

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:** August 18, 2014  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Pete Lester, Professional Accountant Specialist, Division of Accounting and Finance  
**RE:** Docket No. 130210-WS - Application for staff-assisted rate case in Polk County, by CHC VII, Ltd.

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Attached please find a copy of letter with schedules from Brian Altman, the manager of CHC VII, Ltd., stating that the utility has reconciled its plant and accumulated depreciation balances with the Commission-approved balances. Please file the attached document in the docket file, Docket 130210-WS.

Thank you for your assistance in this matter. Should you have any questions, please do not hesitate to contact me.

PL/pl  
Attachments

RECEIVED-FPSC  
14 AUG 19 AM 10:57  
COMMISSION  
CLERK

CHC VII, Ltd.  
500 S. Florida Ave., Ste 700  
Lakeland, FL 33801  
P: 863-647-1581  
F: 863-647-3992  
<mailto:baltman@centurycompanies.net>

August 15, 2014

Mr. Pete Lester  
State of Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850

Dear Mr. Lester,

Per your letter dated 6/19/14, we have reconciled the utility's books with the Commission approved balances. Please find enclosed a copy of the 2014 trial balance reflecting the necessary adjustments to plant and accumulated depreciation. Also enclosed are the new depreciation schedules. Should you have any questions or need additional information, please contact me at the above number.

Sincerely,

  
J. Brian Altman, VP

Encl: As stated

CHC VII, LTD  
WORKING TRIAL BALANCE-FPSC  
January 1, 2014

chcvii wtb14

|                              | ACCT<br>NUMB | FPSC BASIS<br>December 31, 2013 |                 | PSC AUDIT ADJUSTMENTS<br>January 1, 2014 |              | FPSC BASIS<br>January 1, 2014 |                 |
|------------------------------|--------------|---------------------------------|-----------------|--|--------------|-------------------------------|-----------------|
| <b>CASH</b>                  |              |                                 |                 |  |              |                               |                 |
| PETTY CASH                   | 1090         |                                 | 400.00          |  |              |                               | 400.00          |
| GENERAL ACCOUNT              | 1105         |                                 | 56,950.36       |  |              |                               | 56,950.36       |
| REAL ESTATE ESCROW           | 1120         |                                 | 25,000.00       |  |              |                               | 25,000.00       |
| R E ESCROW - MTG HOLDER      | 1125         |                                 | 85,148.54       |  |              |                               | 85,148.54       |
| CAPITAL RESERVE              | 1130         |                                 | 5,906,867.94    |  |              |                               | 5,906,867.94    |
| INSURANCE RESERVE            | 1140         |                                 | 16,305.32       |  |              |                               | 16,305.32       |
| <b>ACCOUNTS REC'L</b>        |              |                                 |                 |  |              |                               |                 |
| TRANSFERS                    | 1199         |                                 | 0.00            |  |              |                               | 0.00            |
| A/P - MASTER                 | 1315         |                                 | 0.00            |  |              |                               | 0.00            |
| A/R Golf                     | 1363         |                                 |                 | 0.00                                     |              |                               |                 |
| A/R Utilities                | 1369         |                                 | 1,320.67        |  |              |                               | 1,320.67        |
| <b>OTHER ASSETS</b>          |              |                                 |                 |  |              |                               |                 |
| Note receivable - AIC        | 1610         |                                 | 4,731,680.17    |  |              |                               | 4,731,680.17    |
| <b>NOTES PAYABLE</b>         |              |                                 |                 |  |              |                               |                 |
| Mortgage payable             | 2605         |                                 | 46,054,441.31   |  |              |                               | 46,054,441.31   |
| n/p                          | 2620         |                                 | 8,355.80        |  |              |                               | 8,355.80        |
| <b>OTHER LIABILITIES</b>     |              |                                 |                 |  |              |                               |                 |
| A/P - TRADE                  | 2205         |                                 | 6,005.27        |  |              |                               | 6,005.27        |
| ACCRUED EXPENSE PAYL         | 2210         |                                 | 521,022.62      |  |              |                               | 521,022.62      |
| Prepaid Golf                 | 2310         |                                 | 0.00            |  |              |                               | 0.00            |
| ACCRUED INTEREST             | 2230         |                                 | 165,770.40      |  |              |                               | 165,770.40      |
| SALES TAX PAYABLE            | 2240         |                                 | 944.19          |  |              |                               | 944.19          |
| <b>Utility assets</b>        |              |                                 |                 |  |              |                               |                 |
| ORGANIZATION                 | 301          |                                 | 500.00          |  | 1            | 500.00                        | 0.00            |
| FRANCHISES                   | 302          |                                 | 2,036.25        |  | 1            | 2,036.25                      | 0.00            |
| LAND & LAND RIGHTS           | 303          |                                 | 11,313.00       |  | 1            | 8,148.00                      | 3,165.00        |
| STRUCTURES & IMPROVEMENT     | 304          |                                 | 91,200.28       |  | 1            | 83,200.28                     | 8,000.00        |
| WELLS                        | 307          |                                 | 20,546.00       |  | 1            | 13,064.00                     | 7,482.00        |
| SUPPLY MAINS                 | 309          |                                 | 21,672.39       |  | 1            | 21,672.39                     | 0.00            |
| POWER GENER. EQUIP           | 310          |                                 | 13,773.00       |  | 1            | 13,773.00                     | 0.00            |
| PUMPING EQUIP                | 311          |                                 | 16,492.14       | 1  | 73,553.86    |                               | 90,046.00       |
| WATER TREATMENT EQUIP        | 320          |                                 | 7,414.01        | 1  | 223.00       |                               | 7,637.01        |
| DISTRIBUTION RESERVOIRS      | 330          |                                 | 10,241.00       | 1  | 61,259.00    |                               | 71,500.00       |
| TRANS&DISTR MAINS            | 331          |                                 | 148,686.00      | 1  | 26,924.00    |                               | 175,610.00      |
| SERVICES                     | 333          |                                 | 67,693.00       |  | 1            | 67,693.00                     | 0.00            |
| METER & METER INSTALL        | 334          |                                 | 130,000.54      |  | 1            | 115,499.15                    | 14,501.39       |
| HYDRANTS                     | 335          |                                 | 18,715.00       | 1  | 17,993.00    |                               | 36,708.00       |
| Office Furniture & Equipment | 340          |                                 |                 | 1  | 2,250.00     |                               | 2,250.00        |
| Power Operated Equip         | 345          |                                 | 4,324.24        |  |              |                               | 4,324.24        |
| TOOLS, SHOP & GARAGE EQUIP   | 343          |                                 | 621.68          |  | 1            | 621.68                        | 0.00            |
| ORGANIZATION                 | 351          |                                 | 400.00          |  | 2            | 400.00                        | 0.00            |
| FRANSHISES                   | 352          |                                 | 2,292.25        |  | 2            | 2,292.25                      | 0.00            |
| LAND & LAND RIGHTS           | 353          |                                 | 18,166.00       |  | 2            | 13,084.00                     | 5,082.00        |
| STRUCTURES & IMPROVE         | 354          |                                 | 50,863.00       |  | 2            | 50,863.00                     | 0.00            |
| COLLECT SEWERS-FORCE         | 360          |                                 |                 | 2  | 4,669.00     |                               | 4,669.00        |
| COLLECT SEWERS-GRAVITY       | 361          |                                 | 342,408.00      | 2  | 5,127.00     |                               | 347,535.00      |
| SERVICES TO CUSTOMERS        | 363          |                                 | 83,750.00       |  | 2            | 82,700.00                     | 1,050.00        |
| FLOW MEASURING DEVICES       | 364          |                                 | 7,875.76        |  | 2            | 5,780.55                      | 2,095.21        |
| RECEIVING WELLS              | 370          |                                 |                 | 2  | 78,000.00    |                               | 78,000.00       |
| PUMPING EQUIP                | 371          |                                 | 304,611.60      |  | 2            | 296,449.60                    | 8,162.00        |
| TREATMENT/DISP EQUIP         | 380          |                                 | 698,487.71      |  | 2            | 608,929.10                    | 89,558.61       |
| PLANT SEWERS                 | 381          |                                 | 40,064.00       |  | 2            | 40,064.00                     | 0.00            |
| Other Plant & misc Equipment | 389          |                                 |                 | 2  | 1,781.33     |                               | 1,781.33        |
| Office Furniture & Equipment | 390          |                                 |                 | 2  | 2,250.00     |                               | 2,250.00        |
| Power Operated Equip         | 395          |                                 | 4,324.24        |  |              |                               | 4,324.24        |
| Misc Equipment               | 397          |                                 | 1,781.33        |  | 2            | 1,781.33                      | 0.00            |
| ACCUM DEPR-WATER             | 108          |                                 |                 | 1  | 148,925.97   |                               | 255,434.12      |
| ACCUM DEPR-SEWER             | 108          |                                 | 1,380,565.94    | 2  | 973,973.20   |                               | 406,592.74      |
| NON-UTILITY PROPERTY         | 121          | 16,026,106.88                   |                 | 1/2                                      | 1,154,521.39 |                               | 17,180,628.27   |
| ACCUM DEPR-NON-UTILITY PRO   | 122          |                                 | 7,591,302.91    |  | 1/2          | 1,122,899.17                  | 8,714,202.08    |
| ACCTS RECVBL ASSOC CO        | 145          |                                 | 6,399,803.52    |  |              |                               | 6,399,803.52    |
| PROPRIETARY CAPITAL          | 218          |                                 | 8,208,203.91    |  |              |                               | 8,208,203.91    |
| ACCTS PYBL ASSOC COS         | 233          |                                 | 0.00            |  |              |                               |                 |
| ACCRUED TAXES                | 236          |                                 | 11,645.04       |  |              |                               | 11,645.04       |
|                              |              | 43,578,039.73                   | 56,144,413.57   |  |              |                               | 43,578,039.73   |
|                              |              |                                 | (12,566,373.84) |  |              |                               | (12,566,373.84) |

CHC VII, LTD  
PSC 6/30/13 adjustments  
1/1/14

|                                       |     |            |            |
|---------------------------------------|-----|------------|------------|
| 1 Organization                        | 301 |            | 500.00     |
| Franchises                            | 302 |            | 2,036.25   |
| Land & Land Rights                    | 303 |            | 8,148.00   |
| Structures & Improvements             | 304 |            | 83,200.28  |
| Wells                                 | 307 |            | 13,064.00  |
| Supply Mains                          | 309 |            | 21,672.39  |
| Power Generated Equipment             | 310 |            | 13,773.00  |
| Pumping Equipment                     | 311 | 73,553.86  |            |
| Water Treatment Equipment             | 320 | 223.00     |            |
| Distribution Reservoirs               | 330 | 61,259.00  |            |
| Transmission & Distr Mains            | 331 | 26,924.00  |            |
| Services                              | 333 |            | 67,693.00  |
| Meters & Meter Installations          | 334 |            | 115,499.15 |
| Hydrants                              | 335 | 17,993.00  |            |
| Office Furniture & Equipment          | 340 | 2,250.00   |            |
| Tools, Shop & garage equip            | 343 |            | 621.68     |
| Non-utility property                  | 121 | 144,004.89 |            |
| Accum. Depreciation - water           | 108 | 148,925.97 |            |
| Accum depreciation - non utility prop | 122 |            | 148,925.97 |

To correct water plant assets based on 6/30/13 audit

|                                   |     |              |            |
|-----------------------------------|-----|--------------|------------|
| 2 Organization                    | 351 |              | 400.00     |
| Franchises                        | 352 |              | 2,292.25   |
| Land & land rights                | 353 |              | 13,084.00  |
| Structures & improvements         | 354 |              | 50,863.00  |
| Collection sewers - force         | 360 | 4,669.00     |            |
| Collection sewers - gravity       | 361 | 5,127.00     |            |
| Services to customers             | 363 |              | 82,700.00  |
| Flow measuring devices            | 364 |              | 5,780.55   |
| Receiving wells                   | 370 | 78,000.00    |            |
| Pumping Equipment                 | 371 |              | 296,449.60 |
| Treatment/disposal equipment      | 380 |              | 608,929.10 |
| Plant Sewers                      | 381 |              | 40,064.00  |
| Other plant & misc equipment      | 389 | 1,781.33     |            |
| Office furniture & equipment      | 390 | 2,250.00     |            |
| Misc equipment                    | 397 |              | 1,781.33   |
| Non Utility property              | 121 | 1,010,516.50 |            |
| Accum. Depreciation - wastewater  | 108 | 973,973.20   |            |
| Accum depr - non utility property | 122 |              | 973,973.20 |

To correct wastewater plant assets per the 6/30/13 audit



CHC VII, LTD.  
DEPRECIATION  
1/1/14

| ACCT # | WATER ACCTS                   | UTILITY PLANT IN SERVICE |           |           | RATE   | ACCUMULATED DEPRECIATION |                  |        |                   |
|--------|-------------------------------|--------------------------|-----------|-----------|--------|--------------------------|------------------|--------|-------------------|
|        |                               | 1/1/14                   | ADDITIONS | DELETIONS |        | 12/31/14                 | 1/1/14           | DEBITS | CREDITS           |
| 304    | STRUCTURES/IMPROVE            | 8,000.00                 |           |           | 3.70%  | 8,000.00                 |                  | 0.00   | 8,000.00          |
| 307    | WELLS & SPRINGS               | 7,482.00                 |           |           | 3.70%  | 7,482.00                 |                  | 0.00   | 7,482.00          |
| 309    | SUPPLY MAINS                  | 0.00                     |           |           | 3.13%  | 0.00                     |                  | 0.00   | 0.00              |
| 310    | POWER GENERATION EQUIP        | 0.00                     |           |           | 0.00%  | 0.00                     |                  | 0.00   | 0.00              |
| 311    | PUMPING EQUIPMENT             | 90,046.00                |           |           | 5.88%  | 71,160.35                | 5,294.70         |        | 76,455.05         |
| 320    | WATER TREATMENT EQUIP         | 7,637.00                 |           |           | 5.88%  | 6,972.50                 | 449.06           |        | 7,421.56          |
| 330    | DISTRIBUTION RES/STANDPIPES   | 71,500.00                |           |           | 3.00%  | 9,749.22                 | 2,145.00         |        | 11,894.22         |
| 331    | TRANS/DISTR MAINS             | 175,610.00               |           |           | 2.63%  | 122,146.27               | 4,618.54         |        | 126,764.81        |
| 333    | SERVICES                      | 0.00                     |           |           | 2.86%  | 0.00                     |                  | 0.00   | 0.00              |
| 334    | METERS & INSTALLATIONS        | 14,501.39                |           |           | 5.88%  | 3,907.85                 | 852.68           |        | 4,760.53          |
| 335    | HYDRANTS                      | 36,708.00                |           |           | 2.50%  | 25,236.85                | 917.70           |        | 26,154.55         |
| 343    | Office Furniture & Equipment  | 2,250.00                 |           |           | 16.70% | 562.87                   | 375.75           |        | 938.62            |
| 345    | POWER OPERATED EQUIPMENT      | 4,324.24                 |           |           | 20.00% | 216.21                   | 864.85           |        | 1,081.06          |
|        |                               | <u>418,058.63</u>        |           |           |        | <u>255,434.12</u>        | <u>15,518.28</u> |        | <u>270,952.41</u> |
|        |                               |                          |           |           |        |                          |                  |        |                   |
|        | <b>WASTEWATER</b>             |                          |           |           |        |                          |                  |        |                   |
| 354    | STRUCTURES & IMPROVEMENTS     | 0.00                     |           |           | 3.70%  | 0.00                     |                  | 0.00   | 0.00              |
| 360    | COLLECTION SEWERS-FORCE       | 4,669.00                 |           |           | 3.70%  | 1,295.37                 | 172.75           |        | 1,468.12          |
| 361    | COLLECTION SEWERS-GRAVITY     | 347,535.00               |           |           | 2.50%  | 238,931.18               | 8,688.38         |        | 247,619.56        |
| 363    | SERVICES TO CUSTOMERS         | 1,050.00                 |           |           | 2.86%  | 165.00                   | 30.03            |        | 195.03            |
| 364    | FLOW MEASURING DEVICES        | 2,095.21                 |           |           | 20.00% | 419.04                   | 419.04           |        | 838.08            |
| 365    | FLOW MEASURING INSTALL        | 0.00                     |           |           |        | 0.00                     |                  | 0.00   | 0.00              |
| 370    | RECEIVING WELLS               | 78,000.00                |           |           | 4.00%  | 78,000.00                | 0.00             |        | 78,000.00         |
| 371    | PUMPING EQUIPMENT             | 8,162.00                 |           |           | 6.67%  | 377.20                   | 544.41           |        | 921.61            |
| 380    | TREATMENT/DISP EQUIPMENT      | 89,558.61                |           |           | 6.67%  | 87,445.00                | 170.26           |        | 87,615.26         |
| 389    | Other Plant & Misc. Equipment | 1,781.33                 |           |           | 6.67%  | 118.81                   | 118.81           |        | 237.62            |
| 390    | Office Furniture & Equipment  | 2,250.00                 |           |           | 16.67% | (375.08)                 | 375.08           |        | 0.00              |
| 390    | Power Operated Equipment      | 4,324.24                 |           |           | 20.00% | 216.21                   | 864.85           |        | 1,081.06          |
|        | <b>TOTALS</b>                 | <u>539,425.39</u>        |           |           |        | <u>406,592.74</u>        | <u>11,383.60</u> |        | <u>417,976.34</u> |