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STATE OF FLORIDA



DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
DIRECTOR
(850) 413-6900

Public Service Commission

May 29, 2015

Mrs. Diane Boyer, President
Little Gasparilla Water Utility, Inc.
P. O. Box 5159
Grove City, Florida 34224-0159

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15 MAY 29 PM 4:52
COMMISSION
CLERK

Re: Docket No. 130265-WU – Application for staff-assisted rate case in Charlotte County by Little Gasparilla Water Utility, Inc.

Dear Mrs. Boyer:

On October 2, 2014, the Commission voted on staff's recommendation dated September 22, 2014. Proposed Agency Action Order No. PSC-14-0626-PAA-WU was issued on October 29, 2014, and became final on December 3, 2014 with the issuance of Consummating Order No. PSC-14-0672-CO-WU. The Order requires that Little Gasparilla Water Utility, Inc. (Little Gasparilla) provide proof, within 90 days of the Final Order in this docket, that the adjustments for all applicable National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA) primary accounts have been made. A review of the Utility's 2014 Annual Report indicates that some adjustments have been made, however, staff believes additional adjustments are necessary in order for the Utility's books to fully reflect the Commission-approved adjustments.

Attachment A is a schedule of accumulated plant, depreciation, contributions-in-aid-of-construction (CIAC), and amortization of CIAC that reflects the balances as of September 30, 2013, the end of the test year used in this case. The Commission approved these balances for ratesetting purposes in this case. If the Utility applies for another rate case in the future, the Commission audit staff will use the September 30, 2013 test year balances as the starting point in the audit review.

Attachment B provides additional details regarding the Commission's adjustments to remove \$32,209 of unsupported plant-in-service reflected on the Utility's books between 2001 and 2013. Per Audit Finding 1 and Table 1.2 contained in the Commission's Auditor's Report that was issued on February 5, 2014 in this case, Commission audit staff initially removed a substantial amount of the Utility's plant-in-service from 2001 through 2013 for lack of supporting documentation. Following additional review, staff was able to verify the majority of the plant reflected on Table 1.2, and determined that only 7 entries totaling \$32,209 remained unsupported and warranted removal from the Utility's plant-in-service balances for Account Nos. 304 and 320. For your reference, Attachment B shows the original Table 1.2 from the audit with the 7 removed entries highlighted in yellow. Each

Mrs. Boyer
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highlighted entry includes a note that indicates the year that item was removed and from which account it was removed.

Also, as a result of staff's review, some plant items were reclassified to different accounts, as reflected in the test year balances shown on Attachment A. Please adjust your books to reflect removal of the \$32,209 of unsupported plant highlighted on Attachment B, and reconcile your books with the Commission-approved accumulated balances shown on Attachment A. Please provide proof of the adjustments by July 31, 2015.

As additional information for your consideration when adjusting the books, the Commission also approved a number of other adjustments that occurred after the end of the September 30, 2013 test year. Please note that the test year plant and accumulated depreciation balances reflected on Attachment A exclude the 2014 and 2015 pro forma adjustments for the plant additions related to the generator repair; golf cart purchase/donation; backhoe purchase; deferred engineering fees for the pipeline/interconnection; permitting and legal fees for the pipeline/interconnection; subaqueous pipeline/interconnection; and north line extension. The balances also exclude the retirement of plant replaced by the subaqueous pipeline/interconnection. In addition, the balances exclude the Commission's averaging adjustments that are only used for ratesetting purposes and should not be reflected on the Utility's books. The excluded pro forma adjustments should continue to be reflected on the Utility's books in either 2014 or 2015 when the respective repairs, additions, and retirements occurred, following the Utility's adjustments to reflect the test year balances shown in Attachment A.

Also, the CIAC and amortization of CIAC balances exclude the 2014 and 2015 pro forma adjustments related to the addition of the CIAC/golf cart trade (donated property), and the retirement of CIAC and CIAC amortization related to the plant that was retired following construction of the subaqueous pipeline/interconnection. The balances also exclude the Commission's averaging adjustments that are only used for ratesetting purposes and should not be reflected on the Utility's books. The excluded 2014 and 2015 pro forma adjustments related to CIAC and amortization of CIAC should continue to be reflected on the Utility's books in the year in which the adjustments occurred, following the Utility's adjustments to reflect the test year balances shown on Attachment A.

Again, please reconcile your books with the Commission-approved accumulated balances shown on Attachment A, and provide proof of the adjustments by July 31, 2015. If you have any questions, please feel free to contact me at (850) 413-7015 or by e-mail at mgolden@psc.state.fl.us.

Sincerely,



Martha A. Golden
Regulatory Supervisor/Consultant

Attachments (2)

cc: Ms. Alejandra M. Juffe, CPA
Office of Commission Clerk (130265-WU)

Docket No. 130265-WU, Little Gasparilla Water Utility, Inc.
Commission-Approved Balances per Order No. PSC-14-0626-PAA-WU
for test year ended 9/30/2013

WATER

<u>Account</u>	<u>Depr. Rate Per Rule 25-30.140</u>	<u>Description</u>	<u>Debit Plant* 9/30/2013</u>	<u>Credit Accum.* Depr. 9/30/2013</u>
303		Land & Land Rights (Non depreciable)	\$ 52,475	N/A
304	3.57%	Structures & Improvements	295,438	\$191,194
307	3.70%	Wells & Springs	118,991	113,707
309	3.13%	Supply Mains	0	0
310	5.88%	Power Generation Equipment	26,026	10,440
311	5.88%	Pumping Equipment	92,156	86,106
320	5.88%	Water Treatment Equipment (17 years)	266,231	266,231
320	20.00%	Water Treat. Equip. – Membranes (5 years)	9,147	5,946
330	3.03%	Distribution Reservoirs & Standpipes	118,209	92,239
331	2.63%	Transmission & Distribution Mains	335,645	168,626
334	5.88%	Meters & Meter Installations	19,384	17,443
335	2.50%	Hydrants	24,750	6,342
340	6.67%	Office Furniture & Equipment	7,961	6,987
341	16.67%	Transportation Equipment	22,861	12,089
343	6.67%	Tools, Shop, & Garage Equipment	11,821	11,821
345	10.00%	Power Operated Equipment	<u>0</u>	<u>0</u>
		Total	<u>\$1,348,620</u>	<u>\$989,170</u>
			<u>Debit</u>	<u>Credit</u>
			CIAC**	
			Amort.	CIAC**
			<u>9/30/2013</u>	<u>9/30/2013</u>
			<u>\$130,880</u>	<u>\$637,600</u>

* The plant and accumulated depreciation balances exclude the 2014 and 2015 pro forma adjustments for the additions related to the generator repair, golf cart purchase/donation, backhoe purchase, deferred engineering fees for the pipeline/interconnection, permitting and legal fees for the pipeline/interconnection, subaqueous pipeline/interconnection, and north line extension, as well as the retirement of plant replaced by the subaqueous pipeline/interconnection, that should be reflected on the Utility's books in either 2014 or 2015 when the respective repairs, additions, and retirements occurred. The balances also exclude the Commission's averaging adjustments that are only used for ratesetting purposes and should not be reflected on the Utility's books.

** The CIAC and amortization of CIAC balances exclude the 2014 and 2015 pro forma adjustments related to the addition of the CIAC/golf cart trade (donated property), and the retirement of CIAC and CIAC amortization related to the plant that was retired following construction of the subaqueous pipeline/interconnection. The balances also exclude the Commission's averaging adjustments that are only used for ratesetting purposes and should not be reflected on the Utility's books.

The Commission's Auditor's Report for Little Gasparilla's SARC was issued on February 5, 2014. Per Audit Finding 1 and Table 1.2, Commission audit staff initially removed a substantial amount of the Utility's plant between 2001 and 2013 for lack of supporting documentation. Following additional review, staff determined that only 7 entries totaling \$32,209 remained unsupported and warranted removal from the Utility's plant-in-service balances for Account Nos. 304 and 320. For reference, the original Table 1.2 from the audit is shown below with the 7 removed items highlighted in yellow. Each highlighted entry includes a note that indicates the year the item was removed and from which account it was removed.

Table 1.2

Date	Name	Undocumented Amount	Total Undocumented	Documented Amount	Total Plant Additions
12/31/2000		\$ 840,770	\$ 840,770	\$ -	\$ 840,770
12/31/2001		\$ 2,628			
12/31/2001		\$ 2,667			
12/31/2001		\$ 3,790			
04/02/2002	Gueltzow Utilities	\$ 1,562			
04/02/2002	Saxby Well Drilling	\$ 2,000			
04/24/2002	Harn R/O Systems	\$ 909			
05/28/2002	Coast Pump	\$ 1,446			
06/10/2002	Ace Pump	\$ 272			
06/28/2002	Gueltzow Utilities	\$ 179			
06/28/2002	Ace Pump	\$ 134			
08/12/2002	Desal Tech Inc.	\$ 34,392			
08/26/2002	Ace Pump	\$ 223			
12/20/2002	Gueltzow Utilities	\$ 1,449			
12/20/2002	Gueltzow Utilities	\$ 145			
02/25/2002	Mader	\$ 1,497			
02/26/2002	Ace Pump	\$ 106			
03/06/2002	Ace Pump	\$ 49			
10/30/2002	Harn R/O Systems	\$ 91			
12/31/2002	Various	\$ 7,142	Removed from Acct. No. 320 in 2002		
07/25/2002	William Railsback	\$ 4,000			
12/31/2002		\$ 3,000	Removed from Acct. No. 320 in 2002		
			\$ 67,682	\$ 54,093	\$ 121,775
12/31/2003		\$ 5,878			
12/31/2003		\$ 14,968			
12/31/2003		\$ 1,177	Removed from Acct. No. 304 in 2003		
02/03/2003	Desal Tech Inc.	\$ 300			
03/03/2003	Desal Tech Inc.	\$ 14,966			
04/24/2003	Desal Tech Inc.	\$ 326			
06/02/2003	Desal Tech Inc.	\$ 604			
12/31/2003		\$ 431			
01/06/2003	Coast Pump	\$ 318	Removed from Acct. No. 304 in 2003		
01/08/2003	Ace Pump	\$ 401			
04/17/2003	Gueltzow Utilities	\$ 458			
03/04/2003	Home Depot	\$ 1,031			
04/16/2003	Harold Johnson & Associates	\$ 2,250	\$ 43,108	\$ 221,680	\$ 264,788
12/31/2005		\$ 9,893	Removed from Acct. No. 304 in 2004		
12/31/2005		\$ 9,893	Removed from Acct. No. 304 in 2004		
			\$ 19,786	\$ 72,950	\$ 92,736
12/31/2006				\$ 23,533	\$ 23,533
12/31/2010	Disposal of Kawasaki Mule	\$ (4,000)			
12/31/2010	Erickson Marine (Hauling Boat)	\$ 2,100			
12/31/2010	Purchased Boat	\$ 18,411			
12/31/2010		\$ 9,147			
12/31/2010		\$ 1,791	\$ 27,449	\$ -	\$ 27,449
02/11/2011	Jack Boyer	\$ 1,700			
02/18/2011	Jack Boyer	\$ 350			
04/18/2011	Placida Sound Hauling	\$ 300	\$ 2,350	\$ -	\$ 2,350
8/31/2012	Pump			\$ 702	\$ 702
11/15/2012	Jack Boyer	\$ 1,008	\$ 1,008		\$ 1,008
04/04/2013	Bill Sanderson	\$ 560			
04/22/2013	Jack Boyer	\$ 550			
08/08/2013	K & B Pump Company	\$ 1,280			
03/25/2013	Jack Boyer	\$ 786	Removed from Acct. No. 304 in 2013		
			\$ 3,176		\$ 3,176
	Total Undocumented Additions		\$ 164,560	\$ 372,958	\$ 537,518
	Total		\$ 1,005,330	\$ 372,958	\$ 1,378,288