



Public Service Commission

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

DATE: February 25, 1999
TO: Orlando District Office Supervisor (Forbes) *W*
FROM: Denise N. Vandiver, Division of Auditing and Financial Analysis
RE: Docket No. 981779-WS; J. Swiderski Utilities, Inc.
 Audit Service Request; Establish Rate Base as of the Date of Transfer
 Audit Control No. 99-056-3-1

Attached is a new audit service request. The analyst's requested due date is June 15, 1999. By copy of this memorandum, I request that Ian Forbes be added to the CASR distribution list.

DNV:sp

Attachments

cc: Public Counsel
 Division of Auditing and Financial Analysis (Halbert)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMJ _____
- CVR _____
- EAC _____
- LEG _____
- LR _____
- MA _____
- POA _____
- SEC / _____
- SPS _____
- YUH _____

DOCUMENT NUMBER - DATE

02989 MAR-58

FPSC-REGARBS/REPORTING

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



TIMOTHY DEVLIN, DIRECTOR
AUDITING & FINANCIAL ANALYSIS
(850) 413-6480

Public Service Commission

February 24, 1999

Mr. Joe Swiderski
J. Swiderski Utilities, Inc.
9800 U.S. Highway 441, Suite 102
Leesburg, FL 34788-3918

Re: Docket No. 981779-WS; J. Swiderski Utilities, Inc.
Audit Request; Establish Rate Base as of the Date of Transfer

Dear Mr. Swiderski:

The Florida Public Service Commission will establish the rate base as of the date of transfer in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Ian Forbes (407) 245-0646, the district office supervisor, will coordinate this audit. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

The Audit Access to Records rule for each industry states:

In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the [audit] request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

Mr. Joe Swiderski
Page 2
February 24, 1999

A formal report is expected to be issued for internal Commission use in June 1999. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver
Bureau Chief - Auditing

DNV:sp

cc: District Office Supervisor
Division of Legal Services
Division of Records and Reporting
Public Counsel

AUDIT SERVICE REQUEST

February 24, 1999

Date of Request

99-056-3-1

APR 2000

TO : DIVISION AUDIT & FINANCE

FROM : Division of Water and Wastewater Cheryl Johnson 413-6984
Division Name Phone Number

RE : REQUEST FOR AUDIT OF: J. Swiderski Utilities, Inc.

DOCKET NO.: 981779-WS

AUDIT PURPOSE: Establish rate base as of the date of transfer

LIST AUDIT OBJECTIVES & OTHER INFORMATION ON BACK.

ADMINISTRATIVE DETAILS:

COMPANY CONTACT: _____
Name Title Phone Number

MAIL ADDRESS: _____
Street Address

_____ City State Zip Code

LOCATION OF RECORDS: _____
City State

AUDIT DUE DATE: June 15, 1999

COORDINATING DETAILS:

(Name and Phone Number of Other Division Staff and any other administrative instructions)

This is a temporary audit request pending a completed request from WAW. Analyst stated it was ok to proceed with audit work while filing deficiencies are addressed.

REFERENCES: _____
(Attach copies of FPSC ORDERS and other documents as appropriate)

BACKGROUND INFORMATION: _____

ITEM #

AUDIT OBJECTIVE OR QUESTION
(Add supplemental background for auditor)

1. **The rate base objectives per rate case audit guide of the AFA audit manual should be used in auditing utility plant, accumulated depreciation, CIAC, and accumulated amortization of CIAC. A working capital allowance need not be calculated.**
2. **Determine whether any assets on the seller's books are not being transferred, such as desks, computer equipment, and vehicles, and exclude these items from the calculation of rate base.**
3. **Determine if there are any extraordinary circumstances surrounding the purchase. Current Commission policy is not to allow an acquisition adjustment up or down unless there are extraordinary circumstances justifying an acquisition adjustment. The burden of proof is on the utility.**
4. **Verify land ownership is in the name of the current owner of the utility for the real property on which the utility plant is located.**
5. **Verify the existing rates, miscellaneous service charges, service availability charges, and customer deposits charged by the utility.**