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STATE OF FLORIDA



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

Public Service Commission

January 24, 2019

Mr. Robert Hillman, Director
North Peninsula Utilities Corporation
115 E. Granada Blvd, Suite 12
Ormond Beach, FL 32176
developershw@gmail.com

STAFF'S SECOND DATA REQUEST VIA EMAIL AND US MAIL

Re: Docket No. 20180138-SU - Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.

Dear Mr. Hillman:

Staff requires documentation of several items noted in the audit conducted by the Florida Public Service Commission for North Peninsula Utilities Corporation's (Utility) rate case. Please submit the following information for the period of July 1, 2017, through June 30, 2018, (test year), unless another time period is specified. The requested documentation is necessary to ensure accurate accounting treatment in the rate case.

1. Operation and Maintenance Expense Invoices: Please reference Audit Work Papers No. 43, the Operation and Maintenance Expense accounts (Attachment 1). Please provide invoices for all line items in each account indicated with an "N" in Criteria 2 (Did Audit Staff review an actual invoice?)
2. Contractual Services – Accounting (732): Please explain why there is a paid amount of \$1,200 to Willdan on 4/24/18 and 5/11/18 for filing the Annual Report. Please provide documentation showing both charges are associated with the utility in the test year.
3. Contractual Services – Management Fees (734): Please provide a copy of the contract the utility has with Peninsula Management, Inc. (PMI).
4. Contractual Services – Management Fees (734): Please provide a breakdown of what expenses are covered by the Overhead and Administration portion of the contract and how much of the expense is associated with the regulated wastewater operations of the utility.
5. Contractual Services – Management Fees (734): Please explain the weekly duties of Mr. Hillman and Mr. Wilson as they pertain to the regulated wastewater services of the utility.

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PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

Mr. Robert Hillman

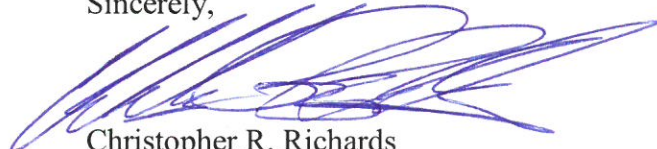
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January 24, 2019

6. Contractual Services – Management Fees (734): Please provide documentation explaining the compensation per connected sewer per month (\$13.99 for 2017 and \$14.18 for 2018).
7. Mr. Wetherell Employment: Is Mr. Wetherell an employee of North Peninsula Utilities Corporation?
8. Mr. Alderson Employment: Is Mr. Alderson an employee of North Peninsula Utilities Corporation?
9. Inspection Fee: Please reference Audit Finding 4 (Attachment 2). The auditor removed an Inspection Fee of \$700 from test year revenues.
 - (a) Please explain the nature of the Inspection and details of any work performed.
 - (b) When was this work performed, and what was the date the amount was collected?
 - (c) Please provide a copy any invoices for this fee and when the work was performed.
10. Connection Fee: Please reference Audit Finding 4 (Attachment 2). The auditor removed a Connection Fee of \$762 from test year revenues.
 - (a) Was this the only connection fee collected during the test year?
 - (b) Please explain why the company booked the amount to revenue in Account 521 and not CIAC.
 - (c) What was the date this amount was collected?
 - (d) Please provide a copy of any invoice for the connection fee.

Please file all responses electronically no later than **February 15, 2019**, via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form (reference Docket No. 20180138-SU) or send responses to the Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850. If you have any questions, please contact me by phone at (850) 413-6742 or by email at crichard@psc.state.fl.us, or Dale Buys by phone at (850) 413-6536 or by email at dbuys@psc.state.fl.us.

Sincerely,



Christopher R. Richards
Public Utility Analyst
Division of Accounting and Finance

Attachments

cc: Office of Commission Clerk (Docket No. 20180138-SU)

Attachment

1

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
For test year ending June 30, 2018

| Description | NARUC Acct. | Per Utility from July 1, 2017 to 12/31/2017 | Audit Adjustment 2017 | Additions provided by supporting documentation from 1/1/2018 to 6/30/2018 | Per Audit as of June 30, 2018 |
|------------------------------------|-------------|---|-----------------------|---|-------------------------------|
| Salaries & Wages - Employees | 701 | \$ - | \$ - | | \$ - |
| Salaries & Wages - Officers, Etc. | 703 | - | - | | - |
| Employee Pension & Benefits | 704 | - | - | | - |
| Purchased Sewage Treatment | 710 | - | - | | - |
| Sludge Removal Exp | 711 | 16,407 | (2,107) | 8,560 | 22,860 |
| Purchased Power | 715 | 6,023 | (12) | 6,211 | 12,223 |
| Fuel for Power Purchased | 716 | - | - | | - |
| Chemicals | 718 | 3,349 | (507) | 2,933 | 5,776 |
| Materials & Supplies | 720 | 2,344 | (2,021) | 290 | 613 |
| Contractual Services - Engineering | 731 | 800 | - | - | 800 |
| Contractual Services - Acct. | 732 | 1,800 | (800) | 2,900 | 3,900 |
| Contractual Services - Legal | 733 | 1,030 | (1,030) | - | - |
| Contractual Services - Mgmt. Fees | 734 | 51,707 | 13,091 | 65,320 | 130,118 |
| Contractual Services - Testing | 735 | 5,744 | - | 6,844 | 12,588 |
| Contractual Services - Other | 736 | 20,336 | (1,072) | 15,524 | 34,788 |
| Rental of Building/Real Property | 741 | - | - | | - |
| Rental of Equipment | 742 | - | - | | - |
| Transportation Expenses | 750 | - | - | - | - |
| Insurance - Vehicle | 756 | - | - | | - |
| Insurance - General Liability | 757 | 1,353 | 282 | 566 | 2,201 |
| Insurance - Worker's Comp. | 758 | - | - | | - |
| Insurance - Other | 759 | - | - | | - |
| Advertising Expense | 760 | - | - | | - |
| Reg. Comm. Exp. - Rate Case Amort. | 766 | - | - | | - |
| Reg. Comm. Exp. - Other | 767 | - | - | | - |
| Bad Debt Expense | 770 | - | - | | - |
| Miscellaneous Expenses | 775 | 3,314 | 538 | 3,205 | 7,057 |
| Total Utility Expenses | | \$ 114,207 | \$ 6,363 | \$ 112,354 | \$ 232,923 |

| | | |
|-----------------|----|--------|
| Working Capital | \$ | 29,115 |
|-----------------|----|--------|

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 711 - Sludge Removal

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|----------------|-------------|----------|--|-------------|------------|------------|------------|
| Weems Plumbing | 110518 | 07/10/17 | Pump Liftstation | \$ 400.00 | Y | Y | Y |
| Weems Plumbing | | 09/01/17 | skim surge tank | \$ 1,635.00 | Y | Y | Y |
| Weems Plumbing | | 10/16/17 | pump/ clean out liftstation | \$ 500.00 | Y | Y | Y |
| Weems Plumbing | 112011 | 10/26/17 | clean out sand in liftstation | \$ 650.00 | Y | Y | Y |
| Weems Plumbing | 111476 | 08/31/17 | 2 loads WWTP | \$ 1,360.00 | Y | Y | Y |
| Weems Plumbing | | 09/14/17 | 8 loads WWTP @ \$300 | \$ 2,400.00 | Y | Y | Y |
| Weems Plumbing | | 09/16/17 | 6 loads WWTP @ \$300 | \$ 1,800.00 | Y | Y | Y |
| Weems Plumbing | | 09/13/17 | spill at pump station - 2 bags of lime | \$ 300.00 | Y | Y | Y |
| Weems Plumbing | | 09/29/17 | 2 loads WWTP @ \$680 | \$ 1,360.00 | Y | Y | Y |
| Weems Plumbing | | 10/30/17 | pump out to clean out drains | \$ 150.00 | Y | Y | Y |
| Weems Plumbing | | 11/07/17 | 2 loads WWTP @ \$680 | \$ 1,360.00 | Y | Y | Y |
| Weems Plumbing | 112287 | 11/27/17 | pump out 2 manholes | \$ 300.00 | Y | Y | Y |
| Weems Plumbing | 112337 | 11/30/17 | pump out lift station from sand | \$ 725.00 | Y | Y | Y |
| Weems Plumbing | | 11/30/17 | 2 loads WWTP @ \$680 | \$ 1,360.00 | Y | Y | Y |
| Weems Plumbing | 112657 | 01/12/18 | | \$ 1,360.00 | Y | N | Y |
| Weems Plumbing | 112840 | 01/24/18 | | \$ 400.00 | Y | N | Y |
| Weems Plumbing | | 02/01/18 | | \$ 1,360.00 | Y | N | Y |
| Weems Plumbing | | 03/01/18 | | \$ 1,360.00 | Y | N | Y |
| Weems Plumbing | | 04/01/18 | | \$ 1,360.00 | Y | N | Y |
| Weems Plumbing | | 05/01/18 | | \$ 1,360.00 | Y | N | Y |
| Weems Plumbing | | 06/01/18 | | \$ 1,360.00 | Y | N | Y |

Total \$ 22,860.00

Activity Balance as of 12/31/17 \$ 16,406.60

Audit balance as of 12/31/17 \$ 14,300.00

Criteria 1 - Is the item within the test year?

Criteria 2 - Did Audit staff review an actual invoice?

Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 715 - Purchased Power

| Payee | Account Number | Service Address | Billing Period | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 | |
|-------|----------------|------------------------|--------------------------|--------------|-------------|------------|------------|------------|--------------------------|
| FPL | 78768-08689 | 16 Seabridge Dr. | 05/26/2017 - 06/28/2017 | Lift Station | \$ 904.74 | N | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 06/28/2017- 07/27/2017 | Lift Station | \$ 886.39 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 07/27/2017- 08/28/2017 | Lift Station | \$ 953.86 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 08/28/2017- 09/27/2017 | Lift Station | \$ 875.99 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 09/27/2017- 10/27/2017 | Lift Station | \$ 989.26 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 10/27/2017- 11/28/2017 | Lift Station | \$ 1,111.36 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 11/28/2017- 12/28/2017 | Lift Station | \$ 904.09 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 12/28/2017- 01/29/2018 | Lift Station | \$ 887.31 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 01/29/2018- 02/26/2018 | Lift Station | \$ 768.15 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 02/26/2018- 03/28/2018 | Lift Station | \$ 836.57 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 03/28/2018 - 04/29/20018 | Lift Station | \$ 837.60 | Y | Y | Y | |
| FPL | 78768-08689 | 16 Seabridge Dr. | 04/29/2018- 05/29/2018 | Lift Station | \$ 871.41 | Y | Y | Y | removed \$12.56 late fee |
| FPL | 78768-08689 | 16 Seabridge Dr. | 5/29/2018 - 06/27/2018 | Lift Station | \$ 796.08 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 05/26/2017 - 06/28/2017 | Pump | \$ 43.89 | N | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 06/28/2017- 07/27/2017 | Pump | \$ 51.98 | Y | Y | Y | removed \$5.00 late fee |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 07/27/2017- 08/28/2017 | Pump | \$ 46.87 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 08/28/2017- 09/27/2017 | Pump | \$ 48.74 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 09/27/2017- 10/27/2017 | Pump | \$ 53.68 | Y | Y | Y | removed \$5.00 late fee |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 10/27/2017- 11/28/2017 | Pump | \$ 53.60 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 11/28/2017- 12/28/2017 | Pump | \$ 45.32 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 12/28/2017- 01/29/2018 | Pump | \$ 56.87 | Y | Y | Y | removed \$5.00 late fee |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 01/29/2018- 02/26/2018 | Pump | \$ 40.16 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 02/26/2018- 03/28/2018 | Pump | \$ 45.96 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 03/28/2018 - 04/29/20018 | Pump | \$ 45.73 | Y | Y | Y | |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 04/29/2018- 05/29/2018 | Pump | \$ 49.02 | Y | Y | Y | removed \$5.00 late fee |
| FPL | 57243-00628 | 3219 John Anderson Dr. | 5/29/2018 - 06/27/2018 | Pump | \$ 40.51 | Y | Y | Y | |

Total

| | |
|------------------|---------------------|
| | \$ 12,245.14 |
| Remove late fees | \$ (22.56) |
| | <u>\$ 12,222.58</u> |

Criteria 1 - Is the item within the test year?
Criteria 2 - Did Audit staff review an actual invoice?
Criteria 3 - Is the item utility related?

| | |
|---------------------------------|-------------|
| Activity Balance as of 12/31/17 | \$ 6,023.08 |
| Audit balance as of 12/31/17 | \$ 6,011.14 |

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 718 - Chemicals

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-----------------------|-------------|------------|-------------|--------------------|------------|------------|------------|
| Blue Water of Daytona | 11068 | 07/07/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 11243 | 07/14/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 11415 | 07/21/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 11527 | 07/28/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 10799 | 08/05/17 | Chlorine | \$ 162.95 | Y | Y | Y |
| Blue Water of Daytona | 12084 | 08/11/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 12574 | 08/18/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 12387 | 08/26/17 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 12731 | 9/1/2017 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 12854 | 9/8/2017 | Chlorine | \$ 54.32 | Y | Y | Y |
| Blue Water of Daytona | 13653 | 9/29/2017 | Chlorine | \$ 99.58 | Y | Y | Y |
| Blue Water of Daytona | 13738 | 10/6/2017 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 14310 | 10/13/2017 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 14519 | 10/20/2017 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 14719 | 10/27/2017 | Chlorine | \$ 126.74 | Y | Y | Y |
| Blue Water of Daytona | 13934 | 11/4/2017 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 14124 | 11/10/2017 | Chlorine | \$ 63.37 | Y | Y | Y |
| Blue Water of Daytona | 15362 | 11/17/2017 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 14994 | 11/25/2017 | Chlorine | \$ 81.47 | Y | Y | Y |
| Blue Water of Daytona | 15196 | 12/2/2017 | Chlorine | \$ 54.32 | Y | Y | Y |
| Blue Water of Daytona | 15275 | 12/8/2017 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 15630 | 12/15/2017 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 15803 | 12/22/2017 | Chlorine | \$ 135.79 | Y | Y | Y |
| Blue Water of Daytona | 15882 | 12/30/2017 | Chlorine | \$ 108.63 | Y | Y | Y |
| Blue Water of Daytona | 16239 | 1/6/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 16015 | 1/12/2018 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 16089 | 1/19/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 16199 | 1/26/2018 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 16596 | 2/3/2018 | Chlorine | \$ 144.84 | Y | Y | Y |
| Blue Water of Daytona | 16723 | 2/9/2018 | Chlorine | \$ 126.74 | Y | Y | Y |
| Blue Water of Daytona | 16923 | 2/16/2018 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 17089 | 2/23/2018 | Chlorine | \$ 162.95 | Y | Y | Y |
| Blue Water of Daytona | 17407 | 3/2/2018 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 17613 | 3/9/2018 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 17808 | 3/16/2018 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 17893 | 3/23/2018 | Chlorine | \$ 153.89 | Y | Y | Y |
| Blue Water of Daytona | 18198 | 3/30/2018 | Chlorine | \$ 126.74 | Y | Y | Y |
| Blue Water of Daytona | 19926 | 4/20/2018 | Chlorine | \$ 108.63 | Y | Y | Y |
| Blue Water of Daytona | 20131 | 4/26/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 20302 | 5/5/2018 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 20732 | 5/11/2018 | Chlorine | \$ 81.47 | Y | Y | Y |
| Blue Water of Daytona | 2082820826 | 5/19/2018 | Chlorine | \$ 144.84 | Y | Y | Y |
| Blue Water of Daytona | 20549 | 5/25/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 18083 | 6/3/2018 | Chlorine | \$ 81.79 | Y | Y | Y |
| Blue Water of Daytona | 18815 | 6/9/2018 | Chlorine | \$ 90.53 | Y | Y | Y |
| Blue Water of Daytona | 18964 | 6/16/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 19431 | 6/30/2018 | Chlorine | \$ 72.42 | Y | Y | Y |
| Blue Water of Daytona | 19633 | 7/8/2018 | Chlorine | \$ 135.79 | Y | Y | Y |
| Blue Water of Daytona | 312 | 7/21/2018 | Chlorine | \$ 144.84 | Y | Y | Y |
| Blue Water of Daytona | 410 | 7/30/2018 | Chlorine | \$ 108.63 | Y | Y | Y |
| Total | | | | <u>\$ 5,775.85</u> | | | |

| | | |
|--|---------------------------------|-------------|
| Criteria 1 - Is the item within the test year? | Activity Balance as of 12/31/17 | \$ 3,349.42 |
| Criteria 2 - Did Audit staff review an actual invoice? | | |
| Criteria 3 - Is the item utility related? | Audit balance as of 12/31/17 | \$ 2,842.50 |

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 720 - Materials and Supplies

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-------|-------------|----------|----------------|------------------|------------|------------|------------|
| DLX | | 09/25/17 | Business Forms | \$ 322.87 | Y | N | Y |
| DLX | | 04/24/18 | Business Forms | \$ 290.35 | Y | N | Y |
| Total | | | | <u>\$ 613.22</u> | | | |

Activity Balance as of 12/31/17 \$ 2,343.86

Audit balance as of 12/31/17 \$ 322.87

- Criteria 1 - Is the item within the test year?
- Criteria 2 - Did Audit staff review an actual invoice?
- Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 731 - Contractual Services - Engineering

| Payee | Invoice No. | Account No. | Billing Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-------------------------|-------------|-------------|--------------|------------------------|-----------|------------|------------|------------|
| Cadenhead Environmental | | | 10/15/2017 | Permit required by DEP | \$ 800.00 | Y | N | Y |

Total

\$ 800

Activity Balance as of 12/31/17 \$ 800

Audit balance as of 12/31/17 \$ 800.00

Criteria 1 - Is the item within the test year?

Criteria 2 - Did Audit staff review an actual invoice?

Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 732 - Contractual Services - Accounting

| Payee | Invoice No. | Account No. | Billing Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-----------------------------|-------------|-------------|--------------|---------------|-------------|------------|------------|------------|
| Martin, Klayer & Associates | | | 11/13/2017 | Tax Work | \$ 1,000.00 | Y | N | Y |
| Martin, Klayer & Associates | | | 6/1/2018 | Filing Tax | \$ 500.00 | Y | N | Y |
| Willdan | 010-37858 | | 4/24/2018 | Annual Report | \$ 1,200.00 | Y | Y | Y |
| Willdan | 010-38042 | | 5/11/2018 | Annual Report | \$ 1,200.00 | Y | Y | Y |

Total

\$ 3,900

Activity Balance as of 12/31/17 \$ 1,800

Audit balance as of 12/31/17 \$ 1,000.00

- Criteria 1 - Is the item within the test year?
- Criteria 2 - Did Audit staff review an actual invoice?
- Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 733 - Contractual Services - Legal

| Payee | Invoice No. | Account No. | Billing Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|--------------|-------------|-------------|--------------|-------------|-----------|------------|------------|------------|
| Doug Daniels | | | 8/9/2017 | Leins | \$ 780.00 | Y | N | Y |
| Doug Daniels | | | 7/5/2017 | Leins | \$ 250.00 | Y | N | Y |

Total

\$ -

Activity Balance as of 12/31/17 \$ 1,030

Audit balance as of 12/31/17 0

Criteria 1 - Is the item within the test year?

Criteria 2 - Did Audit staff review an actual invoice?

Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 734 - Contractual Services - Management Fees

| Payee | Invoice No. | Account No. | Billing Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 | |
|-------|-------------|-------------|--------------|---------------------------------|-------------------|------------|------------|------------|------------------------------|
| PMI | | | 07/17- 12/17 | Overhead and Administration | \$ 7,680.00 | Y | N | Y | \$1,280 per month @ 6 months |
| PMI | | | 01/18-06/18 | Overhead and Administration | \$ 7,680.00 | Y | N | Y | \$1,280 per month @ 6 months |
| | | | | Stockholder R. Hillman & T. | | | | | |
| PMI | | | 07/17- 12/17 | Wilson @ \$400 per week | \$ 20,800.00 | Y | N | Y | \$800 per week @ 26 weeks |
| | | | | Stockholder R. Hillman & T. | | | | | |
| PMI | | | 01/18-06/18 | Wilson @ \$400 per week | \$ 20,800.00 | Y | N | Y | \$800 per week @ 26 weeks |
| PMI | | | 7/1/2017 | Management Fee | \$ 6,043.68 | Y | N | Y | 13.99* 432 connected sewers |
| PMI | | | 8/1/2017 | Management Fee | \$ 6,043.68 | Y | N | Y | 13.99* 432 connected sewers |
| PMI | | | 9/1/2017 | Management Fee | \$ 6,057.67 | Y | N | Y | 13.99* 433 connected sewers |
| PMI | | | 10/1/2017 | Management Fee | \$ 6,057.67 | Y | N | Y | 13.99* 433 connected sewers |
| PMI | | | 11/1/2017 | Management Fee | \$ 6,057.67 | Y | N | Y | 13.99* 433 connected sewers |
| PMI | | | 12/1/2017 | Management Fee | \$ 6,057.67 | Y | N | Y | 13.99* 433 connected sewers |
| PMI | | | 1/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| PMI | | | 2/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| PMI | | | 3/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| PMI | | | 4/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| PMI | | | 5/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| PMI | | | 6/1/2018 | Management Fee | \$ 6,139.94 | Y | N | Y | 14.18 * 433 connected sewers |
| | | | | | | | | | |
| Total | | | | | <u>\$ 130,118</u> | | | | |
| | | | | Activity Balance as of 12/31/17 | <u>\$ 51,707</u> | | | | |
| | | | | Audit balance as of 12/31/17 | \$ 64,798.04 | | | | |

Criteria 1 - Is the item within the test year?
Criteria 2 - Did Audit staff review an actual invoice?
Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 735 - Contractual Services - Testing

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-----------------|-------------|------------|-------------|---------------------|------------|------------|------------|
| Pace Analytical | | 10/03/17 | Testing | \$ 600.00 | | | |
| Wetherell | 4615 | 7/31/2017 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4649 | 8/31/2017 | Testing | \$ 894.00 | Y | Y | Y |
| Wetherell | 4677 | 9/30/2017 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4719 | 10/31/2017 | Testing | \$ 894.00 | Y | Y | Y |
| Wetherell | 4750 | 11/30/2017 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4784 | 12/31/2017 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4816 | 1/31/2018 | Testing | \$ 894.00 | Y | Y | Y |
| Wetherell | 4849 | 2/28/2018 | Testing | \$ 894.00 | Y | Y | Y |
| Wetherell | 4886 | 3/31/2018 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4897 | 4/30/2018 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4940 | 5/31/2018 | Testing | \$ 839.00 | Y | Y | Y |
| Wetherell | 4963 | 06/30/18 | Testing | \$ 839.00 | Y | Y | Y |
| Pace Analytical | 3523217 | 05/07/18 | Testing | \$ 1,700.00 | Y | Y | Y |
| Total | | | | <u>\$ 12,588.00</u> | | | |

TB Balance as of 12/31/17 \$ 5,744.00
 Audit balance as of 12/31/17 \$ 5,744.00

Criteria 1 - Is the item within the test year?
 Criteria 2 - Did Audit staff review an actual invoice?
 Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 736 - Contractual Services - Other

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-------------|-------------|--------------------|---------------------------|---------------------|------------|------------|------------|
| Wetherell | 4615 | 7/31/2017 | WWTP Supervision/ Repairs | \$ 736.00 | Y | Y | Y |
| Wetherell | 4649 | 8/31/2017 | WWTP Supervision/ Repairs | \$ 2,415.95 | Y | Y | Y |
| Wetherell | 4677 | 9/30/2017 | WWTP Supervision/ Repairs | \$ 2,189.36 | Y | Y | Y |
| Wetherell | 4719 | 10/31/2017 | WWTP Supervision/ Repairs | \$ 1,463.31 | Y | Y | Y |
| Wetherell | 4750 | 11/30/2017 | WWTP Supervision/ Repairs | \$ 4,216.10 | Y | Y | Y |
| Wetherell | 4784 | 12/31/2017 | WWTP Supervision/ Repairs | \$ 3,118.33 | Y | Y | Y |
| Wetherell | 4816 | 1/31/2018 | WWTP Supervision/ Repairs | \$ 2,251.42 | Y | Y | Y |
| Wetherell | 4849 | 2/28/2018 | WWTP Supervision/ Repairs | \$ 1,636.13 | Y | Y | Y |
| Wetherell | 4886 | 3/31/2018 | WWTP Supervision/ Repairs | \$ 2,346.06 | Y | Y | Y |
| Wetherell | 4897 | 4/30/2018 | WWTP Supervision/ Repairs | \$ 1,095.00 | Y | Y | Y |
| Wetherell | 4940 | 5/31/2018 | WWTP Supervision/ Repairs | \$ 1,153.71 | Y | Y | Y |
| Wetherell | 4963 | 06/30/18 | WWTP Supervision/ Repairs | \$ 2,695.50 | Y | Y | Y |
| W. Alderson | | 07/07/17- 12/31/17 | Maintenance | \$ 5,125.00 | Y | Y | Y |
| | | 01/01/18- 06/29/18 | Maintenance | \$ 4,346.00 | Y | Y | Y |
| Total | | | | <u>\$ 34,787.87</u> | | | |

TB Balance as of 12/31/17 \$ 20,335.81
 Audit balance as of 12/31/17 \$ 19,264.05

Criteria 1 - Is the item within the test year?
 Criteria 2 - Did Audit staff review an actual invoice?
 Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 750- Transportation Expense

| Payee | Invoice No. | Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-------|-------------|------|-------------|--------|------------|------------|------------|
|-------|-------------|------|-------------|--------|------------|------------|------------|

| | | | | | | | |
|-------|--|--|------------------------------|-------------|--|--|--|
| Total | | | | <u>\$ -</u> | | | |
| | | | TB Balance as of 12/31/17 | \$ - | | | |
| | | | Audit balance as of 12/31/17 | \$ - | | | |

- Criteria 1 - Is the item within the test year?
- Criteria 2 - Did Audit staff review an actual invoice?
- Criteria 3 - Is the item utility related?

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 757- Insurance Expense

| Payee | Account No. | Date | Period Covered | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 | |
|-----------------|-------------|----------|---------------------|-----------------------------------|-----------|------------|------------|------------|------------------------------------|
| Travlers | 4889E3139 | 07/07/17 | 04/07/17 - 04/07/18 | Insurance on Boiler and Machinery | \$ 152.50 | Y | Y | Y | Removed \$3.00 for installment fee |
| Travlers | 4889E3139 | 08/07/17 | 04/07/17 - 04/04/18 | Insurance on Boiler and Machinery | \$ 305.01 | Y | Y | Y | Removed \$6.00 for installment fee |
| Travlers | 4889E3139 | 09/07/17 | 04/07/17 - 04/04/18 | Insurance on Boiler and Machinery | \$ 305.02 | Y | Y | Y | Removed \$3.00 for installment fee |
| Travlers | 4889E3140 | 10/07/17 | 04/07/17 - 04/04/18 | Insurance on Boiler and Machinery | \$ 305.02 | Y | Y | Y | Removed \$3.00 for installment fee |
| Travlers | 4889E3140 | 11/07/17 | 04/07/17 - 04/04/18 | Insurance on Boiler and Machinery | \$ 152.51 | Y | Y | Y | Removed \$3.00 for installment fee |
| Travlers | 4889E3140 | 12/07/17 | 04/07/17 - 04/04/18 | Insurance on Boiler and Machinery | \$ 152.51 | Y | Y | Y | Removed \$3.00 for installment fee |
| First Insurance | 900-5687074 | 10/26/17 | | | \$ 94.40 | Y | Y | Y | |
| First Insurance | 900-5687074 | 11/16/17 | | | \$ 94.40 | Y | Y | Y | |
| First Insurance | 900-5687074 | 12/26/17 | | | \$ 94.40 | Y | Y | Y | |
| First Insurance | 900-5687074 | 01/26/18 | | | \$ 94.40 | Y | Y | Y | |
| First Insurance | 900-5687074 | 02/23/18 | | | \$ 104.40 | Y | Y | Y | Removed \$10.00 late fee |
| First Insurance | 900-5687074 | 03/26/18 | | | \$ 104.40 | Y | Y | Y | Removed \$10.00 late fee |
| First Insurance | 900-5687074 | 04/25/18 | | | \$ 94.40 | Y | Y | Y | |
| First Insurance | 900-5687074 | 5/25/18 | | | \$ 104.40 | Y | Y | Y | Removed \$10 late fee |
| First Insurance | 900-5687074 | 6/25/18 | | | \$ 94.40 | Y | Y | Y | |

Total

Remove installment fees

| |
|--------------------|
| \$ 2,252.17 |
| \$ (51.00) |
| <u>\$ 2,201.17</u> |

Criteria 1 - Is the item within the test year?
Criteria 2 - Did Audit staff review an actual invoice?
Criteria 3 - Is the item utility related?

| | |
|------------------------------|-------------|
| TB Balance as of 12/31/17 | \$ 1,352.92 |
| Audit balance as of 12/31/17 | \$ 1,634.77 |

North Peninsula Utilities Corporation
 Docket No: 2018138-GU ; ACN: 2018-239-4-1
 Operation & Maintenance Expense
 For test year ending June 30, 2018
 Account 770- Bad Debt Expense

| Payee | Account No. | Date | Period Covered | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-------|-------------|------|----------------|-------------|--------|------------|------------|------------|
|-------|-------------|------|----------------|-------------|--------|------------|------------|------------|

Total

\$ -

Criteria 1 - Is the item within the test year?
 Criteria 2 - Did Audit staff review an actual invoice?
 Criteria 3 - Is the item utility related?

Gl. Balance

\$ -

North Peninsula Utilities Corporation
Docket No: 2018138-GU ; ACN: 2018-239-4-1
Operation & Maintenance Expense
For test year ending June 30, 2018
Account 775 - Miscellaneous Expenses

| Payee | Invoice No. | Account No | Billing Date | Description | Amount | Criteria 1 | Criteria 2 | Criteria 3 |
|-----------------------------|-------------|------------|--------------|---------------------------------------|-------------|------------|------------|------------|
| City of Ormond Beach | | | 10/25/17 | Hydrant meter- deposit - | \$ 1,000.00 | Y | N | Y |
| Dilloware | | | 11/03/17 | Software license for Elizabeth Hilman | \$ 519.95 | Y | Y | Y |
| USPS | | | 7/24/2017 | Postage | \$ 170.00 | Y | N | Y |
| USPS | | | 8/22/2017 | Postage | \$ 185.00 | Y | N | Y |
| USPS | | | 09/25/17 | Postage | \$ 136.00 | Y | N | Y |
| Ace Hardware | | | 10/3/2017 | Grease | \$ 47.37 | Y | N | Y |
| USPS | | | 10/31/2017 | Stamps | \$ 136.00 | Y | N | Y |
| USPS | | | 11/27/2017 | Postage | \$ 170.00 | Y | N | Y |
| USPS | | | 12/19/2017 | Postage | \$ 213.97 | Y | N | Y |
| USPS | | | 12/19/2017 | Postage | \$ 20.03 | Y | N | Y |
| USPS | | | 1/10/2018 | Postage | \$ 306.00 | Y | N | Y |
| Woody's Septic Tank | | | 1/10/2018 | Heating/Cooling/ Plumbing | \$ 1,312.50 | Y | N | Y |
| Bull Run Farm Supply | | | 1/15/2018 | | \$ 25.54 | Y | N | Y |
| Ace Hardware | | | 1/24/2018 | Tools | \$ 124.25 | Y | N | Y |
| Ace Hardware | | | 1/30/2018 | Tools | \$ 24.48 | Y | N | Y |
| USPS | | | 3/16/2018 | Postage | \$ 190.00 | Y | N | Y |
| USPS | | | 3/26/2018 | Postage | \$ 73.70 | Y | N | Y |
| Ace Hardware | | | 3/26/2018 | | \$ 53.24 | Y | N | Y |
| USPS | | | 2/20/2018 | Postage | \$ 175.00 | Y | N | Y |
| USPS | | | 2/27/2018 | Postage | \$ 49.40 | Y | N | Y |
| USPS | | | 04/17/18 | Postage | \$ 224.40 | Y | N | Y |
| Florida Department of State | | | 04/20/18 | Renew Corporation with State | \$ 150.00 | Y | N | Y |
| USPS | | | 05/07/18 | | \$ 50.00 | Y | N | Y |
| USPS | | | 5/18/2018 | | \$ 175.00 | Y | N | Y |
| USPS | | | 6/19/2018 | | \$ 280.00 | Y | N | Y |
| Roto-Rooter | 154561 | | 11/25/2017 | sea harbor site | \$ 650.00 | Y | Y | Y |
| Roto-Rooter | 155214 | | 9/27/2017 | 3214 john anderson- site | \$ 603.93 | Y | Y | Y |

removed \$8.93 interest

| | | | | | | | | |
|-------|--|--|--|-------------------------------------|-------------|--|--|--|
| Total | | | | | \$ 7,065.76 | | | |
| | | | | Removed non-utility related charges | \$ (8.93) | | | |
| | | | | | \$ 7,056.83 | | | |

| | | | | | | | | |
|--|--|--|--|------------------------------|-------------|--|--|--|
| Criteria 1 - Is the item within the test year? | | | | TB Balance as of 12/31/17 | \$ 3,314.11 | | | |
| Criteria 2 - Did Audit staff review an actual invoice? | | | | | | | | |
| Criteria 3 - Is the item utility related? | | | | Audit balance as of 12/31/17 | \$ 3,852.25 | | | |

Attachment

2

10/12

Finding 4: Operating Revenue

Audit Analysis: North Peninsula Utilities uses a flat rate to charge their customers for all accounts regardless of meter size. There was a price index that took effect on July 20, 2017 that changed the flat rate for Residential customers from \$32.72 to \$33.11 and \$444.43 to \$449.76 for General Service customers. The Utility did not increase their flat rates until September of 2017.

Audit staff decreased revenues by \$700 for an inspection fee and \$762 for a connection fee, respectively. According to the Commission approved tariffs, the Utility does not have an approved tariff for connection fees or inspection fees. We determined revenues to be \$239,970 compared to the Utility's RAF amount of \$242,282. We recommend an adjustment in the amount of (-\$903- \$700 -\$762+ \$53) \$2,312 to decrease revenues. Table 4-1 shows our recalculated adjustments for revenues.

Table 4-1
For the 12 Month Ended 6/30/18

| NARUC | Description | Utility Bal (Annual | | Audit Bal |
|-------|-----------------------------------|---------------------|-------------------|-------------------|
| | | RAF as of | Audit Adj | |
| | | 6/30/18) | | 6/30/18 |
| 521 | Metered Water Revenue | \$ 239,162 | \$ (1,235) | \$ 237,927 |
| | | \$ 239,162 | \$ (1,235) | \$ 237,927 |
| | Other Wastewater Revenues: | | | |
| | Late Fees | | \$ 2,045 | \$ 2,045 |
| | Connection Fees | | \$ - | \$ - |
| | Disconnection Fees | \$ - | \$ - | \$ - |
| | Other Fees | \$ 3,120 | \$ (3,120) | \$ - |
| | | \$ 3,120 | \$ (1,075) | \$ 2,045 |
| | Grand Total | \$ 242,282 | \$ (2,312) | \$ 239,970 |

* Effect on the RAF is a difference of \$104.47

The Utility provided customer ledger accounts to show proof of payment and charges on each account. Audit staff recognized that the Utility has been charging customers per ERC for late fee payments. According to Commission approved tariffs, the Utility is required to charge a late fee of \$6.77 per bill and not based on ERC. Below in Table 4-2 shows the amount the Utility charged each account as well as audit staff's adjustments:

1-12

NOV 11/18

Table 4-2

For the 12 Month Test Year Ended 6/30/18

| Date | Customer Acct (ERCs) | Utility Late Fee | Adj | Audit Late Fee |
|--------------|-----------------------------|-------------------------|------------------|-----------------------|
| 2/12/2018 | 1049 (14 ERCs) | \$ 94.78 | \$ 88.01 | \$ 6.77 |
| 3/13/2018 | 1049 (14 ERCs) | \$ 94.78 | \$ 88.01 | \$ 6.77 |
| 2/12/2018 | 1675 (70 ERCs) | \$ 300.00 | \$ 293.23 | \$ 6.77 |
| 3/13/2018 | 1830 (65 ERCs) | \$ 440.05 | \$ 433.28 | \$ 6.77 |
| Total | | \$ 929.61 | \$ 902.53 | \$ 27.08 |

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined the operating revenues to be \$239,970 for the test year ended June 30, 2018. The effect on TOTI (RAF) is decreased by \$104.47.