

State of Florida



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Public Service Commission

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

DATE: March 24, 2009
TO: Lydia Roberts, Regulatory Analyst II, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance *DW*
RE: Docket No: 080709-WS; Company Name: Damon Utilities, Inc.;
Audit Purpose: Staff-assisted Rate Case; Company Code: WS551;
Audit Control No: 09-009-2-1;

By memo dated March 18, 2009, I sent you the final audit report for Damon Utilities, Inc. Attached are revised pages 6 and 13.

DNV/tbm
Attachment: Audit Report

CC: Division of Regulatory Compliance (Salak, Mailhot, Harvey,
District Offices, File Folder)
Office of Commission Clerk (2)
General Counsel
Office of Public Counsel

Ms. Lisa Davis
Damon Utilities, Inc.
47 Lake Damon Drive
Avon Park, FL 33825-8902

DOCUMENT NUMBER-DATE
02712 MAR 27 8
FPSC-COMMISSION CLERK

AUDIT FINDING NO. 1

SUBJECT: UTILITY PLANT IN SERVICE (UPIS)

AUDIT ANALYSIS: The company's trial balance reflects UPIS balances of \$143,548 and \$232,739 for water and wastewater, respectively, for calendar year ended December 31, 2008.

Based on our adjustments and findings, the company's UPIS balances are \$143,182 and \$232,169 for water and wastewater, respectively, as of December 31, 2008.

We compiled UPIS additions from 2003 through the test year to determine the company's UPIS balance as of December 31, 2008. We started with the UPIS balances established in the company's last rate case proceeding. We then posted additions and retirements to UPIS when capital items were added or replaced. We toured the utility water and wastewater plant sites to observe and ascertain the condition and existence of utility assets discussed above.

The company's UPIS balances and our adjustments, by NARUC sub-account, are displayed on the following schedule.

EFFECT ON THE FILING: The company's UPIS balances should be \$143,182 and \$232,169 for water and wastewater, respectively, as of December 31, 2008.

EFFECT ON THE GENERAL LEDGER: UPIS should be decreased by \$366 and \$570 for water and wastewater, respectively.

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Water - O&M Expenses	Salaries	Salaries	Employee	Purchased	Office Expense				Contract Services				@ 72%				Total		
	Employee 601	Officer 603	Benefits 604	Power 615	616	Chemicals 618	M&S 620	Telephone 620	Postage 620	Billing 630	Prof Fees 631	Testing 635	Other 636	Rents 640	Transp Exp 650	Insurance 655		Bank Chgs 670	Misc 655&675
Per Trial Balance	\$ 24,174	\$ 6,900	\$ 6,665	\$ 3,024	\$ 87	\$ 3,649	\$ 2,024	-	-	\$ 1,125	\$ 10,080	\$ 3,958	\$ 5,409	\$ 3,000	\$ 2,138	\$ 1,173	\$ 126	\$ 69	\$ 73,599
Audit Adjustments																			
Items capitalized	-	-	-	-	-	-	126	-	-	-	-	-	-	-	-	-	-	-	126
Reclass	-	-	-	-	-	-	(1,930)	931	1,055	-	(170)	-	-	-	-	-	-	-	107
Amtz water tank clean & paint	-	-	-	-	-	-	-	-	-	-	(6,908)	-	-	-	-	-	-	-	(6,908)
Non-recurring testing	-	-	-	-	-	-	-	-	-	-	-	(1,264)	-	-	-	-	-	-	(1,580)
Amortize SARC fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Allocate expenses	-	-	-	75	-	-	-	-	-	-	(213)	-	-	-	-	-	-	-	(138)
Not recorded	-	-	-	-	-	-	-	-	-	-	-	-	475	-	-	-	-	-	475
Remove 2007 charges	-	-	-	-	-	-	-	-	-	-	-	(192)	-	-	-	-	-	-	(192)
2008 Expenses paid in 2009	-	-	-	254	-	378	-	-	-	-	-	212	328	-	-	-	-	-	1,172
Undetermined Difference	-	-	-	-	-	-	(9)	-	-	-	-	-	-	-	-	-	-	(5)	(14)
Annualize new monthly rate	-	-	-	-	-	-	-	-	-	-	-	-	209	-	-	-	-	-	209
Total	\$ 24,174	\$ 6,900	\$ 6,665	\$ 3,353	\$ 87	\$ 4,027	\$ 219	931	1,055	\$ 1,125	\$ 2,790	\$ 2,714	\$ 6,420	\$ 3,000	\$ 2,138	\$ 1,173	\$ 126	\$ 420	\$ 67,315
Per Audit	\$ 24,174	\$ 6,900	\$ 6,665	\$ 3,353	\$ 87	\$ 4,027	\$ 219	\$ 931	\$ 1,055	\$ 1,125	\$ 2,790	\$ 2,714	\$ 6,420	\$ 3,000	\$ 2,138	\$ 1,173	\$ 126	\$ 420	\$ 67,315
Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-

W/Water - O&M Expenses	Salaries	Salaries	Employee	Purchased	Sludge	Office Expense				Contract Services				@ 28%				Total	
	Employee 701	Officer 703	Benefits 704	Power 715	Removal 711	Chemicals 718	M&S 720	Telephone 720	Postage 720	Billing 730	Prof Fees 731	Testing 735	Other 736	Rents 740	Transp Exp 750	Insurance 755	Bank Chgs 770		Misc 765&775
Per Trial Balance	\$ 7,976	\$ 2,588	\$ 2,407	\$ 3,274	\$ 2,030	\$ 1,515	\$ 871	-	-	\$ 536	\$ 505	\$ 3,170	\$ 4,712	\$ 2,150	\$ 768	\$ 456	-	\$ 557	\$ 31,837
Audit Adjustments																			
Reclass	-	-	-	-	-	-	(502)	310	322	(130)	-	-	-	-	-	-	-	-	-
Amortize SARC fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125
Allocate expenses	-	-	-	(75)	-	-	-	-	-	-	213	-	-	-	-	-	-	-	138
No invoice	(614)	(188)	(185)	-	-	-	-	-	-	(31)	-	-	(100)	(50)	(55)	-	-	-	(1,223)
Remove 2007 charges	-	-	-	-	-	(142)	-	-	-	-	-	(243)	-	-	-	-	-	-	(385)
2008 Expenses paid in 2009	-	-	-	360	-	162	-	-	-	-	-	267	328	-	-	-	-	-	1,117
Reclass TOTI Unidentified	-	-	-	-	-	-	(9)	-	-	-	-	-	-	-	-	-	-	(470)	(470)
Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)
Annualize new monthly rate	-	-	-	-	-	-	-	-	-	-	-	168	209	-	-	-	-	-	377
Total	\$ 7,362	\$ 2,400	\$ 2,222	\$ 3,560	\$ 2,030	\$ 1,535	\$ 360	310	322	\$ 375	\$ 718	\$ 3,362	\$ 5,069	\$ 2,100	\$ 713	\$ 456	-	\$ 212	\$ 33,104
Per Audit	\$ 7,362	\$ 2,400	\$ 2,222	\$ 3,560	\$ 2,030	\$ 1,535	\$ 360	\$ 310	\$ 322	\$ 375	\$ 718	\$ 3,362	\$ 5,069	\$ 2,100	\$ 713	\$ 456	-	\$ 212	\$ 33,104
Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-