



ITEM #	AUDIT OBJECTIVE OR QUESTION Add supplemental background for auditor	WORK PRIORITY
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ALL ITEMS CONSIDERED HIGH (H) PRIORITY

- 1    The rate base objectives per rate case audit guide of the DAFA 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 desk, computer equipment and vehicles, and exclude these items from the calculation of rate base.
- 3    Determine if these are any extraordinary circumstances surrounding the purchase. Current Commission policy is not to allow an acquisition adjustment up or down unless there are extraordinary circumstance justifying an acquisition adjustment. The burden of proof is on the utility.
- 4    Verify land ownership 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.

PRIORITY                    H - HIGH PRIORITY - CRITICAL WORK NEEDED TO COMPLETE PROGRAM.  
CODES                        M - MIDDLE PRIORITY - REQUIRED FOR FULL CONSIDERATION OF PROGRAM.  
                                     L - LOW PRIORITY - WORK THAT CAN BE DEFERRED.

6    Verify the purchase price for the utility and the closing date. (H)