

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** February 26, 2014  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis  
**RE:** Revised Audit Report Pages; Docket 130176-WS; Audit Control Number 13-199-2-4; Jumper Creek Utility Company

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Attached are 4 revised pages for the audit report issued in Docket 130176-WS; Audit Control Number 13-199-2-4; Jumper Creek Utility Company.

In the original audit report issued September 16, 2013, the Wastewater Plant in Service Balance and Wastewater Land Balance was incorrectly stated on the Rate Base Exhibit. In addition, the Wastewater Accumulated Depreciation Balance was misstated.

The revised pages attached have the correct amounts.

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## Audit Findings

Revised 2/18/14

### **Finding 1: March Depreciation and Amortization Accruals**

**Audit Analysis:** The transfer date for this proceeding is March 28, 2013. AUF records indicate that depreciation accruals for UPIS and amortization accruals for CIAC are posted to the general ledger on the first day of each month. The last date that either accruals was posted was February 1, 2013.

We reviewed AUF records and determined that there was no UPIS or CIAC activity for the water and wastewater systems in March 2013. Therefore, we have included one month of accumulated depreciation and accumulated amortization of CIAC accruals for March 2013 for each system based on the corresponding accruals posted in February 2013.

Our summarized adjustment for Accumulated Depreciation and Accumulated Amortization of CIAC is displayed below. The summary adjustments by NARUC account are included in Tables 1 and 2 for Accumulated Depreciation and Table 3 for Accumulated Amortization of CIAC.

**Table 1**

| <b>Water</b>                         |                                     |                                 |                                    |
|--------------------------------------|-------------------------------------|---------------------------------|------------------------------------|
| <b>Balance Per Books @ 02/28//13</b> | <b>Balance Per Books@ 03/28/13</b>  | <b>March 2013 Dep. Accruals</b> | <b>Audit Adj. Balance 03/28/13</b> |
| \$119,911                            | \$119,911                           | \$1,598                         | \$121,509                          |
| <b>Wastewater</b>                    |                                     |                                 |                                    |
| <b>Balance Per Books @ 02/28//13</b> | <b>Balance Per Books @ 03/28/13</b> | <b>March 2013 Dep. Accruals</b> | <b>Audit Adj. Balance 03/28/13</b> |
| \$100,925                            | \$100,925                           | \$1,349                         | \$102,274                          |

**Table 2**

Revised 2/18/14

| Acct. No. | Description                  | Depr Rates | Amount         |
|-----------|------------------------------|------------|----------------|
| 304.2     | Structures & Improvements    | 0.00%      | \$0            |
| 304.3     | Structures & Improvements    | 3.13%      | 17             |
| 307.2     | Wells & Springs              | 3.33%      | 165            |
| 310.2     | Power Generation Equipment   | 5.00%      | 8              |
| 311.2     | Pumping Equipment            | 5.00%      | 18             |
| 320.3     | Water Treatment Equipment    | 4.55%      | 1,045          |
| 331.4     | Transmission & Distribution  | 2.33%      | 165            |
| 333.4     | Services                     | 2.50%      | 81             |
| 334.4     | Meters                       | 5.00%      | 48             |
| 335.4     | Hydrants                     | 2.22%      | <u>50</u>      |
| Total     |                              |            | <u>\$1,598</u> |
|           |                              |            |                |
| Acct. No. | Description                  | Dep. Rates | Amount         |
| 354.2     | Structures & Improvements    | 3.13%      | \$21           |
| 354.3     | Structures & Improvements    | 0.00%      | 0              |
| 360.2     | Collection - Force           | 3.33%      | 91             |
| 361.2     | Collection - Gravity         | 2.22%      | 155            |
| 362.2     | Special Collecting Structure | 2.50%      | 114            |
| 371.3     | Pumping Equipment            | 5.56%      | 234            |
| 380.4     | Treatment & Disposal Equip   | 5.56%      | <u>733</u>     |
| Total     |                              |            | <u>\$1,349</u> |

**Table 3**

Revised 2/18/2014

| Water      |                                 |                |                 |              |                |
|------------|---------------------------------|----------------|-----------------|--------------|----------------|
| Acct No.   | Acct Description                | Amt.<br>2/1/13 | Amort.<br>Rates | Amortization | Amt.<br>3/1/13 |
| 331.4      | T&D Mains                       | (\$14,017)     | 2.33%           | (\$165)      | (\$14,182)     |
| 333.4      | Services                        | (6,885)        | 2.50%           | (81)         | (6,966)        |
| 334.4      | Meters                          | (1,364)        | 5.00%           | (26)         | (1,389)        |
| 335.4      | Hydrants                        | (4,243)        | 2.22%           | (50)         | (4,293)        |
| Total      |                                 | (\$26,509)     |                 | (\$322)      | (\$26,830)     |
| Wastewater |                                 |                |                 |              |                |
| Acct No.   | Acct Description                | Amt.<br>2/1/13 | Amor.t<br>Rates | Amortization | Amt.<br>3/1/13 |
| 360.2      | Collection Force                | (\$10,165)     | 3.33%           | (\$91)       | (\$10,256)     |
| 361.2      | Collection Gravity              | (9,718)        | 2.22%           | (155)        | (9,873)        |
| 362.2      | Special Collection<br>Structure | (9,084)        | 2.50%           | (114)        | (9,197)        |
| 371.3      | Pumping Equipment               | (18,414)       | 5.56%           | (234)        | (18,648)       |
| Total      |                                 | (\$47,381)     |                 | (\$594)      | (\$47,975)     |

**Effect on the General Ledger:** The following adjustments are needed to the general ledger as of 3/28/13.

Water

| Acct No.  | Account Description             | Debit   | Credit  |
|---|---------------------------------|---------|---------|
| 104.00  | Utility Plant Purchased or Sold | \$1,598 |         |
| 108.00  | Accumulated Depreciation        |         | \$1,598 |
| To adjust account for Accumulated Depreciation for water for one month. |                                 |         |         |

Wastewater

| Acct No.   | Account Description             | Debit   | Credit  |
|--|---------------------------------|---------|---------|
| 104.00   | Utility Plant Purchased or Sold | \$1,349 |         |
| 108.00   | Accumulated Depreciation        |         | \$1,349 |
| To adjust account for Accumulated Depreciation for wastewater for one month. |                                 |         |         |



Exhibit

Revised 2/18/14

**Exhibit 1: Net Book Value – Jumper Creek Utility Company**

**Jumper Creek Utility Company**

**As of March 28, 2013**

| Water                           | Utility Balance   | Adjustment        | Audit Balance     |
|---------------------------------|-------------------|-------------------|-------------------|
| Plant                           | \$510,770         | \$0               | \$510,770         |
| Land                            | 2,272             | -                 | 2,272             |
| Accumulated Depreciation        | (119,911)         | (1,598)           | (121,509)         |
| CIAC                            | (157,236)         | -                 | (157,236)         |
| Accumulated Amortization - CIAC | 26,509            | 322               | 26,831            |
| <b>TOTAL</b>                    | <b>\$ 262,404</b> | <b>\$ (1,276)</b> | <b>\$ 261,128</b> |

| Wastewater                      | Utility Balance  | Adjustment     | Audit Balance    |
|---------------------------------|------------------|----------------|------------------|
| Plant                           | \$388,477        | \$0            | \$388,477        |
| Land                            | 18,722           | -              | 18,722           |
| Accumulated Depreciation        | (100,925)        | (1,349)        | (102,274)        |
| CIAC                            | (221,828)        | -              | (221,828)        |
| Accumulated Amortization - CIAC | 47,381           | 594            | 47,975           |
| <b>TOTAL</b>                    | <b>\$131,827</b> | <b>(\$755)</b> | <b>\$131,072</b> |