

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: January 9, 2026

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

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

RE: Docket No.: 20250110-WS
Company Name: Orchid Springs Development Corporation
Company Code: WS789
Audit Purpose: B1c: Certificate Transfer
Audit Control No.: 2025-272-1-1

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 the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

**Office of Auditing and Performance Analysis
Bureau of Auditing**

Auditor's Report

**Orchid Springs Development Corporation
Transfer of Certificate**

As of September 2, 2025

**Docket No. 20250110
Audit Control No. 2025-272-1-1**

January 8, 2026

A handwritten signature in cursive script, reading "Ronald A. Mavrides".

**Ronald A. Mavrides
Audit Manager**

A handwritten signature in cursive script, reading "for Lynn M. Deamer".

**Lynn M. Deamer
Reviewer**

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting & Finance in its audit service request dated September 25, 2025. We have applied these procedures to the attached schedules prepared by the audit staff in support of Orchid Springs Development Corporation's Transfer of Certificate to CSWR Florida Utility Operating Company, LLC in Docket No.20250110-WS.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Buyer/Utility refers to CSWR-Florida Utility Operating Company, LLC.

Seller refers to the Orchid Springs Development Corporation.

NARUC refers to the National Association of Regulatory Utility Commissioners.

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

Utility Information

Orchid Springs Development Corporation is a Class "C" water and wastewater utility that services approximately 552 customers in Polk County. Commission Order No. PSC-2015-0569-PAA-WS, issued December 16, 2015 established Rate Base as of December 31, 2014. The Utility filed for a Limited proceeding on May 11, 2018 seeking to include additional plant investment and Commission Order No. PSC-2018-0591-PAA-WS, issued on December 19, 2018, in Docket No. 20180063-WS established Rate Base as of December 31, 2017.

On September 2, 2025, CSWR-Florida Utility Operating Company, LLC filed an application with this Commission to transfer Orchid Springs Development Corporation to CSWR-Florida Utility Operating Company, LLC.

As of December 31, 2017, both Water and Wastewater CIAC had been fully amortized. Audit staff did not carry these older balances forward to the attached schedules in this audit.

Utility Books and Records

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

Procedures: We reviewed the Utility's accounting system and found it to be in compliance with the NARUC USoA.

Net Book Value

Utility Plant in Service

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

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

Procedures: We reconciled the beginning balances of UPIS for both water and wastewater as of December 31, 2014, from the Commission Order No. PSC-2015-0569-PAA-WS, and adjusted them with the Pro-Forma Plant items included in the limited rate proceeding from the Commission Order No. PSC-2018-0591-PAA-WS to the general ledger. The Pro-Forma amounts were adjusted to reflect the actual plant items subsequently acquired and put in service to arrive at the beginning plant balance as of December 31, 2017. We scheduled UPIS activity from December 31, 2017 to September 02, 2025. We traced plant additions to supporting documentation. We also ensured that retirements were made when an asset was removed or replaced. See Finding 1.

Land & Land Rights

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

Procedures: We reconciled the beginning balance for Land for both water and wastewater as of December 31, 2017 from Commission Order No. PSC-2018-0591-PAA-WS, to the Seller's books and records. We reviewed the Land deeds and the Polk County Property Appraiser's website for proof of ownership. We determined that there were no additions to Land from December 31, 2017 to September 2, 2025. See Finding 2.

Accumulated Depreciation

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

Procedures: We reconciled the beginning balances of Accumulated Depreciation for both water and wastewater as of December 31, 2017, from the Commission Order No. PSC-2018-0591-PAA-WS. We recalculated the accumulated depreciation by using the depreciation rates in Rule 25-30.140(2), Florida Administrative Code, from December 31, 2017, through September 2, 2025. See Finding 3.

Contributions-in-Aid-of-Construction

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

Procedures: We reconciled the beginning balance of CIAC for both water and wastewaters of December 31, 2017, from the Commission Order No. PSC-2018-0591-PAA-WS. We also determined the ending balance of CIAC as of September 02, 2025. See Finding 3.

Accumulated Amortization of CIAC

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

Procedures: We reconciled the beginning balances for Accumulated Amortization of CIAC for both water and wastewater as of December 31, 2017, from the Commission Order No. PSC-2018-0591-PAA-WS. We also determined that the Accumulated Amortization of CIAC balances as of September 2, 2025. See Finding 4.

Decommissioned WWTP

Objectives: The objective was to determine the current balance of the decommissioned WWTP.

Procedures: We reviewed the Commission Order PSC-2015-0569-WS, for the treatment of the decommissioned WWTP. We determined the proper balance of the Plant, and recomputed the amortized amount as of September 2, 2025. See Finding 5.

Customer Deposits

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

Procedures: We obtained the supporting documentation of customer deposits from the Utility, and reconciled to the general ledger. Audit staff determined that all of the customers deposits were transferred to the buyer, and the total customer deposits were \$13,133 as of September 2, 2025. No exceptions were noted.

Recalculation of Customer Bills

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

Procedures: We judgmentally selected a sample of 20 water and wastewater customer bills for residential, general service and irrigation. We recalculated the customer bills from the Commission-approved tariff rates and traced to the supporting documentation. No exceptions were noted.

Audit Findings

Finding 1: Utility Plant in Service

Audit Analysis: The Water Plant balance was \$309,962 as of September 2, 2025 per Utility, however, audit staff determined that the Water Plant balance should be \$319,951. The difference of \$9,990 was to reflect the additions and retirements made by Audit staff. The Wastewater Plant balance was \$651,585 as of September 2, 2025 per Utility, however, audit staff determined that the Wastewater Plant balance should be \$687,955. The difference of \$36,370 was to reflect the additions and retirements made by Audit staff. See Tables below.

Table 1-1 Utility Plant in Service - Water

NARUC		Balance	Audit	Balance
Acct.	Account Description	per Utility	Adjustments	per Audit
No.		As of 9/2/2025		As of 9/2/2025
301	Organization	\$ -	\$ -	\$ -
302	Franchises	\$ -	\$ -	\$ -
304	Structures & Improvements	\$ 17,667	\$ -	\$ 17,667
307	Wells & Springs	\$ 3,360	\$ -	\$ 3,360
310	Power Generation Equipment	\$ 37,437	\$ -	\$ 37,437
311	Pumping Equipment	\$ 23,955	\$ 1,646	\$ 25,601
320	Water Treatment Equipment	\$ 10,368	\$ 391	\$ 10,758
330	Dist. Reservoirs & Standpipes	\$ 12,049	\$ -	\$ 12,049
331	T & D Mains	\$ 166,110	\$ (3,981)	\$ 162,129
333	Services	\$ 16,737	\$ -	\$ 16,737
334	Meters & Meter Installations	\$ 16,225	\$ 8,678	\$ 24,903
335	Hydrants	\$ 5,579	\$ 3,731	\$ 9,310
340	Furniture & Equipment	\$ 475	\$ (475)	\$ -
	Total UPIS of Water	\$ 309,962	\$ 9,990	\$ 319,951

Table 1-2 Utility Plant in Service - Wastewater

NARUC		Balance	Audit	Balance
Acct.	Account Description	per Utility	Adjustments	per Audit
No.		As of 9/2/2025		As of 9/2/2025
354	Structure and Improvements	\$ 21,246	\$ -	\$ 21,246
355	Power Generation Equipment	\$ 64,000	\$ -	\$ 64,000
360	Collection Sewers - Force	\$ 21,740	\$ -	\$ 21,740
361	Collection Sewers - Gravity	\$ 221,104	\$ (1,920)	\$ 219,184
363	Service to Customers	\$ 63,265	\$ 1,189	\$ 64,454
364	Water Treatment Equipment	\$ 3,101	\$ -	\$ 3,101
370	Receiving Wells	\$ 155,628	\$ (5,000)	\$ 150,628
370.1	Decommissioning of WWTP	\$ 78,784	\$ (78,784)	\$ -
371	T&D Mains	\$ 15,490	\$ (889)	\$ 14,601
389	Services	\$ 5,081	\$ -	\$ 5,081
390	Office Furniture & Equipment	\$ 476	\$ (476)	\$ -
395	Power Operated Equipment	\$ 1,670	\$ -	\$ 1,670
	Total UPIS of Wastewater	\$ 651,585	\$ (85,880)	\$ 565,705

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

Effect on the Filing: The UPIS balance of water should increase by \$9,990 (\$319,951 - \$309,962), and UPIS balance of wastewater should decrease by \$85,880 (\$565,705 - \$ 651,585).

Finding 2: Land and Land Rights

Audit Analysis: Audit staff determined that the Utility owns the land the water and wastewater plants occupy, and there has been no change in land ownership since the limited proceeding rate case in 2018. Based on the Commission Order No. PSC-2018-PAA-WS, Land balances of Water and Wastewater were \$1,682 and \$0 respectively. However, in the Utility's general ledger, Land balances of Water and Wastewater were \$480 and \$58,860 respectively. The Utility explained that this was due to the change in accounting staff responsible for Orchid Springs Water, and the adjustments for Land values were not made. Audit staff adjusted the Water Land value based on their prior Commission Order. In Commission Order No. PSC-2015-0569-PAA-WS, land was removed from rate base since it no longer dedicated to utility service and is no longer included in the rate base. Audit staff set this balance to zero in keeping with this order. Orchid Springs contracts with the City of Winter Haven for wastewater treatment.

See Tables as below.

Table 2-1 Land and Land Rights - Water

NARUC Acct. No.	Account Description	Balance per Utility As of 9/2/2025	Audit Adjustments	Balance per Audit As of 9/2/2025
303	Land and Land Rights	\$ 480	\$ 1,202	\$ 1,682
	Total Land of Water	\$ 480	\$ 1,202	\$ 1,682

Table 2-2 Land and Land Rights - Wastewater

NARUC Acct. No.	Account Description	Balance per Utility As of 9/2/2025	Audit Adjustments	Balance per Audit As of 9/2/2025
353	Land and Land Rights	\$ 58,860	\$ (58,860)	\$ -
	Total Land of Wastewater	\$ 58,860	\$ (58,860)	\$ -

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

Effect on the Filing: The Land of Water should increase \$1,202 (\$1,682 - \$480), and the Land of Wastewater should decrease \$58,860 (\$0 - \$58,860).

Finding 3: Accumulated Depreciation

Audit Analysis: Audit staff obtained the beginning balances of Accumulated Depreciation of Water and Wastewater from Commission Order No. PSC-2018-0591-PAA-WS, issued December 19, 2018. We also recalculated depreciation expense for Water and Wastewater from January 1, 2018 to September 2, 2025. Account 371 has a negative balance of (\$9,089) as of September 2, 2025, audit staff determined that Commission Order No. PSC-2015-0569-PAA-WS, page 45, established a negative accumulated depreciation balance of \$1,609. Audit staff could not determine from the Order the reasoning behind this adjustment. We have continued the depreciation to the current time period, but request Technical staff to review this and determine whether it should be adjusted/removed at this time. See Tables below.

Table 3-1 Accumulated Depreciation – Water

NARUC Acct. No.	Account Description	Balance per Utility As of 9/2/2025	Audit Adjustments	Balance per Audit As of 9/2/2025
304	Structures & Improvements	\$ 12,345	\$ (2,015)	\$ 10,330
307	Wells & Springs	\$ 3,360	\$ -	\$ 3,360
310	Power Generation Equipment	\$ 37,437	\$ -	\$ 37,437
311	Pumping Equipment	\$ 5,745	\$ 4,310	\$ 10,054
320	Water Treatment Equipment	\$ 7,085	\$ 3,113	\$ 10,198
330	Distribution Reservoirs	\$ 12,049	\$ -	\$ 12,049
331	Transmission & Distribution Mains	\$ 161,802	\$ 327	\$ 162,129
333	Services	\$ 16,737	\$ -	\$ 16,737
334	Meters and Meter Install.	\$ 15,661	\$ 9,242	\$ 24,903
335	Hydrants	\$ 5,579	\$ 1,889	\$ 7,468
340	Office Furniture & Equipment	\$ 291	\$ (291)	\$ -
Total Accumulated Depreciation - Water		\$ 278,092	\$ 16,573	\$ 294,665

Table 3-2 Accumulated Depreciation - Wastewater

NARUC		Balance	Audit	Balance
Acct. No.	Account Description	per Utility As of 9/2/2025	Adjustments	per Audit As of 9/2/2025
354	Structures & Improvements -Fence	\$ 13,277	\$ (2,373)	\$ 10,905
355	Power Generation Equipment	\$ 11,917	\$ (2,819)	\$ 9,098
360	Collection - Sewers Forced	\$ 10,384	\$ 11,356	\$ 21,740
361	Collection - Sewers Gravity	\$ 219,672	\$ (488)	\$ 219,184
363	Services to customers	\$ 63,265	\$ 1,189	\$ 64,454
364	Flow Measuring Devises	\$ 3,101	\$ (0)	\$ 3,101
370	Receiving Wells	\$ 152,661	\$ (2,001)	\$ 150,660
371	Pumping Equipment	\$ 7,700	\$ (16,789)	\$ (9,089)
389	Other Plant & Miscellaneous Equipment	\$ 5,081	\$ -	\$ 5,081
390	Office Furniture & Equipment	\$ 291	\$ (291)	
395	Power Operated Equipment	\$ 1,670	\$ -	\$ 1,670
Total Accumulated Depreciation - Wastewater		\$ 489,019	\$ (12,216)	\$ 476,803

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

Effect on the Filing: The Accumulated Depreciation balance of Water should increase by \$16,573 (\$294,665 - \$278,092), and the Accumulated Depreciation balance of Wastewater should decrease by \$12,216 (\$476,803- \$489,019).

Finding 4: Accumulated Amortization of CIAC

Audit Analysis: Audit staff noted that the Utility received a donation of a power generator valued at \$64,000 from the City of Winter Haven in April 2022. The Utility booked it in Account 355 - Power Generation Equipment, but did not increase CIAC by this amount. We increased CIAC Account 271 by \$64,000 and we recalculated the Accumulated Amortization of CIAC as of September 2, 2025. See Table below.

Table 4-1 Accumulated Amortization of CIAC- Wastewater

NARUC		Balance		Audit	Balance
Acct.	Account Description	per Utility		Adjustments	per Audit
No.		As of 9/2/2025			As of 9/2/2025
272	CIAC Accumulated Amortization	\$ -	\$	9,098	\$ 9,098
	Total AA of CIAC - Wastewater	\$ -	\$	9,098	\$ 9,098

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

Effect on the Filing: The Accumulated Amortization of CIAC should increase by \$9,098 (\$9,098 - \$0).

Finding 5: Decommissioned WWTP

Audit Analysis: Based on the Commission Order No. PSC-2015-0569-PAA-WS, issued December 16, 2015, the remaining costs to decommission the WWTP was \$122,250, and was to be amortized over a period of 10 years. However, the Utility had been amortizing it over 15 years. Audit staff noted the amortization started in 2014, and determined that this expense should be fully amortized by the end of 2024 and therefore not included in expenses for ratemaking purposes.

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

Effect on the Filing: The expense is fully amortized by the end of 2024, and therefore should not be included in expenses for ratemaking purposes.

Exhibits

Exhibit 1: Rate Base – Net Book Value

WATER RATE BASE

Description	Balance per Utility As of 9/2/2025	Audit Adjustments	Audit Finding	Balance per Audit As of 9/2/2025
Utility Plant in Service	\$ 309,962	\$ 9,989	1	\$ 319,951
Land	\$ 480	\$ 1,202	2	\$ 1,682
Contributions in Aid of Construction	\$ -	\$ -		\$ -
Accumulated Depreciation	\$ (278,092)	\$ (16,573)	3	\$ (294,665)
Accumulated Amortization of CIAC	\$ -	\$ -		\$ -
NET BOOK VALUE- WATER	\$ 32,350	\$ (5,382)		\$ 26,968

WASTEWATER RATE BASE

Description	Balance per Utility 9/2/2025	Audit Adjustments	Audit Finding	Balance per Audit 9/2/2025
Utility Plant in Service	\$ 651,585	\$ (85,880)	1	\$ 565,705
Land	\$ 58,860	\$ (58,860)	2	-
Contributions in Aid of Construction	\$ (64,000)	\$ -	1	(64,000)
Accumulated Depreciation	\$ (489,019)	\$ 12,216	3	(476,803)
Accumulated Amortization of CIAC	\$ -	\$ 9,098	4	9,098
NET BOOK VALUE- WASTEWATER	\$ 157,426	\$ (123,426)		\$ 34,000