

State of Florida



Public Service Commission

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

DATE: June 13, 2003
TO: Division of Economic Regulation (Kyle)
FROM: Division of Auditing and Safety (Vandiver) *ov*
RE: **Docket No.** 020071-WS; **Company Name:** Utilities Inc. of Florida; **Audit Purpose:** Audit rate base, capital structure and net operating income for the approved historic test year ended December 31, 2001;
Audit Control No. 02-249-3-1

On November 15, 2002, I forwarded to you the final audit report for the utility stated above and a copy of the auditor's work papers. Attached you will find a copy of revised pages for the Audit Report and revised pages for the annotated audit report in the workpapers.

Revised Pages for Audit Report:

Page 9 (Schedule F for Exception No. 1)
Page 14 (Schedule I & J for Exception No. 2)
Page 15 (Schedule K & L for Exception No. 2)

Revised Pages for Annotated audit report in workpapers:

Workpaper 1 (Audit Report Copy pages 9, 14 and 15 revised)

Please remove the existing pages of the Audit Report dated November 5, 2002 including the annotated copy of the audit report in the work papers that were provided to you and insert the attached documents.

DOCUMENT NUMBER-DATE

05264 JUN 16 8

FPSC-COMMISSION CLERK

Division of Economic Regulation (Kyle)

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June 13, 2003

I am sending a copy of the revised pages of the audit report to all the persons who received a copy of the original audit.

DNV/jcp

Attachments

cc: Division of Auditing and Safety (Hoppe, District Offices, File Folder)
Division of the Commission Clerk and Administrative Services (2)
Division of Competitive Markets and Enforcement (Harvey)
General Counsel
Office of Public Counsel (Burgess)

Carl J. Wenz, Vice President - Regulatory
Utilities Inc. of Florida

Mr. Martin Friedman, Esq. and Valerie L. Lord, Esq.
Rose Law Firm

Steven Lubertozi, Vice President
Utilities Inc. of Florida

Mr. Donald Rasmussen
Utilities Inc. of Florida

**Schedule F, for Exception No. 1
Pasco (Summertree PPW) County - Water**

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
103	Property Held for Future Use	\$20,075	\$0	\$20,075
108	Accumulated Depreciation	(200,300)	(175,478)	(24,822)
271	CIAC	(473,010)	(374,778)	(98,232)
272	Amortization of CIAC	114,744	62,567	52,177
301	Organization	0	9,161	(9,161)
303	Land	4,685	5,500	(815)
304	Structures & Improvements	7,986	16,987	(9,001)
307	Wells & Springs	115,732	99,151	16,581
310	Power Generation Equipment	16,947	14,978	1,969
311	Pumping Equipment	0	58,218	(58,218)
320	Water Treatment Equipment	12,578	18,890	(6,312)
330	Distribution Reservoirs & Standpipes	88,413	3,245	85,168
331	Transmission & Distribution Mains	293,179	298,217	(5,038)
333	Services	75,864	71,961	3,903
334	Meters & Meter Installations	87,418	63,745	23,673
335	Hydrants	47,373	46,174	1,199
340	Office Furniture & Equipment	21,114	21,114	0
341	Transportation Equipment	8,188	8,188	0
348	Other Tangible Plant	<u>1,781</u>	<u>1,781</u>	<u>0</u>
	Rate Base	\$222,692	\$249,621	(\$26,929)

**Schedule I, for Exception No. 2
Marion County - Wastewater**

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Adjustment</u>	<u>Utility Adjustment</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	\$738	\$0	\$738
351	Organization	0	0	0
353	Land	720	0	720
354	Structures & Improvements	0	0	0
360	Collecting Sewers - Force	0	0	0
361	Collecting Sewers - Gravity	0	0	0
363	Services	0	0	0
380	Treatment & Disposal Equipment	(3,314)	0	(3,314)
390	Office Furniture & Equipment	808	0	808
391	Transportation Equipment	873	0	873
398	Other Tangible Plant	<u>0</u>	<u>0</u>	<u>0</u>
	Net Change	(\$175)	\$0	(\$175)

**Schedule J, for Exception No. 2
Seminole County - Wastewater**

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Adjustment</u>	<u>Utility Adjustment</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	\$5,428	(\$42,390)	\$47,818
351	Organization	0	0	0
353	Land	0	0	0
354	Structures & Improvements	0	0	0
360	Collecting Sewers - Force	(1,601)	0	(1,601)
361	Collecting Sewers - Gravity	0	(101)	101
363	Services	(452)	0	(452)
380	Treatment & Disposal Equipment	(601)	(1,471)	870
390	Office Furniture & Equipment	0	0	0
391	Transportation Equipment	0	0	0
393	Tools, Shop & Garage Equipment	2,078	0	2,078
398	Other Tangible Plant	<u>(34,654)</u>	<u>0</u>	<u>(34,654)</u>
	Net Change	(\$29,802)	(\$43,962)	\$14,160

Schedule K, for Exception No. 2
Pasco County (Summertree PPW) - Wastewater

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
103	Property Held for Future Use	\$8,357	\$0	\$8,357
108	Accumulated Depreciation	(137,665)	(146,170)	8,505
271	CIAC	(443,503)	(355,044)	(88,459)
272	Amortization of CIAC	125,359	70,428	54,931
351	Organization	0	2,221	(2,221)
353	Land	8,454	10,000	(1,546)
354	Structures & Improvements	14,157	29,002	(14,845)
360	Collection Sewers - Force	72,403	101,035	(28,632)
361	Collection Sewers - Gravity	289,257	244,584	44,673
363	Services	55,614	55,286	328
370	Receiving Wells	172,336	190,991	(18,655)
380	Treatment & Disposal Equipment	0	0	0
381	Plant Sewers	0	0	0
390	Office Furniture & Equipment	21,114	21,114	0
391	Transportation Equipment	8,188	8,188	0
398	Other Tangible Plant	<u>1,781</u>	<u>1,781</u>	<u>0</u>
	Rate Base	\$187,495	\$233,416	(\$45,921)

Schedule L, for Exception No. 2
Pasco County (WisBar) - Wastewater

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	(\$17,191)	\$0	(\$17,191)
271	CIAC	(17,232)	0	(17,232)
272	Amortization of CIAC	8,234	0	8,234
353	Land	500	0	500
361	Collection Sewers - Gravity	24,500	0	24,500
380	Treatment & Disposal Equipment	86,333	0	86,333
389	Other Plant & Miscellaneous Equipment	3,300	0	3,300
398	Other Tangible Plant	<u>0</u>	<u>0</u>	<u>0</u>
	Rate Base	\$88,444	\$0	\$88,444

**Schedule F, for Exception No. 1
Pasco (Summertree PPW) County - Water**

16-7
5 P.L

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
103	Property Held for Future Use	\$20,075	\$0	\$20,075
108	Accumulated Depreciation	(200,300)	(175,478)	(24,822)
271	CIAC	(473,010)	(374,778)	(98,232)
272	Amortization of CIAC	114,744	62,567	52,177
301	Organization	0	9,161	(9,161)
303	Land	4,685	5,500	(815)
304	Structures & Improvements	7,986	16,987	(9,001)
307	Wells & Springs	115,732	99,151	16,581
310	Power Generation Equipment	16,947	14,978	1,969
311	Pumping Equipment	0	58,218	(58,218)
320	Water Treatment Equipment	12,578	18,890	(6,312)
330	Distribution Reservoirs & Standpipes	88,413	3,245	85,168
331	Transmission & Distribution Mains	293,179	298,217	(5,038)
333	Services	75,864	71,961	3,903
334	Meters & Meter Installations	87,418	63,745	23,673
335	Hydrants	47,373	46,174	1,199
340	Office Furniture & Equipment	21,114	21,114	0
341	Transportation Equipment	8,188	8,188	0
348	Other Tangible Plant	<u>1,781</u>	<u>1,781</u>	<u>0</u>
	Rate Base	\$222,692	\$249,621	(\$26,929)

**Schedule I, for Exception No. 2
Marion County - Wastewater**

16-7
1 P.1

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Adjustment</u>	<u>Utility Adjustment</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	\$738	\$0	\$738
351	Organization	0	0	0
353	Land	720	0	720
354	Structures & Improvements	0	0	0
360	Collecting Sewers - Force	0	0	0
361	Collecting Sewers - Gravity	0	0	0
363	Services	0	0	0
380	Treatment & Disposal Equipment	(3,314)	0	(3,314)
390	Office Furniture & Equipment	808	0	808
391	Transportation Equipment	873	0	873
398	Other Tangible Plant	<u>0</u>	<u>0</u>	<u>0</u>
	Net Change	(\$175)	\$0	(\$175)

**Schedule J, for Exception No. 2
Seminole County - Wastewater**

16-7
1 P.5

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Adjustment</u>	<u>Utility Adjustment</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	\$5,428	(\$42,390)	\$47,818
351	Organization	0	0	0
353	Land	0	0	0
354	Structures & Improvements	0	0	0
360	Collecting Sewers - Force	(1,601)	0	(1,601)
361	Collecting Sewers - Gravity	0	(101)	101
363	Services	(452)	0	(452)
380	Treatment & Disposal Equipment	(601)	(1,471)	870
390	Office Furniture & Equipment	0	0	0
391	Transportation Equipment	0	0	0
393	Tools, Shop & Garage Equipment	2,078	0	2,078
398	Other Tangible Plant	<u>(34,654)</u>	<u>0</u>	<u>(34,654)</u>
	Net Change	(\$29,802)	(\$43,962)	\$14,160

16-7
5 P.2

**Schedule K, for Exception No. 2
Pasco County (Summertree PPW) - Wastewater**

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
103	Property Held for Future Use	\$8,357	\$0	\$8,357
108	Accumulated Depreciation	(137,665)	(146,170)	8,505
271	CIAC	(443,503)	(355,044)	(88,459)
272	Amortization of CIAC	125,359	70,428	54,931
351	Organization	0	2,221	(2,221)
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354	Structures & Improvements	14,157	29,002	(14,845)
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363	Services	55,614	55,286	328
370	Receiving Wells	172,336	190,991	(18,655)
380	Treatment & Disposal Equipment	0	0	0
381	Plant Sewers	0	0	0
390	Office Furniture & Equipment	21,114	21,114	0
391	Transportation Equipment	8,188	8,188	0
398	Other Tangible Plant	<u>1,781</u>	<u>1,781</u>	<u>0</u>
	Rate Base	\$187,495	\$233,416	(\$45,921)

**Schedule L, for Exception No. 2
Pasco County (WisBar) - Wastewater**

<u>Acct. No.</u>	<u>Acct. Description</u>	<u>Order Balance</u>	<u>Utility Balance</u>	<u>Audit Staff Adjustment</u>
108	Accumulated Depreciation	(\$17,191)	\$0	(\$17,191)
271	CIAC	(17,232)	0	(17,232)
272	Amortization of CIAC	8,234	0	8,234
353	Land	500	0	500
361	Collection Sewers - Gravity	24,500	0	24,500
380	Treatment & Disposal Equipment	86,333	0	86,333
389	Other Plant & Miscellaneous Equipment	3,300	0	3,300
398	Other Tangible Plant	<u>0</u>	<u>0</u>	<u>0</u>
	Rate Base	\$88,444	\$0	\$88,444