

MEMORANDUM

April 9, 1996

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*
RE: DOCKET NO. 960235-WS -- ECON UTILITIES CORPORATION
TRANSFER AUDIT REPORT
AUDIT CONTROL NO. 96-073-3-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Econ Utilities Corporation
Gerald Braley
20751 State Road 520
Orlando, FL 32833-3988

DNV/sp

Attachment

cc: Chairman Clark
Commissioner Deason
Commissioner Johnson
Commissioner Kiesling
Commissioner Garcia
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Water and Wastewater (Walker)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE

04205 APR 11 1996

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

AS OF DECEMBER 31, 1995

Field Work Completed

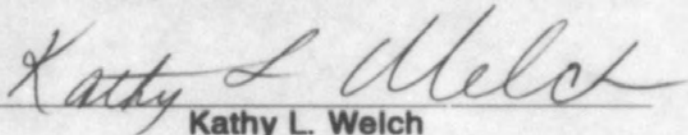
March 28, 1996

ECON UTILITIES CORPORATION

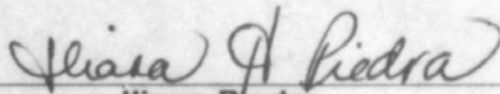
Orange County Florida

**Transfer of Certificate
960235-WS**

Audit Control No. 96-073-3-1



**Kathy L. Welch
Audit Manager**



**Iliana Piedra
Regulatory Analyst**

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
APR 11 1996
FINANCIAL ANALYSIS DIV

96 APR -3 PM 1:18

DOCUMENT NUMBER-DATE

04205 APR 11 1996

FPSC-RECORDS/REPORTING

I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to prepare a proposed schedule of Rate Base for the twelve month period ending December 31, 1995 for Econ Utilities Corporation for a transfer of certificate.

SCOPE LIMITATION: The audit exit conference was waived.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

OPINION: the schedule of Rate Base as of December 31, 1995, represents Econ Utilities Corporation books and records maintained in substantial compliance with Commission Directives; The expressed opinions extend only to the scope of work described in Section II of this report.

II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report, COMPILED and EXAMINED means that audit work includes:

COMPILED – means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

EXAMINED – means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity, or inconsistency observed.

RATE BASE: Examined utility plant, construction in progress, and CIAC account balances from the prior audit of December 31, 1994. Reconciled prior balances, reviewed contracts, cancelled checks, and plant invoices for all large additions, and tested the computation of AFUDC. Recomputed CIAC based on tariff approvals. Reviewed for unrecorded CIAC by reviewing deposit slips, sales contracts, and tax returns. Recalculated Accumulated Depreciation and Amortization of CIAC.

III. AUDIT EXCEPTIONS

AUDIT EXCEPTION NO. 1

SUBJECT: DESTRUCTION OF RECORDS

STATEMENT OF FACT: The utility had severe water damage to their old office on May 8, 1994. Some of the records for 1987, 1988, and 1989 could not be salvaged. The utility was able to find most major contracts for additions during this period in their Orlando office. Cancelled checks for 1989 forward were found. Major additions for which cancelled checks or contracts could not be found are as follows:

TRANSFER FROM AFFILIATE	11,630.22	1988	TRUCK PURCHASE
MCINTOSH	89,508.07	1987 & 88	GEN. CONTRACTOR FOR WATER TREATMENT PLANT CONSTRUCTION

	101,138.29		

Additions for which no contracts could be found but cancelled checks were located are:

ORANGE COUNTY PAVING	34,600.00	MAJOR REPAIRS TO LIFT STATION NO. 6
MCINTOSH	18,264.76	1989 INV. FOR GEN. CONTR. WORK ON WTP
TNT GOLF CARS	2,120.00	GOLF CART

	54,984.76	

According to the NARUC Regulations to Govern the Preservation of Records Of Electric, Gas and Water Utilities, April 1974, the company is required to notify the Commission within 90 days from the discovery of the destruction.

OPINION: The company should have notified the Commission according to the rule. The staff engineer was asked to determine if these contract amounts were reasonable and actually incurred during the overearnings investigation. The results of his findings need to be taken into consideration for this proceeding.

IV. STAFF PREPARED EXHIBIT

COMPANY:
TITLE:
TEST YEAR:

ECCO UTILITIES
RATE BASE
DECEMBER 31, 1995

	BALANCE PER CO 12/31/95	STAFF ADJUSTMENTS	STAFF ADJUSTED BALANCE
WATER:			
LAND	2,007.12		2,007.12
PLANT	2,615,949.41		2,615,949.41
CONSTRUCTION WORK IN PROCESS	0.00		0.00
ACCUMULATED DEPRECIATION CIAC	(727,428.36)		(727,428.36)
ACCUMULATED AMORTIZATION CIAC	(554,440.97)		(554,440.97)
ACCUMULATED AMORTIZATION CIAC	126,400.17		126,400.17
TOTAL	1,462,487.37	0.00	1,462,487.37
WASTEWATER:			
LAND	96,500.00		96,500.00
PLANT	3,997,598.92		3,997,598.92
CONSTRUCTION WORK IN PROCESS	330,893.48		330,893.48
ACCUMULATED DEPRECIATION CIAC	(1,926,905.00)		(1,926,905.00)
ACCUMULATED AMORTIZATION CIAC	(1,560,842.00)		(1,560,842.00)
ACCUMULATED AMORTIZATION CIAC	445,658.73		445,658.73
TOTAL	1,382,904.13	0.00	1,382,904.13

State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 413-6770

Public Service Commission

April 12, 1996

Gerald Braley
Econ Utilities Corporation
20751 State Road 520
Orlando, Florida 32833-3988

Dear Mr. Braley:

RE: Docket No. 960235-WS -- Econ Utilities Corporation
Transfer Audit Report
Audit Control #96-073-3-1

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

Blanca S. Bayo
Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel