

Diamond Williams

From: Dana Rudolf [DRudolf@RSBattorneys.com]
Sent: Thursday, May 05, 2011 2:09 PM
To: Filings@psc.state.fl.us
Cc: Christian W. Marcelli; smlubertozzi@uiwater.com; jrstover@uiwater.com; keweeks@uiwater.com; rjdurham@uiwater.com; pcflynn@uiwater.com; JDWilliams@uiwater.com; frankdenjup@att.net; dswain@milianswain.com; Dale Buys; reilly.steve@leg.state.fl.us
Subject: Docket No. 100426-WS; Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.

Attachments: PSC Clerk 16 (Response to LUSI Audit Report 11-004-4-1).ltr.docx.pdf

- a) Christian W. Marcelli, Esquire
Rose, Sundstrom & Bentley, LLP
766 North Sun Drive, Suite 4030
Lake Mary, FL 32746
Phone: (407) 830-6331
Fax: (407) 830-8522
cmarcelli@rsbattorneys.com
- b) Docket No. 100426-WS
Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.
- c) Lake Utility Services, Inc.
- d) 12 pages
- e) Response to Audit Staff's report filed on March 18, 2011 (Audit Control No. 11-004-4-1)

5/5/2011

DOCUMENT NUMBER-DATE

03125 MAY-5 =

FPSC-COMMISSION CLERK

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

www.rsbatorneys.com

Please Respond to the Lake Mary Office

May 5, 2011

E-FILING

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN J. FUMERO, P.A.
BRIDGET M. GRIMSLEY
JOHN R. JENKINS, P.A.
KYLE L. KEMPER

CHRISTIAN W. MARCELLI
STEVEN T. MINDLIN, P.A.
THOMAS F. MULLIN
CHASTITY H. O'STEEN
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

ROBERT M.C. ROSE, (1924-2006)

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 100426-WS; Application for increase in water and wastewater rates in
Lake County by Lake Utility Services, Inc.
Our File No.: 30057.194

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is the response of Lake Utility Services, Inc. (the "Company") to Audit Staff's report filed on March 18, 2011 in connection with audit control no. 11-004-4-1.

Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI
For the Firm

Enclosures

cc: Steven M. Lubertozzi, Executive Dir. of Regulatory Accounting & Affairs (w/enclosures) (via e-mail)
John Stover, Vice President and Secretary (w/enclosures) (via e-mail)
Kirsten Weeks, Manager of Regulatory Accounting (w/enclosures) (via e-mail)
Rick Durham, Regional Vice President (w/enclosures) (via e-mail)
Patrick C. Flynn, Regional Director (w/enclosures) (via e-mail)
John Williams, Director of Governmental Affairs (w/enclosures) (via e-mail)
Frank Seidman (w/enclosures) (via e-mail)
Deborah Swain (w/enclosures) (via e-mail)
Dale Buys, Division of Economic Regulation (w/enclosures) (via e-mail)
Steve Reilly, Esquire, Office of Public Counsel (w/enclosures) (via e-mail)

DOCUMENT NUMBER-DATE

03125 MAY-5 =

FPSC-COMMISSION CLERK

766 N. SUN DRIVE, SUITE 4030, LAKE MARY, FLORIDA 32746 (407) 830-6331 FAX (407) 830-8522
2548 BLAIRSTONE PINES DRIVE, TALLAHASSEE, FLORIDA 32301 (850) 877-6555 FAX (850) 656-4029
950 PENINSULA CORPORATE CIRCLE, SUITE 2020, BOCA RATON, FLORIDA 33487 (561) 982-7114 FAX (561) 982-7116

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSES TO AUDIT REPORT (Audit No. 11-004-4-1)

Audit Finding No. 1 – Expenses Recorded as Plant

The Company does not object to audit finding no. 1.

Audit Finding No. 2 – Plant Retirements

The Company disagrees with audit finding no. 2. The Company does agree that the retirements need to be made, however, the Company calculates water rate base numbers for the 13-month average that are different than Staff's. Please see attached document AF 2.

Effect on general ledger – Water UPIS should be credited for \$131,588.68. Water accumulated depreciation should be debited for \$139,138.36. Water depreciation expense should be credited for \$4,434.86. Wastewater UPIS should be credited for \$34,720.72. Wastewater accumulated depreciation should be debited for \$36,929.36. Wastewater depreciation expense should be credited for \$1,389.41.

Effect on filing – Water UPIS should be credited for \$123,771.59. Water accumulated depreciation should be debited for \$129,034.51. Water depreciation expense should be credited for \$4,434.86. Wastewater UPIS should be credited for \$24,150.02. Wastewater accumulated depreciation should be debited for \$25,580.76. Wastewater depreciation expense should be credited for \$1,389.41.

Audit Finding No. 3 – Adjustment to Filing Not Booked

The Company does not object to audit finding no. 3.

Audit Finding No. 4 – Land Sale

The land in question was never used for utility purposes and therefore never benefited customers.

Audit Finding No. 5 – Plant Error in Depreciation Restatement

The Company does not object to audit finding no. 5.

Audit Finding No. 6 – Accumulated Depreciation Error in Depreciation Restatement Adjustment

The Company does not object to audit finding no. 6.

Audit Finding No. 7 – Contributions in Aid of Construction (CIAC) and Accumulated Amortization Errors

The Company will address each item separately:

- 1) The Company disagrees with the adjustment to account 3445. The account is correctly accounted for in the depreciation restatement file. A reconciliation has been provided on attached document wp AF 7/1.
- 2) The Company does not object to item 2.

DOCUMENT NUMBER-DATE

03125 MAY -5 =

FPSC-COMMISSION CLERK

- 3) The Company does not object to item 3.
- 4) The Company does not object to item 4, but the Company's averages vary from Staff's. Please see w/p AF 7/2 and wp AF 7/3 attached.
- 5) The Company agrees with item 5, but the Company's averages vary from Staff's. Please see w/p AF 7/2 and wp AF 7/3 attached.

Effect on general ledger – Water CIAC should be credited for \$20,200. Water accumulated amortization should be debited for \$288.33. Water amortization expense should be credited for \$288.33. Wastewater CIAC should be debited for \$32,579.25. Wastewater accumulated amortization should be credited for \$2,969.60. Wastewater amortization expense should be debited for \$1,134.48.

Effect on filing – Water CIAC should be credited for \$10,646.15. Water accumulated amortization should be debited for \$103.85. Water amortization expense should be credited for \$288.33. Wastewater CIAC should be debited for \$32,579.25. Wastewater accumulated amortization should be credited for \$2,402.35. Wastewater amortization expense should be debited for \$1,134.48.

Audit Finding No. 8 – Contributed Water Property Not Recorded

The Company does not object to audit finding no. 8.

Audit Finding No. 9 – Over Billing of Revenues

The Company does not object to audit finding no. 9.

Audit Finding No. 10 – Revenue Adjustments

The Company does not object to audit finding no. 10.

Audit Finding No. 11 – Proforma Adjustment for Deferred Maintenance Expense

The Company does not object to audit finding no. 11, but notes that the \$8,732.68 relates to water and the \$1,698.33 relates to wastewater.

Audit Finding No. 12 – Adjustment for Commission Order

The Company does not object to audit finding no. 12.

Audit Finding No. 13 – Capital Project Expensed

The Company does not object to audit finding no. 13.

Audit Finding No. 14 – Lobbying Expenses

The Company does not object to audit finding no. 14.

Audit Finding No. 15 – Personal Property

The Company does not object to audit finding no. 15.

General Ledger Adjustments

Water:

UPIS Obj Acct	UPIS Amount	Retirement Amount	Month of Retirement	Months Over-Retired	Dep Rate	A/D Obj Acct	A/D Amount	Dep Exp Obj Acct	Dep Exp Amount
1050	6,279.83	(4,132.63)	Jul-08	24	3.13%	1845	4,390.92	6465	(129.14)
1050	2,868.00	(1,739.73)	Aug-09	11	3.13%	1845	1,789.57	6465	(49.84)
1090	7,999.57	(6,452.03)	Nov-09	8	2.86%	1850	6,574.93	6460	(122.90)
1105	29,602.96	(22,862.16)	Jun-08	25	5.00%	1900	25,243.64	6510	(1,143.11)
1105	3,250.00	(1,883.63)	Feb-09	17	5.00%	1900	2,017.05	6510	(94.18)
1105	15,680.00	(12,273.33)	Sep-09	10	5.00%	1900	12,784.72	6510	(511.39)
1105	2,763.59	(2,072.69)	Sep-09	10	5.00%	1900	2,159.05	6510	(86.36)
1105	2,362.74	(1,905.66)	Oct-09	9	5.00%	1900	1,977.12	6510	(71.46)
1110	4,936.00	(4,291.49)	Jun-08	25	5.00%	1905	4,738.52	6515	(214.57)
1115	950.00	(752.98)	Oct-08	21	4.55%	1910	812.88	6520	(34.23)
1115	3,355.35	(2,536.97)	Dec-09	7	4.55%	1910	2,604.24	6520	(67.27)
1120	5,519.28	(4,139.46)	Mar-08	28	2.70%	1915	4,400.51	6525	(111.88)
1120	8,923.80	(6,692.85)	Aug-08	23	2.70%	1915	7,039.55	6525	(180.89)
1120	33,827.60	(25,370.70)	Nov-08	20	2.70%	1915	26,513.52	6525	(685.69)
1120	12,578.39	(9,433.79)	Aug-08	23	2.70%	1915	9,922.48	6525	(254.97)
1120	29,125.27	(21,843.95)	Nov-08	20	2.70%	1915	22,827.91	6525	(590.38)
1120	6,450.00	(3,204.63)	Dec-08	19	2.70%	1915	3,341.77	6525	(86.61)
		<u>(131,588.68)</u>					<u>139,138.36</u>		<u>(4,434.86)</u>

Wastewater:

UPIS Obj Acct	UPIS Amount	Retirement Amount	Month of Retirement	Months Over-Retired	Dep Rate	A/D Obj Acct	A/D Amount	Dep Exp Obj Acct	Dep Exp Amount
1380	(4,482.35)	(4,398.31)	Jul-08	24	5.56%	2140	4,887.01	6745	(244.35)
1380	(4,588.00)	(3,806.61)	Sep-08	22	5.56%	2140	4,194.32	6745	(211.48)
1380	(7,241.76)	(5,562.36)	Jun-10	1	5.56%	2140	5,588.11	6745	(25.75)
1380	(5,305.00)	(3,978.75)	Aug-08	23	5.56%	2140	4,402.41	6745	(221.04)
1385	(1,750.00)	(1,717.19)	Jul-08	24	5.56%	2145	1,907.99	6750	(95.40)
1390	(2,464.45)	(1,732.82)	Jul-08	24	5.56%	2150	1,925.36	6755	(96.27)
1400	(1,818.00)	(1,023.61)	Nov-09	8	5.56%	2160	1,061.52	6765	(37.91)
1400	(8,827.50)	(8,827.50)	Nov-09	8	5.56%	2160	9,154.44	6765	(326.94)
1400	(3,975.00)	(2,594.30)	Feb-10	5	5.56%	2160	2,654.35	6765	(60.05)
1470	(557.92)	(418.44)	May-09	14	6.25%	2230	448.95	6835	(26.15)
1475	(910.00)	(660.83)	Jul-09	12	6.67%	2235	704.89	6840	(44.06)
		<u>(34,720.72)</u>					<u>36,929.36</u>		<u>(1,389.41)</u>

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 2
PLANT RETIREMENTS

AF 2

13-Month Average Adjustments

Water:

Date in Service	Retirement Amount	Prior Years/Retirement	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	13-Month Average
Jul-08	(4,132.63)	4,251.01	4,261.77	4,272.54	4,283.30	4,294.06	4,304.82	4,315.58	4,326.35	4,337.11	4,347.87	4,358.63	4,369.40	4,380.16	4,390.92	4,326.35
Aug-09	(1,472.08)	-	-	-	1,744.26	1,748.79	1,753.32	1,757.85	1,762.38	1,766.91	1,771.44	1,775.97	1,780.50	1,785.04	1,789.57	1,495.08
Nov-09	(3,970.48)	-	-	-	-	-	-	6,467.39	6,482.75	6,498.12	6,513.48	6,528.84	6,544.20	6,559.56	6,574.93	4,013.02
Jun-08	(22,862.16)	24,005.27	24,100.53	24,195.79	24,291.05	24,386.30	24,481.56	24,576.82	24,672.08	24,767.34	24,862.60	24,957.86	25,053.12	25,148.38	25,243.64	24,672.08
Feb-09	(1,883.63)	1,915.02	1,922.87	1,930.72	1,938.57	1,946.42	1,954.27	1,962.11	1,969.96	1,977.81	1,985.66	1,993.51	2,001.36	2,009.21	2,017.05	1,969.96
Sep-09	(9,441.02)	-	-	-	-	12,324.47	12,375.61	12,426.75	12,477.89	12,529.02	12,580.16	12,631.30	12,682.44	12,733.58	12,784.72	9,657.38
Sep-09	(1,594.38)	-	-	-	-	2,081.33	2,089.96	2,098.60	2,107.23	2,115.87	2,124.51	2,133.14	2,141.78	2,150.42	2,159.05	1,630.91
Oct-09	(1,319.30)	-	-	-	-	-	1,913.60	1,921.54	1,929.48	1,937.42	1,945.36	1,953.30	1,961.24	1,969.18	1,977.12	1,346.79
Jun-08	(4,291.49)	4,506.06	4,523.95	4,541.83	4,559.71	4,577.59	4,595.47	4,613.35	4,631.23	4,649.11	4,667.00	4,684.88	4,702.76	4,720.64	4,738.52	4,631.23
Oct-08	(752.98)	775.80	778.65	781.50	784.35	787.21	790.06	792.91	795.76	798.62	801.47	804.32	807.17	810.02	812.88	795.76
Dec-09	(1,366.06)	-	-	-	-	-	2,546.58	2,556.19	2,565.80	2,575.41	2,585.02	2,594.63	2,604.24	2,613.85	2,623.46	1,386.76
Mar-08	(4,139.46)	4,297.95	4,307.28	4,316.60	4,325.92	4,335.25	4,344.57	4,353.89	4,363.21	4,372.54	4,381.86	4,391.18	4,400.51	4,409.83	4,419.15	4,363.21
Aug-08	(6,692.85)	6,843.59	6,858.66	6,873.74	6,888.81	6,903.89	6,918.96	6,934.03	6,949.11	6,964.18	6,979.26	6,994.33	7,009.40	7,024.48	7,039.55	6,949.11
Nov-08	(25,370.70)	25,770.69	25,827.83	25,884.97	25,942.11	25,999.25	26,056.39	26,113.54	26,170.68	26,227.82	26,284.96	26,342.10	26,399.24	26,456.38	26,513.52	26,170.68
Aug-08	(9,433.79)	9,646.26	9,667.51	9,688.76	9,710.00	9,731.25	9,752.50	9,773.75	9,794.99	9,816.24	9,837.49	9,858.74	9,879.98	9,901.23	9,922.48	9,794.99
Nov-08	(21,843.95)	22,188.34	22,237.53	22,286.73	22,335.93	22,385.13	22,434.33	22,483.53	22,532.72	22,581.92	22,631.12	22,680.32	22,729.52	22,778.71	22,827.91	22,532.72
Dec-08	(3,204.63)	3,247.94	3,255.15	3,262.37	3,269.59	3,276.81	3,284.02	3,291.24	3,298.46	3,305.68	3,312.89	3,320.11	3,327.33	3,334.55	3,341.77	3,298.46
	<u>(12,377.59)</u>															<u>129,034.51</u>

Wastewater

Date in Service	Retirement Amount	Prior Years/Retirement	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	13-Month Average
Jul-08	(4,398.31)	4,622.30	4,642.66	4,663.02	4,683.39	4,703.75	4,724.11	4,744.47	4,764.84	4,785.20	4,805.56	4,825.92	4,846.29	4,866.65	4,887.01	4,764.84
Sep-08	(3,806.61)	3,965.22	3,982.84	4,000.47	4,018.09	4,035.71	4,053.33	4,070.96	4,088.58	4,106.20	4,123.83	4,141.45	4,159.07	4,176.70	4,194.32	4,088.58
Jun-10	(427.87)	-	-	-	-	-	-	-	-	-	-	-	-	-	5,588.11	429.85
Aug-08	(3,978.75)	4,162.95	4,181.37	4,199.79	4,218.21	4,236.63	4,255.05	4,273.47	4,291.89	4,310.31	4,328.73	4,347.15	4,365.57	4,383.99	4,402.41	4,291.89
Jul-08	(1,717.19)	1,804.64	1,812.59	1,820.54	1,828.49	1,836.44	1,844.39	1,852.34	1,860.29	1,868.24	1,876.19	1,884.14	1,892.09	1,900.04	1,907.99	1,860.29
Jul-08	(1,732.82)	1,821.07	1,829.09	1,837.11	1,845.13	1,853.15	1,861.18	1,869.20	1,877.22	1,885.24	1,893.27	1,901.29	1,909.31	1,917.33	1,925.36	1,877.22
Nov-09	(629.91)	-	-	-	-	-	-	1,028.35	1,033.09	1,037.83	1,042.57	1,047.30	1,052.04	1,056.78	1,061.52	643.04
Nov-09	(5,432.31)	-	-	-	-	-	-	8,868.37	8,909.24	8,950.10	8,990.97	9,031.84	9,072.71	9,113.58	9,154.44	5,545.48
Feb-10	(997.81)	-	-	-	-	-	-	-	2,606.31	2,618.32	2,630.33	2,642.34	2,654.35	2,666.36	2,678.37	1,011.67
May-09	(418.44)	420.62	422.80	424.98	427.16	429.34	431.52	433.70	435.88	438.05	440.23	442.41	444.59	446.77	448.95	435.88
Jul-09	(610.00)	-	-	664.50	668.17	671.84	675.52	679.19	682.86	686.53	690.20	693.87	697.54	701.21	704.89	632.02
	<u>(24,150.02)</u>															<u>25,580.76</u>

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS

AF 7

General Ledger Adjustments

Water:

CIAC Obi Acct	CIAC Amount	Date in Service	Months in Service	Amort Rate	A/A Obi Acct	A/A Amount	Amort Exp Obi Acct	Amort Exp Amount
3445	(450.00)	Oct-09	9	2.50%	3995	8.44	7175	(8.44)
3455	(1,150.00)	Jul-09	12	2.50%	4005	28.75	7185	(28.75)
3455	(3,100.00)	Aug-09	11	2.50%	4005	71.04	7185	(71.04)
3455	(1,500.00)	Sep-09	10	2.50%	4005	31.25	7185	(31.25)
3455	(850.00)	Oct-09	9	2.50%	4005	15.94	7185	(15.94)
3455	(1,000.00)	Nov-09	8	2.50%	4005	16.67	7185	(16.67)
3455	(2,100.00)	Dec-09	7	2.50%	4005	30.63	7185	(30.63)
3455	(3,300.00)	Jan-10	6	2.50%	4005	41.25	7185	(41.25)
3455	(900.00)	Feb-10	5	2.50%	4005	9.38	7185	(9.38)
3455	(1,500.00)	Mar-10	4	2.50%	4005	12.50	7185	(12.50)
3455	(2,850.00)	Apr-10	3	2.50%	4005	17.81	7185	(17.81)
3455	(750.00)	May-10	2	2.50%	4005	3.13	7185	(3.13)
3455	(750.00)	Jun-10	1	2.50%	4005	1.56	7185	(1.56)
	<u>(20,200.00)</u>					<u>288.33</u>		<u>(288.33)</u>

Wastewater:

CIAC Obi Acct	CIAC Amount	Date in Service	Months in Service	Amort Rate	A/A Obi Acct	A/A Amount	Amort Exp Obi Acct	Amort Exp Amount
3550	38,400.00	Jan-08	30	3.33%	4100	(3,200.00)	7275	1,280.00
3715	<u>(5,820.75)</u>	Dec-08	19	2.50%	4275	<u>230.40</u>	7440	<u>(145.52)</u>
	<u>32,579.25</u>					<u>(2,969.60)</u>		<u>1,134.48</u>

13-Month Average Adjustments

Water:

Date in Service	CIAC Amount	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	13-Month Average
Oct-09	(311.54)	-	-	-	-	0.94	1.88	2.81	3.75	4.69	5.63	6.56	7.50	8.44	3.25
Jul-09	(1,061.54)	-	2.40	4.79	7.19	9.58	11.98	14.38	16.77	19.17	21.56	23.96	26.35	28.75	14.38
Aug-09	(2,623.08)	-	-	6.46	12.92	19.38	25.83	32.29	38.75	45.21	51.67	58.13	64.58	71.04	32.79
Sep-09	(1,153.85)	-	-	-	3.13	6.25	9.38	12.50	15.63	18.75	21.88	25.00	28.13	31.25	13.22
Oct-09	(588.46)	-	-	-	-	1.77	3.54	5.31	7.08	8.85	10.63	12.40	14.17	15.94	6.13
Nov-09	(615.38)	-	-	-	-	-	2.08	4.17	6.25	8.33	10.42	12.50	14.58	16.67	5.77
Dec-09	(1,130.77)	-	-	-	-	-	-	4.38	8.75	13.13	17.50	21.88	26.25	30.63	9.42
Jan-10	(1,523.08)	-	-	-	-	-	-	-	6.88	13.75	20.63	27.50	34.38	41.25	11.11
Feb-10	(346.15)	-	-	-	-	-	-	-	-	1.88	3.75	5.63	7.50	9.38	2.16
Mar-10	(461.54)	-	-	-	-	-	-	-	-	-	3.13	6.25	9.38	12.50	2.40
Apr-10	(657.69)	-	-	-	-	-	-	-	-	-	-	5.94	11.88	17.81	2.74
May-10	(115.38)	-	-	-	-	-	-	-	-	-	-	-	1.56	3.13	0.36
Jun-10	<u>(57.69)</u>	-	-	-	-	-	-	-	-	-	-	-	-	1.56	0.12
	<u>(10,646.15)</u>														<u>103.85</u>

Wastewater:

Date in Service	CIAC Amount	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	13-Month Average
Jan-08	38,400.00	(1,920.00)	(2,026.67)	(2,133.33)	(2,240.00)	(2,346.67)	(2,453.33)	(2,560.00)	(2,666.67)	(2,773.33)	(2,880.00)	(2,986.67)	(3,093.33)	(3,200.00)	(2,560.00)
Dec-08	<u>(5,820.75)</u>	84.89	97.01	109.14	121.27	133.39	145.52	157.65	169.77	181.90	194.03	206.15	218.28	230.40	157.65
	<u>32,579.25</u>														<u>(2,402.35)</u>

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/1

General Ledger Reconciliations

Water:

Account	NARUC	Description	Year	CIAC	A/A
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jun-07	-	-
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Dec-07	(6,107.00)	45.27
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	2008	(65,301.17)	677.78
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jan-09	(69,621.17)	822.82
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Feb-09	(70,701.17)	970.12
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Mar-09	(71,241.17)	1,118.54
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Apr-09	(74,481.17)	1,273.70
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	May-09	(75,561.17)	1,431.12
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jun-09	(76,791.17)	1,591.11
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jul-09	(76,791.17)	1,751.09
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Aug-09	(77,331.17)	1,912.19
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Sep-09	(78,411.17)	2,075.55
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Oct-09	(79,491.17)	2,241.16
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Nov-09	(79,491.17)	2,406.76
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Dec-09	(80,031.17)	2,573.49
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jan-10	(81,111.17)	2,742.48
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Feb-10	(81,651.17)	2,912.58
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Mar-10	(88,735.46)	3,097.45
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Apr-10	(88,735.46)	3,282.31
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	May-10	(90,856.46)	3,471.60
251.3445	271.1	CIAC - Reservation Capacity Fee - Water	Jun-10	(94,224.46)	3,667.90

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/1

General Ledger Reconciliations

Account	Business Ur	Account	Description	Journal	Amount	Month	Date/Journal	Journal Number	Amount	Explanation	Final Amount	Yearly Balance
89	*0661*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	8	089-CB.TO.GL-08-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0636*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	9	089-CB.TO.GL-09-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0663*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	9	089-CB.TO.GL-09-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0667*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(1,705.00)	9	089-CB.TO.GL-09-13		(1,705.00)	\$1,080 should be water reservation of capacity, \$625 to wastewater plant mod	(1,080.00)	
89	*0675*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(707.00)	9	089-CB.TO.GL-09-13		(707.00)	should be water reservation of capacity	(707.00)	
89	*0667*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	10	089-CB.TO.GL-10-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0634*	2711010	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	11	089-CB.TO.GL-11-14		(270.00)	should be water reservation of capacity	(270.00)	
89	*0634*	2711072	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	11	089-CB.TO.GL-11-14		(270.00)	should be water reservation of capacity	(270.00)	
89	*0661*	2711073	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	8	089-CB.TO.GL-08-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0636*	2711073	RPT-CB.TO.GL, LN-0900, CLC-77		(25,389.24)	9	089-CB.TO.GL-09-13		(25,389.24)	\$270 should be water reservation of capacity fee, \$25,119.24 should be water plant meter fee	(270.00)	
89	*0663*	2711073	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	9	089-CB.TO.GL-09-13		(270.00)	should be water reservation of capacity	(270.00)	
89	*0667*	2711073	RPT-CB.TO.GL, LN-0900, CLC-77		(1,080.00)	9	089-CB.TO.GL-09-13		(1,080.00)	should be water reservation of capacity	(1,080.00)	
89	*0667*	2711073	RPT-CB.TO.GL, LN-0900, CLC-77		(270.00)	10	089-CB.TO.GL-10-13		(270.00)	should be water reservation of capacity	(270.00)	
251	251	3445	TAPS 12/27/2007	J2	(270.00)	12	12/31/2007	200611	(270.00)		(270.00)	
251	251	3445	TAPS 12/07/07	J2	(270.00)	12	12/31/2007	200615	(270.00)		(270.00)	
												(6,107.00)
251	251	3445	TAPS 01/11/2008	J2	(540.00)	1	1/31/2008	247954	(540.00)	should be water reservation of capacity	(540.00)	
251	251	3445	CASH CIAC	J2	(1,080.00)	2	2/4/2008	248195	(1,080.00)	should be water reservation of capacity	(1,080.00)	
251	251	3450	CASH CIAC	J2	(1,080.00)	2	2/4/2008	248195	(1,080.00)	should be water reservation of capacity	(1,080.00)	
251	251	3445	CASH CIAC	J2	(707.00)	3	3/6/2008	248769	(707.00)	should be water reservation of capacity	(707.00)	
251	251	3445	CASH CIAC	J2	(270.00)	3	3/6/2008	248769	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3445	CASH CIAC	J2	(270.00)	3	3/6/2008	248769	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3450	CASH CIAC	J2	(270.00)	3	3/6/2008	248769	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3450	CASH CIAC	J2	(270.00)	3	3/6/2008	248769	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3445	CASH CIAC	J2	(540.00)	4	4/8/2008	249375	(540.00)	should be water reservation of capacity	(540.00)	
251	251	3445	CASH CIAC	J2	(270.00)	4	4/8/2008	249375	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3450	CASH CIAC	J2	(270.00)	4	4/8/2008	249375	(270.00)	should be water reservation of capacity	(270.00)	
251	251	3450	CASH CIAC	J2	(4,970.00)	4	4/8/2008	249375	(4,970.00)	should be water reservation of capacity	(4,970.00)	
251	251	3450	CASH CIAC	J2	(540.00)	4	4/8/2008	249375	(540.00)	should be water reservation of capacity	(540.00)	

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/1

General Ledger Reconciliations

251	251	3445	CASH CIAC	J2	(270.00)	4	4/22/2008	249376	(270.00)	should be water reservation of capacity	(270.00)
251	251	3450	CASH CIAC	J2	(270.00)	4	4/22/2008	249376	(270.00)	should be water reservation of capacity	(270.00)
251	251	3445	CASH CIAC	J2	(5,443.55)	5	5/13/2008	249798	(5,443.55)	should be water reservation of capacity	(5,443.55)
251	251	3445	CASH CIAC	J2	(540.00)	5	5/13/2008	249798	(540.00)	should be water reservation of capacity	(540.00)
251	251	3450	CASH CIAC	J2	(540.00)	5	5/13/2008	249798	(540.00)	should be water reservation of capacity	(540.00)
251	251	3445	TAPS 05/28/08	J2	(270.00)	5	5/28/2008	249878	(270.00)	should be water reservation of capacity	(270.00)
251	251	3450	TAPS 05/28/08	J2	(270.00)	5	5/28/2008	249878	(270.00)	should be water reservation of capacity	(270.00)
251	251	3435	Invoice	J1	(790.00)	7	7/17/2008	255520	(540.00)	\$540 is water reservation of capacity, \$150 is water plant meter fee, \$100 is revenue	(540.00)
251	251	3435	Invoice	J1	(840.00)	7	7/22/2008	255891	(540.00)	\$540 is water reservation of capacity, \$300 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(840.00)	8	8/31/2008	256884	(540.00)	\$540 is water reservation of capacity, \$300 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(4,773.00)	9	9/3/2008	256892	(2,386.50)	\$2,386.50 to water reservation of capacity, \$2,386.50 to water plant meter fee	(2,386.50)
251	251	3435	Invoice	J1	(840.00)	9	9/7/2008	257035	(540.00)	\$540 is water reservation of capacity, \$300 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(940.00)	9	9/21/2008	257220	(540.00)	\$540 is water reservation of capacity, \$400 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(690.00)	10	10/6/2008	257501	(540.00)	\$540 is water reservation of capacity, \$150 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(790.00)	10	10/22/2008	257654	(540.00)	\$540 is water reservation of capacity, \$250 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(1,440.00)	11	11/18/2008	257971	(1,440.00)	should be water reservation of capacity	(1,440.00)
251	251	3435	Invoice	J1	(690.00)	11	11/23/2008	258069	(540.00)	\$540 is water reservation of capacity, \$150 is water plant meter fee	(540.00)
251	251	3435	Invoice	J1	(540.00)	12	12/4/2008	258251	(540.00)	should be water reservation of capacity	(540.00)
251	251	3435	Invoice	J1	(31,827.12)	12	12/31/2008	258403	(31,827.12)	should be water reservation of capacity	(31,827.12)
251	251	3435	Invoice	J1	(540.00)	1	1/11/2009	258504	(540.00)	should be water reservation of capacity	(540.00)

(65,301.17)

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/1

General Ledger Reconciliations

251	251	3435	Invoice	J1	(4,230.00)	1	1/31/2009	258732	(4,230.00)	\$3,780 should be water reservation of capacity, \$450 should be revenue should be water	(3,780.00)
251	251	3435	Invoice	J1	(540.00)	2	2/3/2009	258775	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	Invoice	J1	(540.00)	2	2/5/2009	258835	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	Invoice	J1	(540.00)	3	3/10/2009	259356	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	Invoice	J1	(3,150.00)	4	4/1/2009	259453	(3,150.00)	\$2,700 should be water reservation of capacity, \$450 should be revenue should be water	(2,700.00)
251	251	3435	Invoice	J1	(540.00)	4	4/23/2009	259716	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	5	5/13/2009	260032	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	5	5/31/2009	260431	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	6	6/1/2009	261265	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(690.00)	6	6/29/2009	261605	(690.00)	reservation of capacity should be water	(690.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	8	8/5/2009	262990	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	9	9/17/2009	264351	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	9	9/23/2009	264387	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	10	10/18/2009	264863	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	10	10/29/2009	264992	(540.00)	reservation of capacity should be water	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	12	12/2/2009	268379	(540.00)	reservation of capacity	(540.00)
											(80,031.17)
251	251	3435	GL Summazation - Daily	J1	(540.00)	1	1/6/2010	268569	(540.00)	should be water reservation of capacity	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	1	1/28/2010	269027	(540.00)	should be water reservation of capacity	(540.00)
251	251	3435	GL Summazation - Daily	J1	(540.00)	2	2/17/2010	269328	(540.00)	should be water reservation of capacity	(540.00)
251	251	3435	GL Summazation - Daily	J1	(1,830.00)	3	3/23/2010	269969	(1,830.00)	\$1,080 should be water reservation of capacity, \$300 should be water plant meter fee, \$450 should be revenue	(1,080.00)
251	251	3435	GL Summazation - Daily	J1	(6,004.29)	3	3/31/2010	270023	(6,004.29)	should be water reservation of capacity	(6,004.29)
251	251	3435	GL Summazation - Daily	J1	(707.00)	5	5/4/2010	271051	(707.00)	should be water reservation of capacity	(707.00)
251	251	3435	GL Summazation - Daily	J1	(707.00)	5	5/25/2010	271148	(707.00)	should be water reservation of capacity	(707.00)
251	251	3435	GL Summazation - Daily	J1	(707.00)	5	5/31/2010	271180	(707.00)	should be water reservation of capacity	(707.00)
251	251	3435	GL Summazation - Daily	J1	(707.00)	6	6/1/2010	271391	(707.00)	should be water reservation of capacity	(707.00)
251	251	3435	GL Summazation - Daily	J1	(1,414.00)	6	6/2/2010	271289	(1,414.00)	should be water reservation of capacity	(1,414.00)
251	251	3435	GL Summazation - Daily	J1	(1,247.00)	6	6/6/2010	271384	(1,247.00)	should be water reservation of capacity	(1,247.00)
											(94,224.46)

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/2

General Ledger Adjustments

Water:

Object Account	Classification	W/S	Business Unit	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
5285	CONNECTION METER FEI	W	251102	(150.00)				(880.00)						(176.00)	(352.00)	(1,558.00) *
5285	CONNECTION METER FEI	W	251106	(1,000.00)	(3,100.00)	(1,500.00)	(850.00)	(1,000.00)	(2,100.00)	(3,300.00)	(900.00)	(1,500.00)	(2,850.00)	(838.00)	(750.00)	(19,688.00) *
				(1,150.00)	(3,100.00)	(1,500.00)	(850.00)	(1,880.00)	(2,100.00)	(3,300.00)	(900.00)	(1,500.00)	(2,850.00)	(1,014.00)	(1,102.00)	(21,246.00)
Object Account	Classification	W/S	Business Unit	July	August	September	October	November	December	January	February	March	April	May	June	Grand Total
5270	CAPACITY FEES	W	251102				(450.00)									(450.00)
				-	-	-	(450.00)	-	-	-	-	-	-	-	-	(450.00)

* Includes \$1,496 that should remain in revenue. The \$1,496 that should remain in revenue is calculated on wp AF 7/3.

LAKE UTILITY SERVICES, INC.
DOCKET NO. 100426-WS
RESPONSE TO AUDIT FINDING NO. 7
CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) AND ACCUMULATED AMORTIZATION ERRORS
BOOKED AS OF JULY 31, 2011

wp AF 7/3

General Ledger Adjustments

Water:

CIAC Obj Acct	CIAC Amount	Date in Service	Months in Service	Amort Rate	A/A Obj Acct	A/A Amount	Amort Exp Obj Acct	2011 Amort Exp Amount	2010 Amort Exp Amount	2009/Prior Amort Exp Amount
3445	(450.00)	Oct-09	22	2.50%	4005	20.63	7185	(6.56)	(11.25)	(2.81)
3455	(1,150.00)	Jul-09	25	2.50%	4005	59.90	7185	(16.77)	(28.75)	(14.38)
3455	(3,100.00)	Aug-09	24	2.50%	4005	155.00	7185	(45.21)	(77.50)	(32.29)
3455	(1,500.00)	Sep-09	23	2.50%	4005	71.88	7185	(21.88)	(37.50)	(12.50)
3455	(850.00)	Oct-09	22	2.50%	4005	38.96	7185	(12.40)	(21.25)	(5.31)
3455	(1,000.00)	Nov-09	21	2.50%	4005	43.75	7185	(14.58)	(25.00)	(4.17)
3455	(2,100.00)	Dec-09	20	2.50%	4005	87.50	7185	(30.63)	(52.50)	(4.38)
3455	(3,300.00)	Jan-10	19	2.50%	4005	130.63	7185	(48.13)	(82.50)	-
3455	(900.00)	Feb-10	18	2.50%	4005	33.75	7185	(13.13)	(20.63)	-
3455	(1,500.00)	Mar-10	17	2.50%	4005	53.13	7185	(21.88)	(31.25)	-
3455	(2,850.00)	Apr-10	16	2.50%	4005	95.00	7185	(41.56)	(53.44)	-
3455	(750.00)	May-10	15	2.50%	4005	23.44	7185	(10.94)	(12.50)	-
3455	(750.00)	Jun-10	14	2.50%	4005	21.88	7185	(10.94)	(10.94)	-
	<u>(20,200.00)</u>					<u>835.42</u>		<u>(294.58)</u>	<u>(465.00)</u>	<u>(75.83)</u>

Wastewater:

CIAC Obj Acct	CIAC Amount	Date in Service	Months in Service	Amort Rate	A/A Obj Acct	A/A Amount	Amort Exp Obj Acct	2011 Amort Exp Amount	2010 Amort Exp Amount	2009/Prior Amort Exp Amount
3550	38,400.00	Jan-08	43	3.33%	4100	(4,586.67)	7275	746.67	1,280.00	2,560.00
3715	(5,820.75)	Dec-08	32	2.50%	4275	388.05	7440	(84.89)	(145.52)	(157.65)
	<u>32,579.25</u>					<u>(4,198.62)</u>		<u>661.78</u>	<u>1,134.48</u>	<u>2,402.35</u>