



Public Service Commission  
-M-E-M-O-R-A-N-D-U-M-

DATE: February 12, 2002  
TO: Division of Economic Regulation (Johnson)  
FROM: Division of Auditing and Safety (Vandiver)  
RE: Docket No. 010852-WS: Sandy Creek Utilities, Inc.; Audit Purpose: To establish a current rate base for transfer, Audit Control No. 01-281-1-1

Attached are two revised pages for the Audit Report issued for the utility stated above. I am sending the utility a copy of this memo and the revised pages. If the utility desires to file a response to these changes, it should send the response to the Division of the Commission Clerk and Administrative Services.

Please change your copy of the report as follows:

REMOVE:

ADD:

Page 4, Exception No. 2  
Page 11, EXHIBIT (Rate Base Schedule-Wastewater)

Attached Page 4, Exception No. 2  
Attached Page 11, EXHIBIT (Rate Base Schedule-Wastewater)

DNV/jcp  
Attachments

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel

Mr. Gary L. Souders  
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Panama City, FL 32404-2742

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- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
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DOCUMENT NUMBER DATE

01-062 FEB 18 8

FPSC-COMMISSION CLERK

**Exception No. 2**

**Subject: Utility Plant In Service**

**Statement of Fact:** Audit staff accumulated and scheduled all invoices that could be located to support plant additions to both the Water plant and the Wastewater plant for the years 1990-2000. Audit balances differ from the utility's balances as reported in the Annual Reports filed with the Commission. These differences are related to the removal of items incorrectly capitalized, the capitalization of items incorrectly expensed by the utility, and the supporting documentation (primarily invoices) not located for several plant additions booked by the utility.

NARUC, Class C, Accounting Instruction 2. B. states, "All books of account, together with records and memoranda supporting the entries therein, shall be kept in such a manner as to support fully the facts pertaining to such entries." The Utility does not maintain a General Ledger, Balance Sheet, or Income Statement in accordance with the NARUC Uniform System of Accounts.

**Recommendation:** The following table reflects the audited Plant In Service balances for Water and Wastewater for the period ended December 31, 2000.

<b>PLANT IN SERVICE</b>	<b>WATER</b>	<b>WASTEWATER</b>
Utility Balance at 12/31/2000	\$455,149	\$705,757
Audit Balance at 12/31/2000	422,834	677,183
Audit Adjustment	(\$32,315)	(\$28,574)

**Sandy Creek Utilities, Inc.  
Certificate of Transfer Audit  
Test Year Ended 12/31/2000  
Docket 010852 ACN 01-218-1-1  
Rate Base Schedule-Wastewater**

Description:	BALANCE PER UTILITY @ TYE 12/31/2000	AUDIT ADJUSTMENT	BALANCE PER AUDIT @ TYE 12/31/2000
Plant In Service	705,757	(28,574)	677,183
Land/Non depreciable Plant	3,000	0	3,000
Plant Held for future use	0	0	0
Acquisition Adjustment	0	0	0
CWIP	0	0	0
CIAC	(154,500)	0	(154,500)
Accumulated Depreciation	(421,576)	(8,479)	(430,055)
Amortization of Acquisition Adjustment	0	0	0
Accumulated Amortization of CIAC	99,833	5,873	105,706
<b>TOTAL RATE BASE</b>	<b>232,514</b>	<b>(31,180)</b>	<b>201,334</b>