

ORIGINAL

*DOCKET NO.* 971065-SU: Application for rate increase in Pinellas County by Mid-County Services, Inc.

*WITNESS:* Direct Testimony Of Charleston J. Winston,  
Appearing On Behalf Of Staff

*DATE FILED:* April 19, 1999

DOCUMENT NUMBER-DATE

~~04-927~~ APR 19 99

FPSC-RECORDS/REPORTING

1 DIRECT TESTIMONY OF CHARLESTON J. WINSTON

2 Q. Please state your name and business address.

3 A. My name is Charleston J. Winston and my business address is Hurston  
4 North Tower, Suite N512, 400 W. Robinson Street, Orlando, Florida.  
5

6 Q. By whom are you presently employed and in what capacity?

7 A. I am employed by the Florida Public Service Commission as a Regulatory  
8 Analyst IV in the Division of Auditing and Financial Analysis.  
9

10 Q. How long have you been employed by the Commission?

11 A. I have been employed by the Florida Public Service Commission since  
12 January, 1986.  
13

14 Q. Please review your educational and professional background.

15 A. I have a Bachelor of Science degree in Accounting and Finance from the  
16 University of South Carolina. I was hired by the Florida Public Service  
17 Commission as a Regulatory Analyst I in the Orlando District Office in January  
18 1986.  
19

20 Q. Please describe your current responsibilities.

21 A. Currently, I am a Regulatory Analyst IV with the responsibilities of  
22 planning and directing the more complicated financial, program, special and  
23 investigative audits, including audits of affiliate transactions. I also am  
24 responsible for creating audit work programs to meet a specific audit purpose  
25

1 and integrating electronic data processing (EDP) applications into these  
2 programs. I also have specific authority to direct and control assigned staff  
3 work as well as participate as a staff auditor and audit manager.  
4

5 Q. Have you presented expert testimony before this Commission or any other  
6 regulatory agency?

7 A. Yes. I testified in the United Telephone Company rate case, Docket No.  
8 910980-TC and the Southern States Utilities, Inc rate case, Docket No. 950495-  
9 WS.  
10

11 Q. What is the purpose of your testimony today?

12 A. The purpose of my testimony is to sponsor specific portions of the staff  
13 audit report of Mid-County Services, Inc., Docket Number 971065-SU, and to  
14 address specific findings included. I am sponsoring the administrative  
15 portion of the Audit Report and Audit Exceptions 6 through 14. These pages  
16 are filed as an exhibit to my testimony and are identified as Exhibit CJW-1.  
17

18 Q. Was this audit report prepared by you?  
19

20 A. I was the audit manager in charge of this audit and coordinated the  
21 preparation of this report. I am specifically sponsoring the items listed  
22 above.  
23

24 Q. Please discuss Audit Exception 12.

25 A. Audit Exception No. 12 discusses Construction-Work-In-Progress (CWIP).

1 Also, attached to my testimony is Exhibit CJW-2 which includes the audit work  
 2 papers for this account. Schedules A-2 and A-6 (page 3 of 4) of the minimum  
 3 filing requirements (MFRs) indicate a CWIP balance in rate base of \$148,330.  
 4 Schedule A-6 lists nine work orders which total \$296,659. The schedule then  
 5 divides the total by 2 for an average yearly balance of \$148,330. The 1996  
 6 general ledger balance was \$140,490. During the audit, I reviewed a schedule  
 7 prepared by the utility titled "Costs Incurred For All Active Work Orders As  
 8 Of 5/31/97." This schedule is found in my Exhibit CJW-2. The charges shown  
 9 on Schedule A-6 can be traced to this schedule. Based on the schedule, some  
 10 of the costs are actual and some are estimates. The following is a summary  
 11 of these amounts from the schedule:

12	Work order 116-97-19	Est cost:	6,379	Actual 5/31/97:	0.00
13	Work order 116-96-11	Est cost:	10,000	Actual 5/31/97:	4,920.61
14	Work order 116-96-12	Actual cost:	107,891		
15	Work order 116-96-13	Est cost:	88,000	Actual 5/31/97	47,384.89
16	Work order 116-96-14	Est cost:	24,000	Actual 5/31/97:	0.00
17	Work order 116-96-15	Actual cost:	21,904		
18	Work order 116-96-16	Est cost:	9,900	Actual 5/31/97:	6,450.00
19	Work order 116-96-17	Actual cost:	12,584		
20	Work order 116-96-18	Est cost:	16,000	Actual 5/31/97:	7,177.83

21 The company also did not use an average balance when calculating the  
 22 capitalized interest. Rule 25-30.116(3)(b), Florida Administrative Code,  
 23 states "The monthly [allowance for funds used during construction] AFUDC rate,  
 24 carried out to six decimal places, shall be applied to the average monthly  
 25 balance of eligible CWIP that is not included in rate base." The audit staff  
 recalculated CWIP at December 31, 1996 and 1997, to be \$137,985 and \$228,406,  
 respectively. The amounts were calculated in accordance with the above

1 Commission rule and Commission Order No. PSC-93-1713-FOF-SU, issued November  
2 30, 1993, in Docket No. 921293-SU.

3 The December 31, 1997 CWIP balance includes \$18,046 for a non-recurring  
4 repair and \$4,500 for a charge booked twice. Work paper page 19-3 lists the  
5 invoices and indicates the duplicate charge. The two invoices supporting the  
6 repair costs are also in my exhibit.

7 I recommend that test year CWIP be reduced by \$2,505 to reflect the  
8 correct AFUDC calculation. The MFR balance of CWIP should be reduced by an  
9 additional \$7,840 to reflect the actual CWIP recorded on the books. If the  
10 1997 charges are allowed in CWIP as a pro forma plant adjustment, I recommend  
11 that the utility provide updated numbers of actual costs spent, by month, to  
12 complete the projects listed above that were included as estimates. The  
13 erroneous charges of \$4,500 and \$18,046 should be removed from these actual  
14 charges and the AFUDC calculation should be recalculated to conform to the  
15 Commission rule. It appears that only two of the projects relate to the  
16 Curlew and Belcher street projects that Mr. Wenz refers to in his testimony.  
17 Therefore, more detail should be provided regarding these projects before they  
18 are considered as pro forma adjustments.

19 Q. Does this conclude your testimony?

20 A. Yes, it does.

21

22

23

24

25



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
BUREAU OF AUDITING*

*Orlando District Office*

MID-COUNTY SERVICES, INC.

RATE CASE AUDIT

HISTORICAL YEAR ENDED DECEMBER 31, 1996

DOCKET NO. 971065-SU

AUDIT CONTROL NO. 97-267-3-1

Handwritten signature of Charleston J. Winston in black ink, written over a horizontal line.

*Charleston J. Winston, Audit Manager*

Handwritten signature of Hillary Y. Kemp in black ink, written over a horizontal line.

*Hillary Y. Kemp, Audit Staff*

Handwritten signature of Elbert E. Phillips in black ink, written over a horizontal line.

*Elbert E. Phillips, Audit Staff*

Handwritten signature of Ian J. Forbes in black ink, written over a horizontal line.

*Ian J. Forbes, Audit Supervisor*

## TABLE OF CONTENTS

<b>I</b>	<b>AUDITOR'S REPORT</b>	<b>PAGE</b>
	PURPOSE .....	1
	DISCLAIM PUBLIC USE .....	1
	OPINION .....	1
	SUMMARY OF SIGNIFICANT FINDINGS .....	2
	SUMMARY OF SIGNIFICANT PROCEDURES .....	2
<b>II</b>	<b>EXCEPTIONS</b>	
1.	SLUDGE REMOVAL EXPENSE .....	4
2.	ALLOCATED MISCELLANEOUS NONUTILITY EXPENSE .....	5
3.	ACCOUNT NO. 759 INSURANCE-OTHER .....	6
4.	ACCOUNT NO. 766 RATE CASE EXPENSE .....	7
5.	OTHER O & M ADJUSTMENTS .....	9
6.	CIAC RECONCILIATION AND RECOMPUTATION .....	10
7.	DEFERRED CHARGES .....	12
8.	CAPITALIZED LEGAL EXPENSES .....	13
9.	ACQUISITION COSTS .....	15
10.	CAPITALIZED EQUIPMENT REPAIRS .....	17
11.	UNSUPPORTED PLANT/DISCOUNTS NOT TAKEN .....	19
12.	CONSTRUCTION WORK-IN-PROGRESS .....	21
13.	UNRECORDED RETIREMENTS .....	22
14.	ACCUMULATED DEPRECIATION .....	23
<b>III</b>	<b>EXHIBITS</b>	
	RATE BASE .....	24
	NET OPERATING INCOME .....	25
	CAPITAL STRUCTURE .....	26

**DIVISION OF AUDITING AND FINANCIAL ANALYSIS  
AUDITOR'S REPORT**

**DECEMBER 19, 1997**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the accompanying schedules of Rate Base, Net Operating Income, and Capital Structure for the historical 12-month period ended December 31, 1996, for Mid-County Services, Inc. These schedules were prepared by the utility as part of its petition for rate relief in Docket No. 971065-SU. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance on their duties. Substantial audit work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission. The attached findings discuss all differences and other matters which were noted during our examination.

## **SUMMARY OF SIGNIFICANT FINDINGS**

**Reduce plant-in-service allocation from Utilities, Inc. for \$2,205 because the amount is derived from deferred charges.**

**Reduce plant-in-service for \$16,644 due to legal expenses being capitalized.**

**Reduce plant-in-service for \$1,812 for the acquisition costs.**

**Reduce plant-in-service for \$55,902 for capitalized equipment repairs.**

**Reduce plant-in-service for \$3,138 for unsupported plant and discount not taken.**

**Reduce construction work-in-progress for \$158,674 for out-of-period charges with an alternative recommendation for a reduction of \$68,253 for repairs and recording error.**

**Reduce plant-in-service for \$4,242 for retired plant.**

**Reduce accumulated depreciation for \$29,199 and depreciation expense for \$17,603 due to plant-in-service adjustments.**

**Increase Accumulated Amortization of CIAC for \$16,257 and CIAC amortization expense for \$3,468 to reconcile to Order No. PSC-93-1713-FOF-SU and for plant-in-service adjustments.**

**Sludge hauling expense for \$121,267 was misclassified to the Materials and Supplies account.**

**Reduce insurance expense for \$3,983 because it is nonutility.**

**Reduce insurance expense for \$2,886 because the amount was unsupportable and for an overpayment credit.**

**Reduce rate case expense for \$4,764 because the amount is unsupportable and misclassified.**

**Reduce chemicals expense for \$2,045 because of late fees and out-of-period expenses. Reduce materials and supplies expense for \$1,951 because of misclassification and out-of-period expenses. Reduce miscellaneous expense for \$43 because of out-of-period expenses. Increase taxes other than income for \$755 because of misclassification.**

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Examined** - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

**RATE BASE:** Compiled account balances for utility plant-in-service (UPIS), contributions-in-aid-of-construction (CIAC), accumulated depreciation, and accumulated amortization of CIAC from June 30, 1992. Reconciled rate base balances authorized in Commission Orders Nos. PSC-93-1713-FOF-SU and PSC-94-1042-FOF-SU issued November 30, 1993 and August 24, 1994, respectively, to the December 31, 1992 through December 31, 1996 general ledger balances. Tested 100 percent of Mid-County Services, Inc.'s plant additions. Tested \$774,911 of Utilities, Inc.'s plant additions before allocations to Mid-County Service, Inc. Tested supporting documentation for CIAC additions and agreed to FPSC-approved tariff amounts. Recomputed working capital using one-eighth of the company's operation and maintenance expenses. Tested additions to accumulated depreciation and accumulated amortization for proper rates and calculations. All additions were tested for the proper amount, period, and classification unless otherwise stated.

**NET OPERATING INCOME:** Compiled utility revenue and operation and maintenance accounts for the year ended December 31, 1996. Chose a judgmental sample of customer bills and recalculated using FPSC-approved rates. Chose a judgmental sample of operation and maintenance expenses and examined the invoices and other supporting documentation. Tested the calculation of depreciation and amortization expenses. Tested support for taxes other than income. Recalculated income taxes.

**CAPITAL STRUCTURE:** Compiled components of the capital structures for the year ended December 31, 1996. Agreed interest expense to the terms of the debt agreements. Traced the notes to the outside auditor's work papers where they were confirmed with the bank.

**OTHER:** Read external audit work papers and Board of Directors' Minutes for the twelve-month period ended December 31, 1996. Looked for items related to regulatory issues.

**Exception No. 6**

**Subject: CIAC Reconciliation and Recomputation**

**Statement of Fact:** Commission Order No. PSC-93-1713-FOF-SU issued November 30, 1993, required the company to make an adjustment to increase its accumulated amortization for \$42,563. Per the Order the amount was adjusted to reflect an error in the 1991 amortization expense.

**Recommendation:** The Commission should require the company to adjust its books to the Order.

Audit Exceptions Nos. 8 through 13 recommended adjustments to plant-in-service. These adjustments resulted in recalculating accumulated CIAC amortization. With the above adjustment to prior Order and the recomputation of accumulated CIAC amortization, the following adjustments should be made for the period ended December 31, 1996:

	Per Audit	Per Company	Adjustments
Avg. Acc. CIAC Amort.	\$793,712	\$779,980	\$13,732
Acc. CIAC Amort.	825,792	809,535	16,257
Amortization Expense	64,159	60,691	3,468

See the attached schedule for further information.

Exception No. 6 - Schedule									
YEAR	1 BEGINNING CIAC	2 BEGINNING CIAC AMORTIZATION	3 CIAC ADJUSTMENTS	4 CIAC ADDITIONS	5 ENDING CIAC 1+3+4	6 AMORTIZATION RATE	7 CURRENT AMORTIZATION $1+((0.5^3)+(0.5^4))^*$	8 ADJUSTMENT TO CIAC AMORTIZATION	9 ENDING AMORTIZATION 2+7
1992	1,719,860	581,201	0	6,811	1,725,471	1.25%	21,533	0	602,734
1993	1,725,471	602,734	0	24,116	1,749,587	2.67%	48,392	0	649,126
1994	1,749,587	649,126	0	258,320	2,007,907	2.81%	52,793	0	701,919
1995	2,007,907	701,919	0	102,365	2,110,272	2.90%	59,714	0	781,633
1996	2,110,272	781,633	0	129,231	2,239,503	2.95%	64,159	0	825,792
<b>AVG CIAC BAL.</b>	<b>2,110,272</b>	<b>+</b>	<b>2,239,503</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>2,174,888</b>		
<b>AVG ACC CIAC BAL</b>	<b>781,633</b>	<b>•</b>	<b>825,792</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>783,712</b>		

**Exception No. 7**

**Subject: Deferred Charges**

**Facts:** The company included \$2,205 in its MFRs as part of rate base under the caption Water Service Corporation. This amount was included in Account No. 186-43, Deferred Charges - Employees Finder Fees, and is being amortized over a three-year period.

**Recommendation:** The above \$2,205 was determined as follows:

	Total Deferred Charges	Mid-County's portion
1995	17,701	367
1996	<u>80,596</u>	<u>4,043</u>
Total:	98,297	4,410
	<u>12</u>	<u>12</u>
Average Bal	<u>49,149</u>	<u>2,205</u>

Since the company is using the one-eighth of operation and maintenance expenses for working capital allowance, the above \$2,205 should be disallowed as part of plant-in-service that is allocated from the parent company. To include this amount in rate base would be double counting since the amortization expense portion is already included in expenses as stated below.

The amortized portion of the deferred charges is \$1,841 included in operation and maintenance expenses, Account Number 735, Contractual Services-Other.

**Exception No. 8**

**Subject: Capitalized Legal Expenses**

**Statement of Fact:** The company capitalized \$16,644 in legal expenses for the period ended December 31, 1996. These expenditures were related to litigation with the Natural Resources Defense Council.

Per Commission Order PSC-93-1713-FOF-SU, costs of this nature were disallowed.

**Recommendation:** The utility should remove these charges from its books in order to comply with the above Order. Therefore, the audit staff recommends to the Commission that utility plant-in-service be reduced by \$16,644. The accumulated depreciation is discussed in Audit Exception No. 14. For further analysis of capitalized charges, see the attached schedule.

**AUDIT EXCEPTION NUMBER II-SCHEDULE**

Acct. #	Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Company Code	Description
354	06/31/82	McDermott, W&E & Emery	5,037.32	0.00	(5,037.32)	20748-89	41859	Legal fees related to NRDC
381	06/09/82	McDermott, W&E & Emery	2,096.52	0.00	(2,096.52)	20748-89	44156	Legal fees related to NRDC
381	07/30/82	McDermott, W&E & Emery	884.80	0.00	(884.80)	20748-89	42740	Legal fees related to NRDC
381	10/08/82	McDermott, W&E & Emery	4,267.29	0.00	(4,267.29)	20748-89	46481	Legal fees related to NRDC
381	11/11/82	McDermott, W&E & Emery	1,461.33	0.00	(1,461.33)	20748-89	48699	Legal fees related to NRDC
381	11/11/82	McDermott, W&E & Emery	485.84	0.00	(485.84)	20748-89	51290	Legal fees related to NRDC
381	12/31/83	McDermott, W&E & Emery	617.31	0.00	(617.31)	20748-89	53213	Legal fees related to NRDC
381	02/17/83	McDermott, W&E & Emery	802.97	0.00	(802.97)	20748-89	55525	Legal fees related to NRDC
381	03/16/83	McDermott, W&E & Emery	827.59	0.00	(827.59)	27048-89	57249	Legal fees related to NRDC
381	04/20/83	McDermott, W&E & Emery	182.93	0.00	(182.93)	20748-89	59672	Legal fees related to NRDC
		<b>Totals</b>	<b>16,643.90</b>	<b>0.00</b>	<b>(16,643.90)</b>			

**Exception No. 9**

**Subject: Acquisition Costs**

**Statement of Fact:** Mid-County Services, Inc. capitalized \$1,812 in acquisition costs for the period ended December 31, 1996. These costs were for travel and executive labor costs.

Per Commission Order PSC-93-1713-FOF-SU issued November 30, 1993, acquisition costs are disallowed for ratemaking purposes.

**Recommendation:** The company had already existed when it was purchased by the parent company, Utilities, Inc. The ratepayers should not have to pay for the acquisition costs.

The audit staff recommends to the Commission that utility plant-in-service be reduced by \$1,812 to comply with the above Order. The accumulated depreciation is discussed in Audit Exception No. 14. For further analysis of the capitalized charges, see the attached schedule.

**AUDIT EXCEPTION NUMBER & SCHEDULE**

Acct. #	Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Company Code	Description
351	11/03/92	Leslie Cohen	412.26	0.00	(412.26)	111092	48100	Acquisition costs
351	12/31/93	SEBO, Exec cap. time	1,400.00	0.00	(1,400.00)			Capitalized labor
		Totals	1,812.26	0.00	(1,812.26)			

**Exception No. 10**

**Subject: Capitalized Equipment Repairs**

**Statement of Fact:** The company capitalized \$55,902 in equipment repairs for the period ended December 31, 1996. The expenditures include pump repairs, lift station repairs, finance charges, and several motor rewinds.

Per Commission Rule 25-30.433, (8), "Non-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period can be justified."

**Recommendation:** The utility incorrectly capitalized these expenditures. These items are repairs, but not recurring in nature. The appropriate treatment would be to amortize these costs over a five-year period. The finance charges recorded by the company are to be borne by the shareholders of the company. The ratepayers should not have to pay for the company's imprudent actions.

The audit staff recommends to the Commission that utility plant-in-service should be reduced by \$55,902 in order to comply with the above Commission rule. The accumulated depreciation is discussed in Audit Exception No. 14. For further analysis of the capitalized charges, see the attached schedule.

**AUDIT EXCEPTION NUMBER 10-SCHEDULE**

Acct. #	Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Company Code	Description
354	02/15/94	Electrical & Mechanical Svcs.	1,736.19	0.00	(1,736.19)	8357	82771	Pump repair
354	06/07/94	Electrical & Mechanical Svcs.	2,451.89	0.00	(2,451.89)	8811	86288	Pump repair
354	06/07/94	Electrical & Mechanical Svcs.	867.88	0.00	(867.88)	9073	82284	Pump repair
354	06/07/95	Electrical & Mechanical Svcs.	707.20	0.00	(707.20)	2162	20159	Motor rewind
354	08/17/95	Electrical & Mechanical Svcs.	3,014.64	0.00	(3,014.64)	3823	45898	Capitalized repair
354	08/19/95	Electrical & Mechanical Svcs.	2,001.12	0.00	(2,001.12)	2240	20710	Motor rewind
354	07/31/92	Ells K. Phelps & Co.	1,508.21	0.00	(1,508.21)	006407	40850	LR Station Repair
354	08/01/92	Electrical & mechanical Svcs.	843.97	0.00	(843.97)	V8512	41887	LR Station Repair
354	02/10/93	U. S. Pipeline Services	1,500.00	0.00	(1,500.00)	1548	58188	Sand removal for existing L. S. line
354	03/02/93	Electrical & Mechanical Svcs.	1,758.01	0.00	(1,758.01)	8003	57381	Pump repair for lift station
354	08/04/93	Electrical & Mechanical Svcs.	1,513.78	0.00	(1,513.78)	8832	88135	Motor rewind
381	12/31/98	U. S. Pipeline	1,000.00	0.00	(1,000.00)	1145	50443	Manhole rehab
381	02/14/94	U. S. Pipeline Services, Inc.	1,000.00	0.00	(1,000.00)	197	88982	Capitalized Repair
381	01/14/94	Electrical & Mechanical Svcs.	1,822.53	0.00	(1,822.53)	8133	80803	Repair of Flygt pump
381	02/28/98	Pat's Pumps	3,074.00	0.00	(3,074.00)	3879	31648	Rebuilt autorbit lift Blower-cap. repair
381	03/08/98	Pat's Pumps	2,915.00	0.00	(2,915.00)	3887	32127	Rebuilt autorbit lift Blower-cap. repair
381	03/23/94	Pat's Pumps	1,027.20	0.00	(1,027.20)	2151	84305	Blower motor repair
381	04/11/95	A. W. K. Industries	852.33	0.00	(852.33)	95384	10053	Capitalized repair
381	04/17/95	Electrical & Mechanical Svcs.	853.38	0.00	(853.38)	1841	18423	Rebuilt blower motor
381	04/17/95	Pat's Pump	3,189.40	0.00	(3,189.40)	03149	11155	Rebuilt blower motor
381	05/19/94	Electrical & Mechanical Svcs.	859.80	0.00	(859.80)	8718	87843	Pump repair
381	06/07/94	Electrical & Mechanical Svcs.	881.42	0.00	(881.42)	8820	88034	Pump repair
381	07/19/94	A. W. K. Industries, Inc.	1,811.28	0.00	(1,811.28)	084551	91131	Chlorine & SO2 controller repairs
381	07/28/98	Pat's Pumps	2,239.78	0.00	(2,239.78)	04323	41891	#10 RAJ Blower-cap. repair
381	08/03/95	Electrical & Mechanical Svcs.	1,528.50	0.00	(1,528.50)	2200	20114	Motor rewind
381	08/08/94	Electrical & Mechanical Svcs.	841.08	0.00	(841.08)	8275	V8512	Motor rewind
381	08/21/94	Florida Detroit diesel	1,227.22	0.00	(1,227.22)	131480	2325	Generator engine repair
381	08/21/94	Florida Detroit diesel	18.41	0.00	(18.41)	131480		Finance charge
381	10/08/98	Electrical & Mechanical Svcs.	2,503.55	0.00	(2,503.55)	4052	46785	pump/motor rewind-cap. repair
381	10/12/95	Electrical & Mechanical Svcs.	1,034.15	0.00	(1,034.15)	2344	22328	Pump repair
381	10/23/95	Electrical & Mechanical Svcs.	1,009.05	0.00	(1,009.05)	2388	23818	Gorman Rupp pump repaired
381	10/31/94	Pat's Pump	1,134.20	0.00	(1,134.20)	02881	2155	Motor rewind
381	12/30/98	Pat's Pumps	4,897.20	0.00	(4,897.20)	4728	51483	Capitalized repair
381	07/27/92	Electrical & Mechanical Svcs.	1,180.57	0.00	(1,180.57)	V8512	41884	Motor rewind
381	11/08/93	Electrical & Mechanical Svcs.	918.28	0.00	(918.28)	7045	79423	Motor rewind
384	01/24/98	Gas Tech	818.37	0.00	(818.37)	828143	32430	Capitalized repair
		<b>Totals</b>	<b>55,801.98</b>	<b>0.00</b>	<b>(55,801.98)</b>			

**Exception No. 11**

**Subject:       Unsupported Plant/Discounts Not Taken**

**Statement of Fact:**   The company charged \$8,601 to utility plant-in-service for the period ended December 31, 1996. In the above amount, \$3,138 are for discounts not taken, first class airfare, and insufficient supporting documentation for entries made on the company's books.

**Recommendation:**   The utility was unable to provide appropriate documentation for the entries it made on its books. The company also did not avail itself of the discount opportunities presented to it. The ratepayers should not have to pay for the company's decision not to take advantage of the discounts offered. The shareholders of the company should bear that cost as well as the cost for first class airfare.

The audit staff recommends to the Commission that utility plant-in-service be reduced by \$3,138 to remove the entries made on its books. The accumulated depreciation is discussed in Audit Exception No. 14. For further analysis of the capitalized charges, see the attached schedule.

AUDIT EXCEPTION NUMBER 11-SCHEDULE								
Acct. #	Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Company Code	Description
354	08/11/85	Utility Supply of America	308.81	303.87	(8.04)	542882	18413	No discount taken
354	08/16/85	Utility Supply of America	180.41	178.94	(3.47)	55111	18851	No discount taken
354	08/17/85	Utility Supply of America	107.48	105.45	(2.03)	55271	18851	No discount taken
354	08/22/85	Utility Supply of America	73.25	71.80	(1.35)	55778	18851	No discount taken
381	01/01/83	V7038 R32848	1,000.00		(1,000.00)		8311	No support found
381	03/27/85	Utility Supply of America	442.82	434.28	(8.84)	42328		No discount taken
381	12/31/83	American Express	1,847.00	1,844.00	(483.00)		52857	Insufficient support
381	12/31/83	Utility Supply of America	448.47	439.83	(8.84)		53303	No discount taken
381	07/10/82	Steve Kennedy	223.44		(223.44)	V3011	40175	Insufficient support
381	08/30/82	American Express	817.00		(817.00)	V3488	44337	First class airfare ticket
381	03/16/83	Utility Supply of America	300.17	284.48	(5.89)	004617	55531	No discount taken
388	11/01/82	Utility Supply of America	188.88	183.12	(3.98)	001872	47321	No discount taken
389		Home Depot	318.80		(318.80)			Insufficient support
389	05/28/84	Home Depot	388.27	388.58	(1.71)	52884	88788	No discount taken
389		Home Depot	88.78		(88.78)		18058	Insufficient support
389		Home Depot	184.21		(184.21)		3848	No support found
383	01/25/85	A-1 Fire Safety	79.84	78.44	(1.50)	4581	87105	No discount taken
383	03/05/83	Utility Supply of America	180.88	177.24	(3.82)	050733	18085	No discount taken
383	08/28/84	Utility Supply of America	310.25	288.95	(20.30)		7887	Insufficient support
383	08/28/84	Durath Loan Equipment	238.40	233.79	(4.61)	085881	25888	No discount taken
383	12/04/85	Utility Supply of America	787.28	742.30	(14.98)	4418	55533	No discount taken
384	02/17/83	Utility Supply of America	8,800.81	5,482.15	(3,138.46)			

**Exception No. 12**

**Subject: Construction Work-In-Progress**

**Statement of Fact:** The company recorded \$296,659 in construction work-in-progress for the period ended December 31, 1996. Charges for 1997 are included in the above amount. The company also did not use an average balance when calculating the capitalized interest. The company included \$18,046 for a non-recurring repair and \$4,500 for a charge booked twice in 1997 amounts.

Per Commission Rule 25-30.116, 3(b), "The monthly AFUDC rate, carried out to six decimal places, shall be applied to the average monthly balance of eligible CWIP that is not included in rate base."

**Recommendations:** The audit staff recalculated construction work-in-progress at December 31, 1996 and 1997, to be \$137,985 and \$228,406, respectively. The amount was calculated in accordance with the above Commission rule and Commission Order PSC-93-1713-FOF-SU.

The audit staff recommends to the Commission that construction work-in-progress be reduced by \$158,674 (\$296,659-\$137,985) to remove the out-of-period charges. The audit staff further recommends to the Commission that the company be required to comply with the above Commission rule.

**Alternative Recommendation:** If the 1997 pro forma charges are allowed in construction work-in-progress, then the audit staff recommends to the Commission a reduction of \$68,253 (\$296,659-\$228,406) to remove the repairs and recording error.

**Exception No. 13**

**Subject: Unrecorded Retirements**

**Statement of Fact:** The company failed to record several retirements totaling \$4,242 for the period ended December 31, 1996.

<u>Acct. #</u>	<u>Description</u>	<u>Amount</u>	<u>Year</u>
360	Collection Sewers-Force	\$1,803	1994
381	Plant Sewers	\$ 300	1994
393	Tools, Shop, Garage	\$ 400	1994
354	Structures & Improv.	\$1,364	1995
381	Plant Sewers	<u>\$ 375</u>	1996
	Total	<u>\$4,242</u>	

**Recommendation:** The audit staff discovered that the company did not record the retirements. The audit staff recommends to the Commission that utility plant-in-service be reduced by \$4,242 to remove the retired plant. The accumulated depreciation is discussed in Audit Exception No. 14.

**Exception No. 14**

**Subject: Accumulated Depreciation**

**Statement of Fact:** The company recorded \$1,051,134 in accumulated depreciation for the period ended December 31, 1996. The amount the company records indicates that depreciation expense for 1996 is \$127,053.

**Recommendation:** The audit staff recalculated accumulated depreciation and depreciation expense due to Audit Exceptions Nos. 8 through 12. The recalculated amount is \$1,020,935 and \$109,450, respectively.

The audit staff recommends to the Commission that the company be required to reduce accumulated depreciation by \$29,199 (\$1,051,134-\$1,021,935) and depreciation expense by \$17,603 (\$127,053-\$109,450) to correctly state the account balances.

Schedule of Sewer Plant in Service, by Primary Account

Company: Mid-County Services, Inc.  
 Docket No. : 971065-SU  
 Schedule Year Ended: 12/31/96  
 Interim [ ] Final [X]  
 Historical [X]

Schedule: A-2  
 Page 1 of 1  
 Preparer: FPG

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use. If method other than formula approach (1/8 O&M) is used to determine working capital, provide additional schedule showing detail calculation.

Line No.	(1) Description	(2) Average Balance Per Books YE 12/31/96	(3) Utility Adjustments	(4) Adjusted Average Balance YE 12/31/96	(5) Supporting Schedule(s)
1	Utility Plant in Service	3,880,925	(131,742)	3,749,183	A-6
2	Utility Land & Land Rights	18,403	0	18,403	A-6
3	Less: Non-Used & Useful Plant	0	0	0	A-7
4	Construction Work in Progress	0	148,330	148,330	A-6
5	Less: Accumulated Depreciation	(1,004,622)	10,754	(993,868)	A-10
6	Less: CIAC	(2,174,889)	0	(2,174,889)	A-12
7	Accumulated Amortization of CIAC	777,284	2,696	779,980	A-14
8	Water Service Corporation	0	58,787	58,787	A-6
9	Working Capital Allowance	103,144	(2,048)	101,096	A-17
10	Total Rate Base	<u>1,600,246</u>	<u>86,777</u>	<u>1,687,022</u>	

Schedule of Sewer Net Operating Income

Company: Mid-County Services, Inc.  
 Docket No. : 971065-SU  
 Schedule Year Ended: 12/31/96  
 Interim  Final   
 Historical

Schedule: B-2  
 Page 1 of 1  
 Preparer: FPG

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line	(1) Description	(2) Utility Test Year	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenue	Supporting Schedule(s)
1	OPERATING REVENUES	883,000	30,593	913,593	312,306	1,225,899	B-3 & B-4
2	Operation & Maintenance	825,155	(16,385)	808,770	0	808,770	B-6
3	Depreciation	122,236	4,817	127,053	0	127,053	B-3 & B-14
4	CIAC Amortization	(59,110)	(1,581)	(60,691)	0	(60,691)	B-3
5	Taxes Other Than Income	92,989	1,934	94,923	14,054	108,977	B-3 & B-15
6	Provision for Income Taxes	(64,608)	44,282	(20,326)	104,020	83,694	B-3 & C-1
9	OPERATING EXPENSES	916,662	33,067	949,729	118,074	1,067,803	
10	NET OPERATING INCOME	(33,662)	(2,474)	(36,136)	194,232	158,096	
11	RATE BASE	1,600,246		1,687,022		1,687,022	
12	RATE OF RETURN	(2.10%)		(2.14%)		9.37%	

Schedule of Requested Cost of Capital  
 Beginning and End of Year Average

Schedule: Utilities, Inc. (Parent Company)  
 Company: Mid-County Services, Inc.  
 Docket No. : 971065-SU  
 Last Year Ended: 12/31/96  
 Schedule Year Ended: 12/31/96  
 Historical

Schedule: D-1  
 Page 1 of 2  
 Preparer: FPG

Subsidiary  or Consolidated

Simple average capital structure.

Explanation: Provide a schedule which calculates the requested Cost of Capital on a beginning and end of year average basis. If a year-end basis is used, submit an additional schedule reflecting year-end calculations.

Line No.	Class of Capital	(1) Reconciled To Requested Rate Base AYE 12/31/96	(2) Ratio	(3) Cost Rate	(4) Weighted Cost
1	Long-Term Debt	845,741	50.13%	9.18%	4.60%
2	Short-Term Debt	26,038	1.54%	9.74%	0.15%
3	Preferred Stock	0	0.00%	0.00%	0.00%
4	Customer Deposits	0	0.00%	0.00%	0.00%
5	Common Equity	761,342	45.13%	10.22%	4.61%
6	Tax Credits - Zero Cost	0	0.00%	0.00%	0.00%
7	Tax Credits - Wtd. Cost	0	0.00%	0.00%	0.00%
8	Accum. Deferred Income Taxes	53,901	3.20%	0.00%	0.00%
9	Other (Explain)	0	0.00%	0.00%	0.00%
10	Total	1,687,022	100%		9.37%

Supporting Schedules: D-2  
 Recap Schedules: A-1, A-2

Note: Leverage Formula:  $8.38 + 0.832/ER$

*aw*

EXHIBIT CJW-2 (PAGE 1 OF 12)

Project #	7/31/97	8/31/97	9/30/97	10/31/97	11/30/97	12/31/97	1/31/98	2/28/98	3/31/98	4/30/98	5/31/98	6/30/98	7/31/98	8/31/98	9/30/98	10/31/98	11/30/98	12/31/98	1/31/99	2/28/99	3/31/99	4/30/99	5/31/99	6/30/99	7/31/99	8/31/99	9/30/99	10/31/99	11/30/99	12/31/99	1/31/00	2/28/00	3/31/00	4/30/00	5/31/00	6/30/00	7/31/00	8/31/00	9/30/00	10/31/00	11/30/00	12/31/00												
Project # 110-00-11	07000	73100	09100	09000	100100	110000	120100	1/31/98	2/28/98	3/31/98	4/30/98	5/31/98	6/30/98	7/31/98	8/31/98	9/30/98	10/31/98	11/30/98	12/31/98	1/31/99	2/28/99	3/31/99	4/30/99	5/31/99	6/30/99	7/31/99	8/31/99	9/30/99	10/31/99	11/30/99	12/31/99	1/31/00	2/28/00	3/31/00	4/30/00	5/31/00	6/30/00	7/31/00	8/31/00	9/30/00	10/31/00	11/30/00	12/31/00											
Address	01101	1,132.00	2,264.00	3,396.00	4,528.00	5,660.00	6,792.00	7,924.00	9,056.00	10,188.00	11,320.00	12,452.00	13,584.00	14,716.00	15,848.00	16,980.00	18,112.00	19,244.00	20,376.00	21,508.00	22,640.00	23,772.00	24,904.00	26,036.00	27,168.00	28,300.00	29,432.00	30,564.00	31,696.00	32,828.00	33,960.00	35,092.00	36,224.00	37,356.00	38,488.00	39,620.00	40,752.00	41,884.00	43,016.00	44,148.00	45,280.00	46,412.00	47,544.00	48,676.00	49,808.00	50,940.00								
Capitalized Interest	3.00	10.47	14.03	16.91	19.30	22.20	25.60	29.40	33.60	38.00	42.80	48.00	53.60	59.20	65.20	71.60	78.40	85.60	93.20	101.20	109.60	118.40	127.60	137.20	147.20	157.60	168.40	179.60	191.20	203.20	215.60	228.40	241.60	255.20	269.20	283.60	298.40	313.60	329.20	345.60	362.40	379.60	397.20	415.20	433.60	452.40	471.60	491.20						
Building Balance	020.00	1,967.40	1,982.39	2,149.39	2,723.99	3,744.00	5,008.00	6,624.00	8,592.00	1,094.40	1,384.00	1,704.00	2,056.00	2,440.00	2,856.00	3,304.00	3,792.00	4,320.00	4,888.00	5,496.00	6,144.00	6,832.00	7,560.00	8,328.00	9,136.00	9,984.00	10,872.00	11,800.00	12,768.00	13,776.00	14,824.00	15,912.00	17,040.00	18,208.00	19,416.00	20,664.00	21,952.00	23,280.00	24,648.00	26,056.00	27,504.00	28,992.00	30,520.00	32,088.00	33,696.00	35,344.00	37,032.00	38,760.00	40,528.00	42,336.00	44,184.00	46,072.00	48,000.00	50,000.00

Project #	12/31/97	12/31/98
Project # 110-00-11	0,000.00	0,000.00
Project # 110-00-12	20,307.00	20,307.00
Project # 110-00-13	0,000.00	0,000.00
Project # 110-00-14	0,000.00	0,000.00
Project # 110-00-15	22,200.00	22,200.00
Project # 110-00-16	0,000.00	0,000.00
Project # 110-00-17	11,000.00	11,000.00
Project # 110-00-18	0,000.00	0,000.00
Project # 110-00-19	0,000.00	0,000.00
Total OWP per mail	33,507.00	33,507.00

\* Estimated Completion Dates:

Project # 110-00-11	May 1997
Project # 110-00-12	January 97
Project # 110-00-13	October 97
Project # 110-00-14	July 1997
Project # 110-00-15	March 1997
Project # 110-00-16	July 1997
Project # 110-00-17	March 1997
Project # 110-00-18	July 1997
Project # 110-00-19	May 1997

Total Capitalized Interest:

Project #	12/31/97	12/31/98
Project # 110-00-11	3.00	3.00
Project # 110-00-12	0,017.20	0,017.20
Project # 110-00-13	0.00	0.00
Project # 110-00-14	0.00	0.00
Project # 110-00-15	78.07	78.07
Project # 110-00-16	0.00	0.00
Project # 110-00-17	0.00	0.00
Project # 110-00-18	0.00	0.00
Project # 110-00-19	0.00	0.00
Total	81.07	81.07

\*\* Includes 8916 & 83,804 in addition from 1995.

AUDITOR NOTE:  
 PER Audit 228,406.02  
 PER Co. 192PT 296,654.00  
 DIFFERENCE (68,251.98)  
 01/23/97

AUDITORS NOTE:  
 ALL LISTED ADDITIONS & DELETIONS ARE FROM WORKSHEET 19-1, EXCEPT WHERE SHOWN.

Docket No. 971065-SU  
 Exhibit CJW-2 (Page 1 of 12)  
 Cost Schedule

SOURCE AS INDICATED

*ew*

1996 Plant Additions

Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Project #	Description	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	Total	
01/01/96	Liveras, Baur & Stevens	1,138 00	1,138 00	0 00	44474	116-06-11	Engineering fees	1,138 00												4,500 00	7,479 00
08/01/96	Liveras, Baur & Stevens	142 80	142 80	0 00	44605	116-06-11	Engineering fees		2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
04/01/96	Liveras, Baur & Stevens	886 00	886 00	0 00	44684	116-06-11	Engineering fees														
08/27/96	Liveras, Baur & Stevens	1,138 00	1,138 00	0 00	28086	116-06-11	Engineering fees														0 00
12/30/96	Southern Bay Company	4,800 00	4,800 00	0 00	12004-LHO	116-06-11	Fence mesh installation	116-06-12	54,827 00	918 00		33,742 00	188 00							280 00	88,703 00
01/01/96	Liveras, Baur & Stevens	867 80	867 80	0 00	28085	116-06-12	Engineering fees														
01/01/96	Liveras, Baur & Stevens	1,268 25	1,268 25	0 00	29086-3C2	116-06-12	Engineering fees	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
01/24/96	FI Dept of Transportation	82,220 84	82,220 84	0 00	15150-3580	116-06-12	Joint Project Agreement														2,240 00
01/01/96	FI Dept. Environ. Protection	280 00	280 00	0 00	0082-2422	116-06-12	DEP permit														
02/01/96	Liveras, Baur & Stevens	391 25	391 25	0 00	44543	116-06-12	Engineering fees	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98		
02/01/96	Liveras, Baur & Stevens	627 80	627 80	0 00	44544	116-06-12	Engineering fees	116-06-13	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	9,498 00
04/30/96	FI Dept of Transportation	33,742 97	33,742 97	0 00	15150-3590	116-06-12	Joint Project Agreement														1,388 00
05/01/96	Liveras, Baur & Stevens	186 00	186 00	0 00	44780	116-06-12	Engineering fees	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
11/30/96	FI Dept. Environ. Protection	250 00	250 00	0 00	111896A	116-06-12	DEP permit														
08/28/96	Post, Buckley, Schuh	1,368 80	1,368 80	0 00	78639	116-06-13	Engineering fees														21,212 00
08/13/96	Post, Buckley, Schuh	1,822 38	1,822 38	0 00	78688	116-06-13	Engineering fees														38,480 00
10/08/96	Post, Buckley, Schuh	5,840 91	5,840 91	0 00	78613	116-06-13	Engineering fees														13,850 00
10/08/96	Post, Buckley, Schuh	898 51	898 51	0 00	78258	116-06-13	Engineering fees	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98		
12/08/96	Space Master	14,446 00	14,446 00	0 00	120888	116-06-15	New trailer for plant office	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
12/17/96	Osell Asphalt & Sealing	6,836 00	6,836 00	0 00	1780	116-06-15	Road resurface														8,200 00
		126,764 88	126,764 88	0 00																	

1997 Plant Additions

Date	Vendor	Amount Per Company	Amount Per Audit	Difference	Invoice #	Project #	Description	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	Total	
02/14/97	Post, Buckley, Schuh	2,800 42	2,800 42	0 00		116-06-13	Engineering fees	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
07/03/97	Dragon Environmental	16,448 00	0 00	(16,448 00)			Send & grit removal														
07/23/97	Dragon Environmental	1,800 00	0 00	(1,800 00)			Send & grit removal														
01/01/97	Southern Bay Company	4,800 00	0 00	(4,800 00)	12004-LHO	116-06-11	Recorded in 1996-recorded tapes	116-06-17	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	0 00
02/1/97	Southern Bay Company	2,240 00	2,240 00	0 00	12004-2	116-06-12	Clear & Grub right of way														
05/01/97	Liveras, Baur & Stevens	1,278 25	1,278 25	0 00	4078987	116-06-13	Engineering fees	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
05/08/97	Electrical & Mechanical	1,382 86	1,382 86	0 00	8858	116-06-13	Belcher LR station														11,034 00
05/08/97	Electrical & Mechanical	1,323 88	1,323 88	0 00	8858	116-06-13	Belcher LR station														
06/07/97	Southern Bay Company	32,487 75	32,487 75	0 00	12004-2	116-06-13	Belcher Road relocation	116-06-18	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	0 00
08/07/97	Southern Bay Company	13,880 00	13,880 00	0 00	080797	116-06-13	Belcher Road relocation														
08/08/97	Post, Buckley, Schuh	888 08	888 08	0 00	81156	116-06-13	Engineering fees														
08/25/97	Southern Bay Company	20,317 80	20,317 80	0 00	8001	116-06-13	Belcher road relocation	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
07/07/97	Phelan Co. Solid Waste Mngt	6,300 00	6,300 00	0 00	midco-wa	116-06-14	Deposit for landfill service														
07/31/97	J & J Behr	1,900 00	1,900 00	0 00	162	116-06-14	Spanish Pines BR station														10,471 00
01/03/97	RBC Rental	101 16	101 16	0 00	1621313	116-06-15	Equipment for trencher														
01/14/97	Electrical & Mechanical	1,228 73	1,228 73	0 00	8083	116-06-16	Conduit installation	116-06-19	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	0 00
02/04/97	Electrical & Mechanical	338 12	338 12	0 00	5181	116-06-16	Conduit installation														
03/04/97	U & S Pipeline	8,450 00	8,450 00	0 00	1177	116-06-16	Lateral line installation	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
05/20/97	U & S Pipeline	1,026 00	1,026 00	0 00	1220	116-06-16	Stroke testing on Deewood Circle														6,379 00
03/04/97	U & S Pipeline	11,034 08	11,034 08	0 00	1176	116-06-17	Emergency line repair														
04/01/97	Seminole Septic	250 00	250 00	0 00	33770	116-06-18	Line clearing	116-07-16	1/98	2/98	3/98	4/98	5/98	6/98	7/98	8/98	9/98	10/98	11/98	12/98	0 00
04/06/97	Southern Bay Company	4,178 08	4,178 08	0 00	4001-LHOF	116-06-18	Emergency line repair														
04/22/97	U & S Pipeline	1,356 75	1,356 75	0 00	1183	116-06-18	Line clearing														
04/30/97	U & S Pipeline	895 00	895 00	0 00	1200	116-06-18	Line clearing														
06/05/97	J. T. V., Inc.	500 00	500 00	0 00	11741	116-06-18	Television inside line	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97		
06/20/97	U & S Pipeline	3,292 00	3,292 00	0 00	1213	116-06-18	Line clearing & televising														1,350 00
05/02/97	AA Cul Rate Septic	400 00	400 00	0 00	MC/5-2-97	116-06-19	Service for Spanish pines	116-07-17	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97	0 00
05/08/97	Electrical & Mechanical	5,979 58	5,979 58	0 00	8657	116-06-19	Spanish Pines BR station														1,550 00
08/24/97	U & S Pipeline	1,350 00	1,350 00	0 00	1235	116-07-16	Video inspection of lines														
08/06/97	U & S Pipeline	875 00	875 00	0 00	1258	116-07-16	Lateral repair	116-07-18	1/97	2/97	3/97	4/97	5/97	6/97	7/97	8/97	9/97	10/97	11/97	12/97	0 00
02/25/97	Seminole Septic	1,550 00	1,550 00	0 00	3334	116-07-17	Emergency line repair														5,347 00
08/20/97	Southern Bay Company	4,980 58	4,980 58	0 00	8001	116-07-18	Repair mesh during construction														
08/20/97	Southern Bay Company	888 00	888 00	0 00	8001	116-07-18	Mesh error on original billing														257,403 00
		153,185 20	130,639 20	(22,546 00)																	

/- TOTAL TO SUPPORTING INVOICE

SOURCE AS INDICATED

MID-COUNTY SERVICES, INC  
 Docket No. 971065-SU  
 Period Ending 12/31/96  
 CIVIL PEO CD @ 12/31/96

RP  
 11/97  
 CW



Schedule of Construction Work in Progress

Florida Public Service Commission  
 Schedule: A-6  
 Page 3 of 4  
 Preparer: FPO

Company: Mid-County Services, Inc.  
 Docket No.: 971065-SU  
 Schedule Year Ended: 12/31/96  
 Interim  Final

Line No.	Account Name	Cost
1	Collection Sewers -Force	10,000
2	Collection Sewers -Force	107,891
3	Collection Sewers -Force	86,000
4	Treatment & Disposal Equipment	24,000
5	Treatment & Disposal Equipment	21,504
6	Collection Sewers -Force	9,900
7	Collection Sewers -Force	12,584
8	Collection Sewers -Force	16,000
9	Treatment & Disposal Equipment	6,380
	Total	296,659
	Adjusted Average Balance	148,330

Description of Projects in Progress:

- 1 Replace Frontier Village Force Main.
- 2 Relocate sanitary sewer lines along Curlew Road east of US -19.
- 3 Relocate sanitary sewer lines along Bulcher Road.
- 4 Remove sand and grit from the WWTTP tankage.
- 5 Replace existing office with pre-fabricated unit and overlay entrance road to plant through David Mobile Home Park.
- 6 Clean and televiser portion of sewer lines impacted by telephone cable installation.
- 7 Replace broken sewer main in the 580 Mobile Home Park.
- 8 Replace broken sewer main serving Republic bank.
- 9 Replace valves, check valves and add emergency pump around to Spanish Plaza L/S.

00108



19-1043

SOURCE:



19-2

Cost Schedule

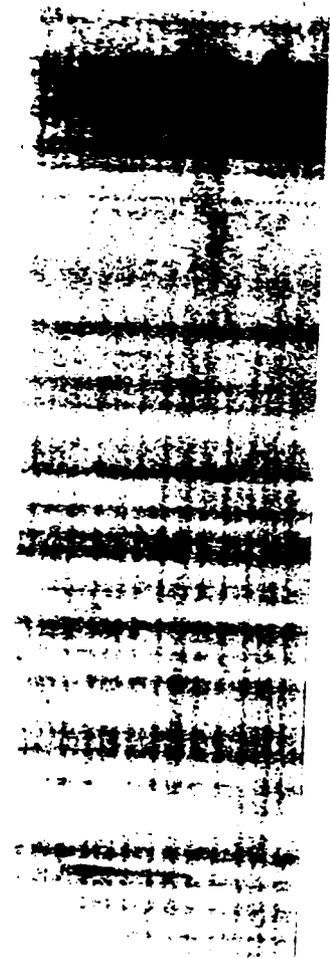
MID-COUNTY SERVICES, INC

Docket No. 971065-SU

Period Ending 12/31/96

CWIP PER CO @ 12/31/96

BP  
11/97  
CW



\* PROJECT IN LATE IN CWIP @ 12/31/96

LINE NO.	DESCRIPTION	UNIT PRICE	QUANTITY	TOTAL	PERCENTAGE	DATE	REMARKS
1	CONCRETE	...	...	...	...	...	...
2	STEEL	...	...	...	...	...	...
3	WOOD	...	...	...	...	...	...
4	PAINT	...	...	...	...	...	...
5	LABOR	...	...	...	...	...	...
6	EQUIPMENT	...	...	...	...	...	...
7	PERMITS	...	...	...	...	...	...
8	INSURANCE	...	...	...	...	...	...
9	PROFIT	...	...	...	...	...	...
10	TOTAL	...	...	...	...	...	...

PBC

SOURCE:

PBC

Cost Schedule

MID-COUNTY SERVICES, INC

Docket No. 971065-SU

Period Ending 12/31/96

Swif PEE Co @ 12/31/96

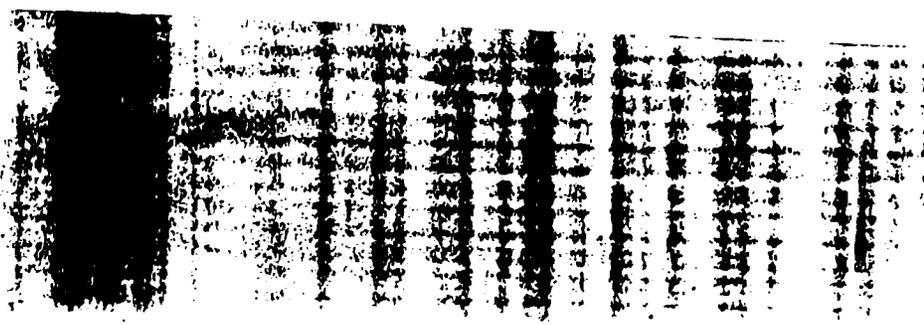
RL

11/97

Cur

PROJECT NO.	PROJECT DESCRIPTION	WORK ORDER #	ESTIMATED COST DATE	COMPONENT CATEGORY	ESTIMATED AMOUNT	SPENT TO DATE	OVERSAMPLER BALANCE	PERCENT OF BUDGET	PROJECT STATUS	DATE IN SERVICE	NOTES
11	Replace sanitary sewer line along Center Road	0040-110-00-11	01/97	CONSTRUCTION	01,000.00	01,001.11	-1,001.11	200%	OPEN		This is proposed for WFO 0040-110-00-12 which is the relocation of the sanitary sewer line along Center Road Estimated completion date extended to 01/97 per Doc R on 11/97
				TOTAL	01,000.00	01,001.11	-1,001.11	200%			
12	Replace sanitary sewer line along Center Road east of 1st St	0040-110-00-12	10/97	CONSTRUCTION	000,000.00	000,000.00	000,000.00	100%	OPEN		This is proposed by WFO 0040-110-00-11 which is replacing the Center Road Sanitary sewer line of which will be extended the SW WFO extended to present amount from 000000.00
				TOTAL	000,000.00	000,000.00	000,000.00	100%			
13	Replace sanitary sewer line along Center Road	0040-110-00-13	10/97	CONSTRUCTION	000,000.00	000,000.00	000,000.00	100%	OPEN		Estimated completion date extended to 10/97 per Doc R 11/97
				TOTAL	000,000.00	000,000.00	000,000.00	100%			
14	Remove sand and dirt from 007777 storage	0040-110-00-14	7/97	CONSTRUCTION	000,000.00	000,000.00	000,000.00	100%	COMPLETE	01/97	Project completed 01/97 per Doc R
				TOTAL	000,000.00	000,000.00	000,000.00	100%			
15	Replace existing utility line pre-installed with and empty sanitary sewer in place through Street Middle Home Park	0040-110-00-15	01/97	CONSTRUCTION	010,000.00	010,111.00	-111.00	110%	COMPLETE	01/97	Project completed 01/97 per Doc R
				TOTAL	010,000.00	010,111.00	-111.00	110%			
16	Clear and install portion of sewer line impacted by telephone utility installation	0040-110-00-16	7/1997	CONSTRUCTION	000,000.00	000,000.00	000,000.00	100%	OPEN		Amend completion date to 7/1997 per Doc R
				TOTAL	000,000.00	000,000.00	000,000.00	100%			
17	Replace broken sewer main to the 000 Middle Home Park	0040-110-00-17	01/97	CONSTRUCTION	010,000.00	010,000.00	000,000.00	100%	COMPLETE	01/97	Project complete 01/97 per Doc R
				TOTAL	010,000.00	010,000.00	000,000.00	100%			
18	Replace broken sewer main existing Republic St	0040-110-00-18	7/1997	CONSTRUCTION	010,000.00	010,177.00	-177.00	107%	OPEN		Amend completion date to 7/1997 per Doc R
				TOTAL	010,000.00	010,177.00	-177.00	107%			

\* Projects Included in CMAA @ 12/31/96



SOURCE:

Cost Schedule

MID-COUNTY SERVICES, INC

Docket No. 971065-SU

Period Ending 12/31/96

BP  
12/17

SCHEDULE OF SUPPORT FOR CWIP

PBC

Plant Invoices 1996 and 1997		
1996		
Reference Number	Amount	Invoice
	43,220.84	711750
	10,000.00	
	667.50	
	1,290.25	
	250.00	
	301.25	
	627.50	
	142.50	
	1,130.00	
	59,742.97	
	666.00	
	166.00	
	1,120.00	
	1,300.00	
	1,022.00	
	200.00	
	200.00	
	1,000.00	
	3,448.00	
	2,500.00	
1997		
	4,600.00	
	101.16	
	1,200.70	
	500.10	
	2,600.40	
	2,240.00	
	3,400.00	
	11,000.00	
	1,600.00	
	1,200.70	
	500.00	
	250.00	
	4,170.00	
	1,202.50	
	1,320.00	
	32,407.70	
	500.00	
	3,200.00	
	6,070.00	
	1,270.00	
	400.00	
	1,020.00	
	10,000.00	
	20,300.00	
	1,350.00	
	600.00	
	1,000.00	
	10,440.00	
	1,000.00	
	775.00	
	800.00	
	20,317.50	

ALL FOUND

ADDITIONAL NOTES:  
THESE ARE ALL OF THE  
SUPPORTING INVOICES GIVEN TO  
AUDIT STAFF FOR CW-11  
MFR.

PBC

✓ - TRACED TO INVOICE

SOURCE:

PBC

19-3











Cost Schedule  
 MID-COUNTY SERVICES, INC  
 Docket No. 971063-SU  
 Period Ending 12/31/96

12: STANDARD BOND  
 DC 12/31/96



LINE	DESCRIPTION	REMARKS	ESTIMATED COST	AMOUNT BIL. FINANCED	INTEREST CALCULATED	BY WH. NO.	ACCELY. NO.	DATE PL. BY SOURCE	PROR. YEARS FINANCED	ADDITIONS AMOUNT										
17	HD COUNTY	REPLACE SOLID PLUMB PVC AB HEADER PIPING WITH STEEL PIPING	9,000	8,000.00	0.00	0645	116-05-10	5/1/90		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18,503.22
18	HD COUNTY	FRENTER VILLAGE FORCE MAIN	10,000	8,000.00	0.00	0645	116-05-10	5/1/90	625.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	HD COUNTY	RELOCATE SANITARY BENCH LINE ALONG CURBLINE ADJACENT TO US-95 ALIGNMENT FURNISH	60,721	57,292.14	7,518.00	0645	116-05-10	5/1/90	3,067.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	HD COUNTY	RELOCATE SANITARY BENCH LINE ALONG BLETHER ROAD	9,500	8,498.18	101.00	0645	116-05-10	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21	HD COUNTY	REMOVE SAND AND GRY FROM WHTY 1 APPROX	24,000	0.00	0.00	0645	116-05-10	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22	HD COUNTY	REPLACE OPERING OFFICE WITH PUB. LAB. UNIT	20,500	20,000.00	150.00	0645	116-05-10	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	NEBR. VEHIC.	MANHOLE REPAIR/REPLACEMENT AT WICHITA AND ST. JANE	11,710	10,327.00	0.00	0646	116-05-04	1/3/96	10,327.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24	NEBR. VEHIC.	REBARGAIN PUMP STATION #1	45,000	2,300.00	123.00	0646	116-05-01	5/1/90	10,327.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25	NEBR. VEHIC.	REPLACE DEFECTIVE PORTION OF 18" SANITARY SEWER ON 27TH AND ACHON AND 5TH ST. WICH.	11,975	11,107.50	767.50	0646	116-05-06	10/31/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26	ALABAMA	STATE SEWER INSTALLATION	71,100	0.00	0.00	0647	116-05-05	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	ALABAMA	REPAIR TO AN EXISTING MANHOLE ON WINDY CREEK, 12/96	31,616	9,715.53	238.00	0647	116-05-06	5/30/93	9,715.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28	ALABAMA	ENL. TO PREPARE THE POINT APPLICATION TO BEY TO EXPAND THE WINDY CREEK/CLARKING TANK ADJACENT TO FURNISH PUMP STATION OF ALL METAL TANKS AT THE WINDY.	10,000	24,117.00	1,716.00	0647	116-05-09	5/1/90	3,549.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
29	ALABAMA	REPAIR OF BROKEN FORCE MAIN REPAIR COSTS INCLUDE SUPPLY MATERIALS AND LAB. CHARGES	18,910	18,910.00	146.00	0647	116-05-09	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30	ALABAMA	RELOCATION OF ELECTRICAL SERVICE TO LOT STATION AT WHTY.	9,000	9,739.41	80.00	0647	116-05-10	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31	ALABAMA	REPAIR/REPLACEMENT OF 6" INCHES I.S. & 7" SECTION OF SANITARY MAIN IN SEWER COLLECTION SYSTEM	25,000	28,344.00	278.00	0647	116-05-11	7/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
32	ALABAMA	REPAIR OF BROKEN FORCE MAIN REPAIR COSTS INCLUDE SUPPLY MATERIALS AND LAB. CHARGES	12,247	12,346.98	219.00	0647	116-05-12	7/15/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	ALABAMA	REPAIR OF MANHOLE LEFT AT TWIN SPURS	43,440	0.00	0.00	0647	116-05-13	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
34	ALABAMA	EMERGENCY REPAIR OF 18" I.M.	5,403	2,305.00	70.00	0647	116-05-14	12/1/96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
35	LOUISIANA	ENGINEERING & HYDROLOGICAL SERVICES TO DETERMINE THE EXISTENT CAPACITY OF THE FORCE.	10,100	10,100.00	438.00	0648	116-05-02	5/1/90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Auditor Note:

The company's CWIP was judgementally sampled. It was discovered that in each of the projects selected for testing all contained errors in calculating capitalized interest (AFUDC). The company did not use an average balance when additions were added to CWIP. As a result, the AFUDC interest was overstated. Due to the number of errors made CWIP will be recalculated to reflect the correct method per Commission rule 25-30.1163(b).

