

State of Florida



**Public Service Commission**

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tallahassee District Office

**Auditor's Report**

Utilities, Inc. of Florida  
Rate Case Audit (PAA)

**Twelve Months Ended December 31, 2011**

Docket No. 120209-WS  
Audit Control No. 12-254-1-1  
**July 12, 2013**

Handwritten signature of Donna D. Brown in black ink.

Donna D. Brown  
Audit Manager

Handwritten signature of Debra Dobiac in black ink.

Debra Dobiac  
Audit Staff

Handwritten signature of Andrew Von Euw in blue ink.

Andrew Von Euw  
Audit Staff

Handwritten signature of Lynn M. Deamer in blue ink.

Lynn M. Deamer  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures.....	2
<b>Audit Findings</b>	
1: Commission Ordered Adjustments.....	7
2: Contributions-in-Aid-of-Construction.....	9
3: Operating Revenue.....	12
4: Operations and Maintenance Expense – Reclassifications.....	13
5: Operations and Maintenance Expense – Adjustments.....	14
6: Marion County – O&M Expense.....	15
7: Taxes Other than Income.....	16
<b>Exhibits</b>	
1: Rate Base – Marion County Water.....	17
2: Rate Base – Marion County Wastewater.....	18
3: Rate Base – Orange County Water.....	19
4: Rate Base – Pasco County Water.....	20
5: Rate Base – Pasco County Wastewater.....	21
6: Rate Base – Pinellas County Water.....	22
7: Rate Base – Seminole County Water.....	23
8: Rate Base – Seminole County Wastewater.....	24
9: Net Operating Income – Marion County Water.....	25
10: Net Operating Income – Marion County Wastewater.....	26
11: Net Operating Income – Orange County Water.....	27
12: Net Operating Income – Pasco County Water.....	28
13: Net Operating Income – Pasco County Wastewater.....	29
14: Net Operating Income – Pinellas County Water.....	30
15: Net Operating Income – Seminole County Water.....	31
16: Net Operating Income – Seminole County Wastewater.....	32

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Accounting & Finance in its audit service request dated April 15, 2013. We have applied these procedures to the attached schedules prepared by Utilities, Inc. of Florida in support of its filing for rate relief in Docket No. 120209-WS.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

The test year is the historical year ended December 31, 2011 unless otherwise specified.

The Utility or UIF refers to Utilities, Inc. of Florida, which is a Class A utility providing water and wastewater service to 22 systems in the following counties: Marion, Orange, Pasco, Pinellas, and Seminole. UIF is a wholly-owned subsidiary of Utilities, Inc. (UI). Order No. PSC-10-0585-PAA-WS, issued September 22, 2010 in Docket No. 090462-WS set the Utility's rate base as of December 31, 2008 for all five counties.

This audit pertains to direct costs only. All allocated costs were audited in the Utilities, Inc. - Audit of Affiliate Transactions, Docket 120209-WS, Audit Control Number (ACN) 12-254-4-1.

Minimum Filing Requirements (MFRs) were only filed for Orange, Pinellas, Pasco, and Seminole Counties. However, technical staff requested that we also audit Marion County.

### **Rate Base**

#### Utility Plant in Service (UPIS)

**Objectives:** The objectives were to determine whether UPIS: 1) Consists of property that exists and is owned by the Utility, 2) Additions are authentic, recorded at original cost, and properly classified as a capital item in compliance with Commission rules and the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USoA), 3) Retirements are made when a replacement item is put into service, and 4) Adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

**Procedures:** We reconciled the plant in service beginning balances, including ordered adjustments, in the general ledger to Order No. PSC-10-0585-PAA-WS for Orange, Pasco, Pinellas, Seminole, and Marion Counties. Audit staff noted that not all the adjustments were made as discussed in Finding 1. We compiled additions and retirements from the Utility's three ledgers, the AA (general ledger), the UA (allocation ledger), and the UR (commission adjustment ledger) from 2009 through 2011 to determine the UPIS historical test year ended December 31, 2011. We traced a judgmental sample of additions and retirements since the last audit to source documentation and reconciled them to the general ledger to verify additions were recorded at original cost.

We traced the UPIS audited ending balances for Orange, Pasco, Pinellas and Seminole Counties to the MFRs, general ledger and to the annual report. We requested support for the Utility's adjustments and proforma UPIS and traced them to the MFRs. We also reconciled the ending balances for Marion County to the Utility's general ledger and the annual report.

Finding 1 discusses the Commission Ordered Adjustments.

### Land & Land Rights

**Objectives:** The objectives were to determine whether utility land is recorded at original cost, is used for utility operation, and is owned or secured under a long-term lease.

**Procedures:** We noted that there were no new additions to land since the prior rate case. No further work performed.

### Contributions-in-Aid-of-Construction (CIAC)

**Objectives:** The objectives were to determine whether utility CIAC balances are properly stated, are reflective of service availability charges authorized in the Utility's Commission approved tariffs, and the adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

**Procedures:** We reconciled the beginning CIAC balances, including ordered adjustments, for Orange, Pinellas, Pasco, Seminole and Marion Counties to Order No. PSC-10-0585-PAA-WS. Audit staff noted that not all the adjustments were made as discussed in Finding 1. We reconciled additions to the utility CIAC Tap Fee schedules and verified service availability charges from the FPSC approved tariffs. We reconciled the audited CIAC balances to the MFRs for Orange, Pasco, Pinellas and Seminole Counties and to the general ledger for all five counties. We also reviewed CIAC agreements, and inquired if the Utility had any special agreements, developer agreements, and whether the Utility had received any donated property as CIAC. We also requested support for the Utility's adjustments and traced them to the MFRs. Findings 1 and 2 discuss CIAC.

### Accumulated Depreciation

**Objectives:** The objectives were to determine whether: 1) Accruals to accumulated depreciation are properly recorded in compliance with Commission rules and the NARUC USoA, 2) Depreciation accruals are calculated using the Commission's authorized rates and that retirements are properly recorded, and 3) Adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

**Procedures:** We reconciled the beginning accumulated depreciation balances, including ordered adjustments to Order No. PSC-10-0585-PAA-WS for Orange, Pasco, Pinellas, Seminole, and Marion Counties. Audit staff noted that not all the adjustments were made as discussed in Finding 1. We scheduled and recalculated accumulated depreciation accruals using audited plant balances from the AA and UR ledgers with the prescribed rates in Rule 25-30.140 and traced them to the MFRs for Orange, Pasco, Pinellas and Seminole Counties. We reconciled the audited accumulated depreciation balances to the general ledger for all five counties. We also requested support for the Utility's adjustments and proforma accumulated depreciation and traced them to the MFRs. Finding 1 discusses the Commission Ordered Adjustments.

### Accumulated Amortization of CIAC

**Objectives:** The objectives were to determine whether accumulated amortization of CIAC balances were properly stated, that annual accruals were reflective of the depreciation rates and

were in compliance with Commission rules and orders, and that the adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

**Procedures:** We reconciled the beginning accumulated amortization of CIAC balances, including ordered adjustments to Order No. PSC-10-0585-PAA-WS. Audit staff noted that not all the adjustments were made as discussed in Finding 1. We scheduled and recalculated accumulated amortization of CIAC accruals using audited CIAC balances from the AA and UR ledgers with rates reflective of the depreciation rates and traced them to the MFRs for Orange, Pasco, Pinellas and Seminole Counties. We reconciled the audited accumulated amortization of CIAC balances to the general ledger for all five counties. We also requested support for the Utility's adjustments and traced them to the MFRs. Findings 1 and 2 discuss Accumulated Amortization of CIAC.

### Working Capital

**Objectives:** The objective was to determine whether the Utility's working capital balance is properly calculated in compliance with Commission rules.

**Procedures:** For Orange, Pasco, Pinellas, Seminole, and Marion Counties, we reconciled the components of working capital to the general ledger and recalculated the 13-month average working capital balances. MFR Schedule A-17, contains working capital for all five counties. We reconciled cash balances to the bank statements and reconciled adjustments for Deferred Rate Case Expense, Other Miscellaneous Deferred Debits, and Notes & Accounts Payable – Associated Companies to company provided support. We also reconciled Miscellaneous Current and Accrued Liabilities from the MFR to the general ledger and reviewed the adjustments. No exceptions were noted.

## **Net Operating Income**

### Operating Revenue

**Objectives:** The objectives were to determine whether: 1) Utility charges were those approved by the Commission in the Utility's current authorized tariff for both water and wastewater and 2) Revenue earned from utility property during the test year was recorded and properly classified in compliance with Commission rules and the NARUC USoA.

**Procedures:** We reviewed the Utility's Commission approved tariffs establishing rates and compiled water and wastewater utility revenue for the 12-months ended December 31, 2011 from the Utility's billing register for Orange, Pasco, Pinellas, and Seminole Counties. We tested the reasonableness of the utility revenues by multiplying the average consumption by the number of customers in each class of service and compared it to the amount recorded by the Utility. We also reviewed adjustments and reconciled them to the Utility's supporting documentation.

For Orange, Pasco, Pinellas, Seminole, and Marion Counties, we selected a judgmental sample of customer bills and recalculated the bills using the authorized rates and reconciled miscellaneous service charges to the Commission approved tariff.

We reconciled the 2011 Annual Report to the general ledger for Marion County. We did not annualize revenues for Marion County. Finding 3 discusses Miscellaneous Service Charges.

### Operation and Maintenance Expense (O&M)

**Objectives:** The objectives were to determine whether O&M expenses were properly recorded in compliance with Commission rules, and were reasonable and prudent for ongoing utility operations.

**Procedures:** We reviewed a sample of the Utility's invoices for proper amount, period, classification, recurring nature, and whether the invoice was utility related for Orange, Pasco, Pinellas, Seminole, and Marion Counties. We reviewed the Utility's methodology for proper allocation of expenses for water and wastewater operations.

For Orange, Pasco, Pinellas, and Seminole Counties, we reconciled expenses from the general ledger to the MFRs. We reviewed the adjustments made to the MFRs and reconciled the adjustments to supporting documentation.

We reconciled the expenses from the 2011 Annual Report to the general ledger for Marion County. Findings 4, 5, and 6 discuss O&M Expenses.

### Depreciation and Amortization

**Objectives:** The objective was to determine whether depreciation was properly recorded in compliance with Commission rules and that it accurately represented the depreciation of UPIS assets and the amortization of utility CIAC assets for ongoing utility operations.

**Procedures:** We recalculated depreciation expense based on the methodology for calculating annual accumulated depreciation accruals, service lives used to determine the accrual multiplier and the methodology for accounting for retirements and adjustments in Rule 25-30.140. We also recalculated amortization expense using a composite rate and reconciled net depreciation to the MFRs for Orange, Pasco, Pinellas and Seminole Counties and to the general ledger for all five Counties. Findings 1 and 2 discuss Net Depreciation.

### Taxes Other than Income (TOTI)

**Objectives:** The objective was to determine the appropriate amounts for TOTI for the test year ended December 31, 2011.

**Procedures:** For Orange, Pasco, Pinellas, Seminole, and Marion Counties, we recalculated regulatory assessment fees using staff's audited revenues. We traced real estate and tangible property taxes to source documents, and ensured that these taxes reflected the maximum discount available and are only for utility property.

We reconciled components of TOTI on the MFR to the general ledger for Orange, Pasco, Pinellas, and Seminole Counties.

We reconciled the components of TOTI on the 2011 Annual Report to the general ledger for Marion County. Finding 7 discusses TOTI.

## Capital Structure

**Objectives:** The objectives were to determine whether the components of the Utility's capital structure and the respective cost rates used to arrive at the overall weighted cost of capital were properly recorded in compliance with Commission rules and that it accurately represented the ongoing utility operations.

**Procedures:** The equity and debt components of capital structure were audited in the Utilities, Inc. - Audit of Affiliate Transactions.

We reconciled the customer deposit ending balances from the prior audit to the beginning balances in this audit for Orange, Pasco, Pinellas, Seminole, and Marion Counties. We reconciled deposits received and refunded from the MFR and company provided schedules to the general ledger. We reviewed Commission Rule 25-30.311 and determined that the Utility properly calculated and remitted interest.

We reconciled the 2011 Deferred Income Tax Expense on the MFR to the supporting Utility schedules, the annual report and the general ledger for Orange, Pasco, Pinellas, and Seminole Counties. We reconciled the Deferred Federal Income Taxes and Deferred State Income Taxes to the general ledger for Marion County. No exceptions were noted.

## Other

### Analytical Review

**Objectives:** The objectives were to determine whether Revenues and O&M expenses contained information that could be deemed unusual and to assist in assessing risk.

**Procedures:** We performed a trend analysis on Utility revenues for the years 2006 to 2011 for all five counties. We performed a trend analysis on Utility O&M expense for the years 2007 to 2011 for all five counties. We also performed a ratio analysis of all direct O&M expense for the year 2011. We requested explanations from the Utility for significant variances. Explanations provided were sufficient and no further work was required.



## Audit Findings

### **Finding 1: Commission Ordered Adjustments**

**Audit Analysis:** Audit staff requested transactional support for the Commission Ordered Adjustments (COAs) from Order No. PSC-10-0585-PAA-WU. We received a copy of a journal entry reflecting 44 line items which affected UPIS, Accumulated Depreciation, CIAC, Accumulated Amortization of CIAC, and Net Depreciation in amounts that were not reflected in the Commission order.

In 2008, the Utility implemented a new system, JD Edwards Enterpriseone (JDE), and this system no longer accounted for the subdivisions of the plant accounts on the general ledger. JDE contains three separate ledgers, the AA (the general ledger), the UA (the allocation ledger), and the UR (the commission adjustment ledger). JDE also does not work with subdivisions, but utilizes business units. Currently, the Utility's combined ledger holds the balance sheet accounts at the consolidated company level.

When the new system went live in 2008, the AA ledger was broken out based on business unit and combined appropriately. However, the UA and UR ledger were allocated based on incorrect Equivalent Residential Connections (ERCs). Therefore, all the previous ordered adjustments had to be restated in the Utility's filing for its last rate case in Docket No. 090462-WS. At the conclusion of the rate case, the COAs were recorded using the journal entry mentioned above.

When the Utility recorded the COAs in the AA ledger in 2010, the adjustments for all accounts were summed in total and posted to Other Tangible Plant – Water or Wastewater in Seminole County for UPIS, Accumulated Depreciation, CIAC, and Accumulated Amortization of CIAC. A similar journal entry was recorded in 2011 for Net Depreciation.

Audit staff reviewed the supporting documentation and determined that these aggregate amounts were reversed in the filing and allocated to the proper accounts and counties on the MFR A-3 Schedules except for CIAC, Accumulated Amortization of CIAC, and Net Depreciation. We also noted that two MFR adjustments for Accumulated Amortization of CIAC in Pasco County did not agree with the supporting schedules and the filing should be adjusted as noted on the following schedule.

NARUC Acct	Description	MFR Schedule A-12 and A-14				Audit	
		12/31/2011	13-Month Average	13-Month Average Adjustment	13-Month Average Balance	13-Month Average Adjustment	13-Month Average Balance
<b>Seminole County - Water</b>							
271	CIAC Other Tangible Plt	\$ (396,273)	\$ (396,273)	\$ -	\$ (396,273)	\$ 296,212	\$ (100,061)
272	A/A CIAC Other Tangible Plt	176,518	174,115	416,248	590,363	(117,931)	472,432
<b>Seminole County -Wastewater</b>							
271	CIAC Other Tangible Plt	(269,264)	(269,264)	-	(269,264)	269,264	-
272	A/A CIAC Other Tangible Plt	557	2,195	373,271	375,466	(2,195)	373,271
<b>Pasco County - Water</b>							
272	A/A CIAC Other Tangible Plt	164,993	164,803	(19,534)	145,269	(30,610)	114,659
<b>Pasco County -Wastewater</b>							
272	A/A CIAC Other Tangible Plt	-	-	129,115	129,115	(23,424)	105,691

Seminole County - Water	Schedule B-13			Audit	
	12/31/2011	Adustment	Balance	Adustment	Balance
403 Dep Other Tangible Plt	(34,367)	(7,406)	(41,773)	34,367	(7,406)
407 Amort Other Tangible Plant	(4,806)	4,806	-	-	-
Net Depreciation	\$ (39,173)	\$ (2,600)	\$ (41,773)	\$ 34,367	\$ (7,406)

Seminole County - Wastewater	Schedule B-14			Audit	
	12/31/2011	Adustment	Balance	Adustment	Balance
403 Dep Other Tangible Plt	(2,453)	(229)	(2,682)	2,472	(210)
407 Amort Other Tangible Plant	(1,775)	-	(1,775)	1,775	-
Net Depreciation	\$ (4,228)	\$ (229)	\$ (4,457)	\$ 4,247	\$ (210)

**Effect on the General Ledger:** There is no effect on the general ledger.

**Effect on the Filing:** In Seminole County, the Water Account 271 – CIAC 13-month average balance should be reduced by \$296,212, the Wastewater Account 271 – CIAC 13-month average balance should be reduced by \$269,264, the Water Account 272 – Accumulated Amortization of CIAC 13-month average balance should be reduced by \$117,931, and the Wastewater Account 272 – Accumulated Amortization of CIAC 13-month average balance should be reduced by \$2,195. Water Net Depreciation should be increased by \$34,367 and Wastewater Net Depreciation should be increased by \$4,247.

In Pasco County, the Water Account 272 – Accumulated Amortization of CIAC 13-month average balance should be reduced by \$30,610 and the Wastewater Account 272 – Accumulated Amortization of CIAC 13-month average balance should be reduced by \$23,424.

## Finding 2: Contributions-in-Aid-of-Construction

**Audit Analysis:** Audit staff reviewed all of the additions to Contributions-in-Aid-of-Construction (CIAC) since the Utility's last rate case and traced the additions to the general ledger and the Commission approved tariffs. We determined that the Utility understated CIAC in Orange, Pasco, and Seminole Counties because the Water Plant Meter Fees were recorded in Account 474 – Other W/S Revenues for 2009, 2010, and 2011. We noted that the Utility correctly adjusted revenues in the current filing but did not adjust CIAC. The following schedule shows the effect on CIAC, Accumulated Amortization of CIAC, and Amortization.

NARUC Acct	CIAC	Date in Service	FPSC Rule Rate	CIAC		Accum Amort of CIAC		Amortization 12/31/2011
				12/31/2011	13-Month Average	12/31/2011	13-Month Average	
<b>Orange County - Water</b>								
271	CIAC Wtr Plt Meter Fee	03/30/11	0.0500	\$ (150)	\$ (115)	\$ 6	\$ 3	\$ (6)
<b>Pasco County - Water</b>								
271	CIAC Wtr Plt Meter Fee	05/12/09	0.0500	(495)	(495)	66	53	(25)
271	CIAC Wtr Plt Meter Fee	05/12/09	0.0500	(112)	(112)	15	12	(6)
271	CIAC Wtr Plt Meter Fee	04/11/10	0.0500	(65)	(65)	6	4	(3)
				<b>\$ (672)</b>	<b>\$ (672)</b>	<b>\$ 86</b>	<b>\$ 70</b>	<b>\$ (34)</b>
<b>Seminole County - Water</b>								
271	CIAC Wtr Plt Meter Fee	01/21/09	0.0500	(150)	(150)	22	19	(8)
271	CIAC Wtr Plt Meter Fee	01/26/09	0.0500	(350)	(350)	52	43	(18)
271	CIAC Wtr Plt Meter Fee	08/31/09	0.0500	(125)	(125)	15	12	(6)
271	CIAC Wtr Plt Meter Fee	09/20/09	0.0500	(150)	(150)	17	13	(8)
271	CIAC Wtr Plt Meter Fee	06/17/10	0.0500	(150)	(150)	12	8	(8)
271	CIAC Wtr Plt Meter Fee	08/15/10	0.0500	(250)	(250)	17	11	(13)
271	CIAC Wtr Plt Meter Fee	08/23/10	0.0500	(150)	(150)	10	6	(8)
271	CIAC Wtr Plt Meter Fee	11/11/10	0.0500	(150)	(150)	9	5	(8)
271	CIAC Wtr Plt Meter Fee	12/13/10	0.0500	(150)	(150)	8	4	(8)
271	CIAC Wtr Plt Meter Fee	02/06/11	0.0500	(150)	(127)	7	3	(7)
271	CIAC Wtr Plt Meter Fee	02/15/11	0.0500	(150)	(127)	7	3	(7)
271	CIAC Wtr Plt Meter Fee	05/30/11	0.0500	(150)	(92)	5	2	(5)
271	CIAC Wtr Plt Meter Fee	06/05/11	0.0500	(150)	(81)	4	1	(4)
				<b>\$ (2,225)</b>	<b>\$ (2,052)</b>	<b>\$ 185</b>	<b>\$ 130</b>	<b>\$ (104)</b>

We also requested any new developer agreements since the last rate case to determine whether the contributions had been properly recorded. After reviewing the supporting documentation, we noted that the Utility recorded the transaction for one developer agreement on Sanlando Utilities, Inc. books instead of Utilities, Inc. of Florida – Seminole County in 2011. The following schedule shows the effect on CIAC, Accumulated Amortization of CIAC, and Amortization.

NARUC Acct	CIAC	Date in Service	FPSC Rule Rate	CIAC		Accum Amort of CIAC		
				12/31/2011	13-Month Average	12/31/2011	13-Month Average	Amortization 12/31/2011
<b>Seminole County - Water</b>								
271	CIAC Trans & Distr Mains	03/11/11	0.0233	\$ (7,150)	\$ (5,500)	\$ 139	\$ 59	\$ (139)
271	CIAC Water Tap Fee	03/11/11	0.0500	(2,850)	(2,192)	119	50	(119)
				<u>\$ (10,000)</u>	<u>\$ (7,692)</u>	<u>\$ 257</u>	<u>\$ 109</u>	<u>\$ (257)</u>

**Effect on the General Ledger:** The following general ledger entries are needed to correct the Utility general ledger balances as of December 31, 2011:

**Orange County**

NARUC Acct. No.	Description	Debit	Credit
474	Other W/S Revenue	\$ 150	
271	CIAC		\$ 150
272	Accumulated Amortization of CIAC	\$ 6	
407	Amortization		\$ 6

**Pasco County**

NARUC Acct. No.	Description	Debit	Credit
215	Retained Earnings	\$ 620	
271	CIAC		\$ 672
272	Accumulated Amortization of CIAC	\$ 86	
407	Amortization		\$ 34

**Seminole County**

NARUC Acct. No.	Description	Debit	Credit
145	Accounts Receivable - Assoc Companies	\$ 10,000	
215	Retained Earnings	\$ 1,545	
474	Other W/S Revenue	\$ 600	
271	CIAC		\$ 12,225
272	Accumulated Amortization of CIAC	\$ 442	
407	Amortization		\$ 362

Sanlando Utilities, Inc.

NARUC Acct. No.	Description	Debit	Credit
471	Misc. Service Revenue	\$ 150	
271	CIAC	\$ 2,850	
231	A/P 3rd Party Liability	\$ 5,000	
633	Engineering Fees	\$ 2,000	
233	A/P Associated Companies		\$ 10,000

**Effect on the Filing:** In Orange County, the Water Account 271 – CIAC 13-month average balance should be increased by \$115, the Water Account 272 – Accumulated Amortization of CIAC 13-month average balance should be increased by \$3, and the Water Net Depreciation year-end balance should be decreased by \$6.

In Pasco County, the Water Account 271 – CIAC 13-month average balance should be increased by \$672, the Water Account 272 – Accumulated Amortization of CIAC 13-month average balance should be increased by \$70, and the Water Net Depreciation year-end balance should be decreased by \$34.

In Seminole County, the Water Account 271 – CIAC 13-month average balance should be increased by \$9,744, the Water Account 272 – Accumulated Amortization of CIAC 13-month average balance should be increased by \$239, and the Water Net Depreciation year-end balance should be decreased by \$362.

### **Finding 3: Operating Revenue**

**Audit Analysis:** Audit staff reconciled a sample of fifty miscellaneous service charge bills to the Commission approved tariff. We determined that there were four bills in Marion County, six bills in Orange County, five bills in Pasco County, seven bills in Pinellas County, and six bills in Seminole County, in which the old Commission rates were used. The old Commission rates were \$15.00, whereas the new Commission rates were \$21.00 effective as of October 19, 2010. Of the sample selected, 28 out of the 50 bills did not use the correct tariff. Audit staff did not determine the total bills affected in the whole population.

**Effect on the General Ledger:** Provided for informational purposes only.

**Effect on the Filing:** Provided for informational purposes only.

**Finding 4: Operations and Maintenance Expense – Reclassifications**

**Audit Analysis:** The audit staff reviewed the supporting documentation for O&M expenses and determined that the Utility had classified some expenses in Pasco County inappropriately. The first expense is for purchased power at a lift station that was charged to a water account. The Utility also charged a capital refund credit to water, but purchased power from the supplier for both its water and wastewater facilities. We allocated a portion to wastewater based on the percentage of total power purchased.

**Effect on the General Ledger:** The following general ledger entries are needed to correct the Utility general ledger balances as of December 31, 2011:

Pasco County

NARUC Acct. No.	Description	Debit	Credit
715	Purchased Power	\$ 624	
615	Purchased Power	\$ 136	
615	Purchased Power		\$ 624
715	Purchased Power		\$ 136

**Effect on the Filing:** O&M Expense should be decreased by \$488 for Pasco Water, and increased by \$488 for Pasco Wastewater.

## **Finding 5: Operations and Maintenance Expense – Adjustments**

**Audit Analysis:** Audit staff reviewed the supporting documentation for O&M expenses and noted the following adjustments.

Pinellas County:

1. Account 620 – Materials and Supplies should be decreased by \$251 to remove an expense that should be booked to Pasco County in this account.

Pasco County:

1. Account 615 – Purchased Power should be decreased by \$536 because the Utility included expenses for two of its service addresses that were out of the test period.
2. Account 620 – Materials and Supplies should be increased by \$251 to include an expense booked inadvertently to Pinellas County in this account.
3. Account 715 – Purchased Power should be decreased by \$264 because the Utility inadvertently reclassified expenses from Marion County to Pasco County.

**Effect on the General Ledger:** There is no effect on the general ledger.

**Effect on the Filing:** O&M Expense should be decreased by \$251 for Pinellas Water, decreased by \$285 for Pasco Water, and decreased by \$264 for Pasco Wastewater.



**Finding 6: Marion County – O&M Expense**

**Audit Analysis:** Audit staff reviewed the supporting documentation for Marion County O&M expenses and noted the following adjustments.

1. Account 666 – Amortization of Rate Case Expense should be increased by \$4,206 to allocate the appropriate amount of expense per FPSC Order PSC-10-0585-PAA-WS to Marion County’s Water system.
2. Account 715 – Purchased Power should be increased by \$264 because it was inadvertently reclassified as expenses from Marion County to Pasco County.
3. Account 766 – Amortization of Rate Case Expense should be increased by \$627 to allocate the appropriate amount of expense per FPSC Order PSC-10-0585-PAA-WS to Marion County’s Wastewater system.

**Effect on the General Ledger:** The following general ledger entries are needed to correct the Utility general ledger balances as of December 31, 2011:

NARUC Acct. No.	Description	Debit	Credit
666	Amortization of Rate Case Expense	\$ 4,206	
715	Purchased Power	\$ 264	
766	Amortization of Rate Case Expense	\$ 627	
186	Deferred Rate Case Expense		\$ 4,833
439	Retained Earnings		\$ 264

**Effect on the Filing:** No filing was made for Marion County. We have adjusted the staff prepared filing for these amounts.

## **Finding 7: Taxes Other than Income**

**Audit Analysis:** In Orange, Pasco, Pinellas, and Seminole Counties, audit staff traced the MFR balance to supporting documentation and general ledger. No exceptions were noted.

In Marion County, audit staff used the actual RAF filings applicable to the test year to obtain the amount that should be used for regulatory purposes. For water, the balance is \$7,767, and for wastewater, it is \$2,200. The increase is \$3,561 for water and \$1,592 for wastewater.

**Effect on the General Ledger:** Provided for informational purposes only.

**Effect on the Filing:** Provided for informational purposes only.

Exhibits

**Exhibit 1: Rate Base – Marion County Water**

**UTILITIES, INC. OF FLORIDA  
RATE BASE AUDIT  
DOCKET NO. 120209-WS AUDIT CONTROL NO. 12-254-1-1  
MARION COUNTY SCHEDULE OF WATER RATE BASE  
FOR THE TEST YEAR ENDED DECEMBER 31, 2011**

Description	Average Balance Per Books	Utility Adjustments	Adjusted Utility Balance	Staff Audit Adjustments ACN 12-254-1-1	Adjusted Balance ACN 12-254-1-1
Utility Plant in Service	\$ 887,262	\$ 6,283	\$ 893,545	\$ -	\$ 893,545
Utility Land & Land Rights	17,295	-	17,295	-	17,295
Non-Used & Useful Plant	-	-	-	-	-
Construction Work-In-Progress	1	(1)	-	-	-
Accumulated Depreciation	(430,486)	7,692	(422,794)	-	(422,794)
Contributions in Aid of Construction	(158,514)	(395)	(158,909)	-	(158,909)
Accumulated Amortization of CIAC	96,786	(21,493)	75,293	-	75,293
Acquisition Adjustments	-	-	-	-	-
Accumulated Amortization of Acquisition Adjustments	-	-	-	-	-
Advances for Construction	-	-	-	-	-
Working Capital Allowance	-	42,775	42,775	-	42,775
<b>Total Water Rate Base</b>	<b>\$ 412,344</b>	<b>\$ 34,861</b>	<b>\$ 447,205</b>	<b>\$ -</b>	<b>\$ 447,205</b>

**Exhibit 2: Rate Base – Marion County Wastewater**

**UTILITIES, INC. OF FLORIDA  
RATE BASE AUDIT  
DOCKET NO. 120209-WS AUDIT CONTROL NO. 12-254-1-1  
MARION COUNTY SCHEDULE OF WASTEWATER RATE BASE  
FOR THE TEST YEAR ENDED DECEMBER 31, 2011**

Description	Average Balance Per Books	Utility Adjustments	Adjusted Utility Balance	Staff Audit Adjustments ACN 12-254-1-1	Adjusted Balance ACN 12-254-1-1
Utility Plant In Service	\$ 212,129	\$ (2,323)	\$ 209,806	\$ -	\$ 209,806
Utility Land & Land Rights	10,800	-	10,800	-	10,800
Non-Used & Useful Plant	-	-	-	-	-
Construction Work-In-Progress	-	-	-	-	-
Accumulated Depreciation	(74,451)	(63,890)	(138,341)	-	(138,341)
Contributions in Aid of Construction	(7,200)	-	(7,200)	-	(7,200)
Accumulated Amortization of CIAC	1,231	48	1,279	-	1,279
Acquisition Adjustments	-	-	-	-	-
Accumulated Amortization of Acquisition Adjustments	-	-	-	-	-
Advances for Construction	-	-	-	-	-
Working Capital Allowance	-	6,178	6,178	-	6,178
<b>Total Wastewater Rate Base</b>	<b>\$ 142,509</b>	<b>\$ (59,987)</b>	<b>\$ 82,522</b>	<b>\$ -</b>	<b>\$ 82,522</b>

# Exhibit 3: Rate Base – Orange County Water

**Schedule of Water Rate Base**

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Orange County  
 Docket No.: 120209-W8  
 Schedule Year Ended: December 31, 2011  
 Interim  Final   
 Historic  Projected

Schedule: A-1  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	433,577	(22,559)	(A)	411,018	A-6, A-3
2						
3	Utility Land & Land Rights	106	-		106	A-5
4						
5	Less: Non-Used & Useful Plant	-	-		-	A-7
6						
7	Construction Work in Progress	1	(1)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(220,890)	22,575	(B)	(198,015)	A-8, A-3
10						
11	Less: CIAC	48,479	(42,081)	(D)	4,368	A-12, A-3
12						
13	Accumulated Amortization of CIAC	22,171	(16,022)	(E)	7,149	A-14, A-3
14						
15	Acquisition Adjustments	-	-		-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-		-	-
18						
19	Advances For Construction	-	-		-	A-16
20						
21	Working Capital Allowance		24,201	(H)	24,201	A-17, A-3
22						
23	<b>Total Rate Base</b>	<b>281,644</b>	<b>(32,787)</b>		<b>248,857</b>	

# Exhibit 4: Rate Base – Pasco County Water

**Schedule of Water Rate Base**

**Florida Public Service Commission**

**Company: Utilities, Inc. of Florida - Pasco County**  
**Docket No.: 120209-WS**  
**Schedule Year Ended: December 31, 2011**  
 Interim [ ] Final [X]  
 Historic [X] Projected [ ]

**Schedule: A-1**  
**Page 1 of 1**  
**Preparer: Kirsten Markwell**

**Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.**

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	4,778,638	257,354	(A)	5,035,992	A-5, A-3
2						
3	Utility Land & Land Rights	2,899	10,754	(A)	13,653	A-5
4						
5	Loss: Non-Used & Useful Plant	-	-		-	A-7
6						
7	Construction Work in Progress	-	-		-	A-3
8						
9	Less: Accumulated Depreciation	(1,424,772)	(81,851)	(B)	(1,506,623)	A-9, A-3
10						
11	Less: CIAC	(885,036)	(12,827)	(D)	(607,663)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	434,351	(115,271)	(E)	319,080	A-14, A-3
14						
15	Acquisition Adjustments	-	-		-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-		-	-
18						
19	Advances For Construction	-	-		-	A-16
20						
21	Working Capital Allowance	-	233,738	(H)	233,738	A-17, A-3
22						
23	<b>Total Rate Base</b>	<b>3,196,080</b>	<b>282,094</b>		<b>3,488,174</b>	

# Exhibit 5: Rate Base – Pasco County Wastewater

## Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Pasco County  
 Docket No.: 120209-WS  
 Schedule Year Ended: December 31, 2011  
 Interim [ ] Final [X]  
 Historic [X] Projected [ ]

Schedule: A-2  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	1,328,707	929,024	(A)	2,258,731	A-8, A-3
2						
3	Utility Land & Land Rights	10,600	(1,546)	(A)	8,954	A-8, A-3
4						
5	Less: Non-Used & Useful Plant (net)	-	-		-	A-7
6						
7	Construction Work in Progress	10	(10)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(524,536)	(484,885)	(B)	(999,231)	A-10, A-3
10						
11	Less: CIAC	(531,736)	(55,519)	(D)	(587,255)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	449,185	(89,443)	(E)	349,722	A-14, A-3
14						
15	Acquisition Adjustments	-	-		-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-		-	-
18						
19	Advances For Construction	-	-		-	A-16
20						
21	Working Capital Allowance	-	92,181	(H)	92,181	A-17, A-3
22						
23	<b>Total Rate Base</b>	<b>733,110</b>	<b>389,982</b>		<b>1,133,102</b>	

## Exhibit 6: Rate Base – Pinellas County Water

### Schedule of Water Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Pinellas County  
 Docket No.: 120209-WS  
 Schedule Year Ended: December 31, 2011  
 Interim  Final   
 Historic  Projected

Schedule: A-1 (Interim)  
 Page 1 of 1  
 Preparer: Kirsten Marlowell

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant In Service	528,337	17,822	(A)	546,159	A-5, A-3 Int.
2						
3	Utility Land & Land Rights	8,268	-		8,268	A-5
4						
5	Less: Non-Used & Useful Plant	-	-		-	A-7 Int.
6						
7	Construction Work In Progress	-	-		-	A-3 Int.
8						
9	Less: Accumulated Depreciation	(160,842)	11,188	(B)	(149,654)	A-8, A-3 Int.
10						
11	Less: CIAC	(138,847)	-		(138,847)	A-12, A-3 Int.
12						
13	Accumulated Amortization of CIAC	82,734	(28,977)	(C)	53,757	A-14, A-3 Int.
14						
15	Acquisition Adjustments	-	-		-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-		-	-
18						
19	Advances For Construction	-	-		-	A-16
20						
21	Working Capital Allowance	-	21,533	(F)	21,533	A-17, A-3 Int.
22						
23	<b>Total Rate Base</b>	<b>317,840</b>	<b>21,388</b>		<b>339,228</b>	



# Exhibit 7: Rate Base – Seminole County Water

**Schedule of Water Rate Base**

Florida Public Service Commission

Company: **Utilities, Inc. of Florida - Seminole County**  
 Docket No.: **120209-W9**  
 Schedule Year Ended: **December 31, 2011**  
 Interim [ ] Final [X]  
 Historic [X] Projected [ ]

Schedule: **A-1**  
 Page 1 of 1  
 Preparer: **Kirsten Markwal**

**Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.**

(1)	(2)	(3)	(4)	(5)
Line No.	Average Balance Per Books	Utility Adjustments	Adjusted Utility Balance	Supporting Schedule(s)
1	3,708,270	1,971,637	5,078,907	A-5, A-3
2				
3	(1,714)	17,829	16,216	A-5
4				
5	-	-	-	A-7
6				
7	-	-	-	A-9
8				
9	(384,499)	(1,331,122)	(1,715,621)	A-9, A-3
10				
11	(1,214,804)	3,687	(1,211,017)	A-12, A-3
12				
13	883,089	(35,497)	827,582	A-14, A-3
14				
15	-	-	-	-
16				
17	-	-	-	-
18				
19	-	-	-	A-16
20				
21	-	210,184	210,184	A-17, A-3
22				
23	<b>2,970,542</b>	<b>238,717</b>	<b>3,207,259</b>	

## Exhibit 8: Rate Base – Seminole County Wastewater

### Schedule of Wastewater Rate Base

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Seminole County

Docket No.: 120209-WS

Schedule Year Ended: December 31, 2011

Interim [ ] Final [X]

Historic [X] Projected [ ]

Schedule: A-2

Page 1 of 1

Preparer: Kirsten Marlowell

Explanation: Provide the calculation of average rate base for the test year, showing all adjustments. All non-used and useful items should be reported as Plant Held For Future Use.

Line No.	(1) Description	(2) Average Balance Per Books	(3) Utility Adjustments	Ref.	(4) Adjusted Utility Balance	(5) Supporting Schedule(s)
1	Utility Plant in Service	1,813,858	1,764,826	(A)	3,378,685	A-8, A-3
2						
3	Utility Land & Land Rights	180,351	(161,339)	(A)	19,012	A-8, A-3
4						
5	Less: Non-Used & Useful Plant (net)	-	-		-	A-7
6						
7	Construction Work in Progress	10	(10)	(C)	-	A-3
8						
9	Less: Accumulated Depreciation	(37,627)	(1,024,809)	(B)	(1,062,436)	A-10, A-3
10						
11	Less: CIAC	(1,042,129)	327,748	(D)	(714,380)	A-12, A-3
12						
13	Accumulated Amortization of CIAC	658,978	(58,615)	(E)	600,483	A-14, A-3
14						
15	Acquisition Adjustments	-	-		-	-
16						
17	Accum. Amort. of Acq. Adjustments	-	-		-	-
18						
19	Advances For Construction	-	-		-	A-16
20						
21	Working Capital Allowance	-	111,517	(H)	111,517	A-17, A-3
22						
23	<b>Total Rate Base</b>	<b>1,271,442</b>	<b>961,420</b>		<b>2,232,861</b>	

**Exhibit 9: Net Operating Income – Marion County Water**

**UTILITIES, INC. OF FLORIDA  
RATE BASE AUDIT  
DOCKET NO. 120209-WS AUDIT CONTROL NO. 12-254-1-1  
MARION COUNTY SCHEDULE OF WATER NET OPERATING INCOME  
FOR THE TEST YEAR ENDED DECEMBER 31, 2011**

Description	Year End Balance Per Books	Utility Adjustments	Adjusted Utility Balance	Staff Audit	
				Adjustments ACN 12-254-1-1	Adjusted Balance ACN 12-254-1-1
Operating Revenues	\$ 172,542	\$ -	\$ 172,542	\$ -	\$ 172,542
Operation and Maintenance	95,205	-	95,205	4,208	99,411
Depreciation, Net of CIAC Amort. Amortization	29,778 -	1,850 -	31,628 -	 -	31,628 -
Taxes Other Than Income	10,335	-	10,335	3,561	13,896
Income Taxes	31	-	31	-	31
<b>Water Net Operating Income</b>	<b>\$ 37,193</b>	<b>\$ (1,850)</b>	<b>\$ 35,343</b>	<b>\$ (7,767)</b>	<b>\$ 27,576</b>

**Exhibit 10: Net Operating Income – Marion County Wastewater**

**UTILITIES, INC. OF FLORIDA  
 RATE BASE AUDIT  
 DOCKET NO. 120209-WS AUDIT CONTROL NO. 12-254-1-1  
 MARION COUNTY SCHEDULE OF WASTEWATER NET OPERATING INCOME  
 FOR THE TEST YEAR ENDED DECEMBER 31, 2011**

<b>Description</b>	<b>Year End Balance</b>		<b>Staff Audit</b>		
	<b>Per Books</b>	<b>Utility Adjustments</b>	<b>Adjusted Utility Balance</b>	<b>Adjustments ACN 12-254-1-1</b>	<b>Adjusted Balance ACN 12-254-1-1</b>
Operating Revenues	\$ 48,956	\$ -	\$ 48,956	\$ -	\$ 48,956
Operation and Maintenance	32,513	-	32,513	891	33,404
Depreciation, Net of CIAC Amort.	9,931	(276)	9,655	-	9,655
Amortization	-	-	-	-	-
Taxes Other Than Income	1,493	-	1,493	1,592	3,085
Income Taxes	5	-	5	-	5
<b>Water Net Operating Income</b>	<b>\$ 6,014</b>	<b>\$ 276</b>	<b>\$ 5,290</b>	<b>\$ (2,483)</b>	<b>\$ 2,807</b>

# Exhibit 11: Net Operating Income – Orange County Water

Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Orange County  
 Docket No.: 120209-WS  
 Schedule Year Ended: December 31, 2011  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-1  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 7) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	115,683	175	115,858	39,734 (A)	155,592	B-4, B-3
2							
3	Operation & Maintenance	89,748	3,132	92,880	7,743 (B)	100,623	B-5, B-3
4							
5	Depreciation, net of CIAC Amort.	23,397	(5,385)	18,012	34 (C), (D)	18,046	B-13, B-3
6							
7	Amortization/Other Expense	-	2,015	2,015	- (E)	2,015	B-3
8							
9	Taxes Other Than Income	5,683	2,498	8,181	1,969 (F)	10,150	B-15, B-3
10							
11	Provision for Income Taxes	18	(4,688)	(4,680)	11,285 (G)	6,605	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	118,846	(2,438)	116,408	21,031	137,439	
14							
15	NET OPERATING INCOME	(3,162)	2,613	(549)	18,703	18,153	
16							
17							
18	RATE BASE	281,844	(32,787)	248,857		248,857	
19							
20							
21	RATE OF RETURN	--	%	-	%	7.29	%

## Exhibit 12: Net Operating Income – Pasco County Water

### Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Pasco County  
 Docket No.: 120209-WS  
 Schedule Year Ended: December 31, 2011  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-1  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	833,526	70,233	903,759	327,912 (A)	1,231,671	B-4, B-3
2							
3	Operation & Maintenance	659,410	(147,145)	512,265	71,080 (B)	583,345	B-5, B-3
4							
5	Depreciation, net of CIAC Amort.	182,883	(27,529)	155,354	8,788 (C), (D)	164,150	B-13, B-3
6							
7	Amortization	-	-	-	-	-	
8							
9	Taxes Other Than Income	153,181	(47,033)	106,148	14,756 (E)	120,904	B-15, B-3
10							
11	Provision for Income Taxes	170	9,153	9,323	87,783 (F)	97,106	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	995,643	(212,554)	783,089	182,415	955,504	
14							
15	NET OPERATING INCOME	(162,117)	282,787	120,670	145,497	286,167	
16							
17							
18	RATE BASE	3,186,080	292,094	3,488,174		3,488,174	
19							
20							
21	RATE OF RETURN	-	%	3.46	%	7.83	%

# Exhibit 13: Net Operating Income – Pasco County Wastewater

**Schedule of Wastewater Net Operating Income**

**Florida Public Service Commission**

Company: **Utilities, Inc. of Florida - Pasco County**  
 Docket No.: **120209-WS**  
 Schedule Year Ended: **December 31, 2011**  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: **B-2**  
 Page **1** of **1**  
 Preparer: **Kristen Markwell**

**Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.**

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	<b>OPERATING REVENUES</b>	<u>477,751</u>	<u>48,293</u>	<u>526,044</u>	<u>44,343</u> (A)	<u>570,388</u>	B-4, B-3
2							
3	<b>Operation &amp; Maintenance</b>	<u>134,890</u>	<u>189,228</u>	<u>324,116</u>	<u>34,197</u> (B)	<u>358,313</u>	B-6, B-3
4							
5	<b>Depreciation, net of CIAC Amort.</b>	<u>38,575</u>	<u>10,000</u>	<u>48,575</u>	<u>302</u> (C), (D)	<u>48,877</u>	B-14, B-3
6							
7	<b>Amortization</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
8							
9	<b>Taxes Other Than Income</b>	<u>-</u>	<u>43,287</u>	<u>43,287</u>	<u>1,895</u> (E)	<u>45,282</u>	B-15, B-3
10							
11	<b>Provision for Income Taxes</b>	<u>67</u>	<u>28,489</u>	<u>28,556</u>	<u>2,954</u> (F)	<u>31,510</u>	C-1, C-2, B-3
12							
13	<b>OPERATING EXPENSES</b>	<u>173,532</u>	<u>271,002</u>	<u>444,534</u>	<u>39,448</u>	<u>483,982</u>	
14							
15	<b>NET OPERATING INCOME</b>	<u>304,219</u>	<u>(222,709)</u>	<u>81,511</u>	<u>4,896</u>	<u>86,406</u>	
16							
17							
18	<b>RATE BASE</b>	<u>733,110</u>	<u>388,992</u>	<u>1,133,102</u>		<u>1,133,102</u>	
19							
20							
21	<b>RATE OF RETURN</b>	<u>41.50 %</u>		<u>7.19 %</u>		<u>7.63 %</u>	

# Exhibit 14: Net Operating Income – Pinellas County Water

## Schedule of Water Net Operating Income

Florida Public Service Commission

Company: Utilities, Inc. of Florida - Pinellas County  
 Docket No.: 120209-W3  
 Schedule Year Ended: December 31, 2011  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-1  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 7) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	OPERATING REVENUES	95,795	9,207	105,002	74,734 (A)	179,738	B-4, B-3
2							
3	Operation & Maintenance	83,728	2,571	86,400	10,821 (B)	77,021	B-5, B-3
4							
5	Depreciation, net of CIAC Amort.	16,945	(3,388)	15,557	6,748 (C), (D)	22,305	B-13, B-3
6							
7	Amortization	-	-	-	-	-	
8							
9	Taxes Other Than Income	3,273	5,979	9,251	3,620 (E)	12,871	B-16, B-3
10							
11	Provision for Income Taxes	25	(2,168)	(2,161)	20,224 (F)	18,069	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	85,971	3,078	89,047	41,213	130,260	
14							
15	NET OPERATING INCOME	9,824	6,131	15,955	33,521	49,478	
16							
17							
18	RATE BASE	317,840	316,263	633,093		633,093	
19							
20							
21	RATE OF RETURN	3.09 %		2.62 %		7.61 %	



# Exhibit 15: Net Operating Income – Seminole County Water

**Schedule of Water Net Operating Income**

Florida Public Service Commission

Company: **UTILITAS, Inc. of Florida - Seminole County**  
 Docket No.: **130209-773**  
 Schedule Year Ended: **December 31, 2011**  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: **B-1**  
 Page 1 of 1  
 Preparer: **Kirsten Markoff**

Explanation: Provide the calculation of net operating income for the test year. If amortization (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenues	(7) Supporting Schedule(s)
1	<b>OPERATING REVENUES</b>	<u>989,369</u>	<u>(115,358)</u>	<u>874,013</u>	<u>294,501</u>	<u>1,168,514</u>	B-4, B-3
2							
3	Operation & Maintenance	780,041	(307,625)	472,518	60,895	533,410	B-5, B-3
4	Depreciation, net of CIAC Amort.	148,803	(1,507)	147,096	27,856	174,762	B-13, B-3
5							
6	Amortization	-	-	-	-	-	
7							
8	Taxes Other Than Income	160,766	(73,155)	105,811	14,918	120,428	B-16, B-3
9							
10	Provision for Income Taxes	(23,913)	42,876	18,963	71,924	90,687	C-1, C-2, B-3
11							
12	<b>OPERATING EXPENSES</b>	<u>1,085,497</u>	<u>(341,311)</u>	<u>744,186</u>	<u>175,287</u>	<u>919,473</u>	
13							
14	<b>NET OPERATING INCOME</b>	<u>(95,128)</u>	<u>225,955</u>	<u>129,827</u>	<u>119,214</u>	<u>249,041</u>	
15							
16							
17	<b>RATE BASE</b>	<u>2,970,542</u>	<u>236,717</u>	<u>3,207,259</u>		<u>3,207,259</u>	
18							
19							
20							
21	<b>RATE OF RETURN</b>	<u>-</u>	<u>%</u>	<u>4.05</u>	<u>%</u>	<u>7.78</u>	<u>%</u>

# Exhibit 16: Net Operating Income – Seminole County Wastewater

**Schedule of Wastewater Net Operating Income**

**Florida Public Service Commission**

Company: Utilities, Inc. of Florida - Seminole County  
 Docket No.: 120209-495  
 Schedule Year Ended: December 31, 2011  
 Interim [ ] Final [X]  
 Historic [X] or Projected [ ]

Schedule: B-2  
 Page 1 of 1  
 Preparer: Kirsten Markwell

Explanation: Provide the calculation of net operating income for the test year. If a moratorium (Line 4) is related to any amount other than an acquisition adjustment, submit an additional schedule showing a description and calculation of charge.

Line No.	(1) Description	(2) Balance Per Books	(3) Utility Test Year Adjustments	(4) Utility Adjusted Test Year	(5) Requested Revenue Adjustment	(6) Requested Annual Revenue	(7) Supporting Schedule(s)
1	OPERATING REVENUES	883,881	(47,820)	816,281	214,360 (A)	1,030,621	B-4, B-3
2							
3	Operation & Maintenance	394,856	175,202	569,839	55,075 (B)	624,534	B-6, B-3
4							
5	Depreciation, net of CIAC Amort.	73,844	10,840	84,484	5,015 (C), (D)	89,489	B-14, B-3
6							
7	Amortization	-	-	-	-	-	
8							
9	Taxes Other Than Income	-	68,470	68,470	10,473 (E)	78,943	B-15, B-3
10							
11	Provision for Income Taxes	(12,888)	22,079	9,391	53,885 (F)	83,276	C-1, C-2, B-3
12							
13	OPERATING EXPENSES	455,813	278,591	732,204	125,049	857,253	
14							
15	NET OPERATING INCOME	408,268	(324,211)	84,057	89,312	173,389	
16							
17							
18	RATE BASE	1,271,442	951,420	2,232,861		2,232,861	
19							
20							
21	RATE OF RETURN	32.11 %		3.76 %		7.78 %	