

State of Florida



Public Service Commission

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

DATE: March 24, 1999
TO: Division of Auditing and Financial Analysis (Vandiver)
FROM: Division of Water and Wastewater (Walker) *BSW/gmw*
RE: Docket No. 990253-WU - Application for Approval of Sale of Inglewood Water System in Levy County & Transfer of Certificate No. 428-W to Lonnie and Royanna Parnell

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 July 2, 1999 is requested.

Attachments

cc: Division of Records and Reporting
 Division of Legal Services (Crossman)
 Division of Water and Wastewater (Redemann)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

03995 MAR 29 99

FPSC-RECORDS/REPORTING

AUDIT SERVICE REQUEST

March 24, 1999
Date of Request

AFA control #

TO : DIVISION AUDIT & FINANCE

FROM : Division of Water and Wastewater N.D. Walker (850) 413-6924
Division Name Phone Number

RE : REQUEST FOR AUDIT OF: Inglewood Water System

DOCKET NO.: 990253-WU

AUDIT PURPOSE: Rate Base Determination

LIST AUDIT OBJECTIVES & OTHER INFORMATION ON BACK.

ADMINISTRATIVE DETAILS:

COMPANY CONTACT: Mr. Lonnie Parnell - Owner - (352) 486-2828
Name Title Phone Number

MAIL ADDRESS: P. O. Box 72
Street Address

Chiefland Florida 32644
City State Zip Code

LOCATION OF RECORDS: 10851 N. E. 95th Street - Bronson, Florida
City State

AUDIT DUE DATE: July 2, 1999

COORDINATING DETAILS: Staff attorney - S. Crossman at (850) 413-6179 and
(Name and Phone Number of other Division staff and any other administrative instructions)
Staff engineer - R. Redemann at (850) 413-6999

REFERENCES: Order Nos. 16863 and 17558. 1997 Annual Report.
(Attach copies of FPSC ORDERS and other documents as appropriate)

BACKGROUND INFORMATION: This system is a small water system that serves 53 residents of a mobile home park. The utility was purchased by Mr. Parnell in June of 1998. The reported purchase price was \$15,000 plus \$2,234 for replacement of a water pump. Rate Base was last established for this utility in Docket No. 861263-WU (\$19,665) for the period ending December 31, 1987, based upon an original cost study together with certain pro forma additions. Those original plant balances and associated CIAC accounts will need to be depreciated through June of 1998.

Mr. Parnell stated that he received some of the utility's books and records from the previous owner (Mr. Ditullio). Hopefully, Mr. Parnell received the invoices as well as the general ledger. Mr. Parnell is not requesting rate base inclusion of an acquisition adjustment.

A copy of Inglewood's 1997 Annual Report is attached. The utility's records are at Mr. Parnell's home.

ITEM #

AUDIT OBJECTIVE OR QUESTION
(Add supplemental background for auditor)

- 1 A rate base determination is needed for this transfer proceeding. Obtain copies of supporting records for construction costs since December 31, 1987.
- 2 Accumulated depreciation and amortization balances should be updated through June 30, 1998.
- 3 Obtain copies (if any) of Inglewood's tax records and returns for further support regarding construction costs added since December 31, 1987.
- 4 Obtain warranty deeds or other evidence of ownership for purchased land. For related party transactions, verify that the booked cost matches the original cost when first devoted to public service.
- 5 Determine whether any plant facilities such as transportation equipment or general equipment is not being sold.