. The utility personnel then took the costs for these divisions and re-allocated them using the new ERC calculations and planned to include the increase over what was in the ledger in 2008 in the proforma adjustments in the filing. However, in computing this adjustment, instead of using what was actually booked for rate base items, they used the yearly activity which only consisted of the additions for the year. Therefore, they increased rate base in the adjustments for more than the entire beginning balance of the plant allocated times the new ERC's. The following schedule shows the differences between what the utility used in its proforma calculation and what was actually in the ledger.

Obj Acct	Description	Per Ledger 12/31/2007	Per Ledger 12/31/2008	Per Ledger Simple Average	Restated Avg. Per Co.	Proforma Using Correct Ledger	Proforma Made By Company	Difference
1045	LAND & LAND RIGHTS GEN PLT	\$751.00	\$558.26	\$654.63	\$585.00	(\$69.63)	\$210.00	(\$279.63)
1055	STRUCTURES AND IMPROVEMENTS					-	5.00	(5.00)
1175	OFFICE STRUCT & IMPRV	21,500.00	34,538.70	28,019.35	33,722.00	5,702.65	23,002.00	(17,299.35)
1180	OFFICE FURN & EQPT	10,237.00	11,502.25	10,869.63	11,541.00	671.38	6,436.00	(5,764.63)
1195	LAB EQPT				68.00	68.00	68.00	-
1460	OFFICE FURN & EQPT					-	1.00	(1.00)
1190	TOOL SHOP & MISC EQPT		4,529.23	2,264.62	5,350.00	3,085.39	5,356.00	(2,270.62)
1205	COMMUNICATION EQPT	2,850.00	2,123.74	2,486.87	3,799.00	1,312.13	2,377.00	(1,064.87)
1320	POWER GEN. EQIP.					-	5.00	(5.00)
1470	TOOL SHOP & MISC EQPT		8.23	4.12		(4.12)		(4.12)
1580	MAINFRAME COMPUTER WTR	5,422.00	3,775.79	4,598.90	1,560.00	(3,038.90)	(1,146.00)	(1,892.90)
1585	MINI COMPUTERS WTR	11,324.00	16,261.44	13,792.72	11,680.00	(2,112.72)	6,009.00	(8,121.72)
1590	COMP SYS COST WTR	8,035.00	132,737.26	70,386.13	66,160.00	(4,226.13)	62,639.00	(66,865.13)
1595	MICRO SYS COST WTR	4,790.00	3,656.53	4,223.27	2,990.00	(1,233.27)	599.00	(1,832.27)
	TOTAL PLANT	\$64,909.00	\$209,691.43	\$137,300.22	\$137,455.00	\$154.78	\$105,561.00	(\$105,406.22)
1970	ACC DEPR-OFFICE STRUCTURE	(\$9,714.00)	(\$11,607.76)	(\$10,660.88)	(\$11,631.00)	(\$970.12)	(\$6,764.00)	\$5,793.88
1975	ACC DEPR-OFFICE FURN/EQPT	(8,542.00)	(8,569.13)	(8,555.57)	(8,713.00)	(157.44)	(4,437.00)	4,279.57
1985	ACC DEPR-TOOL SHOP & MISC		(3,208.33)	(1,604.17)	(3,615.00)	(2,010.84)	(3,608.00)	1,597.17
1990	ACC DEPR-LAB EQUIPMENT				(53.00)	(53.00)	(53.00)	-
2000	ACC DEPR-COMMUNICATION EQP	(2,859.00)	(2,155.58)	(2,507.29)	(1,569.00)	938.29	(140.00)	1,078.29
2001	ACC DEPR-COMMUNICATION EQP				(2,223.00)	(2,223.00)	(2,223.00)	-
2230	ACC DEPR-TOOL SHOP & MISC		(0.56)	(0.28)	(1,458.00)	(1,457.72)	1,349.00	(2,806.72)
2320	ACC DEPR-MAINFRAME COMP WTR	(5,202.00)	(3,726.04)	(4,464.02)		4,464.02		4,464.02
2325	ACC DEPR-MINI COMP WTR	(8,785.00)	(11,555.15)	(10,170.08)	(7,914.00)	2,256.08	(3,470.00)	5,726.08
2330	COMP SYS AMORTIZATION WTR	(7,873.00)	(19,697.99)	(13,785.50)	(4,537.00)	9,248.50	32.00	9,216.50
2335	MICRO SYS AMORTIZATION WTR	(2,449.00)	(2,505.99)	(2,477.50)	(1,445.00)	1,032.50	(191.00)	1,223.50
	TOTAL ACCUMULATED DEPRECIATION	(\$45,424.00)	(\$63,026.53)	(\$54,225.27)	(\$43,158.00)	\$11,067.27	(\$19,505.00)	\$30,572.27
		\$19,485.00	\$146,664.90	\$83,074.95	\$94,297.00	\$11,222.05	\$86,056.00	(\$74,833.95)

The utility adjustment made to plant in service should be reduced by \$105,406 and the adjustment to accumulated depreciation should be reduced by \$30,572.

EFFECT ON THE GENERAL LEDGER: The utility only made the adjustment to the filing and therefore, no adjustment is necessary to the ledger.

EFFECT ON THE FILING: Plant in service should be reduced by \$105,408 and accumulated depreciation should be reduced by \$30,572.

AUDIT FINDING NO. 7

SUBJECT: ERRORS IN COMMON PLANT ALLOCATION AND DEPRECIATION RATES

AUDIT ANALYSIS: In 2008, the utility installed new general ledger software (Project Phoenix) and new billing software (CC & B). The actual cost of the software recorded was \$21,617,487. The workpapers the utility used to prepare the filing recorded the software at \$21,364,569. In the allocations from headquarters that were adjusted in both the rate base and net operating income proformas, the utility included an incorrect balance for the new software installed in 2008.

In addition, the utility does not use depreciation rates from Rule 25-30.140, F.A.C. to depreciate the headquarters assets. The rule requires computers to be depreciated at six years. It does not make a separate requirement for software. The utility depreciated its mainframe over five years, its mini computers over three years, and some of the software over three years. The Project Phoenix and CC & B software was depreciated at eight years. This is a major software addition that probably will not be redone for many years and probably has a longer life than eight years. In the calculations that follow, we did not change the rate from eight to six years. A longer life is probably more appropriate for this asset than a shorter one. The utility also depreciated office furniture over 10 years instead of 15 and telephones at 15 years instead of 10. Staff recomputed depreciation since the last rate case. If the assets were fully depreciated by December 31, 2007, no change was made. The comparison of staff's computations using the rule compared to the utility computations follow.

	Asset at 12/31/2007	Asset at 12/31/2008	Simple Average	Simple Avg Per Company	Difference
MAINFRAME 5 YEARS	\$187,704.73	\$194,181.10	\$190,942.92	\$190,943.00	(\$0.08)
A/D MAINFRAME	(\$137,312.69)	(\$169,136.51)	(\$153,224.60)	(\$175,286.00)	\$22,061.40
MAINFRAME DEP. EXP		\$32,004.00		\$21,021.00	\$10,982.72
MINI COMP. 3 YEARS	\$623,522.54	\$694,224.87	\$658,873.71	\$658,874.00	(\$0.30)
A/D MINI COMPUTERS	(\$305,019.73)	(\$376,399.23)	(\$340,709.48)	(\$445,452.00)	\$104,742.52
MINI COMP. DEP. EXP.		\$71,379.00		\$132,018.00	(\$60,638.51)
SOFTWARE 8 YEARS	\$20,152.31	\$21,617,486.75	\$10,818,819.53	\$10,692,360.00	\$126,459.53
A/D SOFTWARE	(\$12,074.71)	(\$1,364,427.15)	(\$688,250.93)	(\$680,347.00)	(\$7,903.93)
DEP. EXP. SOFTWARE		\$1,352,352.00		\$1,336,545.00	\$15,807.44
SOFTWARE 3 YEARS	\$400,338.96	\$460,942.80	\$430,640.88	\$430,641.00	(\$0.12)
A/D SOFTWARE	(\$75,680.00)	(\$142,235.78)	(\$108,957.89)	(\$184,000.00)	\$75,042.11
DEP. EXP. SOFTWARE		\$66,556.00		\$133,112.00	(\$66,556.22)
A/D OFFICE FURNITURE			(\$1,090,017.36)	(\$1,119,272.00)	\$29,254.64
DEP. EXP. OFFICE FURN.			\$23,052.00	\$30,393.93	(\$7,341.93)
A/D TELEPHONES			(\$113,035.94)	(\$107,937.00)	(\$5,098.94)
DEP. EXP. TELEPHONES			\$4,084.00	\$2,740.00	\$1,344.00

	SIMPLE	LONGWOOD
DIFFERENCE N PLANT	\$126,459.03	\$778.36
DIFFERENCE N ACC. DEP.	\$218,097.80	\$1,342.39
DIFFERENCE N DEPRECIATION EXPENSE		(\$617.99)
PERCENT LONGWOOD		0.62%

EFFECT ON THE GENERAL LEDGER: The ledger is not effected because the depreciation calculations by the company are done only for the filing.

EFFECT ON THE FILING: Plant should be increased by \$778 for software in Longwood. If the depreciation rates are changed because of the rule, Accumulated Depreciation should be reduced (debited) by \$1,342 for Longwood. Depreciation Expense should be reduced by \$618 for Longwood.

AUDIT FINDING NO. 8

SUBJECT: ACCUMULATED AMORTIZATION OF CIAC

AUDIT ANALYSIS: The utility restated all of CIAC and accumulated amortization in its adjustments to the filing in Schedule A-2. In its calculation of accumulated amortization it used the ordered adjustment of \$180,516 to accumulated amortization as the accumulated amortization balance. Commission Order PSC-96-488-FOF-SU showed the balance as \$670,480 at 7/31/95. The utility then took a full year of amortization in 1995 even though there were only five months left in the year. The calculation of this error follows:

	PER STAFF	USED BY COMPANY	
BALANCE PER ORDER 7/31/95	\$670,480.00	\$180,516.00	UTILITY USED ORDER ADJ. INSTEAD OF ENDING BALANCE UTILITY USED FULL YEAR INSTEAD OF FIVE MONTHS
AMORTIZATION EXPENSE 8/1-12/31/95	<u>\$17,075.98</u>	<u>\$40,982.35</u>	
ENDING BALANCE DECEMBER 31, 1995	<u>\$687,555.98</u>	<u>\$221,498.35</u>	
DIFFERENCE		<u>\$466,057.63</u>	

Prior to 2003, CIAC was kept in one account. In 2003, an allocation was made to record some CIAC to the CIAC accounts associated with contributed plant. The utility adjustment to the filing included the adjustment to account for this distribution in 2003. The difference of \$466,057.63 was allocated to the accumulated amortization accounts using the same percentages. The error does not effect amortization expense. The allocation follows:

ALLOCATED BALANCE IN 2003 PER RULE:	\$466,057.63
IN 2003 .9828 WAS ALLOCATED AND THE REST STAYED IN TAP	\$458,041.44
PORTION REMAINING IN TAP FEES	\$8,016.19
STRUCTURES AND IMPROVEMENTS TREATMENT	24.89% \$114,006.51
STRUCTURES AND IMPROVEMENTS LIFT STATION	4.54% \$20,795.08
SEWER FORCE MAINS	2.35% \$10,763.97
SERVICES TO CUSTOMERS	4.27% \$19,558.37
GRAVITY MAINS	29.04% \$133,015.23
MANHOLES	7.61% \$34,856.95
LAGOONS	2.97% \$13,603.83
TREATMENT AND DISPOSAL EQUIPMENT	24.33% \$111,441.48
INCREASE NEEDED IN ACC. AMORTIZ. BAL.	<u>\$466,057.63</u>

EFFECT ON THE GENERAL LEDGER: The following entry needs to be made.

Account	Description	Debit	Credit
246.4265	Acc. Amort. Tap	\$ 8,016.19	
246.4070	Acc. Amort. Structures & Imp. Treatment	114,006.51	
246.4050	Acc. Amort. Structures & Imp. Lift Stations	20,795.08	
246.4100	Acc. Amort. Sewer Force Mains	10,763.97	
246.4100	Acc. Amort. Services to Customers	19,558.37	
246.4105	Acc. Amort. Sewer Gravity Mains	133,015.23	
246.4105	Acc. Amort. Manholes	34,856.95	
246.4150	Acc. Amort. Lagoons	13,603.84	
246.4155	Acc. Amort. Treatment & Disposal Eq. Treatment Plant	111,441.49	
	Retained Earnings		\$ 466,057.63

EFFECT ON THE FILING: Accumulated amortization of CIAC should be increased (debited) by \$466,057.63.

AUDT FINDING NO. 9

SUBJECT: LONGWOOD REVENUE ADJUSTMENT

AUDIT ANALYSIS: Schedule E-2 contains the calculation of the proforma revenues used in the filing net operating income calculation. The utility changed its billing system during the test year and Schedule E-2 claims that 70 residential customers were not billed under the new system. The new system was included for seven months of the test year. However, the utility included twelve months of the bills in its calculation.

In addition, staff reviewed the list of customers provided by the utility and traced them by address to the new billing registers. Several of the addresses were billed. Several of the customers on the list were commercial customers. The estimate prepared by staff follows:

ACCOUNT		MONTHS NOT BILLED	METER SIZE	BASE RATE	MTHLY AVG. GAL.	GALL. RATE	GALL. COST	TOTAL EST. BILL
	RESIDENTIAL	384	5/8"	\$39.09				\$15,010.56
2817100977	COML	6	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
0222100065	COML		5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
3407100838	COML		5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
4298000794	COML		5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
4611910000	COML	12	2"	\$137.14	84,250.00	3.57	\$300.77	\$437.91
0541910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
7431910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
6680910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
4851020000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
0213910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
1880910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
6880910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
6821910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
4480910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
8602910000	COML	12	1"	\$42.85	27,250.00	3.57	\$97.28	\$140.13
6734910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
2490910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
6590910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
5771910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
9831910000	COML	12	5/8"	\$17.14	7,286.93	3.57	\$26.01	\$43.15
		198						\$1,354.82
REVENUE THAT SHOULD HAVE BEEN PROJECTED BOTH COMMERCIAL AND RESIDENTIAL								\$16,365.38
REVENUE THAT WAS PROJECTED								\$32,824.78
								<u>(\$16,459.40)</u>

EFFECT ON THE GENERAL LEDGER: There is no effect on the ledger since this adjustment was made only to the filing.

EFFECT ON THE FILING: Projected revenues should be decreased by \$16,459.40 and regulatory assessment fee tax reduced by \$741 (4.5%).

AUDIT FINDING NO. 10

SUBJECT: PAYROLL INCREASES

AUDIT ANALYSIS: The utility used 2009 salaries to prepare the filing. It added a 2.25% salary increase for September 2009 of \$2,829 and a 3.5% salary increase for April 2010 of \$4,448. These amounts are included in salary expenses in the filing. Benefits, 401K costs, and pension have been compounded on to these amounts.

EFFECT ON GENERAL LEDGER: This finding is included for informational purposes only.

EFFECT ON THE FILING: This finding is included for informational purposes only.

AUDIT FINDING NO. 11

SUBJECT: EMPLOYEE NOT REPLACED

AUDIT ANALYSIS: Salaries and benefits include a billing specialist who is no longer at the company and will not be replaced. The salary was allocated to Longwood at 0.6155%. The total salary included was \$396 with \$50 in benefits and pension costs

EFFECT ON THE GENERAL LEDGER: The salaries were calculated for the proforma and therefore, this finding has no effect on the ledger.

EFFECT ON THE FILING: Expenses should be reduced by \$446.

AUDIT FINDING NO. 12

SUBJECT: 401K COSTS

AUDIT ANALYSIS: The utility added 4% of total projected salaries to expenses for 401K costs. The actual contributions made to the 401K plan amounted to 2.73% of total Utilities, Inc. salaries. Total salaries projected for Longwood were \$131,544. The amount of 401K included in the filing was \$5,247. The salaries times 2.73% equals \$3,591. The difference between the actual rate contributed and the filing of \$1,656 should be removed from expenses.

EFFECT ON THE GENERAL LEDGER: This finding does not effect the ledger since the utility adjusted salaries and benefits for the filing only.

EFFECT ON THE FILING: Expenses should be reduced by \$1,656.

AUDIT FINDING NO. 13

SUBJECT: HEADQUARTERS SAMPLES

AUDIT ANALYSIS: A sample of entries charged from the Northbrook Division 102 and the Altamonte Springs Division 855 were selected to be traced to supporting documentation. The utility implemented a new ledger and accounting system this year. They were unable to obtain supporting documentation for many of the entries. In addition, some of the entries should have been capitalized or removed because they would not be re-occurring during the time period the rates would be implemented. A schedule of the entries and the reasons for their removal are on the following page. The allocation rates used in the adjustments to the filing were used.

EFFECT ON THE GENERAL LEDGER: There is no effect since these entries are to expense and they do not get carried forward to future audits.

EFFECT ON THE FILING: Expenses for Longwood should be reduced by \$11,178.

ACCOUNT DIVISION 102	PAYEE	DATE	DESCRIPTION	ADJUSTMENT	LONGWOOD ALLOCATION RATE	LONGWOOD ALLOCATION AMOUNT
102100.5735	DEC 2008 RECLASS ASSET	12/31/2008	not provided 53 hours at \$155 for Oracle installation -Should be capital	(\$149,720.15)	0.62%	(\$928.26)
102100.5735	ASHWOOD COMPUTER CO	3/7/2008	project Phoenix PO was never vouchered.	(\$8,215.00)	0.62%	(\$50.93)
102104.5735	IP SOFT	5/6/2008	Remove	(\$425,475.60)	0.62%	(\$2,637.95)
102100.5745	WRO - MICROSOFT LISC	12/31/2008	not provided	(\$139,400.56)	0.62%	(\$864.28)
102100.5745	002*AP.INVD*03*75	11/30/2008	not provided	(\$4,418.82)	0.62%	(\$27.40)
102100.5745	002*AP.INVD*03*75	9/30/2008	not provided	(\$4,418.82)	0.62%	(\$27.40)
102100.5745	Summarized Depreciation Tr	5/31/2008	not provided Deployment solutions foundations training aug. 4-8	(\$8,964.95)	0.62%	(\$55.58)
102104.5820	ARLINGTON COMPUTER I	7/28/2008	Not Recurring	(\$2,395.00)	0.62%	(\$14.85)
102101.6005	FINANCE STUDY 08/08	9/21/2008	not provided	(\$3,750.00)	0.62%	(\$23.25)
102100.6010	WSC SE6.A WSC WORKPA	11/30/2008	not provided 2007 audit of Utilities Inc. of Georgia. Should be charged	(\$42,541.65)	0.62%	(\$263.76)
102100.6010	PRICEWATERHOUSECOOP	6/17/2008	directly	(\$18,500.00)	0.62%	(\$114.70)
102100.6015	MV PREPAID TO EXP	11/30/2008	not provided	(\$125,857.00)	0.62%	(\$780.31)
102100.6025	ACCRUE 2008 LEGAL FEE:	12/31/2008	not provided Consent orders Mid County and Labrador. Should be	(\$7,273.41)	0.62%	(\$45.10)
102106.6025	SQUIRE, SANDERS & DEM	8/20/2008	charged directly Consent orders Mid County and Labrador. Should be	(\$2,890.78)	0.62%	(\$17.92)
102106.6025	LAW OFFICE OF DAVID BI	8/20/2008	charged directly Consent orders Mid County and Labrador. Should be	(\$1,330.64)	0.62%	(\$8.25)
102106.6025	SQUIRE, SANDERS & DEM	8/20/2008	charged directly Consent orders Mid County and Labrador. Should be	(\$6,068.50)	0.62%	(\$37.62)
102106.6025	SQUIRE, SANDERS & DEM	3/18/2008	charged directly Consultant fee final implementation project	(\$2,271.83)	0.62%	(\$14.09)
102100.6050	DELGADO, DANIEL	4/4/2008	Phoenix Should be capital. Assistance on PWC audit before hired full time. -since salary is annualized, non-	(\$5,000.00)	0.62%	(\$31.00)
102100.6050	Haynes Jr, John S	1/17/2008	recurring Assistance on PWC audit before hired full time. -since salary is annualized, non-	(\$7,200.00)	0.62%	(\$44.64)
102101.6050	Haynes Jr, John S	5/2/2008	recurring Financial model services through Jan. 08. Developed a model that helps in strategic planning and forecasting Not	(\$11,700.00)	0.62%	(\$72.54)
102101.6050	MALCOLM PIRNIE, INC	3/25/2008	Recurring per co. Carolina Water Service General Rep. Should be	(\$49,956.21)	0.62%	(\$309.73)
102102.6070	HUNTON & WILLIAMS	12/31/2008	charged directly.	(\$4,724.91)	0.62%	(\$29.29)
102100.6185	CITICARD PAYMENTS 09/	11/30/2008	not provided two coach air tickets from Chicago to New York-for CEO and wife for meeting with Highstar. Remove wife's	(\$8,282.58)	0.62%	(\$51.35)
102100.6190	Schumacher, Lawrence N	3/7/2008	ticket.	(\$1,235.00)	0.62%	(\$7.66)

ACCOUNT DIVISION 102	PAYEE	DATE	DESCRIPTION	ADJUSTMENT	LONGWOOD ALLOCATION RATE	LONGWOOD ALLOCATION AMOUNT
102100.6355	FINDERS FEE-SLOBODAN MAR	12/31/2008	Amortization of finders fee of 61,200 over 1 year. Did not provide invoice-Don't know who for?	(\$5,111.94)	0.62%	(\$31.69)
102100.6355	FINDERS FEE-SLOBODAN MAR	11/30/2008	Amortization of finders fee of 61,200 over 1 year. Did not provide invoice-Don't know who for?	(\$5,111.95)	0.62%	(\$31.69)
102100.6355	RELOCATION	10/31/2008	Asked for more info 11/24/09- Never Received	(\$25,000.00)	0.62%	(\$155.00)
102100.6355	RELOCATION-J.HOY / J.JOHNST	10/31/2008	Asked for more info 11/24/09- Never Received	(\$5,253.56)	0.62%	(\$32.57)
102100.6355	RELOCATION-J.HOY / J.JOHNST	7/31/2008	Asked for more info 11/24/09- Never Received	(\$5,253.56)	0.62%	(\$32.57)
102100.6355	FINDERS FEE-T.ISAACS/ O.HAS	6/30/2008	Asked for more info 11/24/09- Never Received	(\$19,472.00)	0.62%	(\$120.73)
102100.6355	JUNE DEFERRED ASSET WRITE	6/30/2008	Asked for more info 11/24/09- Never Received	(\$12,062.27)	0.62%	(\$74.79)
102100.6355	WSC DEFERRED EMPLOYMEN'	6/30/2008	Asked for more info 11/24/09- Never Received	(\$54,980.00)	0.62%	(\$340.88)
102100.6355	WSC DEFERRED EMPLOYMEN'	6/30/2008	Asked for more info 11/24/09- Never Received	(\$19,500.00)	0.62%	(\$120.90)
102100.6355	RELOCATION-J.HOY / J.JOHNST	6/30/2008	Asked for more info 11/24/09- Never Received	(\$42,063.06)	0.62%	(\$260.79)
102100.6355	JUNE REVERSE WSC DEFERRE	6/30/2008	Asked for more info 11/24/09- Never Received	\$36,094.33	0.62%	\$223.78
102100.6355	WSC DEFERRED EMPLOYMEN'	6/30/2008	Never Received	(\$60,244.00)	0.62%	(\$373.51)
102100.6380	SYLVESTER ASSOCIATES	10/2/2008	no invoice provided	(\$4,400.00)	0.62%	(\$27.28)
102100.6580	WATER PLANT-CONVERTED A	6/30/2008	Asked what this was for?	(\$3,394.63)	0.62%	(\$21.05)
				<u>(\$1,267,344.05)</u>		<u>(\$7,857.53)</u>
DIVISION 855						
855100.5880	TRICOMM BUSINESS PRODUCT	11/20/2008	not provided	(\$1,279.07)	1.86%	(\$23.79)
855100.5900	SE90 BU 252109 SEPT RECLASS	9/30/2008	not provided	(\$2,546.85)	1.86%	(\$47.37)
855100.5900	SE 90 BU 252109 JUNE RECLAS	6/30/2008	not provided	(\$10,384.50)	1.86%	(\$193.15)
855100.5945	SE 90 BU 252109 YTD RECLAS	12/31/2008	not provided	(\$17,047.87)	1.86%	(\$317.09)
855100.5945	SE 90 BU 252109 JUNE RECLAS	6/30/2008	not provided	(\$124,749.67)	1.86%	(\$2,320.34)
855100.5965	SE 90 BU 252104 JUNE RECLAS	6/30/2008	not provided	(\$3,436.39)	1.86%	(\$63.92)
855100.5970	SE 90 BU 252104 JUNE RECLAS	6/30/2008	not provided	(\$7,050.00)	1.86%	(\$131.13)
855100.6360	SE 90 BU 252104 OCT RECLASS	10/31/2008	not provided	(\$9,360.87)	2.39%	(\$223.72)
				<u>(\$175,855.22)</u>		<u>(\$3,320.52)</u>
						<u>(\$11,178.05)</u>

AUDIT FINDING NO. 14

SUBJECT: DEFERRED MAINTENANCE EXPENSE

AUDIT ANALYSIS: The utility has included an adjustment of \$1,186 in Schedule B-3 to correct the amortization in account 6355 – Deferred Maintenance Expense.

The deferred maintenance expense was recalculated since inception. The recalculation indicates the amortization should be decreased by \$942 in order to reflect the correct test year expense. The calculation follows on the next page.

As shown on the following page, the amortization for the Painting Project includes \$188.33 in 2008 and is fully amortized. The amortization for the Tank Maintenance includes \$9,244 in 2008 and the remainder, \$2,311 in 2009, when it is fully amortized. The amortization period for these two projects is five years.

As shown on the following page, the adjustment amount used by the utility of \$1,186 pertains to an adjustment for the Accumulated Amortization Account, not the Expense Account.

EFFECT ON GENERAL LEDGER: Account 6355 – Deferred Maintenance Expense should be decreased by \$942 (credited). Account 3195 – Accumulated Amortization should be increased by \$1,186 (credited). Retained Earnings should be debited by \$2,128.

EFFECT ON FILING: Deferred Maintenance Expense should be decreased by \$2,128 (decreased by \$1,186 to remove the utility's adjustment on B-3 and decreased by \$942 to reflect the correct amortization per the attached schedule.) Since the tank maintenance project expensed in 2008 is almost fully amortized, the utility should provide proof that they will perform these tasks again in order to allow the amortization of \$9,244 of test year expenses. If they cannot, this amount should also be removed from expenses.

DEFERRED MAINTENANCE PROJECTS

	Per year	Per month	AMORT	
Starting 3/1/03 - Paint Longwood Plant				
5,650 20% or 5 year amortization	\$1,130.00	\$94.17	\$941.67	Mar - Dec 03 10 months
			\$1,130.00	2004
			\$1,130.00	2005
			\$1,130.00	2006
			\$1,130.00	2007
		(A)	\$188.33	2008 2 months remaining
		(B)	<u>\$5,650.00</u>	TOTAL

	Per year	Per month		
4/1/2004 - Refurbish surge tank				
46,220 20% or 5 year amortization	\$9,244.00	\$770.33	\$6,933.00	April - Dec 04 9 months
			\$9,244.00	2005
			\$9,244.00	2006
			\$9,244.00	2007
		(A)	\$9,244.00	2008
		(B)	<u>\$43,909.00</u>	
			\$2,311.00	Remaining 3 months

Sum (A) \$9,432.33 2008

\$10,374.04 Per GL Account 6355

(\$941.71) Difference

Sum (B) (\$49,559.00) 2008

(\$48,373.08) Per GL Account 3195

(\$1,185.92) Difference

DEBIT

\$2,128.00

ACCOUNT 6355 - AMORTIZATION EXPENSE

ACCOUNT 3195 - ACCUMULATED AMORTIZATION

CREDIT

\$942.00

\$1,186.00

AUDIT FINDING NO. 15

SUBJECT: DEFERRED MAINTENANCE EXPENSE PROFORMA

AUDIT ANALYSIS: The utility has included a proforma expense of \$6,000 on Schedule B-3 for Deferred Maintenance transferred from CWIP. This relates to the first year amortization for a Tank Maintenance and Repair budget amount on Schedule B-11. No source documentation was provided for the budget amount. The utility explained that this should be removed from Schedule B-3.

EFFECT ON GENERAL LEDGER: None.

EFFECT ON THE FILING: Expenses should be reduced by \$6,000.

AUDIT FINDING NO. 16

SUBJECT: OPERATING AND MAINTENANCE SAMPLE

AUDIT ANALYSIS: A sample of operating and maintenance entries booked was selected for testing. The following entries were either not provided by the company, recorded in the wrong period, or related to an associated company and therefore should be removed.

NARUC Account Numt	Description	Date	Amount	
711 246100.6400	VAC AND JET SERVICES LLC	10/14/2008	\$1,720.00	Sanlando
	Total		\$1,720.00	
718 246100.5490	LEAHCHEM IND., INC.	6/16/2008	\$1,000.09	Not Provided
	Total		\$1,000.09	
720 246100.6320	GREEN'S ENERGY SERVICES INC	7/10/2008	\$778.47	Sanlando
	Total		\$778.47	
775 246100.5900	ZEE MEDICAL, INC.	10/23/2008	\$225.72	Sanlando
775 246100.5900	CINTAS CORPORATION #073	9/30/2008	\$64.82	Sanlando
	Total		\$290.54	
TOTAL ALL			<u>\$3,789.10</u>	

EFFECT ON THE GENERAL LEDGER: The following entries should be made to the general ledger:

Sewer Rodding		\$1,720.00	
Other Treatment Chemicals		\$1,000.09	
Sewer Maintenance Supplies		\$778.47	
Other Office Expenses		\$290.54	
A/R Associated Companies	\$2,789.01		
Retained Earning - Current Earnings	\$1,000.09		
Total	\$3,789.10	\$3,789.10	

EFFECT ON THE FILING: Operating and maintenance expenses should be reduced by \$3,789.10.

AUDIT FINDING NO. 17

SUBJECT: REGULATORY ASSESSMENT FEE

AUDIT ANALYSIS: The utility does not accrue its regulatory assessment fee. The amount of \$30,110 reflected in Account 7540 – Regulatory Assessment Fee, represents the payments for the second six months of 2007 and the first six months of 2008. The actual payments related to the 2008 filings total \$34,683. The difference represents an understatement of \$4,573.

A proforma for the regulatory assessment fee was made by the utility for the increase in revenues only, not for the total requested revenues. Therefore, this adjustment was not fixed when the proforma was made.

EFFECT ON GENERAL LEDGER: None.

EFFECT ON THE FILING: Taxes Other Than Income should be increased by \$4,573.

EXHIBITS

Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Longwood
 Docket No.: 090381-SU
 Schedule Year Ended: December 31, 2008
 Interim ☐ Final ☒
 Historic ☒ Projected ☐

Schedule: A-2
 Page 1 of 1
 Preparer: Kirsten E. Weeks

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Per Books	(3) A-3 Utility Adjustments	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant In Service	\$ 3,634,524	\$ 431,644 (A)	\$ 4,066,168	A-3, A-6
2					
3	Utility Land & Land Rights	229,215	210 (A)	229,425	A-3, A-6
4					
5	Less: Non-Used & Useful Plant	-	-	-	A-7
6					
7	Construction Work in Progress	218,314	(218,314) (B)	-	A-3
8					
9	Less: Accumulated Depreciation	(1,896,917)	385,077 (C)	(1,511,840)	A-3, A-10
10					
11	Less: CIAC	(1,661,914)		(1,661,914)	A-12
12					
13	Accumulated Amortization of CIAC	1,264,556	(453,906) (D)	810,650	A-3, A-14
14					
15	Acquisition Adjustments	87,728	(87,728) (E)	-	A-3
16					
17	Accum. Amort. of Acq. Adjustments	14,005	(14,005) (E)	-	A-3
18					
19	Advances For Construction				A-16
20					
21	Working Capital Allowance	-	99,980 (F)	99,980	A-17
22					
23	Total Rate Base	\$ 1,889,511	\$ 142,958	\$ 2,032,469	

Schedule of Wastewater Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Longwood

Schedule: B-2

Docket No.: 090381-SU

Page 1 of 1

Test Year Ended: December 31, 2008

Preparer: Kirsten E. Weeks

Interim ☐ Final ☒Historic ☒ Projected ☐

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 7) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	\$ 770,736	\$ (25,941) (A)	\$ 744,795	\$ 199,144 (A)	\$ 943,939	B-4, B-3
2							
3	Operation & Maintenance	577,507	16,656 (B)	594,163	- (B)	594,163	B-6, B-3
4							
5	Depreciation, net of CIAC Amort.	87,195	2,905 (C)	90,100	(C)	90,100	B-14, B-3
6							
7	Amortization						
8							
9	Taxes Other Than Income	82,706	(776) (D)	81,930	10,579 (D)	92,509	B-15, B-3
10							
11	Provision for Income Taxes	(9,872)	(38,020) (E)	(47,892)	70,957 (E)	23,065	C-1, B-3
12							
13	OPERATING EXPENSES	737,536	(19,235)	718,301	81,536	799,837	
14							
15	NET OPERATING INCOME	\$ 33,200	\$ (6,706)	\$ 26,494	\$ 117,608	\$ 144,102	
16							
17							
18	RATE BASE	\$ 1,889,511	\$ 142,958	\$ 2,032,469		\$ 2,032,469	
19							
20							
21	RATE OF RETURN	1.76 %		1.30 %		7.09% %	

Schedule of Requested Cost of Capital
Simple Average Balance

Florida Public Service Commission

Company: Utilities, Inc. of Longwood
Docket No.: 090381-SU
Test Year Ended: December 31, 2008
Interim ☐ Final ☒
Historical ☒ Projected ☐

Schedule D-1
Page 1 of 1

Preparer: Dan Cleidersd

Explanation: Provide a schedule which calculates the requested cost of capital on a simple average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

Line No.	Class of Capital	(2) Reconciled to Requested Rate Base AYE 12/31/2008	(3) Ratio	(4) Cost Rate	(5) Weighted Cost
1	Long Term Debt ¹	818,953	40.294%	6.65%	2.68%
2	Short Term Debt ¹	148,410	7.302%	5.23%	0.38%
3	Preferred Stock ¹	-	0.000%	0.00%	0.00%
4	Common Equity ^{1,2}	719,114	35.381%	11.13%	3.94%
5	Customer Deposits	29,428	1.448%	6.00%	0.09%
6	Tax Credits - Zero Cost	-	0.000%	0.00%	0.00%
7	Tax Credits - Weighted Cost	-	0.000%	0.00%	0.00%
8	Accumulated Deferred Income Tax	316,564	15.575%	0.00%	0.00%
9	Other (Explain)	-	0.000%	0.00%	0.00%
10					
11	Total	2,032,469	100.00%		7.09%

Notes:

¹ Long term debt, short term debt, preferred stock, and common equity are actual for Longwood's parent, Utilities, Inc.

² The cost of equity is based on the leverage formula in effect pursuant to Order No. PSC-09-0006-PCO-W5.

Supporting Schedules: D-2

Recap Schedules: A-2

25-30.140 Depreciation.

(l) For the purpose of the rule, the following definitions apply:

(a) Account – Water and wastewater plant accounts are defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115, F.A.C.

(b) Amortization – The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

(c) Asset – Any owned physical object (tangible) or right (intangible) having economic value to its owner.

(d) Average Remaining Life – The future expected service in years of the surviving plant at a given age.

(e) Average Service Life – The period of service that can be reasonably expected from the plant type in question. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

(f) Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L. Rate} = 100\% - \frac{\text{Average Net Salvage \%}}{\text{Average Service Life}}$$

(g) Capitalization – Measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or
2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized.
3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense.

(h) Cost of removal – The cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

(i) Continuing Property Record (CPR) – A perpetual collection of records required by the NARUC Uniform System of Accounts showing the detailed original costs, quantities, and locations of plant in service. Generally, a CPR should contain 1) an inventory of property record units which can be readily checked for proof of physical existence, 2) the association of costs with such property record units to ensure accurate accounting for retirements, and 3) the dates of installation and removal of plant to provide data for use in connection with depreciation studies.

(j) Depreciation – As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life of the depreciable investment.

(k) Depreciation Accounting – The process of charging the book cost of depreciable property, adjusted for net salvage, to operations over the associated useful life.

(l) Depreciation Expense – The periodic charge to expense to allocate the original cost of a depreciable group of assets over the life of those assets.

(m) Depreciable Group – A homogeneous grouping of assets expected to experience similar life and salvage patterns. Unless otherwise ordered by the Commission, depreciable groups are the accounts defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115, F.A.C.

(n) Function – defined as follows:

Water	Wastewater
Source of Supply	Collection Plant
(Accounts 304 to 311 and 339)	(Accounts 354, 355 and 360 to 367)
	Pumping Plant
	(Accounts 354, 355, 370, 371)
Water Treatment Plant	Treatment & Disposal Plant

(Accounts 304, 310, 311, 320, and 339)	(Accounts 354 and 380 to 389)
	Reclaimed Water Treatment Plant
Transmission & Distribution Plant	(Accounts 354, 355, 371, 374, 380, 381, 389)
(Accounts 304, 310, 311 and 330 to 339)	Reclaimed Water Distribution Plant
General Plant	(Accounts 354, 355, 366, 367, 371, 375, 389)
(Accounts 304 and 340 to 348)	General Plant
	(Accounts 354 and 390 to 398)

(o) Group Depreciation – An accounting procedure under which depreciation charges are accrued on the basis of the original cost of all property included in each depreciable group. Under the group concept, no attempt is made to keep track of the accumulated provision for depreciation applicable to individual assets of property, in view of the many items making up a utility system. The group approach recognizes that some assets within the group may live longer or shorter than the average life of the group but the group is expected to live the average service life. Every item in the group is assumed to be fully depreciated at retirement.

(p) Mortality Data – See plant activity data.

(q) Net Salvage – The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

(r) Original Cost – The cost of acquiring an asset and placing it into service for first utility use. This includes the direct costs of acquiring the asset and the cost of labor, materials, and associated costs of installation to prepare the asset for first utility use. The cost is used in the computation of depreciation expense. In the event that an asset is acquired that is already in public service, the original historic cost of the asset should be recorded in plant in service, and the historic accumulated depreciation should be charged to the accumulated depreciation account. In the event the historic cost of an asset that is already in utility service cannot be determined, an independent engineer's evaluation based on an original cost study may be used.

(s) Plant Activity Data – Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

(t) Property Retired – As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

(u) Remaining Life Depreciation Rate – The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question and on the net unrecovered capital for that investment or account.

$$\text{R.L. Rate} = \frac{100\% - \text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$$

The average remaining life for an account or sub-account is a function of known planned retirement or of the average age of that account and its appropriate mortality table.

(v) Replacing or Replacement – The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

(w) Reserve – The accumulated provision for depreciation. The accumulated depreciation reserve is the net of depreciation accruals (expenses) and retired investment with related gross salvage and cost of removal as well as any appropriate adjustments or transfers.

(x) Reserve Activity Data – Annual depreciation expense, retirements, transfers or adjustments, gross salvage realized, cost of removal, and end of year balance for the accumulated provision for depreciation.

(y) Retirement Units – Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included.

(z) Salvage Value – The amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale or, if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

(aa) Straight-Line Method – A depreciation method by which the service value of a depreciable group is charged to depreciation expense (or a clearing account) and credited to the accumulated provision for depreciation account through equal annual charges

over the service life of the group.

(bb) Unit Depreciation – An accounting procedure under which the original cost, depreciation expense, and accumulated provision for depreciation, and all associated activity are maintained for each individual asset. Service life and salvage parameters are estimated for each individual asset with a depreciation rate designed to recover each asset's original cost over its related life. If the asset lives longer than its expected life, depreciation expense stops accruing when the asset is fully recovered. If the asset retires earlier than its expected service life, the associated unrecovered amount is immediately written-off as a loss.

(cc) Unrecovered Amount – Original cost less the accumulated provision for depreciation less expected net salvage.

(2) The average service life and salvage components for each class of utility are as follows:

(a) Water System Guideline Average Service Lives.

Account	Description	Large Utility (Class A&B)	Small Utility (Class C)	Small Utility Function Composite ³	Net Salvage % ⁴
1. Intangible Plant					
351	Organization	40	40		
352	Franchise Cost	40 ⁵	40 ⁵		
2. Source of Supply				28	
304	Structures & Improvements	32 ¹	27 ¹		
	Wood	28	25		
	Masonry	30	27		
	Reinforced Concrete	40	37		
	Steel Building	40	35		
	Tanks or Sheds	25	20		
	Fiberglass	20	18		
305	Collecting and Impounding Reservoirs	50	40		
306	Lake, River and Other Intakes	40	40		
307	Wells and Springs				
	Drilled & Cased Well (Floridan or Non-Corrosive)	30	27		
	Shallow Well (Sand Aquifer or Corrosive Water)	20	18		
308	Infiltration Galleries and Tunnels	40	N/A		
309	Supply Mains	35	32		
310	Power Generation Equipment	20	17		
311	Pumping Equipment	20 ¹	17 ¹		
	Pumping Equipment Electric	20	15		
	Pumping Equipment Chemical	8	6		
339	Other Miscellaneous Equipment	18	15		
3. Water Treatment Plant				21	
304	Structures and Improvements (see "Source of Supply" for subcategory lives)	32 ¹	27 ¹		
310	Power Generation Equipment	20	17		

311	Pumping Equipment	20 ¹	17 ¹	
	Pumping Equipment-Electric	20	15	
	Pumping Equipment-Chemical	8	6	
320	Water Treatment Equipment	22 ¹	17 ¹	
	Chlorination Equipment	10	7	
	Membrane Elements	5	5	
	Other Mechanical Equipment	25	20	
339	Other Miscellaneous Equipment	18	15	
4. Transmission & Distribution Plant				36
304	Structures & Improvements (See “Source of Supply” for subcategory lives)	32 ¹	27 ¹	
310	Power Generation Equipment	20	17	
311	Pumping Equipment	20 ¹	17 ¹	
	Pumping Equipment – Electric	20	15	
	Pumping Equipment – Chemical	8	6	
330	Distribution Reservoirs & Stand Pipes	37 ¹	33 ¹	
	Steel Pneumatic Tank	35	30	
	Concrete Ground Storage Reservoir	40	37	
331	Transmission & Distribution Mains	43 ¹	38 ¹	
	Galvanized Steel pipe & Fittings	35	33	
	Black Steel Pipe	20	18	
	Plastic Pipe ²	45	40	
	Asbestos – Cement	40	35	
	Cast Iron or Ductile Iron	40	35	
	Valves & Valve Boxes	25	20	
	Fire Mains	33	30	
333	Services ²	40	35	
334	Meters and Meter Installations	20	17	
335	Hydrants	45	40	
336	Backflow Prevention Devices	15	10	
339	Other Plant and Miscellaneous Equipment	25	20	
5. General Plant				
304	Structures & Improvements	40 ¹	35 ¹	
	Wood Building	35	30	
	Masonry Building	40	35	
	Reinforced Concrete Building	40	37	
	Steel Building	40	35	
	Tanks or Sheds	25	20	
340	Office Furniture & Equipment Computers	15 6	15 6	

341	Transportation Equipment	6	6		10
342	Stores Equipment	18	N/A	14 (composite of 342-348)	
343	Tools, Shop & Garage Equipment	16	15		
344	Laboratory Equipment	15	N/A		
345	Power Operated Equipment	12	10		5
346	Communication Equipment	10	N/A		10
347	Miscellaneous Equipment	15	N/A		
348	Other Tangible Plant	10	10		

(b) Wastewater System Guideline Average Services Lives.

Account	Description	Large Utility (Class A&B)	Small Utility (Class C)	Small Utility Function Composite ³	Net Salvage % ⁴
1. Intangible Plant					
351	Organization	40	40		
352	Franchise Cost	40 ⁵	40 ⁵		
2. Collection System				35	
354	Structures & Improvements Above Grade	32 ¹	27 ¹		
	Wood	28	25		
	Masonry	30	27		
	Reinforced Concrete	38	35		
	Steel Below Grade	25	22		
	Concrete	35	32		
	Steel	22	20		
	Lift Stations	25	22		
355	Power Generation Equipment	20	17		
360	Collection Sewers-Force ²	30 ¹	27 ¹		
361	Collection Sewers-Gravity ²	45	40		
	Manholes	30	27		
362	Special Collecting Structures	40	37		
363	Services to Customers ²	38	35		
364	Flow Measuring Devices	5	5		
365	Flow Measuring Installations	38	35		
389	Other Miscellaneous Equipment	18	15		
3. Pumping Plant				18	
354	Structures & Improvements	32 ¹	27 ¹		
355	Power Generating Equipment	20	17		
370	Receiving Wells	30	25		
371	Pumping Equipment	18	15		
	Pumping Equipment – Electric	18	15		
	Pumping Equipment – Chemical	7	5		
389	Other Miscellaneous Equipment	18	15		

4. Treatment and Disposal Plant			18
354	Structures & Improvements (see “Collection System” for subcategory lives)	32 ¹	27 ¹
355	Power Generating Equipment	20	17
371	Pumping Equipment	18 ¹	15 ¹
	Pumping Equipment – Electric	18	15
	Pumping Equipment – Chemical	7	5
380	Treatment & Disposal Equipment	18 ¹	15 ¹
	Blowers, Motors, Pumps Electric		
	Controls	15	12
	Chlorination Equipment	10	7
	Other Mechanical Equipment	23	18
381	Plant Sewers	35	32
382	Outfall Sewer Lines	30	30
389	Other Plant and Miscellaneous Equipment	18	15
5. Reclaimed Water Treatment Plant			21
354	Structures & Improvements (see “Collection System” for subcategory lives)	32 ¹	27 ¹
355	Power Generating Equipment	20	17
371	Pumping Equipment	18 ¹	15 ¹
	Pumping Equipment – Electric	18	15
	Pumping Equipment – Chemical	7	5
374	Reuse Distribution		
	Reservoirs	37 ¹	33 ¹
	Steel Pneumatic Tank	35	30
	Concrete Ground Storage Reservoir	40	37
380	Treatment & Disposal Equipment	18 ¹	15 ¹
	Blowers, Motors, Pumps, Electric	15	12
	Controls		
	Chlorination Equipment	10	7
	Other Mechanical Equipment	23	18
381	Plant Sewers	35	32
389	Other Plant and Miscellaneous Equipment	18	15
6. Reclaimed Water Distribution Plant			36
354	Structures & Improvements (see “Collection System” for subcategory lives)	32 ¹	27 ¹
355	Power Generating Equipment	20	17
366	Reuse Services	40	35
367	Reuse Meters and Meter Installation	20	17

371	Pumping Equipment	18 ¹	15 ¹	
	Pumping Equipment – Electric	18 ¹	15	
	Pumping Equipment – Chemical	7	5	
375	Reuse Transmission & Distribution System	43 ¹	38 ¹	
	Plastic Pipe ²	45	40	
	Valves & Valve Boxes	25	20	
	Fire Mains	33	30	
389	Other Plant and Miscellaneous Equipment	18	15	
7. General Plant				
354	Structures & Improvements	40 ¹	35 ¹	
	Reinforced Concrete Building	45	40	
	Masonry Building	40	35	
	Wood Building	35	30	
	Steel Building	40	35	
	Tanks or Sheds	25	20	
390	Office Furniture & Equipment	15	15	
	Computers	6	6	
391	Transportation Equipment	6	6	10
392	Stores Equipment	18	N/A	14 (composite of 392-398)
393	Tools, Shop & Garage Equipment	16	15	
394	Laboratory Equipment	15	N/A	
395	Power Operated Equipment	12	10	5
396	Communication Equipment	10	N/A	10
397	Miscellaneous Equipment	15	N/A	
398	Other Tangible Plant	10	10	

(c) For the purposes of paragraphs (2)(a) and (b), the following apply:

1. ¹ Denotes composite life.
2. ² Plastic pipe footnote – assumes use of AWWA standard pipe only. Assumes AWWA DR18 used for all mains of 6" or more.
3. ³ To be used only when acceptable company plant balances are not available for developing composites using account lives.
4. ⁴ Net Salvage zero except as indicated.
5. ⁵ Franchise costs shall be amortized over a period of 40 years unless a specific time period is designated in the utility franchise agreement.

(3)(a) Average service life depreciation rates based on guideline lives and salvages shall be used in any Commission proceeding in which depreciation rates are addressed, except for those utilities using depreciation rates in accordance with the requirements listed in subsections (6) and (7) of this rule. A utility shall also implement the applicable guideline rates for any new plant to be placed in service.

(b) A utility may implement applicable guideline rates without specific approval by the Commission. Guideline rates, if implemented for any account, must be implemented for all accounts. If a utility implements applicable guideline rates outside of a rate proceeding, the utility shall provide written notification to the Director of Economic Regulation within 30 days of such implementation.

(c) If guideline depreciation rates have been implemented, the rates shall not be changed unless approved by the Commission.

(4)(a) All Class A and B utilities shall maintain depreciation rates and reserve activity data by account as prescribed by this Commission.

(b) All Class C utilities shall maintain depreciation rates and reserve activity data by total depreciable plant, function or account

as prescribed by this Commission.

(5) Computation of depreciation expense. Regulatory book depreciation expense shall be computed on a monthly basis in conformity with group depreciation accounting procedures.

(6)(a) At the time a utility applies for a change in its revenue rates and charges, it may also petition for average service life depreciation rates different from those in the above schedule if it can justify the service lives that the utility is proposing in lieu of the guideline lives. That justification should be in the form of historic data, technical information or utility planning for the affected accounts or sub-accounts. Common causes of need for different depreciation rates include composition of account, adverse environmental conditions, high growth or regulatory changes.

(b) A utility filing for such a revision of depreciation rates shall submit six copies of the filing to the office of the Office of Commission Clerk.

(c) For each account or function of depreciable plant addressed in the filing, the following shall be included:

1. A comparison of current and proposed depreciation rates and service lives. The proposed effective date of the new rates shall be identified.

2. A comparison of depreciation expenses resulting from current rates with those produced by the proposed rates. Plant balances used in this calculation shall be those as of the effective date of the proposed rates.

3. A general narrative defining the service environment of the applicant utility and the factors (e.g., composition of account, growth, environmental conditions, regulatory changes) leading to the present application for a revision in rates in the affected accounts.

4. Any statistics, data, analyses or calculations used in the development of the proposed average service lives.

(7)(a) A Class A, B, or C utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates if the utility has maintained both plant activity data by account and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.

(b) To provide time for study development, any application for remaining life guidelines should be submitted at least six months before the filing for a test year in connection with a request for a revenue rate increase.

(8) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies in recovery where a utility demonstrates that retirement of the installation or group of installations is prudent and the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(9)(a) Beginning with the year ending December 31, 2003, all Class A and B utilities shall maintain separate sub-accounts for: (1) each type of Contributions-in-Aid-of-Construction (CIAC) charge collected including, but not limited to, plant capacity, meter installation, main extension or system capacity; (2) contributed plant; (3) contributed lines; and (4) other contributed plant not mentioned previously. Establishing balances for each new sub-account may require an allocation based upon historical balances. Each CIAC sub-account shall be amortized in the same manner that the related contributed plant is depreciated. Separate sub-accounts for accumulated amortization of CIAC shall be maintained to correspond to each sub-account for CIAC.

(b) Beginning with the year ending December 31, 2003, for Class C utilities, where adequate CIAC records are maintained in sub-accounts, by type of charge or contributed plant, CIAC amortization rates shall be applied separately to each sub-account. Where CIAC records are not kept by sub-account, a composite depreciation rate for total plant, excluding general plant, shall be applied to the entire CIAC account.

(c) Any composite rate used shall be recalculated each year based on the applicable plant balances and depreciation rates.

Specific Authority 350.127(2), 367.121(1) FS. Law Implemented 350.115, 367.081(2), 367.121(1) FS. History--New 3-22-84, Formerly 25-10.32, 25-10.032, Amended 11-10-86, 5-8-88, 11-21-95, 12-4-03, 5-29-08.

State of Florida



Public Service Commission

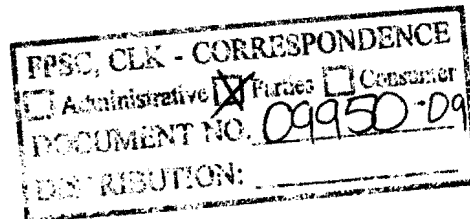
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 11, 2010
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Lorena A. Holley, Senior Attorney, Office of the General Counsel *JAM*
RE: Docket No. 090349 WS - Application for limited proceeding rate increase in Polk County by Cypress Lakes Utilities, Inc.

Please place the attached correspondence from Dr. Robert M. Halleen, President, Cypress Lakes Homeowners Association, in the Parties and Interested Persons portion of the above docket file. Thank you.

LAH
Attachment



090349-10-11 Memo.lah.doc

RECEIVED-FPSC
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Ms. Lorena A. Holley, Senior Attorney
Office of General Counsel
Public Service Commission
Capital Circle Office Center
2540 Shumard Oaks Boulevard
Tallahassee, FL 32399-0850

October 6, 2010

Dear Ms. Holley,

In reviewing the material for the upcoming Agenda Hearing on the 26th of October in Tallahassee, we have found that there are still questions and unanswered correspondence. We would appreciate your help in trying to secure those responses.

First was a request made early in the process; we requested both the Bid package for the wastewater treatment plant expansion and the List of Bidders, including the bid amounts submitted. The Bid document including the consultant's report is available, but no list has been provided as to the actual other bidders and their bid amounts.

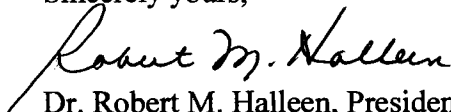
On July 12, 2010, a letter was sent to Mr. Charles Rehwinkel of the Office of Public Counsel requesting specific details concerning the Settlement Agreement. We felt that as current representative from that office to the Agenda Hearing, it was most appropriate to direct our inquiry to him. To date, we have not received a response to that letter.

Staff has made reference to an audit conducted within the PSC on the Project Phoenix. To date, we have not been able to locate the document in the public record. Members of our Board with software and programming experience felt that they would like to review the document. I would appreciate it if you would provide us with a reference source to secure the document.

The document provided by Mr. Marcelli on the transfer of the standby generator set showed it being depreciated in less than 20 years (almost 50 % depreciated in less than nine years). This is certainly inconsistent with published information relative to the life expectancy of such units. Normally, a service life of more than 30 years is expected.. We are not familiar with the PSC allowable depreciation rate and would appreciate any information that Staff could supply ..

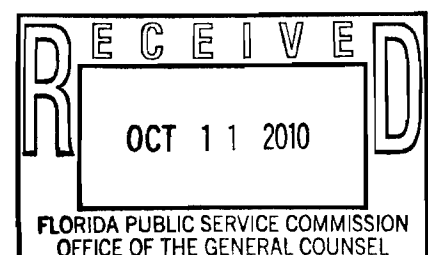
Thanking you in advance for your cooperation, I remain

Sincerely yours,



Dr. Robert M. Halleen, President
Cypress Lakes Homeowners Association
2237 Big Cypress Boulevard
Lakeland, FL 33810

cc: R. R. Attebery





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SENIOR ATTORNEY
OFFICE OF GENERAL COUNSEL
PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAKS BOULEVARD
TALLAHASSEE FL 32399-0850

Country of Destination/Pays de destination:



EP14F

Diamond Williams

From: Dorothy Menasco
Sent: Wednesday, September 29, 2010 9:53 AM
To: Diamond Williams
Cc: Caroline Klancke
Subject: FW: Docket No. 090349-WS
Attachments: Letter to Attorney Holley(6-16-10).pdf; Letter to Lorena Holley.pdf

FPSC, CLK - CORRESPONDENCE		
<input type="checkbox"/> Administrative	<input checked="" type="checkbox"/> Parties	<input type="checkbox"/> Consumer
DOCUMENT NO. 09950-09		
DISTRIBUTION:		

Diamond, please see Caroline's request below.

From: Caroline Klancke
Sent: Wednesday, September 29, 2010 8:50 AM
To: Dorothy Menasco
Subject: Docket No. 090349-WS

Please place the attached correspondence in the Parties and Interested Persons portion of Docket No. 090349. If you have any questions, please let me know. Thank you.

Caroline M. Klancke
Senior Attorney
Economic Regulation Section
Office of the General Counsel
Florida Public Service Commission
Phone: (850) 413-6220
Fax: (850) 413-6221
cklancke@psc.state.fl.us

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WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M. C. ROSE (1924-2006)

(850) 877-6555
FAX (850) 656-4029
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REPLY TO CENTRAL FLORIDA OFFICE

June 16, 2010

VIA E-MAIL AND U.S. MAIL

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 W. STATE ROAD 434, SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
BRIDGET M. GRIMSLEY
CHRISTIAN W. MARCELLI
BRIAN J. STREET

Lorena A. Holley, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 301D
Tallahassee, FL 32399-0850

Re: Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited
Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Our File No. 30057.182

Dear Ms. Holley:

I am in receipt of Charles Rehwinkel's June 19, 2010 correspondence along with numerous Public Service Commission Orders addressing temporary rates. I would like to take this opportunity to comment upon those decisions as well as the Staff Recommendation in this docket that should a substantially affected person file a protest of the PAA Order that the Utility may implement temporary rates.

All but one of the Public Service Commission decisions provided by Mr. Rehwinkel addressed requests for emergency or temporary rates during the pendency of the limited proceeding up to the time of issuance of a PAA Order granting or denying a rate increase. Only in the Betmar Utilities, Inc. case, in Order No. PSC-93-0525-FOF-WU, did the Commission address emergency, temporary rates after the issuance of a PAA Order. In that case, a customer protested the PAA Order in a limited proceeding and the Utility subsequently requested interim rates. The Commission, noting that it did not have the authority to grant interim rates in a limited proceeding, considered the Utility's request as one for emergency temporary rates and granted such request. As noted in that decision, the determination of emergency temporary rates is made on a case by case basis. As this Commission noted in Lindrick Service Corporation, Order No. PSC-99-1010-PCO-SU, issued May 20, 1999:

Although Chapter 367, Florida Statutes, does not expressly authorize "emergency" rates, Section 367.081(2), Florida Statutes, provides that we must fix rates which are just, reasonable, compensatory, and not unfairly discriminatory.

Lorena A. Holley, Esquire
Office of General Counsel
Florida Public Service Commission
June 16, 2010
Page 2

In Alafaya Utilities, Inc., Order No. PSC-09-0651-PAA-SU, issued September 28, 2009 this Commission recently authorized temporary rates in case of a protest of that PAA Order on the following basis:

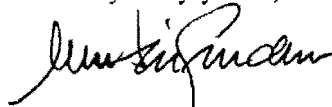
A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the utility.

Although the Staff Recommendation in the instant docket does not include any specific basis for granting temporary rates in case of a protest of the PAA Order, the Alafaya Utilities, Inc. limited proceeding sets forth that reasoning. Should the Commission not allow PAA Rates to be implemented on a temporary basis in case of a protest, it would encourage the filing of unnecessary and unjustified protests of PAA Orders. Since there are no time deadlines within which the Commission must consider limited proceeding rate increases, it is my experience that they have taken longer than a standard file and suspend rate case. Thus, a customer could protest a PAA Order and likely delay a rate increase for another year. The Commission, under its authority to grant just and reasonable rates, is authorized to allow the implementation of temporary rates during the pendency of the protest of a PAA Order in a limited proceeding.

It appears from the documentation provided by Office of Public Counsel, that they acknowledge the Commission's authority to grant temporary rates, but are arguing that the Commission should not do so under the facts of this case. The Staff's position in this case is supported by the law and results in establishment of fair and reasonable rates to Cypress Lakes Utilities, Inc. in case of a protest of the PAA Order.

Should you or the Staff have any questions or concerns regarding this matter, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc

cc: Charles Rehwinkel, Esquire (via e-mail)

JEFF ATWATER
President of the Senate



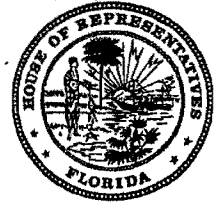
J.R. Kelly
Public Counsel

STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL

C/O THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
1-800-540-7039

EMAIL: OPC_WEBSITE@LEG.STATE.FL.US
WWW.FLORIDAOPC.GOV

LARRY CRETUL
*Speaker of the
House of Representatives*



June 9, 2010

Lorena Holley, Esq.
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 090349-WS; Application for limited proceeding rate increase in Polk County by
Cypress Lakes Utilities, Inc.

Dear Ms. Holley:

Enclosed per your request, is a copy of the cases I was prepared to discuss at the June 1, 2010 Agenda conference. I am also providing a copy to Marty Friedman, Counsel for Cypress Lakes Utilities, Inc.

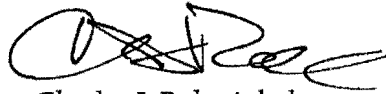
The cases, in my opinion, are not dispositive of the matter regarding temporary rates during a limited proceeding. The Public Counsel's objection is premised in the lack of express statutory authority and the lack of authority as found in the rules of statutory interpretation for interim rate relief during the pendency of a limited proceeding.

This is consistent with the Commission's decision in the 1998 Gulf Utility, Inc. case (included in attachment). The cited cases were reviewed because, despite the lack of statutory authority, the Commission has granted interim relief in a limited proceeding in the form of "emergency temporary" rates. The attached were found to be generally representative of the reasons for, and circumstances surrounding, imposition of emergency temporary rates on customers during a limited proceeding.

June 9, 2010
Page 2

Please advise if you have further questions and I will be glad to discuss with you and counsel for Cypress Lakes.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Rehwinkel', with a stylized, cursive script.

Charles J. Rehwinkel
Associate Public Counsel

Attachment

cc: Marty Friedman, Esq.

Dorothy Menasco

090349

FPSC, CLK - CORRESPONDENCE

From: Dorothy Menasco

Sent: Wednesday, January 06, 2010 1:27 PM

To: Terry Holdnak

Cc: Ann Cole; Kimberley Pena; Lisa Bennett

Subject: RE: Re: Docket No. 090349-WS - Cypress Lakes Utilities, Inc. - please add interested person

Administrative ☒ Parties ☐ Consumer

DOCUMENT NO. 09950-09

DISTRIBUTION: _____

Mr. Attebery has been included as an interested person in Docket 090349, per your request below. Give me a call if you have any questions.

Dorothy Menasco

Chief Deputy Commission Clerk

Florida Public Service Commission

Office of Commission Clerk

850-413-6770

From: Kimberley Pena

Sent: Wednesday, January 06, 2010 1:19 PM

To: Dorothy Menasco

Cc: Ann Cole

Subject: FW: Re: Docket No. 090349-WS - Cypress Lakes Utilities, Inc. - please add interested person

Please see below request.

From: Terry Holdnak

Sent: Monday, December 28, 2009 9:02 AM

To: Kimberley Pena

Cc: Lisa Bennett

Subject: Re: Docket No. 090349-WS - Cypress Lakes Utilities, Inc. - please add interested person

Hi Kim,

Lisa Bennett, Senior Attorney, asked that I send a request to add the following person as an interested person in Docket No. 090349-WS:

Robert R. Attebery
9944 Killdeer Lane
Lakeland, FL 33810

Please let me know if you need anything else regarding this. Thanks.

Terry K. Holdnak

Commission Deputy Clerk II

Office of the General Counsel

Florida Public Service Commission

850-413-6738

1/6/2010

Ruth Nettles

090349

From: Filings@psc.state.fl.us
Sent: Tuesday, November 24, 2009 4:31 PM
To: 'TCollins@RSBattorneys.com'
Cc: Marguerite McLean; Dorothy Menasco; Ruth Nettles
Subject: FW: Filing in Docket No. 090349-WS; Cypress Lakes Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Importance: High
Attachments: PSC Clerk 11 (NOF AOM Notice of Customer Meeting).ltr.11-24-2009.pdf

Dear Ms. Collins:

We are in receipt of the attached electronic filing. Please note that pursuant to electronic your document is not eligible for filing. Specifically:

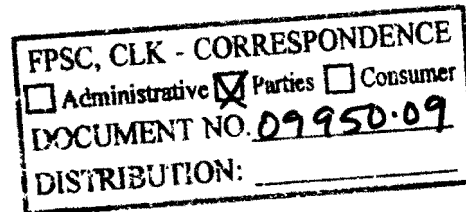
All documents filed electronically must be capable of being printed as paper documents without loss of content or appearance. Documents must be prepared using a clearly readable font which, **when printed, will fit on an 8.5 by 11-inch page.**

A link to the Commission's electronic filing requirement is being included for your convenience.
<http://www.floridapsc.com/dockets/e-filings/>

Please call our office if you have any questions.

Sincerely,

Ruth Nettles
Commission Deputy Clerk II
Office of Commission Clerk
850-413-6770



From: Trina Collins [mailto:TCollins@RSBattorneys.com]
Sent: Tuesday, November 24, 2009 2:58 PM
To: Filings@psc.state.fl.us
Cc: jphoy@uiwater.com; keweeks@uiwater.com; pcflynn@uiwater.com; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No. 090349-WS; Cypress Lakes Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Importance: High

- a. Martin S. Friedman, Esq.
Christian W. Marcelli, Esq.
Rose, Sundstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779
Phone: (407) 830-6331
Fax: (407) 830-8522
Email: cmarcelli@rsbattorneys.com

- b. Docket No. 090349-WS; Cypress Lakes Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida - Filing Cypress Lakes Utilities, Inc.'s Notice of Filing the Affidavit of Mailing evidencing that the Notice of Customer Meeting has been mailed to the Utility's customers.
- c. Cypress Lakes Utilities, Inc.
- d. 5 Pages.
- e. Letter to Commission Clerk - 1 page; Notice of Filing - 1 page; Affidavit of Mailing - 1 page; and Notice of Customer Meeting - 2 pages.

Ruth Nettles

090349

From: Filings@psc.state.fl.us
Sent: Monday, October 05, 2009 3:21 PM
To: 'TCollins@RSBattorneys.com'
Cc: Dorothy Menasco; Ruth Nettles
Subject: FW: Filing in Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Importance: High
Attachments: PSC Clerk 02 (2nd RAI).ltr.pdf

Dear Ms. Collins:

The attached e-filing appears to be a duplicate of an e-filing received from you at 3:01 p.m. today. As such, the filing received at 3:04 p.m. will not be accepted as an official filing.

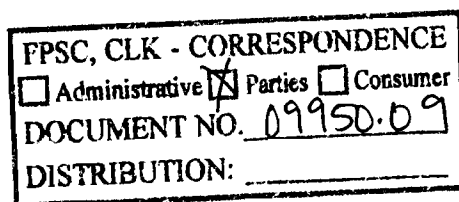
A link to the PSC e-filing requirements is being provided for your convenience:

<http://www.psc.state.fl.us/dockets/e-filings/>

Please call our office if you have any questions.

Ruth Nettles
Office of Commission Clerk
850-413-6770

From: Trina Collins [mailto:TCollins@RSBattorneys.com]
Sent: Monday, October 05, 2009 10:08 AM
To: Filings@psc.state.fl.us
Cc: jphoy@uiwater.com; keweeks@uiwater.com; pcflynn@uiwater.com; Martin Friedman; Christian W. Marcelli; Trina Collins
Subject: Filing in Docket No. 090349-WS; Cypress Lake Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida
Importance: High



a. Martin S. Friedman, Esq.
Christian W. Marcelli, Esq.
Rose, Sundstrom & Bentley, LLP
Sanlando Center
2180 W. State Road 434, Suite 2118
Longwood, FL 32779
Phone: (407) 830-6331
Fax: (407) 830-8522
Email: cmarcelli@rsbattorneys.com

- b. Docket No. 090349-WS; Cypress Lakes Utilities, Inc.'s Application for a Limited Proceeding Water and Wastewater Rate Increase in Polk County, Florida - Filing the Utility's response to the Commission Staff's second data request dated September 14, 2009, in order to complete its analysis in the above referenced docket.
- c. Cypress Lake Utilities, Inc.
- d. 95 Pages.
- e. Letter to Commission Clerk - 3 pages; response attachments - 92 pages.

Dorothy Menasco

090349 ✓
090392

From: Dorothy Menasco
Sent: Friday, September 25, 2009 8:55 AM
To: 'Patrick Flynn'
Subject: RE: Docket No. 090349, Cypress Lakes Utilities, Inc.

PARTIES

Good morning, Patrick. I'm glad that you found the information helpful. It's not a problem at all to have more than one name listed. The data base can handle multiple names because it's not a fax number or an email address which require exact information in order to transmit.

Thank you for advising of the misspelling of Ms. Weeks' name in CMS. That has been corrected in Docket 090392 from Kirsten to Kirsten.

Have a good weekend!

Dorothy Menasco
 Chief Deputy Commission Clerk
 Florida Public Service Commission
 Office of Commission Clerk
 850-413-6770

From: Patrick Flynn [mailto:PCFlynn@uiwater.com]
Sent: Thursday, September 24, 2009 5:48 PM
To: Dorothy Menasco
Subject: RE: Docket No. 090349, Cypress Lakes Utilities, Inc.

All very helpful information and now I understand. Typically, we only list one name in the filing. I'm not sure why we went with 4 names on this particular one. No matter, in the future we'll just list one.

If you would make one correction on this one, I would appreciate it. Kirsten Week's name is misspelled in CMS.

Thanks,
 Patrick

From: Dorothy Menasco [mailto:DMenasco@PSC.STATE.FL.US]
Sent: Thursday, September 24, 2009 5:39 PM
To: Patrick Flynn
Subject: RE: Docket No. 090349, Cypress Lakes Utilities, Inc.

You're welcome. CMS is Case Management System. This is where we maintain mailing list information for parties of record and interested persons, in PSC dockets. MCD is the Master Commission Directory. This is where all information for Commission regulated companies are kept.

I have taken a look at Docket 090392. In this instance, when staff set up the new docket, they advised that the following listed persons were to be include for Utilities Inc. of Pennbrooke:

a. Provide NAMES/ACRONYMS, if registered company.		<input type="checkbox"/> Provided as an Attachment
Company Code, if applicable:	Parties (include address, if different from MCD):	Representatives (name and address):
WS861	Utilities Inc. of Pennbrooke	John Hoy
		Kirsten Weeks
		Patrick Flynn
		John Williams

We used company code WS861 to automatically pull the information into CMS from MCD. However, by the mere fact that there are more people listed than just "Patrick Flynn," we added the names of the other listed individuals.

However, the database will only allow one e-mail address. For example, if we had the email addresses listed as:

PCFlynn@uiwater.com, JHoy@uiwater.com

and if we tried to send an e-mail to you, the system would remove the comma, and read it as one big e-mail address:

PCFlynn@uiwater.comJHoy@uiwater.com

and the document would be returned to us as undeliverable. Since you are the main contact for the company, your e-mail address is the only one that is showing.

I know this is lengthy, but hopefully that has helped to answer your questions. Have a good evening.

Dorothy Menasco
 Chief Deputy Commission Clerk
 Florida Public Service Commission
 Office of Commission Clerk
 850-413-6770

From: Patrick Flynn [mailto:PCFlynn@uiwater.com]
Sent: Thursday, September 24, 2009 3:07 PM
To: Dorothy Menasco
Subject: RE: Docket No. 090349, Cypress Lakes Utilities, Inc.

Not a problem, Dorothy, and I appreciate your effort to address this. I noticed a similar issue in Docket #090392. There are multiple names listed but only my email address. Can you kindly revise that one as well? Also, I don't know all of your acronyms. What do MCD and CMS stand for?

Thanks,
 Patrick

9/25/2009

DOCUMENT NUMBER-DATE

09950 SEP 25 8

FPSC-COMMISSION CLERK

From: Dorothy Menasco [mailto:DMenasco@PSC.STATE.FL.US]
Sent: Thursday, September 24, 2009 2:49 PM
To: Patrick Flynn
Cc: Nonnye Grant; Cathi Lindsley
Subject: FW: Docket No. 090349, Cypress Lakes Utilities, Inc.

Mr. Flynn,

Thank you for bringing this to our attention. We have corrected the contact information in CMS to match what appears in MCD.

<input checked="" type="checkbox"/> Official Party of Record	
Company Code:	WS800
Name:	Cypress Lakes Utilities, Inc.
Attention:	Mr. Patrick C. Flynn
Address Line 1:	200 Weathersfield Avenue
Address Line 2:	
City:	Altamonte Springs
State:	FL
Phone 1:	(407) 869-1919
Phone 2:	(847) 496-6440
Fax:	(407) 869-6961
Email Address:	pcflynn@cwwater.com
Website:	CYPRESS LAKES UTILITIES, INC
Represents:	
Represented By:	Rose Law Firm

It looks like when this docket was initially set up, the information that was used was what was shown on the application rather than what is on file for company code WS800. This is the information that is on the application:

(I)(a) The name of the Utility and its principal place of business:

- (i) Cypress Lakes Utilities, Inc.
2335 Sanders Road
Northbrook, IL 60062
- (ii) The address of the Florida office is:

Cypress Lakes Utilities, Inc.
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4099

(iii) The name and address of the person authorized to receive

notices and communications in respect to this application:

Martin S. Friedman, Esquire
 Christian W. Marcelli, Esquire

DOCUMENT NUMBER-FILE
 06550 JUN 30 8
 FPSC-COMMISSION CLERK

Rose, Sundstrom & Bentley, LLP
 2180 W. State Road 434, Suite 2118
 Longwood, FL 32799
 Telephone: (407) 830-6331
 Facsimile: (407) 830-8522
 Email: mfriedman@rsbattorneys.com
cmarcelli@rsbattorneys.com

I apologize for any inconvenience this may have caused. Please feel free to call our office if you have any questions.

Dorothy Menasco
 Chief Deputy Commission Clerk
 Florida Public Service Commission
 Office of Commission Clerk
 850-415-6770

From: Nonnye Grant

9/25/2009

Sent: Thursday, September 24, 2009 11:31 AM
To: Dorothy Menasco
Cc: 'PCFlynn@uiwater.com'
Subject: FW: Docket No. 090349, Cypress Lakes Utilities, Inc.

Dorothy, I just spoke with Mr. Flynn regarding his e-mail. He is wondering why his name is not listed in this docket, as he is to receive information also. MCD does list him in the mailing address for the Utility and all information listed is correct. I advised him that I would forward this to you and that you would contact him regarding his request. Thanks.

From: Patrick Flynn [mailto:PCFlynn@uiwater.com]
Sent: Thursday, September 24, 2009 9:57 AM
To: Nonnye Grant
Subject: Docket No. 090349, Cypress Lakes Utilities, Inc.

Good morning, Nonnye,

I noticed this morning on the above docket page that not all of my contact information was shown. Would it be possible for you to get this corrected? See screen shot below.

Details for Docket Number: 090349 - Windows Internet Explorer

http://www.psc.state.fl.us/dockets/cms/docket/details.aspx?docket=090349

File Edit View Favorites Tools Help

Details for Docket Number: 090349

Dockets
Orders
E- Filings
E-Tariff Pilot Information
Copy Request Form
FAQ
FERC/FCC Filings
Weekly Report of New Dockets
Summary of Orders

- Utilities
- Parties of Record and Interested Parties
- Staff Assigned

WARNING: THIS TIME SCHEDULE IS TENTATIVE AND SUBJECT TO REVISION
Time Schedule (CASR) for Docket 090349

Description	Previous Due Date	Due Date	Completed Date
FAW Notice Filed for Customer Meeting	none	09/15/2009	09/16/2009
Customer Meeting (Lakeland)	none	10/22/2009	none
Staff Recommendation	10/15/2009	12/03/2009	none
Agenda	10/27/2009	12/15/2009	none
PAA Order	11/15/2009	01/04/2010	none
Protest Period Expires	12/07/2009	01/25/2010	none
Consummating Order if No Protest	12/10/2009	01/28/2010	none
Close Docket or Revise CASR	01/07/2010	02/25/2010	none

Utilities Involved in Docket 090349

Utility Companies (1) Select Company

Cypress Lakes Utilities, Inc. (WVS800) Select

Parties of Record and Interested Parties in Docket 090349

Parties of Record (2)	Interested Persons (0)
Cypress Lakes Utilities, Inc. 200 Weathersfield Avenue Altamonte Springs, FL 32714-4099 Rose Law Firm (Longwood 09a) Christian W. Marcelli 2180 West State Rd 434, Suite 2118 Longwood, FL 32773 Phone: 407-830-6331 FAX: 407-830-8522 Email: CMarcelli@RSBAttorneys.com	

Start Details for Docket Nu... Contacts - Microsoft Out... Docket No. 090349, Cyp... Internet 98% 9:55 AM

Thanks,
Patrick



Patrick C. Flynn
Regional Director
Utilities, Inc., Florida Region
200 Weathersfield Avenue
Altamonte Springs, FL 32714-4027
Tel: 407/869-8588, x228
Fax: 407/869-6961
pcflyn@uiwater.com

UI VALUES: INTEGRITY - ACCOUNTABILITY - TEAMWORK - CREATIVITY - RESPECT

9/25/2009