

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

ORIGINAL

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
CHASITY H. O'STEEN
DAREN L. SHIPPY
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M. C. ROSE (1924-2006)

(850) 877-6555
FAX (850) 656-4029
www.rsbatorneys.com

REPLY TO CENTRAL FLORIDA OFFICE

CENTRAL FLORIDA OFFICE
SANLANDO CENTER
2180 W. STATE ROAD 434, SUITE 2118
LONGWOOD, FLORIDA 32779
(407) 830-6331
FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD
BRIAN J. STREET

February 12, 2007

Ms. Blanca Bayo
Commission Clerk and Administrative Services Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

HAND DELIVERY

RECEIVED
07 FEB 12 AM 10:11
COMMISSION CLERK

RE: Docket No. 060253-WS; Utilities, Inc. of Florida's Application for Rate Increase in Marion, Orange, Pasco, Pinellas and Seminole Counties, Florida
Our File No. 30057.108

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the response of Utilities, Inc. of Florida (*Utility*) to Staff's Audit Report dated January 18, 2007.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,


VALERIE L. LORD

For the Firm

VLL/tlc
Enclosures

cc: Ms. Christine Romig, Division of Economic Regulation (w/enc. - by hand delivery)
Ms. Kathleen Kaproth, Division of Economic Regulation (w/enc. - by hand delivery)
Ms. Denise N. Vandiver, Chief, Bureau of Auditing (w/enclosures - by hand delivery)
Stephen Reilly, Esquire, Office of Public Counsel (w/enclosures - by U.S. Mail)
Steven M. Lubertoizzi, Chief Regulatory Officer (w/enclosures - by U.S. Mail)
Kirsten E. Weeks, CPA (w/o enclosures - by U.S. Mail)
John Hoy, Regional Vice President for Operations (w/o enclosures - by U.S. Mail)
Patrick C. Flynn, Regional Director (w/enclosures - by U.S. Mail)
Mr. Frank Seidman (w/enclosures - by U.S. Mail)
Ms. Deborah Swain (w/enclosures - by U.S. Mail)

DOCUMENT NUMBER-DATE

01398 FEB 12 08

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 1

The Utility agrees with audit finding number 1 and would propose the same entry as Staff, which is as follows:

Marion County:				
<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>	
1083010	A/D - Water Plant	318		
1084000	A/D - Sewer Plant		50	
2151000	R/E		268	
Orange County:				
<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>	
1083010	A/D - Water Plant	99		
1083014	A/D - Wells & Springs	80		
1083021	A/D - Structures & Improvements	195		
1083025	A/D - Pumping Equipment	498		
1083032	A/D - Treatment Equipment	86		
2151000	R/E		958	
Pasco County:				
<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>	
1084000	A/D - Sewer Plant	59		
2151000	R/E	10,365		
1083010	A/D - Water Plant		7,208	
2722000	A/A - Water CIAC		1,795	
2723000	A/A - Sewer CIAC		1,421	
Pinellas County:				
<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>	
1083010	A/D - Sewer Plant	452		
2151000	R/E		452	
Seminole County:				
<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>	
1083010	A/D - Water Plant	766		
1083025	A/D - Pumping Equipment	30		
2151000	R/E	99,102		
2722000	A/A - CIAC Water	8,915		
4072000	Amortization Expense - CIAC Water		1,783	
1084000	A/D - Sewer Plant		30	
2711000	CIAC - Water		107,000	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 2

The Utility agrees with audit finding number 2 and would propose the same entry as Staff, which is as follows:

Pasco County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
108****	A/D - Water	199,151	
2151000	R/E	97,136	
2711****	CIAC - Water	12,627	
403****	Depreciation Expense - Water	407	
108****	AD - Sewer	7,903	
2151000	R/E	97,298	
2721****	CIAC - Sewer	17,232	
2723****	A/A - CIAC Sewer		8,028
403****	Depreciation Expense - Sewer		272
3*****	UPIS - Water		264,632
2722****	A/A - CIAC Water		41,779
303****	Land		2,910
3*****	UPIS - Sewer		114,133

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 3

The Utility agrees with audit finding number 3 and would propose a similar entry as Staff, but with changes for what the Utility believes are errors in Staff's calculation. On page 16 of the audit report, Staff calculates its A/D accruals and depreciation expense for the test year. While the Utility believes each individual yearly accrual and the 2005 depreciation expense is correct, it does not believe Staff's formula calculating the total A/D is correct. Furthermore, cumulative A/D would be the same as total A/D. Staff appears to have included the plant adjustment and the cumulative A/D column together for total A/D, which results in a total A/D that is greater than the cost of the plant adjustment. Therefore, the Utility has adjusted its A/D in the following journal entry to reflect correct A/D balances. The correct A/D adjustment amounts happen to be the cumulative A/D in Staff's schedule on page 16.

Marion County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
1083014	A/D - Wells & Springs	861	
1083025	A/D - Electric Pumping Equipment	59	
1083043	A/D - Transmission & Distribution Mains	52	
1083046	A/D - Meters	125	
1083048	A/D - Hydrants	76	
1083094	A/D - Tools, Shop, & Miscellaneous Equipment	231	
1084005	A/D - Sewage Treatment Plant	25	
6755090	Other Maintenance Expense - Water	2,368	
3072014	Wells & Springs		7,392
3355048	Hydrants		1,351
3466094	Tools, Shop, & Miscellaneous Equipment		1,481
3345046	Meters		1,673
3315043	Transmission & Distribution Mains		644
3113025	Electric Pumping Equipment		2,368
3804005	Sewage Treatment Plant		900
2151000	R/E		3,247
4032014	Depreciation Expense - Wells & Springs		246
4032025	Depreciation Expense - Electric Pumping Equipment		59
4032043	Depreciation Expense - Transmission & Distribution Mains		15
4032048	Depreciation Expense - Hydrants		30
4032094	Depreciation Expense - Tools, Shop, & Miscellaneous Equipment		93
4033005	Depreciation Expense - Sewage Treatment Plant		25
4032046	Depreciation Expense - Meters		84

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 4

The Utility agrees with audit finding number 4 and would propose a similar entry as Staff. The difference between Staff's entry and the Utility's entry is the deferred asset. According to audit finding 4, both permit renewals were booked to the G/L in 2002. Therefore, as of 2005, only four years of amortization would have been taken. The Utility believes that Staff has taken five years ($\$4,150/10 * 5 = \$2,075$). Four years amortization would be $\$4,150/10 * 4 = \$1,660$, which the Utility believes is the correct amount of accumulated amortization for the deferred asset. In addition, the Utility has adjusted for what it believes are errors in Staff's calculation. On page 19 of the audit report, Staff calculates its A/D accruals and depreciation expense for the test year. While the Utility believes each individual yearly accrual and the 2005 depreciation expense is correct, it does not believe Staff's formula calculating the total or cumulative A/D is correct. Furthermore, cumulative A/D, in theory, would be the same as total A/D. Staff appears to have included the plant adjustment and the cumulative A/D column together for total A/D, which results in a total A/D that is greater than the cost of the plant adjustment. Therefore, the Utility has adjusted its A/D in the following journal entry to reflect correct A/D balances. The correct A/D adjustment amounts happen to be each yearly accumulated depreciation accrual on page 19, summed for a total. Finally, the Company was able to locate the two invoices that it could not provide documentation for during the audit. These invoices are attached, and the entries associated with removing those invoices have not been included in the Company's following journal entry.

Pasco County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
1862045	Deferred Charges - Other	4,150	
6755070	Water Permits	415	
1083032	A/D - Water Treatment Equipment	182	
1083045	A/D - Service Lines	79	
1083025	A/D - Electric Pumping Equipment	300	
1084005	A/D - Sewage Treatment Plant	417	
1083042	A/D - Distribution Reservoirs & Standpipes	33	
1083021	A/D - Structures & Improvements (Pump Plant)	247	
1083046	A/D - Meters	352	
1083014	A/D - Wells & Springs	146	
2151000	R/E	20,067	
3043021	Structures & Improvements (Pump Plant)		4,939
3113025	Electric Pumping Equipment		1,193
3335045	Service Lines		1,631
3305042	Distribution Reservoirs & Standpipes		823
3542011	Lift Stations		5,454
3345046	Meters		2,814
3072014	Wells & Springs		2,920
4032021	Depreciation Expense - Structures & Improvements (Pump Plant)		150
4032014	Depreciation Expense - Wells & Springs		97
4032025	Depreciation Expense - Electric Pumping Equipment		210
4032032	Depreciation Expense - Water Treatment Equipment		52
4032042	Depreciation Expense - Distribution Reservoirs & Standpipes		22
4032045	Depreciation Expense - Service Lines		35
4032046	Depreciation Expense - Meters		141
4033011	Depreciation Expense - Lift Station		98
3204032	Water Treatment Equipment		1,149
3113025	Electric Pumping Equipment		3,001
1865045	A/A - Other Deferred Charges		1,660

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 5

The Utility agrees with the reclassification of UPIS additions based on the evaluation of a sampling of UPIS invoices, however the Utility believes that UPIS water accounts are overstated by \$6,472. In addition, the Utility has adjusted for what it believes are errors in Staff's calculation. On page 21 of the audit report, Staff calculates its A/D accruals and depreciation expense for the test year. While the Utility believes each individual yearly accrual and the 2005 depreciation expense is correct, it does not believe Staff's formula calculating the total or cumulative A/D is correct. Furthermore, cumulative A/D, in theory, would be the same as total A/D. Staff appears to have included the plant adjustment and the cumulative A/D column together for total A/D, which results in a total A/D that is greater than the cost of the plant adjustment. Therefore, the Utility has adjusted it's A/D in the following journal entry to reflect correct A/D balances. The correct A/D adjustment amounts happen to be each yearly accumulated depreciation accruals on page 21 summed for a total. The Utility has attached invoice 14878 for \$678.99 and has removed the associated entries for the plant account, accumulated depreciation, and depreciation expense to reflect this change.

Pinellas County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3043021	STRUCT & IMPRV (PUMP PLT)	0	1444
3315043	TRANS & DISTR MAINS	0	402
3335045	SERVICE LINES	0	454
3335045	SERVICE LINES	0	499
3335045	SERVICE LINES	0	904
3335045	SERVICE LINES	0	406
3335045	SERVICE LINES	0	375
3355048	HYDRANTS	0	1988
1083021	ACCUM DEPR.-3043021	110	0
1083043	ACCUM DEPR.-3315043	14	0
1083045	ACCUM DEPR.-3335045	39	0
1083045	ACCUM DEPR.-3335045	31	0
1083045	ACCUM DEPR.-3335045	57	0
1083045	ACCUM DEPR.-3335045	25	0
1083045	ACCUM DEPR.-3335045	14	0
1083048	ACCUM DEPR.-3355048	66	0
4032021	DEPRECIATION-10121	0	44
4032043	DEPRECIATION-10143	0	9
4032045	DEPRECIATION-10145	0	11
4032045	DEPRECIATION-10145	0	12
4032045	DEPRECIATION-10145	0	23
4032045	DEPRECIATION-10145	0	10
4032045	DEPRECIATION-10145	0	9
4032048	DEPRECIATION-10148	0	44
2151000	RETAINED EARNINGS	6278	0
		<u>6634</u>	<u>6634</u>

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 6

The Utility agrees with audit finding number 6 and would propose a similar entry as Staff. The Utility has adjusted for what it believes are errors in Staff's calculation. On pages 24 and 25 of the audit report, Staff calculates its A/D accruals and depreciation expense for the test year. While the Utility believes each individual yearly accrual and the 2005 depreciation expense is correct, it does not believe Staff's formula calculating the total or cumulative A/D is correct. Furthermore, cumulative A/D, in theory, would be the same as total A/D. Staff appears to have included the plant adjustment and the cumulative A/D column together for total A/D, which results in a total A/D that is greater than the cost of the plant adjustment. Therefore, the Utility has adjusted it's A/D in the following journal entry to reflect correct A/D balances. The correct A/D adjustment amounts happen to be each yearly accumulated depreciation accrual on pages 24 and 25, summed for a total. In addition, the Utility was able to locate two invoices that were not previously provided and has accounted for them in this journal entry.

Seminole County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6755090	Water - Other Maintenance Expense	1,760	
1083021	A/D - Structures & Improvements (Pump Plant)	346	
1083025	A/D - Electric Pumping Equipment	1,551	
1083048	A/D - Hydrants	175	
1084008	A/D - Sewer Mains	91	
1083045	A/D - Service Lines	39	
1083094	A/D - Tools, Shop, & Miscellaneous Equipment	357	
1084011	A/D - Lift Stations	589	
1083042	A/D - Distribution Reservoirs & Standpipes	1,025	
1083046	A/D - Meters	230	
4032021	Depreciation Expense - Structures & Improvements (Pump Plant)	99	
4032025	Depreciation Expense - Electric Pumping Equipment	732	
4032048	Depreciation Expense - Hydrants	50	
4033008	Depreciation Expense - Sewer Mains	43	
4032045	Depreciation Expense - Service Lines	15	
4032094	Depreciation Expense - Tools, Shop, & Miscellaneous Equipment	102	
4033011	Depreciation Expense - Lift Stations	143	
4032042	Depreciation Expense - Distribution Reservoirs & Standpipes	382	
4032046	Depreciation Expense - Meters	153	
1862045	Deferred Charges - Other	8,800	
2151000	R/E	40,465	
3043021	Structures & Improvements (Pump Plant)		3,292
3113025	Electric Pumping Equipment		1,832
3355048	Hydrants		2,250
3612008	Sewer Mains		16,820
3335045	Service Lines		617
3466094	Tools, Shop, & Miscellaneous Equipment		1,632
3542011	Lift Stations		5,384
6759509	Water Maintenance - Electrical Equipment Repair		642
3305042	Distribution Reservoirs & Standpipes		17,865
3345046	Meters		1,533
1865045	A/A - Other Deferred Charges		5,280

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 7

The Utility agrees with audit finding number 7 and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
1083025	ACCUM DEPR.-3113025	17,373	
3113025	ELECTRIC PUMP EQUIP		16,949
4032025	DEPRECIATION-10125		424
1085042	ACCUM DEPR.-3305042	9,496	
2151000	RETAINED EARNINGS		587
3305042	DIST RESV & STNDPIPES		8675
4032042	DEPRECIATION-10142		234

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 8

The Utility agrees with audit finding number 8 and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3335045	SERVICE LINES		7,905
1083045	ACCUM DEPR.-3335045	8201	
4032045	DEPRECIATION-10145		198
2151000	RETAINED EARNINGS		98
3542011	LIFT STATION		15,918
1084011	ACCUM DEPR.-3542011	17,659	
4033011	DEPRECIATION-10211		497
2151000	RETAINED EARNINGS		1244
3315043	TRANS & DISTR MAINS		102328
1083043	ACCUM DEPR.-3315043	110657	
4032043	DEPRECIATION-10143		2380
2151000	RETAINED EARNINGS		5949
3305042	DIST RESV & STNDPIPES		47350
1083042	ACCUM DEPR.-3305042	49270	
4032042	DEPRECIATION-10142		1280
2151000	RETAINED EARNINGS		640
3335045	SERVICE LINES		27312
1083045	ACCUM DEPR.-3335045	29702	
4032045	DEPRECIATION-10145		683
2151000	RETAINED EARNINGS		1707

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 9

The Utility agrees with audit finding number 9 and would propose the same entry as Staff, which is as follows:

Seminole County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
1083048	A/D - Hydrants	26,207	
1083032	A/D - Water Treatment Equipment	6,902	
1084008	A/D - Sewer Mains	49,739	
1084011	A/D - Lift Stations	123,883	
1083042	A/D - Distribution Reservoirs & Standpipes	219,138	
1083025	A/D - Electric Pumping Equipment	17,203	
2151000	R/E		5,593
3355048	Hydrants		24,316
3204032	Water Treatment Equipment		6,198
3612008	Sewer Mains		47,121
3542011	Lift Stations		118,336
3305042	Distribution Reservoirs & Standpipes		216,216
3113025	Electric Pumping Equipment		16,003
4032048	Depreciation Expense - Hydrants		540
4032032	Depreciation Expense - Water Treatment Equipment		282
4033008	Depreciation Expense - Sewer Mains		1,047
4033011	Depreciation Expense - Lift Stations		3,698
4032042	Depreciation Expense - Distribution Reservoirs & Standpipes		2,922
4032025	Depreciation Expense - Electric Pumping Equipment		800

UTILITIES, INC. OF FLORIDA
 DOCKET NO. 060253-WS
 AUDIT REPORT RESPONSES

Audit Finding No. 10

The Utility agrees with audit finding number 10 and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3072014	WELLS & SPRINGS		23264
1083014	ACCUM DEPR.-3072014	2456	
4032014	DEPRECIATION-10114		775
2151000	RETAINED EARNINGS	21583	
3804005	SEWAGE TRTMT PLANT		23473
1084005	ACCUM DEPR.-3804005	4122	
4033005	DEPRECIATION-10205		1304
2151000	RETAINED EARNINGS	20655	
3315043	TRANS & DISTR MAINS		1174
1083043	ACCUM DEPR.-3315043	96	
4032043	DEPRECIATION-10143		27
2151000	RETAINED EARNINGS	1105	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 11

The Utility agrees with audit finding number 11 and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
1862019	DEF CHARGES -OTHER (WATER)	30,601	
3072014	WELLS & SPRINGS		19,127
1083014	ACCUM DEPR.-3072014	1,594	
4032014	DEPRECIATION-10114		638
2151000	RETAINED EARNINGS		12,430

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 12

The Utility agrees with audit finding number 12 and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3804005	SEWAGE TRTMT PLANT		229
1084005	ACCUM DEPR.-3804005	188	
4033005	DEPRECIATION-10205		13,155
2151000	RETAINED EARNINGS	13,196	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 13

The Utility accepts Staff's recommendation for audit finding number 13.

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3036089	L & L RIGHTS (GEN PLT)		1,150
2151000	RETAINED EARNINGS	1,150	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 14

The Utility agrees with audit finding number 14, and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3537002	L & L RIGHTS		180,351
2151000	RETAINED EARNINGS	180,351	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 15

The Utility agrees with audit finding number 15 and would propose the same entry as Staff, which is as follows:

Seminole County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
2711000 CIAC		42,868	
2151000 R/E			42,868

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 16

The Utility agrees with audit finding number 16, and would propose to increase the utility's 13-month average of WSC rate base to \$73,415, as Staff suggests.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 17 (Steve to look for any info on working capital)

While the Company agrees partially with Staff's finding in audit request number 17, Staff must also recognize that cash working capital must be enough to cover the Company's monthly expenses when taking into account the cash lag of revenues.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 18

The Utility accepts audit finding number 18.

UTILITIES, INC. OF FLORIDA
 DOCKET NO. 060253-WS
 AUDIT REPORT RESPONSES

Audit Finding No. 19

The Utility agrees with audit finding number 19, and would propose the same entry as Staff, which is as follows:

Marion County:				
<u>A/C #</u>	<u>A/C Description</u>		<u>Debit</u>	<u>Credit</u>
2151000 R/E			431	
7151020	Electric Power - Sewer System			431
Orange County:				
<u>A/C #</u>	<u>A/C Description</u>		<u>Debit</u>	<u>Credit</u>
2151000 R/E			586	
6101010	Purchased Water - Water System			586
Pasco County:				
<u>A/C #</u>	<u>A/C Description</u>		<u>Debit</u>	<u>Credit</u>
2151000 R/E			2,281	
6361000	Meter Reading			900
7105000	Purchased Sewage Treatment			892
7151020	Electric Power - Sewer System			43
6151010	Electric Power - Water System			446
Pinellas County:				
<u>A/C #</u>	<u>A/C Description</u>		<u>Debit</u>	<u>Credit</u>
2151000 R/E			755	
6361000	Meter Reading			755

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 20

The Utility accepts audit finding number 20.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 21

The Utility agrees with audit finding number 21, and would propose the same entry as Staff, which is as follows:

Pasco County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
2151000 R/E		14,464	
7105000 Purchased Sewage Treatment			14,464

Seminole County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
2151000 R/E		1,907	
7105000 Purchased Sewage Treatment			1,907

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 22

The Utility agrees with audit finding number 22, and would propose the same entry as Staff, which is as follows:

Marion County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3044031	Structures & Improvements (Water Treatment Plant)	261	
1083031	A/D - Structures & Improvements (Water Treatment Plant)	767	
4032031	Depreciation Expense - Structures & Improvements (Water Treatment Plant)	16	
6755090	Water - Other Maintenance Expense		1,044

Seminole County:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
3044031	Structures & Improvements (Water Treatment Plant)	1,200	
1083031	A/D - Structures & Improvements (Water Treatment Plant)	3,527	
4032031	Depreciation Expense - Structures & Improvements (Water Treatment Plant)	73	
1862045	Deferred Charges - Other	824	
6355010	Contractual Services - Other		824
6755090	Water - Other Maintenance Expense		4,800

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 23

The Utility agrees with audit finding number 23, and also agrees that no entry is required.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 24

The Utility has reviewed audit finding number 24, and has a few comments. First, the Utility has confirmed that the \$400.00 monthly expense from Wood's Lawn service noted in the audit report is not related to UIF. However, Wood's Lawn service is servicing Sanlando, UI of Longwood, and Alafaya. Therefore, while this reoccurring monthly expense of \$400 should be removed from UIF, it should be included in the income statements for Sanlando, UI of Longwood and Alafaya. The Utility further notes that since the expenses are known and measurable; they should be included in the Sanlando, UI of Longwood, and Alafaya's books as well as added into Sanlando's and Alafaya's MFRs and income statement. The Utility would propose the following entry to its books:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6759415	MISCELLANEOUS EXPENSE		4,800
2151000	RETAINED EARNINGS	4,800	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 25

The Utility has reviewed audit finding number 25, and has a few comments. First, the Utility has confirmed that the electric meter at Cherry Way in Pasco County is being used by an irrigation system that is not the Utilities', therefore we find that the proposed entry to reduce the amount of the electric expense by the proposed amount of \$357.85 to be necessary. However, the Utility is in the process of disconnecting the irrigation pump from the electric meter and looking further into the matter.

The Utility agrees with the second portion of audit finding number 25 concerning the second meter that services the lift station for the Weathersfield wastewater system and the Florida office, but would like to point out that the \$9777.20 expense should be removed from UIF, however, it should be included in the income statement for the other Florida companies which utilize the Altamonte Springs office. The Utility would propose the following entry to its books:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6151000	ELECTRIC POWER		10,135
2151000	RETAINED EARNINGS	10,135	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 26

The Utility has reviewed audit finding number 26, and has a few comments. First, the Utility agrees with the proposed entry to remove \$116,088.44 from UIF, however, the expense should be included in the income statements for the other Florida companies which utilize the Nextel service. The Utility would propose the same entry as staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6759405	COMMUNICATION EXPENSES		116,055
2151000	RETAINED EARNINGS	116,056	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 27

The Utility agrees with audit finding number 27, and also agrees that no entry is required.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 28

The Utility agrees with audit finding number 28, and proposes the Commission reduce the O&M Expense by the actual error amount of \$3598.28. However, the Utility would like to note that this expense should have been booked to the other FL companies that receive the benefit of the expense.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 29

The Utility has reviewed audit finding number 29, and has a few comments. First, the Utility agrees with the proposed entry to remove \$2683.21 from UIF, however, the expense should be included in the income statement for the other Florida companies which utilize the Florida Altamonte Springs Office. The Utility would propose the following entry to staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6759005	POSTAGE & POSTAGE METER - OFFICE		2,068
6759017	OPERATORS-CLEANING SUPPLIES		96
6759260	REPAIR OFFICE MACH & HEATING		519
2151000	RETAINED EARNINGS	2,683	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 30

The Utility has reviewed audit finding number 30, and has a few comments. First, the Utility agrees with the proposed entry to remove \$6531.51 from UIF, however, the expense should be included in the income statement for the other Florida companies. The Utility would propose the following entry to staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
6759415	MISCELLANEOUS EXPENSE		6,531
2151000	RETAINED EARNINGS	6,531	

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 31

The Utility disagrees with the adjustment to remove prior rate case expense. Although the yearly approved amortization was only \$99,400, the Utility would most certainly incur costs shortly before hearing, during the hearing, and post hearing. While these costs could not have been known and measurable at the time rate case expense from the prior case was approved, they are certainly known and measurable now, and are indisputably costs incurred in association with the prior rate case. Therefore, the additional rate case expense should be included as a part of amortization of rate case expense in this proceeding. The Utility proposes to include the additional expense of \$15,416 in this proceeding. In addition, working capital should not be reduced by \$128,893, nor should the unamortized balance be increased by \$24,851.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 32

The Utility accepts audit finding number 32.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 33

The Utility agrees with audit finding number 33, and would propose the same entry as Staff, which is as follows:

<u>A/C #</u>	<u>A/C Description</u>	<u>Debit</u>	<u>Credit</u>
2151000 R/E		6,662	
4191010 Interest Income		5	
4272090 Interest Expense		1,627	
4032098 Depreciation Expense - Computer			50
6329002 Audit Fees			2,769
6369009 Amortization Expense - Computer			444
6599090 Insurance Expense			3,247
6759005 Postage Fees			1,784

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 34

The Utility recognizes Staff's comment in audit finding number 34, and is currently addressing this issue in a data request from Staff.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 35

The Utility recognizes Staff's comments, but would point out that vehicle expenses in 2005 were not out of line with years past. The test year amount is not unusual compared to other years, and is not the highest total expense in the past five years. While 2005 had approximately \$40,000 in vehicle repairs, 2003's expense was nearly \$48,000.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 36

The Utility recognizes Staff's comment in audit request number 36.

UTILITIES, INC. OF FLORIDA
DOCKET NO. 060253-WS
AUDIT REPORT RESPONSES

Audit Finding No. 37

The Utility recognizes Staff's findings in audit request number 37, and recalls the finding in the WSC affiliate audit.

EXHIBIT

4

tabbles

The Nidy Company
PO Box 730
Sanford, FL 32772
407-330-9466

93705-15851

Pasco
County

Application:
Date:
Cust PO #:
Terms:

Invoice

3547

Final

04/11/02

Upon Receipt

Bill To:
Pointe West Recreation Facility, Inc.
Attn: Jennifer
12005 Paradise Parkway
New Port Richey, FL 34654

Project: Pointe West Recreation

Description	Amount
Contract for work on the north bocce court	\$2,892.00
6-24-02 2892- 44013	
Amount Due This Request:	\$2,892.00

05412-14878
Pasco County

**Ken's
Bush Hog Service**

1700 Eaton Drive
Clearwater FL 33756
(727) 643-9593
(727) 581-4131
Fax (727) 585-3938

Date: 10/10/02

Invoice #1161

Bill to:
Utilities, Inc. of Florida
200 Weathersfield Ave.
Altamonte Springs FL 32714

Project
10/8/02 1850 Hess Drive Buena Vista

Your PO #
SH-615-W

#	Parts/Labor	Net	Amount
	<u>Installed new service from copper to top of meter connection.</u>		
2	3/4" PVC male adapt coupl sch 80	2.16	\$6.48
4	3/4" S / S 90° coupl sch 80	1.19	4.76
1	3/4" S / S 45° coupl sch 80	1.41	1.41
40'	3/4" PVC pipe sch 40	.18	7.20
1	Bag blacktop	6.98	6.98
	Labor: 2 men 6 hours	90.00	540.00
	TOTAL:		\$566.83

THANK YOU FOR YOUR BUSINESS!

EXHIBIT

5

tabbies

00064-14878

Pinellas County

**Ken's
Bush Hog Service**

1700 Eaton Drive
Clearwater FL 33756
(727) 643-9593
(727) 581-4131
Fax (727) 585-3938

Date: 8/20/02

Invoice #1015

Bill to:

Utilities, Inc. of Florida
200 Weathersfield Ave.
Altamonte Springs FL 32714

Project
8/16-19/02 31 Lexington Ct. Lake Tarpon

Your PO #
SH-637-W

#	Parts/Labor	Net	Amount
8/16/02	<u>Made temporary repair to service by main (parts furnished by Utilities, Inc.)</u>		
	Labor: 2 men 3 hours	90.00	\$270.00
8/19/02	<u>Relocate meter and install check valve</u>		
	¾" Badger meter S# 16253594 Rd: 0327030		
5	PVC 90° coupling	.21	.21
3	¾" male adapter coupling	.20	.20
1	1" male adapter coupling	.34	.34
1	¾" S / S coupling	.18	.18
5'	¾" PVC pipe	.18	.90
1	¾" male comp adapter coupling	2.16	2.16
	Labor: 2 men 4 ½ hours	90.00	\$405.00
	TOTAL:		\$678.99

THANK YOU FOR YOUR BUSINESS!

EXHIBIT

tabbles®

6



Florida Metal Craft, Inc.

MACHINE AND SHEET METAL SHOPS

Post Office Box 771179 • Winter Garden, FL 34777-1179
 Phone (407) 656-1100 • Fax (407) 656-6970
 Evenings (321) 436-7615

INVOICE

DATE	INVOICE #
9/30/2004	11390

BILL TO

UTILITIES, INC OF FLORIDA
 200 WEATHERSFIELD AVE.
 ALTAMONTE SPRINGS, FL 32714

JOB NAME / JOB NUMBER / LOCATION / CONTACT

UTILITIES, INC OF FLORIDA
 200 WEATHERSFIELD AVE.
 ALTAMONTE SPRINGS, FL 32714

P.O. NO.	TERMS	ORDER DATE	ORDER TAKEN BY	CONTACT PERSON
PARK RIDGE EN	UPON RECEIPT		TB	GARY MUSSELWHITE
MATERIAL / DESCRIPTION OF WORK		QUANTITY	AMOUNT	
FABRICATION AND INSTALL ENCLOSURE @ PARK RIDGE FMK#7948			3,700.00T	
GARY MUSSELWHITE				

Invoice History

1/31/2007 4:27 PM

Customer: Job UTILITIES, INC OF FLORIDA
 Invoice Date 09/30/2004
 Invoice No. 11390 Invoice Total 3,940.50
 Memo

Payments, deposits of payment line items, credits, and discounts

Type	Date	Number	Amount	Invoice Balance
Payment	11/02/2004	516114	-3,940.50	0.00

A Finance Charge of 1 1/2% per month (18% per annum) will be charged on all past due invoices. Buyer shall pay all collection cost and reasonable attorney fees if it becomes necessary for Seller to place any past due account with an attorney, either directly or through a collection agency. Signature _____ Work ordered by _____ <small>I hereby acknowledge the satisfactory completion of the above described work.</small>	SALES TAX	\$3,700.00 (6.5%) \$240.50
	TOTAL	\$3,940.50

Invoice

Invoice : 00050013
 Customer: UTI INC
 Inv Date: 11/02/05
 Page Num: 1
 Order : 23770

Bill-to:

Ship-to:

UTILITIES, INC.
 200 WEATHERSFIELD AVENUE
 ALTAMONTE SPRINGS, FL

WEATHERSFIELD H.S. PUMP

32714

Customer PO Number: K5602W

 Ship Date : Dpr: Resler: Terms : Ship Via : Sl: Spr Num: Due Date :
 11/02/05 : N : N : NET 30-DAY : SERVICE : 9 : 12/02/05 :

 Qty Ordered : Qty Shipped: Item Number : Unit : T: Extended
 : Qty Backord: Description : Price : X: Amount

SERVICE TO INSTALL CHECK VALVE & SPOOL PIECE.

1.00	1.00	SERVICE CALL LABOR			
	0.00	11-2 UTI WEATHERSFIEL	950.000	N	950.00
		MEN & TRUCK			

8" GLOBE SILENT CHECK VALVE W/ACCESSORY KITS & 1 8" X 7"
 SPOOL PIECE.

1.00	1.00	GLOBE CHECK VALVE &			
	0.00	SPOOL PIECE	1528.570	Y	1528.57

SERVICE TO REMOVE ENGINE & DISPOSE OF. MAKE 2 STANDS FOR
 CHECK VALVE. CHANGE OUT CHECK VALVE IN AIR COMP.

1.00	1.00	SERVICE CALL LABOR			
	0.00	11-2 UTI WEATHERSFIEL	350.000	N	350.00
		MEN & TRUCK			

1.00	1.00	CV&B			
	0.00	CHECK VAL BRASS 2"	18.000	Y	18.00

2.00	2.00	SET OF MATERIALS FOR			
	0.00	PIPE STANDS	25.000	Y	50.00

Continued Next Page

Invoice

Invoice :00050013
Inv Date:11/02/05
Page Num: 2
Order : 23770

Customer:UTIINC-UTILITIES, INC.
PO Number:KS602W

Ship Date : 11/02/05 : Terms : NET 30-DAY : Ship Via : SERVICE : Slspr Num : 9 : Due Date : 12/02/05

Qty Ordered : Qty Shipped : Item Number : Unit : T : Extended
: Qty Backord : Description : Price : X : Amount

SERVICE CHARGES of 1.5% per month, or the maxium allowed by law will be added to any past due balances. Also added will be all cost, including reasonable attorney fees, whether suit be brought or not, if the charges due hereunder are not discharged within (30) days of date of invoice and counsel shall be employed herein. BALANCE DUE SHOWN BELOW :

LOCKE WELL AND PUMP COMPANY
3685 OLD WINTER GARDEN ROAD
ORLANDO, FLORIDA 32805

FAX: 407/570-1840
407/299-8888
Tax ID 59-1034242

Subtotal : 2896.57 :
Sales Tax : 111.76 :
Freight : 0.00 :
Invoice Total: 3008.33 :
Payment : 0.00 :
Balance : 3008.33 :