

DATE: MARCH 13, 1996

TO: Division of Auditing and Financial Analysis (Vandiver)

FROM: Division of Water and Wastewater (Walker) *NW*

RE: Docket No. 960235-Ws, Application for Transfer of Certificates Nos. 404-Ws and 341-s in Orange County from Econ Utilities Corporation to Wedgefield Utilities, Inc.

An audit of the utility's books and records is needed for the above referenced proceeding. An ASR (Audit Service Request) form is attached. Completion of the audit report by June 14, 1996 is essential.

Attachment

CC: ~~Division of Records and Reporting~~
Division of Legal Services (Crosby)
Division of Water and Wastewater (Messer)

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPG _____
RCH _____
SEC / _____
WAS _____
OTH _____

DOCUMENT NUMBER-DATE
03035 MAR 13 1996
FPSC-RECORDS/REPORTING

AUDIT SERVICE REQUEST

March 13, 1996

(AFAD Control #)

TO: Denise Vandiver, Division Of Audit and Finance *N.D. Walker*
FROM: N.D. Walker, Division of Water and Wastewater *N.D. Walker*
RE: Request for Audit of Econ Utilities Corporation in Orange
County - DOCKET NO: 960235-WS - Audit for Proposed
Transfer of Operating Certificates

AUDIT PURPOSE: To update rate base determination from 12/31/94 to
12/31/95. Audit Control No. 95-023-3-1 in Earnings Investigation
proceeding to be updated to include 1995 additions.

LIST AUDIT OBJECTIVES AND OTHER INFORMATION ON BACK.

ADMINISTRATIVE DETAILS:

COMPANY CONTACT: William R. Kasser
Phone: (305) 419-1011

MAILING ADDRESS: 664 S. Military Trail
Deerfield Beach, Florida 33442

LOCATION OF RECORDS: Same

AUDIT DUE DATE: 6-14-96

PIECEMEAL RESULTS: NO

COORDINATING DETAILS: Legal Services: Alice Crosby

REFERENCES: See AFAD Control #95-023-3-1

USE OF THE FIELD AUDIT SUPERVISOR:

REQUEST ACKNOWLEDGED BY: _____

DATE: _____

AUDIT MANAGER ASSIGNED: _____

DATE ON SITE: _____

COMMENTS: _____

As part of an undocketed overearnings investigation, an audit of Econ Utilities' books and records was conducted. Audit findings in that proceeding were presented in APAD Control #95-023-3-1 for the period ended December 31, 1994. Utilities, Inc., through its newly formed subsidiary, Wedgefield Utilities, Inc., has purchased the utility assets of Econ Utilities. A rate base determination through December 31, 1995 is needed.

HIGH PRIORITY - STANDARD REQUIREMENTS

1. The rate base objectives per the rate case audit guide of the DAFA audit manual should be used in auditing utility plant, accumulated depreciation, CIAC, and accumulated amortization.
2. Determine whether any assets on the seller's books are not being transferred (i.e., vehicles and computer equipment), and exclude those items from the rate base calculation.
3. Request supporting documentation for any acquisition adjustment consideration.
4. Verify that land dedicated to utility service is included in the proposed transfer to Wedgefield Utilities, Inc.
5. According to Mr. Kasser, Econ booked many of the adjustments proposed in the audit report in 1995. Review accounting entries and obtain copies of journal entries showing such corrections.