

State of Florida



Public Service Commission

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

DATE: August 28, 2001
TO: Division of Economic Regulation (Walker)]
FROM: Division of Regulatory Oversight (Vandiver) W
RE: Docket No. 010772-WS; CWS Communities LP d/b/a/ Crystal Lake Club; Rate Case Audit; Audit Control No. 01-186-3-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

Attachment
DNV/jcp

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of the Commission Clerk
Division of Legal Services

Gena F. Larison, Community Director
CWS Communities LP d/b/a/ Crystal Lake Club
533 E. Crystal Lake Drive
Avon Park, FL 33825-9739

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Orlando District Office

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB**

STAFF-ASSISTED RATE CASE AUDIT

HISTORICAL PERIOD ENDED DECEMBER 31, 2000

DOCKET NO. 010772-WS

AUDIT CONTROL NO. 01-186-3-1

A handwritten signature in cursive script, appearing to read "Richard F. Brown".

Richard F. Brown, Audit Manager

A large, stylized handwritten signature in cursive script, appearing to read "Charleston J. Winston".

Charleston J. Winston, District Audit Supervisor

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

August 13, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying schedule for Rate Base, Net Operating Income, and Capital Structure for the historical 12-month period ended December 31, 2000, for Crystal Lake Club. The attached schedules were prepared by the audit staff as part of our work in the utility's application for a Staff-Assisted Rate Case in Docket No. 010772-WS.

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 of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT FINDINGS

The water accumulated depreciation was overstated by \$14,215.85.

The wastewater accumulated depreciation was understated by \$14,062.42.

The water utility-plant-in-service was overstated by \$7,029.10.

The wastewater utility-plant-in-service was overstated by \$5,108.70.

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.

Scanned - The documents or accounts were read quickly looking for obvious errors.

Verified - The items were tested for accuracy, and substantiating documentation was examined.

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

Assembled - Presented in Commission-required format financial information that was provided to audit staff and is the representation of utility management.

RATE BASE: Prepared Crystal Lake Club's rate base at December 31, 2000. Traced all water and wastewater plant additions from August 30, 1999, the date rate base was established in Docket No. 991889-WS, Order No. PSC-01-0428-PAA-WS, issued February 22, 2001, through December 31, 2000, to supporting documentation. Scanned supporting documentation for contributions-in-aid-of construction (CIAC) additions. Computed accumulated depreciation and accumulated amortization using FPSC rates. Computed the working capital allowance as of December 31, 2000.

NET OPERATING INCOME: Prepared the water and wastewater net operating income schedules for the 12-month period ended December 31, 2000. Compiled balances in all operation and maintenance accounts and traced approximately 95 percent to supporting documentation. Compiled utility revenue for the period ended December 31, 2000, and selected a judgmental sample of customer bills for recalculation using FPSC-approved tariff rates. Calculated depreciation and amortization expense. Verified support for taxes other than income.

CAPITAL STRUCTURE: Assembled the capital structure balance as of December 31, 2000, and obtained a copy of the Promissory Note funding utility investment.

Exception No. 1

Subject: Books and Records

Statement of Fact: The books and records of the utility were not in substantial compliance with NARUC Water and Wastewater Class "C" Accounting Instructions 2.A. and B. Crystal Lake Club was instructed per Order No. PSC-01-0428-PAA-WS, issued February 22, 2001, to maintain its books in compliance with the NARUC Uniform System of Accounts. The examination was compromised based on the following deficiencies.

Crystal Lake Club did not have a general ledger (GL) for the utility. The audit staff was provided with the parent company's (CWS Communities, LP) balance sheet at December 31, 2000, which did not balance, in lieu of the requested GL. The utility did, however, make available a compilation of its operation and maintenance expenses and most of the documentation in support.

Account descriptions and corresponding numbers for many accounts differed from those designated per the Uniform System of Accounts.

Utility records were not maintained on the accrual basis.

Costs subject to allocation were arbitrarily distributed and not based on correlating factors.

Recommendation: The utility did not comply with the aforementioned Instruction. The audit staff recommends that the utility maintain its books and records in compliance with the NARUC Water and Wastewater Class "C" Instructions.

Exception No. 2

Subject: General Repairs and Maintenance - Water

Statement of Fact: Crystal Lake Club reflected water operation and maintenance, along with testing costs totaling \$8,670.56 via the General Repairs and Maintenance - Water account for the 12-month period ended December 31, 2000.

Recommendation: The audit staff recommends that the total \$8,670.56 balance be reduced by \$4,881.31, based on the following adjustments to the account.

Total charges per utility	\$8,670.56
Prior period charge for December 1999 operation and maintenance	(536.00)
Annual costs for fecal coliform, CBOD&TSS influent and gross alpha testing, applicable to wastewater	(3,882.00)
Booster pump that should be capitalized	<u>(463.31)</u>
Staff-adjusted balance	\$3,789.25

The audit staff recommends that the following journal entry be recorded based on the adjustment.

General Repairs & Maintenance - Wastewater	\$3,882.00	
Retained Earnings	536.00	
Pumping Equipment (Accounts 101-311)	463.31	
Depreciation Expense - Pumping Equipment	9.08	
General Repairs & Maintenance - Water		\$4,881.31
Accumulated Depreciation - Pumping Equipment		9.08

Exception No. 3

Subject: Purchased Power Expense

Statement of Fact: Crystal Lake Club reflected water and wastewater purchased power expense of \$7,166.19 and \$20,189.38, respectively, for the 12-month period ended December 31, 2000.

Recommendation: The audit staff recommends that the water purchased power expense be increased by \$62.08 and wastewater be decreased by \$2,223.22, based on the following schedule which adjusts utility balances to reflect the recognition of accrual accounting and reclassified amounts.

Exception No. 3, contd.

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Purchased power expense, per utility, for the 12-month period ended December 31, 2000	\$7,166.19	\$20,189.38	\$27,355.57
Adjustments to reflect the accrual basis of accounting:			
Prior period purchased power expense for the November 16, 1999, through December 16, 1999, period recorded by the utility in January 2000	(409.61)	(1,570.66)	(1,980.27)
Portion of the water and wastewater purchased power expense for the December 16, 1999, through January 19, 2000, period of \$1,329.79 and \$493.89 recorded during February 2000 that is applicable to the 1999 accounting period	(607.63)	(224.96)	(832.59)
Portion of the water and wastewater purchased power expense of \$583.80 and \$952.53 for the December 18, 2000, through January 19, 2001, period that is applicable to the 2000 accounting period (The total amount was charged by the utility to 2000 operations.)	247.65	404.07	651.72
Misclassifications:			
February 2000 reclass from water to wastewater adjusted from above \$607.63 and \$224.96 (pump at 533 E. Crystal Lake Drive)	349.50	(349.50)	0.00
September 200 reclass for HSE well at 533E. Crystal Lake Drive, erroneously charged to wastewater by utility	<u>482.17</u>	<u>(482.17)</u>	<u>0.00</u>
Purchased power expense per staff for the 12 months ended December 31, 2000	<u>\$7,228.27</u>	<u>\$17,966.16</u>	<u>\$25,194.43</u>
Purchased power expense, per staff	\$7,228.27	\$17,966.16	\$25,194.43
Purchased power expense, per utility	<u>7,166.19</u>	<u>20,189.38</u>	<u>27,355.57</u>
Recommended adjustment	\$62.08	(\$2,223.22)	(\$2,161.14)

Exception No. 4

Subject: General Repairs and Maintenance - Sewage Treatment Plant (STP)

Recommendation: Crystal Lake Club reflected wastewater operation and maintenance along with testing costs, totaling \$4,462.80, via the General Repairs and Maintenance-STP account for the 12-month period ended December 31, 2000.

Statement of Fact: The audit staff recommends that the total \$4,462.80 balance be reduced by \$1,272.80, based on the following adjustments to the account.

Total charges per utility	\$4,462.80
Prior period charge for December 1999 operation & maintenance	(280.00)
Annual bacteriological charges applicable to water operations	(720.00)
Expenditure paid on July 28, 2000, for a water pump	(210.00)
Well repair paid on July 1, 2000, applicable to water operations	<u>(62.80)</u>
Staff-adjusted balance	<u>\$3,190.00</u>

The audit staff recommends that the utility record the following entry in correction.

Ground Repairs & Maintenance - Water	\$782.80	
Retained Earnings	280.00	
Pumping Equipment (Accounts 101-311)	210.00	
Depreciation Expense - Pumping Equipment	5.15	
Ground Repairs & Maintenance - Wastewater		\$1,272.80
Accumulated Depreciation - Pumping Equipment		5.15

Exception No. 5

Subject: Sludge Removal

Statement of Fact: The utility recorded \$5,450.00 of sludge removal costs for the 12-month period ended December 31, 2000.

Recommendation: The audit staff recommends that the utility balance of \$5,450.00 be reduced by \$820.00 for a prior period invoice billed by Crystal Lake Club's operations contractor, Pugh Utilities Services, Inc. on December 22, 1999, applicable to sludge removal and stabilization.

Exception No. 6

Subject: Sewage Treatment Plant (STP) Chemicals

Statement of Fact: Crystal Lake Club recorded \$8,197.87 of sewer treatment plant chemical expenditures for the 12-month period ended December 31, 2000.

Recommendation: The audit staff recommends that the \$8,197.87 balance be reduced by prior period charges of \$680.00, applicable to utility purchases of chlorine and lime invoiced on December 22, 1999, from its operations contractor, Pugh Utilities Services, Inc.

Exception No. 7

Subject: Water and Wastewater Rate Case Expense

Statement of Fact: CWS Communities, LP, on behalf of Crystal Lake Club, remitted the water and wastewater staff-assisted rate case (SARC) filing fee of \$2,000.00 on June 20, 2000.

In accordance with Section 367.0816, Florida Statutes, all rate case expenses shall be apportioned for recovery over a four-year period.

Recommendation: The audit staff recommends that the respective water (Account 665) and wastewater (Account 765) Regulatory Commission Expense be charged \$250.00 each, and the deferred portion of \$1,500.00 charged to Account 186, Deferred Debits.

Exception No. 8

Subject: Tools and Supplies Expense - Water

Statement of Fact: Crystal Lake Club recorded \$5,396.59 in the tools and supplies expense water account for the 12-month period ended December 31, 2000.

Recommendation: The audit staff recommends that the utility balance of \$5,396.59 be reduced by \$2,264.55 that is applicable to the purchases of meters and accessories.

<u>Payee</u>	<u>Date</u>	<u>Description</u>	<u>Amount</u>
U.S. Filter	01/26/00	(8) Meters and accessories	\$527.18
U.S. Filter	03/27/00	(74) Meter shut-offs & (40) Couplings	1,618.15
Florida Irrigation	11/07/00	(6) Meter boxes	<u>119.22</u>
			\$2,264.55

The audit staff also recommends that the utility record the following journal entry in correction.

Depreciation Expense - Meters	\$42.92	
Meters and Meter Installations (Accounts 101-334)	2,645.55	
Tools & Supplies Expense - Water		\$2,645.55
Accumulated Depreciation Meters		42.92

Exception No. 9

Subject: **Tools and Supplies Expense - STP**

Statement of Fact: Crystal Lake Club reflected wastewater tools and supplies expense of \$4,723.15 for the 12-month period ended December 31, 2000.

Recommendation: Staff recommends that the utility balance of \$4,723.15 be reduced by \$238.10 which represents an invoice from Park Billing Company, Inc. for processing the 1999 wastewater customer billing for December.

Exception No. 10

Subject: Licenses and Fees - Sewage Treatment Plant (STP)

Statement of Fact: Crystal Lake Club recorded \$8,627.01 in the licenses and fees-STP account for the twelve months ended December 31, 2000.

Recommendation: The account consists of water and wastewater 1999 Regulatory Assessment Fees (RAFs) of \$2,515.95 and \$2,356.56, respectively, accrued taxes totaling \$3,745.00, and \$9.50 for the purchase of the NARUC's Chart of Accounts.

The utility could not make available documentation in support of the \$3,745.00 tax accrual. In addition, the 1999 RAFs are excluded from the account balance in lieu of the 2000 fees which are charged to taxes other than income.

Total Licenses and Fees - STP, per utility	\$8,627.01
Deduct 1999 water and wastewater RAFs	(4,872.51)
Deduct nonsupporting tax accruals	<u>(3,745.00)</u>
Staff-adjusted balance	<u>\$9.50</u>

Staff recommends that the following journal entry be recorded based on the adjustment.

Retained Earnings	\$8,617.51	
Total Licenses & Fees - STP		\$8,617.51

It is additionally recommended that the 2000 water and wastewater RAFs remitted by the utility for \$2,616.09 and \$2,383.07, respectively, be charged to taxes other than income.

Exception No. 11

Subject: Working Capital Allowance

Statement of Fact: The working capital allowance has been computed based on the one-eighth formula method to comply with Commission Order No. 21202, issued May 8, 1989.

Recommendation: The respective water and wastewater working capital allowance was computed as \$4,169.92 and \$6,724.88 based on staff-adjusted operating and maintenance expense of \$33,359.32 and \$53,799.07.

The audit staff recommends that the water and wastewater rate base be increased by respective \$4,169.92 and \$6,724.88 to reflect said allowance

Exception No. 12

Subject: Accumulated Depreciation

Statement of Fact: Crystal Lake Club reflected water and wastewater accumulated depreciation balances of \$145,621.00 and \$226,644.00 respectively, at December 31, 2000.

Recommendation: The respective water and wastewater reserves per staff recalculation were \$131,405.15 and \$240,706.42.

The water reserve difference of \$14,215.85 was attributable to the utility's increasing instead of decreasing the reserve by \$7,029.00 as adjusted per Order No. PSC-01-0428-PAA-WS and a staff/utility difference of \$157.85 in the depreciation computation.

The wastewater reserve difference of \$14,062.42 was attributable to the utility increasing the plant account instead of accumulated depreciation as adjusted per the aforementioned Order. The remaining difference of \$2,263.42 was applicable to the staff/utility computation of depreciation.

The audit staff recommends that the water reserve at December 31, 2000, be reduced by \$14,215.85, and the wastewater increased by \$14,062.42.

It is also recommended that water depreciation expense of the 12-month period ended December 31, 2000, be reduced by \$131.67, and wastewater increased by \$1,721.81 to reflect staff/utility differences in the computation.

Exception No. 13

Subject: Utility-Plant-in-Service (UPIS)

Statement of Fact: Crystal Lake Club reflected water and wastewater utility-plant-in-service balances of \$429,470 and \$560,503, respectively, as of December 31, 2000.

Recommendation: Water UPIS should be reduced by \$7,029.10 for nonsupporting documentation for additions acquired from August 30, 1999, through December 31, 2000.

Wastewater UPIS should be reduced by \$5,108.70, (\$6,690.30 - \$11,588 - \$211). The utility understated its plant additions by \$6,690.30 acquired between January 1, 2000, through December 31, 2000. The utility erroneously increased plant by \$11,588.00, as opposed to reducing it by \$211 as instructed per Order No. PSC-01-0428-PAA-WS.

Disclosure No. 1

Subject: Purchased Water

Statement of Fact: Crystal Lake Club retained Sebring Ridge Utilities to provide water for resale to the utility, in a standby capacity, in order to preclude a disruption of service to its customers and comply with applicable Department of Environmental Protection (DEP) mandates.

The utility was invoiced \$2,772.69 for standby service and \$2,953.57 for purchased water during the 12-month period ended December 31, 2000, for a total of \$5,726.26.

Recommendation: The utility representatives informed the audit staff that for approximately six months during the test year its well was out of service as the turbines, motors, and pumps had to be replaced, and the system completely overhauled. Accordingly, the utility had to purchase water from Sebring Ridge during the period that the well was being serviced.

The audit staff is of the opinion that the nonrecurring expenditures of \$2,953.57 charged for purchased water should be amortized over a period deemed appropriate by the FPSC analyst.

Disclosure No. 2

Subject: Post Test Year Utility-Plant-in-Service (UPIS) Additions

Statement of Fact: Crystal Lake Club's Community Director has petitioned the audit staff in a July 23, 2001, memorandum to consider various post test year-invoiced and proposed utility plant additions for rate making purposes.

Recommendation: As of July 6, 2001, the utility has been invoiced by David Canon Well Drilling, Inc. for \$31,600.00 applicable to the installation of a new well. A proposal for \$5,900.00 was submitted by "Everything Exterior" for an aluminum shed housing the well.

In addition, Pugh Utilities Services, Inc., provided Crystal Lake Club with an \$88,312.88 quote dated July 30, 2001, for the installation of a 45,000-GPD surge tank and \$12,080.00 applicable to the expansion of the percolation pond.

Polston Engineering, Inc. invoiced the utility \$2,652.50 on July 6, 2001, for engineering fees related to the surge tank installation and pond expansion.

All invoices and proposals for the aforementioned costs have been included in the audit staff's work papers.

The audit staff defers to the FPC analyst and engineer for disposition.

Disclosure No. 3

Subject: Capital Structure

Statement of Fact: The utility's 2000 Annual Report reflects balances of (\$351,234) and \$720,219 for retained earnings and due to affiliate, respectively.

On July 31, 2001, Chateau Communities, Inc. completed a merger with CWS Communities Trust who is the sole shareholder of CWS Communities LP, the utility's parent.

Order No. PSC-96-1404-FOF-GU, issued November 20, 1996, requires the use of the parent's capital structure for any utility that does not raise its own capital and whose parent company is the source of investor capital.

Recommendation: The balances for retained earnings and due to the affiliate indicated above do not actually represent the actual capital and liability position for the utility. The audit staff's discussion with the utility's CPA firm that prepares its Annual Report indicates that the balances are adjusting entries used to make the utility's Annual Report balance sheet balance based on utility operations for the year reported.

The Commission should use the capital structure of the parent in this rate proceeding per the Order cited above.

Because of the changes in the corporate ownership discussed above and the time constraints of this audit investigation, no audit work in this area can be presented at this time. However, audit staff is currently working on a second staff-assisted rate case for the utility's parent in Docket No. 010823-WS which will include capital structure information that is applicable to this utility.

The audit staff defers this issue to the analyst in Tallahassee for further action.

EXHIBIT I

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB
WATER RATE BASE
DOCKET NO. 010772-WS
STAFF-ASSISTED RATE CASE AUDIT
AS OF DECEMBER 31, 2000**

DESCRIPTION	PER COMPANY	AUDIT EXCEPTION	REFER TO(1)	PER AUDIT
UTILITY-PLANT-IN-SERVICE (UPIS)	\$429,470.00	(\$4,091.24)	(3)	\$425,378.76
LAND	3,403.00	0.00		3,403.00
ACCUMULATED DEPRECIATION-UPIS	(145,621.00)	14,163.85	(4)	(131,457.15)
CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC)	(175,425.00)	0.00		(175,425.00)
ACCUMULATED AMORTIZATION OF CIAC	56,319.00	0.00		56,319.00
WORKING CAPITAL ALLOWANCE(2)	0.00	4,169.92		4,169.92
TOTAL	\$168,146.00	\$14,242.53		\$182,388.53

FOOTNOTES:

- (1) Audit adjustments do not include audit disclosures.
- (2) Working Capital was calculated at 1/8 O&M expense per Commission policy.
- (3) E2 \$463.31 + E4 \$210 + E8 \$2,264.55 - E13 \$7,029.10
- (4) E2 (\$9.08) + E8 (\$42.92) + E12 \$14,215.85

EXHIBIT II

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB
WASTEWATER RATE BASE
DOCKET NO. 010772-WS
STAFF-ASSISTED RATE CASE AUDIT
AS OF DECEMBER 31, 2000**

DESCRIPTION	PER COMPANY	AUDIT EXCEPTION(1)	REFER TO(2)	PER AUDIT
UTILITY-PLANT-IN-SERVICE (UPIS)	\$560,503.00	(\$5,108.70)	E13	\$555,394.30
LAND	7,914.00	0.00		7,914.00
ACCUMULATED DEPRECIATION-UPIS	(226,644.00)	(14,067.57)	(4)	(240,711.57)
CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC)	(189,025.00)	0.00		(189,025.00)
ACCUMULATED AMORTIZATION OF CIAC	68,095.00	0.00		68,095.00
WORKING CAPITAL ALLOWANCE(3)	0.00	6,724.88		6,724.88
TOTAL	\$220,843.00	(\$12,451.39)		\$208,391.61

FOOTNOTES:

- (1) Small differences are due to rounding.
- (2) Audit adjustments do not include audit disclosures.
- (3) Working Capital was calculated at 1/8 O&M expense per Commission policy.
- (4) E4 (\$5.15) + E12 (\$14,062.42)

EXHIBIT III

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB
WATER NET OPERATING INCOME
STAFF-ASSISTED RATE CASE AUDIT
DOCKET NO. 010772-WS
12-MONTH PERIOD ENDED DECEMBER 31, 2000**

DESCRIPTION	PER UTILITY	AUDIT EXCEPTION	REFER TO(1)	PER AUDIT
OPERATING REVENUES	\$63,795.88	\$0.00		\$63,795.88
OPERATING EXPENSES:				
O&M EXPENSE	39,410.30	(6,050.98)	(2)	33,359.32
DEPRECIATION	13,374.00	(79.67)	(3)	13,294.33
AMORTIZATION-CIAC	(5,508.00)	0.00		(5,508.00)
TAXES OTHER THAN INCOME	0.00	2,616.09	E10	2,616.09
	-----	-----		-----
TOTAL OPERATING EXPENSE	47,276.30	(3,514.56)		43,761.74
	=====	=====		=====
NET OPERATING INCOME (LOSS)	\$16,519.58	\$3,514.56		\$20,034.14

FOOTNOTES:

- (1) Audit adjustments do not include audit disclosures.
- (2) E2 (\$4,881.31) + E3 \$62.08 + E4 \$782.80 + E7 \$250 + E8 (\$2,264.55)
- (3) E2 \$9.08 + E8 \$42.92 + E12 (\$131.67)

EXHIBIT IV

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB
WASTEWATER NET OPERATING INCOME
DOCKET NO. 010772-WS
STAFF-ASSISTED RATE CASE AUDIT
12-MONTH PERIOD ENDED DECEMBER 31, 2000**

DESCRIPTION	PER UTILITY	AUDIT EXCEPTION	REFER TO(1)	PER AUDIT
OPERATING REVENUES	\$53,089.21	\$0.00		\$53,089.21
OPERATING EXPENSES:				
O&M EXPENSE	63,528.20	(9,719.63)	(2)	53,808.57
DEPRECIATION	19,471.00	1,726.96	(3)	21,197.96
AMORTIZATION-CIAC	(6,729.00)	0.00		(6,729.00)
TAXES OTHER THAN INCOME	0.00	2,383.07	E10	2,383.07
	-----	-----		-----
TOTAL OPERATING EXPENSE	\$76,270.20	(\$5,609.60)		\$70,660.60
	=====	=====		=====
NET OPERATING INCOME (LOSS)	(\$23,180.99)	\$5,609.60		(\$17,571.39)

FOOTNOTES:

(1) Audit adjustments do not include audit disclosures.

(2) E2 \$3,882 + E3 (\$2,223.22) + E4 (\$1,272.80) + E5 (\$820) + E6 (\$680) + E7 \$250 + E9 (238.10) + E10 (8,617.51)

(3) E4 \$5.15 + E12 \$1,721.81

EXHIBIT V

**CWS COMMUNITIES, LP
d/b/a CRYSTAL LAKE CLUB
CAPITAL STRUCTURE
DOCKET NUMBER -010772-WS
STAFF-ASSISTED RATE CASE AUDIT
AS OF DECEMBER 31, 2000**

Account Description	Per Utility(1)(2)	Audit Adjustment (3)	Refer To	Per Audit(1)	Ratio	Cost Rate(4)	Weighted Cost Rate
Long-term Debt	\$720,219	\$0		\$720,219	100.00%	8.00%	8.00%
Common Equity	(351,234)	351,234	Note 3	0	0.00%	9.94%	0.00%
Customer Deposits	<u>0</u>	<u>0</u>		<u>0</u>	<u>0.00%</u>	6.00%	0.00%
Total Debt and Equity	\$368,985	\$351,234		\$720,218	100.00%		8.00%

FOOTNOTES:

- 1) Small differences can be attributed to rounding errors.
- 2) Unaudited balances from utility's 2000 annual report. See Audit Disclosure No. 4 for additional details.
- 3) Audit adjustments do not include audit disclosures.
- 4) Utility's equity balance is set to \$0 for rate making purposes.
- 5) Cost rate for common equity established in Order No. PSC-00-1162-PAA-WS, issued June 26, 2000.