

State of Florida



# Public Service Commission

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

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**DATE:** July 19, 2012  
**TO:** Office of Commission Clerk  
**FROM:** Patti Daniel, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Docket No.: 120037-WS  
 Company Name: Utilities, Inc. of Pennbrooke  
 Company Code: WS861  
 Audit Purpose: A1f Rate Case (PAA)  
 Audit Control No: 12-100-2-1

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Attached is an additional audit finding to the audit report for the utility stated above. I am sending the utility a copy of this memo and the additional page. If the utility desires to file a response to this, it should send a response to the Office of the Commission Clerk. There were no confidential work papers associated with this audit.

PD/lmd

Attachment: Additional page to audit reportt

cc: Office of Auditing and Performance Analysis File



DOCUMENT NUMBER DATE  
04829 JUL 19 2012  
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### **Finding 3: Rate Case Expense**

**Audit Analysis:** In its MFRs, Pennbrooke requested \$229,090 for rate case expense. The amount included \$88,052 of Water Service Corporation (WSC) in-house employees whose salaries are allocated to Pennbrooke based on Equivalent Residential Connections (ERC). We traced the names of employees included in the Utility's rate case expense on schedule B-10 of the MFRs to the WSC Employee listing.

We verified all WSC and Florida personnel Salaries, annualized salaries for WSC and Florida personnel allocated to Pennbrooke, WSC and Florida personnel salaried employees that worked on the rate case whose time are included in the rate case expense, and the annualized salaries for WSC and Florida personnel allocated to Pennbrooke for employees whose time are included as rate case expense.

The total annualized salaries for WSC and Florida personnel allocated to Pennbrooke for employees that worked on the rate case whose salaries are included in both rate case expense on Schedule B-10 and various other accounts is \$27,089. This amount does not include benefits. The total amount included in rate case expense, \$88,052, also appears not to include benefits.

**Effect on the General Ledger:** None, for rate making purposes only.

**Effect on the Filing:** We defer to the analyst as to the treatment of the employees' salary expense included as rate case expense.

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04829 JUL 19 2019  
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