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M E M O R A N D U M

August 12, 1997

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: CORRECTION - DOCKET NO. ~~96-225-3-1~~ WU -- LAKE UTILITY SERVICES, INC.
RATE CASE AUDIT REPORT - PERIOD ENDED DECEMBER 31, 1995
AUDIT CONTROL NO. 96-225-3-1

The audit report transmitted by my October 9, 1996 memorandum has an error in Exception 3 (page 10). Please insert the corrected page 10 and discard the original page 10.

Please forward a copy to:

Lake Utility Services, Inc.
Don Rasmussen
200 Weatherfield Avenue
Altamonte Springs, FL 32714-4027

DNV/sp
Attachment

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

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE
08218 AUG 13 97
FPSC-RECORDS/REPORTING

AUDIT EXCEPTION NUMBER 3

SUBJECT: UTILITY PLANT-IN-SERVICE

FACTS: The company's filing indicates an amount of \$1,979,991 for utility plant-in-service.

OPINION AND RECOMMENDATION: Some of the above plant were misclassified and some lacked support. The following adjustment is recommended:

Plant-in-Service:

<u>Per Audit</u> <u>12/31/95</u>	<u>Per MFR</u> <u>12/31/95</u>	<u>Audit</u> <u>Adjustment</u>
\$1,875,177	\$1,979,991	(\$104,814)

See attached Schedule A for a breakdown of the \$104,814.

Included in the recommended adjustment amount of \$104,814 is an amount of \$57,369. The utility incurred these charges in successfully defending its certificated territory from the City of Clermont in 1992. The utility had incorrectly capitalized these charges as organization costs.

Field audit staff recommends that the \$57,369 be treated as a nonrecurring expense and be amortized over five years.

See attached Schedule B for breakdown of \$57,369.

STATE OF FLORIDA

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



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

August 14, 1997

Mr. Don Rasmussen
Lake Utility Services, Inc.
200 Weatherfield Avenue
Altamonte Springs, Florida 32714-4027

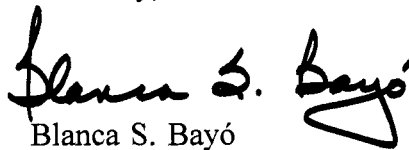
Re: Correction - Docket No. 960444-WS -- Lake Utility Services, Inc.
Rate Case Audit Report - Period Ended December 31, 1995
Audit Control # 96-225-3-1

Dear Mr. Rasmussen:

The audit report transmitted by my October 9, 1996 memorandum has an error in Exception 3 (page 10). Please insert the correct page 10 and discard the original page 10.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/DNV/cls
Enclosure
cc: Public Counsel
Hopping Law Firm