

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:** March 27, 2018

**TO:** Office of Commission Clerk

**FROM:** Lynn M. Deamer, <sup>LD</sup> Chief of Auditing, Office of Auditing and Performance Analysis

**RE:** Docket No.: 20170141-SU  
Company Name: K W Resort Utilities Corp.  
Company Code: SU336  
Audit Purpose: A1a: Rate Case  
Audit Control No.: 2017-334-1-1

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Attached is a REVISED Page 6 of the above referenced report. The description of the adjustments to Account 361 did not include an adjustment of \$900. This has been corrected.

LMD/cmm

Attachment: Revised Page 6 of Auditor's Report, Audit Control Number 2017-334-1-1

cc: Office of Auditing and Performance Analysis File

## Audit Findings

### Finding 1: Commission Ordered Adjustments

**Audit Analysis:** Audit staff compiled schedules for UPIS balances as of December 31, 2014 using Commission ordered adjustments, MFR schedules, and Utility provided documentation. Audit staff determined that the Utility did not record Commission ordered adjustments as shown in Table 1-1 below.

**Table 1-1**

Account	Description	Date in Service	Cost	FPSC Rule Rate	Years in Service	6/30/2017	
						Accumulated Depreciation	Current Depreciation
361 Collection Sewers - Gravity	unrecorded COA	12/31/2014	\$ (16,658.00)	0.0333	2.5	\$ (1,387.41)	\$ (555.27)
370 Receiving Wells	unrecorded COA	12/31/2014	\$ (825.00)	0.0333	2.5	\$ (68.71)	\$ (27.50)
371 Pumping Equipment	unrecorded COA	12/31/2014	\$ 9,514.33	0.0556	2.5	\$ 1,320.71	\$ 528.57
380 Transmission and Distribution Equipment	unrecorded COA	12/31/2014	\$ (823.26)	0.0556	2.5	\$ (114.28)	\$ (45.74)
391 Vehicles	unrecorded COA	12/31/2014	\$ 13,046.00	0.1667	2.5	\$ 5,432.85	\$ 2,174.33
394 Laboratory Equipment	unrecorded COA	12/31/2014	\$ (344.29)	0.0667	2.5	\$ (57.35)	\$ (22.95)
395 Power Operated Equipment	unrecorded COA	12/31/2014	\$ (12,038.00)	0.0833	2.5	\$ (2,506.54)	\$ (1,003.17)
			\$ (8,128.22)			\$ 2,619.28	\$ 1,048.28

As shown in Table 1-1, audit staff has determined the following:

- 1) In Account 361 Collection Sewers – Gravity, audit staff determined the Utility did not record \$15,758 (\$124,296-\$140,054) of Commission ordered adjustments. The Utility recorded an adjustment in the amount of \$124,296 decreasing plant. The Commission ordered adjustment was to decrease plant by \$140,054. The Utility also increased this account by \$900 prior to the test year as an adjusting entry. Audit staff believed this was in error and recommends an additional reduction of \$900 to correct this. The total adjustment is to decrease this account by \$16,658 (\$15,758+\$900).
- 2) In Account 370 - Receiving Wells, audit staff determined the Utility did not record the Commission ordered adjustment of \$825 to decrease this account.
- 3) In Account 371 - Pumping Equipment, we determined the Utility needs to make an adjustment in the amount of \$9,514 (\$21,344-\$11,830) to increase this account. The Utility recorded an adjustment in the amount of \$21,344 decreasing pumping equipment. The Commission ordered adjustment was to decrease this account by \$11,830.
- 4) In Account 380 - Transmission & Distribution Equipment, we determined that the Utility should decrease this account by \$823 (\$525,477-\$526,300). The Utility recorded an adjustment of \$525,476 to decrease this account. Audit staff determined that the Commission ordered adjustment was to decrease plant by \$526,300.
- 5) In Account 391 - Vehicles, we determined the Utility needs to make an adjustment in the amount of \$13,046 (\$30,972-\$17,926) to increase this account. The Utility recorded an adjustment in the amount of \$30,972 decreasing this account. The Commission ordered adjustment was to decrease this account by \$17,926.
- 6) In Account 394 – Laboratory Equipment, we determined the Utility needs to make an adjustment in the amount of \$344 (\$4,911-\$5,255) to decrease this account. The Utility