

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 20, 2019

**TO:** Office of Commission Clerk

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

**RE:** Docket No.: 20190071-WS  
Company Name: Deer Creek RV Golf & Country Club, Inc.  
Company Code: WS973  
Audit Purpose: A1b: Staff Assisted Rate Case  
Audit Control No.: 2019-120-1-1

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Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of this memo and the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tallahassee District Office

### Auditor's Report

Deer Creek RV Golf & Country Club, Inc.  
Staff-Assisted Rate Case

**Twelve Months Ended December 31, 2018**

Docket No. 20190071-WS  
Audit Control No. 2019-120-1-1  
**July 19, 2019**

A handwritten signature in black ink, appearing to read "George Simmons", written over a horizontal line.

George Simmons  
Audit Manager

A handwritten signature in blue ink, appearing to read "Marisa N. Glover", written over a horizontal line.

Marisa N. Glover  
Reviewer

## Table of Contents

Purpose.....	1
Objectives and Procedures .....	2
<b>Audit Findings</b>	
1: Accumulated Depreciation.....	6
2: Operating Revenue.....	8
3: Operation and Maintenance Expense.....	10
4: Taxes Other than Income .....	12
<b>Exhibits</b>	
1: Rate Base .....	13
2: Capital Structure .....	15
3: Net Operating Income.....	16

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated April 22, 2019. We have applied these procedures to the attached schedules prepared by the audit staff in support of Deer Creek RV Golf & Country Club, Inc.'s request for a Staff Assisted Rate Case in Docket No.20190071-WS.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

DC Corp/Utility refers to Deer Creek RV Golf & Country Club, Inc.

Test Year refers to the twelve months ended December 31, 2018.

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform Systems of Accounts as adopted by Rule 25-30.115 – Uniform System of Accounts for Water and Wastewater Utilities, Florida Administrative Code (F.A.C.).

#### Background

Deer Creek RV Golf & Country Club, Inc is a Class C utility serving approximately 752 residential water and wastewater customers and 39 general service water customers and 37 general service wastewater customers. Deer Creek is part of a Development of Regional Impact (DRI), which was established in the early 1980s. Under the DRI, several contiguous mobile home communities and commercial properties were developed. The ownership of the developments has changed hands several times and several different agreements were made as to how utility service would be managed and billed. On December 5, 2013, the Utility acquired the recreational facilities, amenities, and other property exclusively serving several of the communities. Although the Utility acquired the aforementioned property, it does not operate a water treatment facility or a wastewater facility. The Utility was issued Certificate Nos. 670-W and 572-S, by Order No. PSC 2017-0440-FOF-WS, on November 17, 2017.

On December 23, 2016, Deer Creek filed an application for original water and wastewater certificates. Deer Creek's utility plant consists of a water distribution system, water meters, and a wastewater collection system with a master lift station. Effluent from the lift station is transferred to Polk County for treatment and disposal. Water is purchased from Polk County via a single master meter.

#### Utility Books and Records

**Objectives:** The objective was to determine whether the Utility maintains its books and records in conformity with NARUC USOA.

**Procedures:** We reviewed the Utility's accounting system by examining the records provided for this proceeding and compared them to the NARUC USOA. No exceptions were noted.

## **Rate Base**

### Utility Plant in Service

**Objectives:** The objectives were to determine whether Utility Plant in Service (UPIS): 1) Consists of property that exists and is owned by the Utility, 2) Additions are recorded at original cost, 3) Retirements are made when a replacement asset was put in service, and 4) Adjustments required in the Utility's last rate proceeding were recorded in its books and records.

**Procedures:** We started the beginning balances for UPIS at zero, as of November 17, 2017, the day the original certificates were granted per Order No. PSC-2017-0440-FOF-WS. We scheduled UPIS activity from November 17, 2017 through December 31, 2018. We traced asset additions to supporting documentation. We verified that retirements were made when an asset was removed or replaced. We determined the year-end and simple average balances as of December 31, 2018. No exceptions were noted.

### Land & Land Rights

**Objectives:** The objectives were to determine whether the utility land is: 1) Recorded at original cost, 2) Owned or secured under a long-term lease agreement, and that 3) Adjustments required in the Utility's last rate case proceeding were recorded in its books and records.

**Procedures:** We verified that the Utility has no land deeds and determined that there have been no changes to land since the Utility was acquired on December 5, 2013. The lift station is on common property owned by the Utility's parent. Audit staff did not determine the value of land, nor did we assign a cost to the Utility. No exceptions were noted.

### Accumulated Depreciation

**Objectives:** The objectives were to determine whether accumulated depreciation: 1) Accruals are properly calculated and recorded based on Rule 25-30.140 – Depreciation, F.A.C., 2) Retirements are recorded when an asset was replaced, and 3) Adjustments required in the Utility's last rate proceeding were recorded to its books and records.

**Procedures:** We started the beginning balances for accumulated depreciation at zero, as of November 17, 2017, the day the original certificates were granted per Order No. PSC-2017-0440-FOF-WS. We calculated annual accruals to accumulated depreciation using the depreciation rates established by Rule 25-30.140(2), F.A.C., from November 17, 2017 to December 31, 2018. We determined the year-end and simple average balances as of December 31, 2018. Finding 1 discusses our recommended adjustments to accumulated depreciation.

### Contributions in Aid of Construction

**Objectives:** The objectives were to determine whether contributions in aid of construction (CIAC): 1) Consist of cash or property contributions that exist and are owned by the Utility, 2) Additions are recorded using Commission approved tariffs, 3) Retirements are recorded when a contributed asset was replaced, and 4) Adjustments in the Utility's last rate proceeding were recorded to its books and records.

**Procedures:** We examined the Utility's books and records and verified that the Utility does not collect any CIAC. No exceptions were noted.

#### Accumulated Amortization of CIAC

**Objectives:** The objectives were to determine whether accumulated amortization of CIAC: 1) Accruals are properly calculated and recorded based on Rule 25-30.140 – Depreciation, F.A.C., 2) Retirements are recorded when a contributed asset was replaced, and 3) Adjustments required in the Utility's last rate proceeding were recorded to its books and records.

**Procedures:** We verified that there is no CIAC to amortize. No exceptions were noted.

#### Working Capital

**Objectives:** The objective was to determine whether the Utility's working capital balance is properly calculated in compliance with Commission rules.

**Procedures:** We calculated the Utility's working capital balance as of December 31, 2018 using one eighth of operation and maintenance expense as required by Rule 25-30.433 (2), F.A.C. No exceptions were noted.

### **Capital Structure**

**Objectives:** The objectives were to determine the: 1) Components of the Utility's capital structure, 2) Cost rate for each class of capital, 3) Overall weighted cost of capital, and that 4) Components are properly recorded in compliance with the NARUC USOA.

**Procedures:** We determined that the Utility's capital structure consists of common equity, long-term debt, and customer deposits. We determined that common equity for the Utility resulted in a negative balance, therefore, audit staff set common equity equal to zero. We determined the weighted average costs, year-end, and simple average balances as of December 31, 2018. No further work was performed.

### **Net Operating Income**

#### Operating Revenue

**Objectives:** The objectives were to determine whether revenues are: 1) Representative of the Utility's operations for the test year, 2) Calculated using Commission approved tariff rates, and 3) Recorded in compliance with NARUC USOA

**Procedures:** We determined individual customer consumption for the test year ended December 31, 2018, using the Utility's monthly customer billings. We calculated test year revenues based on billing determinates and compared our calculated revenue amount to the revenues reflected in the general ledger. We determined whether the Utility is charging its authorized tariff rates. We also determined the number of miscellaneous service charges by type. We calculated miscellaneous service charges by multiplying the Commission approved tariff by the number we determined and traced amounts to the general ledger. Finding 2 discusses our recommended adjustments to operating revenues.

### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether operation and maintenance expenses (O&M) are: 1) Representative of the Utility's ongoing operations for the test year, 2) Recorded in the appropriate period for the correct amount, 3) Required for the provision of utility services, and 4) Recorded in compliance with the NARUC USOA.

**Procedures:** We reviewed the invoices provided in support of the Utility's O&M expense for the test year. We ensured all expenses were correctly classified, and verified that they were recurring in nature. We verified each expense against the invoice and supporting documentation. Finding 3 discusses our recommended adjustments to Operation and Maintenance expense.

### Depreciation and Amortization

**Objectives:** The objective was to determine the Utility's depreciation and CIAC amortization expense for the twelve months ended December 31, 2018 using the Commission authorized rates.

**Procedures:** We compiled a schedule from audited UPIS items and calculated depreciation based on depreciation rates authorized by Rule 25-30.140, F.A.C. for the test year. No exceptions were noted.

### Taxes Other than Income

**Objectives:** The objectives were to determine whether taxes other than income expense (TOTI) is: 1) Representative of the Utility's ongoing operations for the test year, 2) Recorded in the appropriate period for the correct amount, 3) Required for the provision of utility services, and 4) Recorded in compliance with NARUC USOA.

**Procedures:** We scheduled TOTI based on documentation provided by the Utility. We included payroll taxes and regulatory assessment fees (RAF) for the test year. We recalculated RAF's using the approved RAF rate and the audited revenue balances. As the Utility does not own any land, there is no property tax included. Finding 4 discusses our recommended adjustments to Taxes Other than Income.



## Audit Findings

### **Finding 1: Accumulated Depreciation**

**Audit Analysis:** The objective is to determine that the Utility's accumulated depreciation balances are properly stated and that annual accruals are reflective of depreciation rates. The original certificate to provide water and wastewater was granted on November 17, 2017. Audit staff determined the accumulated depreciation balance on a half year convention compared to the Utility's full year convention for the remainder of the year 2017. Audit staff determined accumulated depreciation to be \$1,644 for water compared to the Utility's balance of \$1,651. Table 1-1 below shows the recommended audit adjustments.

**Table 1-1**

<b>Deer Creek RV Golf &amp; Country Club, Inc.</b>					
<b>Staff Assisted Rate Case</b>					
<b>As of December 31, 2018</b>					
<b>Dkt: 20190071-WS ; ACN: 2019-120-1-1</b>					
<b>Accumulated Depreciation - Water</b>					
Acct. No.	Acct. Name	Balance Per Utility as of December 31, 2018	Audit Adjustment	Balance per Audit as of December 31, 2018	Test Year Avg
301	Organization	\$ (802)	\$ -	\$ (802)	\$ (534)
334	Meters and Meter Installations	\$ (32)	\$ -	\$ (32)	\$ (16)
340	Office Furniture and Equipment	\$ (148)	\$ 37	\$ (111)	\$ (74)
343	Tools, Shop and Garage Equipment	\$ (669)	\$ (30)	\$ (699)	\$ (350)
	<b>Total</b>	<b>\$ (1,651)</b>	<b>\$ 7</b>	<b>\$ (1,644)</b>	<b>\$ (974)</b>

**Finding 1: Accumulated Depreciation (Cont.)**

Audit staff determined the accumulated depreciation balance on a half year convention compared to the Utility’s full year convention for the remainder of the year 2017. Audit staff determined accumulated depreciation to be \$7,134 for wastewater compared to the Utility’s balance of \$7,171. Table 1-2 below shows the recommended audit adjustments.

**Table 1-2**

**Deer Creek RV Golf & Country Club, Inc.  
 Staff Assisted Rate Case  
 As of December 31, 2018  
 Dkt: 20190071-WS ; ACN: 2019-120-1-1  
 Accumulated Depreciation - Wastewater**

Acct. No.	Acct. Name	Balance Per Utility as of December 31, 2018	Audit Adjustment	Balance per Audit as of December 31, 2018	Test Year Avg
351	Organization	\$ (802)	\$ -	\$ (802)	\$ (534)
354	Structures and Improvements	\$ (256)	\$ -	\$ (256)	\$ (128)
371	Pumping Equipment	\$ (5,966)	\$ -	\$ (5,966)	\$ (3,977)
390	Office Furniture and Equipment	\$ (148)	\$ 37	\$ (111)	\$ (74)
	Total	\$ (7,171)	\$ 37	\$ (7,134)	\$ (4,713)

**Effect on the General Ledger:** To be determined by the Utility

**Effect on the Filing:** Audit staff determined the Accumulated Depreciation should be \$1,644 for water and \$7,134 for wastewater as of December 31, 2018. Audit staff determined the simple averages should be \$974 for water and \$4,713 for wastewater as of December 31, 2018.

## Finding 2: Operating Revenue

**Audit Analysis:** Audit staff noted many discrepancies in the water billing register. For the month of January 2018, the Utility charged customers the incorrect base facility charge. The Utility charged a base facility charge of \$2.38 for residential and general service customers. The Commission approved tariffs require a base facility charge of \$2.45 for residential and general service customers. We also recognized that the Utility charged customers \$22.50 per reconnection fee instead of the Commission approved \$20.50. There were two reconnects in the test year, resulting in the \$4 variance. The Utility also overcharged customers on the consumption of gallons throughout the test year ending December 31, 2018. The adjustments made in the general ledger were either overstated or understated according to audit staff's recalculation

The Utility's general ledger reflected an operating water revenue of \$132,542 for the test year ended December 31, 2018. Audit staff recalculated revenue by determining the number of bills and gallonages consumed from the billing register as well as the number of miscellaneous services charges times the Commission approved tariff rates. We determined operating water revenue to be \$121,938 as shown in Table 2-1.

**Table 2-1**

<b>Water</b>							
<b>For the 12 Months Ended 12/31/18</b>							
<b>NARUC</b>	<b>Description</b>	<b># of Customers</b>	<b>Utility Bal 12/31/18</b>	<b>Base Charge Adj</b>	<b>Other</b>	<b>Total Audit Adj</b>	<b>Audit Bal 12/31/18</b>
460	Residential Service		\$ 83,580	\$ 53	\$ (6,775)	\$ (6,722)	\$ 76,858
461	Commercial Service		\$ 45,185	\$ 3	\$ (3,881)	\$ (3,878)	\$ 41,306
<b>Total Service Revenues</b>			<b>\$ 128,765</b>	<b>\$ 55</b>	<b>\$ (10,656)</b>	<b>(10,600)</b>	<b>\$ 118,165</b>
471.1	Connection Fees	43	\$ 503	\$ -	\$ -	\$ -	\$ 503
471.2	Reconnection Fees	2	\$ 45	\$ -	\$ -	\$ (4)	\$ 41
471.5	Late Fees	486	\$ 3,159	\$ -	\$ -	\$ -	\$ 3,159
471.7	NSF Fee	2	\$ 70	\$ -	\$ -	\$ -	\$ 70
<b>Total Misc Revenues</b>			<b>\$ 3,777</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4)</b>	<b>\$ 3,773</b>
<b>Grand Total</b>			<b>\$ 132,542</b>			<b>\$ (10,604)</b>	<b>\$ 121,938</b>

Audit staff noted many discrepancies in the wastewater billing register. For the month of January 2018, the Utility charged customers the incorrect base facility charge. The Utility charged a base facility charge of \$8.77 for residential and general service customers. The Commission approved tariffs require a base facility charge of \$8.96 for residential customers and general service customers. The Utility's general ledger reflected an operating wastewater revenue of \$194,307 for the test year ended December 31, 2018. Audit staff recalculated revenue by determining the number of bills and gallons consumed from the billing register as well as the number of miscellaneous services charges times the Commission approved tariff rates. Audit staff recognized that the Utility overcharged consumption of gallons to customers throughout the test year ending December 31, 2018. We determined operating wastewater revenue to be \$195,476 as shown in Table 1-2.

**Finding 2: Operating Revenue (Cont.)**

**Table 1-2**

<b>Wastewater</b>								
<b>For the 12 Months Ended 12/31/18</b>								
<b>NARUC</b>	<b>Description</b>	<b># of Customers</b>	<b>Utility Bal 12/31/18</b>	<b>Base Charge Adj</b>	<b>Other</b>	<b>Total Audit Adj</b>	<b>Audit Bal 12/31/18</b>	
460	Residential Service		\$ 167,197	\$ 143	\$ 900	\$ 1,043	\$ 168,241	
461	Commercial Service		\$ 27,110	\$ 7	\$ 118	\$ 126	\$ 27,236	
<b>Total Service Revenues</b>			<b>\$ 194,307</b>	<b>\$ 150</b>	<b>\$ 1,019</b>	<b>1,169</b>	<b>\$ 195,476</b>	
471.1	Connection Fees	0	\$ -	\$ -	\$ -	\$ -	\$ -	
471.2	Reconnection Fees	0	\$ -	\$ -	\$ -	\$ -	\$ -	
471.5	Late Fees	0	\$ -	\$ -	\$ -	\$ -	\$ -	
471.7	NSF Fee	0	\$ -	\$ -	\$ -	\$ -	\$ -	
			<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Grand Total</b>			<b>\$ 194,307</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,169</b>	<b>\$ 195,476</b>	

Audit staff requested that the Utility provide a list of any clubhouses and pools that are receiving water and wastewater services. The Utility provided audit staff with a schedule that shows the Utility billing 5 clubhouses and 6 pools at the general service tariff rate. Audit staff verified billing for these are included in the general service billing data.

**Effect on the General Ledger:** To be determined by the Utility

**Effect on the Filing:** Audit staff determined water operating revenues to be \$121,938 and wastewater operating revenues to be \$195,476 for the test year ended December 31, 2018.

### Finding 3: Operation and Maintenance Expense

**Audit Analysis:** Audit staff examined water and wastewater operation and maintenance expenses to determine if the Utility classified expenses in the proper period, for the proper amount, classification, support documentation and whether non-utility related, non-recurring. Audit staff determined that in account 775 - Miscellaneous Expenses, the Utility had 4 bills from Frontier Communications, where the Utility uses the phone for an autodialer at the lift station, that included a past due amount of \$90.02 in their general ledger. Audit staff removed these past due amounts totaling \$360.08 (\$90.02+\$90.02+\$90.02+\$90.02). Tables 3-1 and 3-2 shows audit staff adjustments.

**Table 3-1**

**Deer Creek RV Golf & Country Club, Inc.**  
**Docket No: 20190071-WS ; ACN: 2019-120-1-1**  
**Test Year Ended December 31, 2018**  
**Operation & Maintenance Expense (Water)**

Acct. Nos.	Acct. Description	Per Utility	Variance	Per Audit
601	Salaries & Wages - Employees	\$ 36,793	\$ -	\$ 36,793
603	Salaries & Wages - Officers	\$ -	\$ -	\$ -
604	Employee Pension & Benefits	\$ -	\$ -	\$ -
610	Purchased Water	\$ 175,431	\$ -	\$ 175,431
615	Purchased Power	\$ -	\$ -	\$ -
620	Materials & Supplies	\$ 1,079	\$ -	\$ 1,079
630	Contractual Services - Billing	\$ 600	\$ -	\$ 600
631	Contractual Services - Professional	\$ 15,190	\$ -	\$ 15,190
635	Contractual Services - Testing	\$ 6,110	\$ -	\$ 6,110
636	Contractual Services - Other	\$ 1,051	\$ -	\$ 1,051
640	Rents	\$ 3,600	\$ -	\$ 3,600
650	Transportation Expenses	\$ -	\$ -	\$ -
655	Insurance Expense	\$ -	\$ -	\$ -
665	Reg. Commission Expense	\$ -	\$ -	\$ -
670	Bad Debt Expense	\$ 57	\$ -	\$ 57
675	Miscellaneous Expense	\$ 4,878	\$ -	\$ 4,878
<b>Total</b>		<b>\$ 244,789</b>	<b>\$ -</b>	<b>\$ 244,789</b>

**Working Capital**    \$ 30,599

### Finding 3: Operation and Maintenance Expense (Cont.)

Table 3-2

**Deer Creek RV Golf & Country Club, Inc.**  
**Docket No: 20190071-WS ; ACN: 2019-120-1-1**  
**Test Year Ended December 31, 2018**  
**Operation & Maintenance Expense (Wastewater)**

Acct. Nos.	Acct. Description	Per Utility	Variance	Per Audit
701	Salaries & Wages - Employees	\$ 26,701	\$ -	\$ 26,701
703	Salaries & Wages - Officers	\$ -	\$ -	\$ -
704	Employee Pension & Benefits	\$ -	\$ -	\$ -
710	Purchased Wastewater	\$ 202,710	\$ -	\$ 202,710
715	Purchased Power	\$ 2,059	\$ -	\$ 2,059
720	Materials & Supplies	\$ -	\$ -	\$ -
730	Contractual Services - Billing	\$ 600	\$ -	\$ 600
731	Contractual Services - Professional	\$ 15,190	\$ -	\$ 15,190
735	Contractual Services - Testing	\$ -	\$ -	\$ -
736	Contractual Services - Other	\$ 3,945	\$ -	\$ 3,945
740	Rents	\$ 3,600	\$ -	\$ 3,600
750	Transportation Expenses	\$ -	\$ -	\$ -
755	Insurance Expense	\$ -	\$ -	\$ -
765	Reg. Commission Expense	\$ -	\$ -	\$ -
770	Bad Debt Expense	\$ -	\$ -	\$ -
775	Miscellaneous Expense	\$ 5,997	\$ (360)	\$ 5,637
<b>Total</b>		<b>\$ 260,801</b>	<b>\$ (360)</b>	<b>\$ 260,441</b>

**Working Capital**    \$ 32,555

There are 2 Deer Creek Corp. employees assigned to the Utility. Deer Creek Corp. charges 100% of their time plus overhead to the Utility Operations. There is no pension and benefit expense recorded by the Utility. Deer Creek Corp. recovers these types of costs from the Utility by means of a corporate overhead calculation applied to the bi-weekly salary charged for the Utility's employees.

Deer Creek RV Golf & Country Club, Inc. entered into an office lease with Deer Creek Utilities, where they agreed to pay \$900 monthly (\$600 rent + \$300 supplies & office space). The rent is split between water and wastewater. The liability insurance for the lift station is covered by the general liability policy of the parent.

**Effect on the General Ledger:** To be determined by the Utility

**Effect on the Filing:** Audit staff determined that Operation and Maintenance expenses should be decreased by \$360.08 for the test year ended December 31, 2018.

**Finding 4: Taxes Other than Income**

**Audit Analysis:** The objective is to determine the appropriate costs for taxes other than income (TOTI) for the test year ended December 31, 2018. According to the Utility’s general ledger, the Regulatory Assessment Fees (RAF) has a balance of \$5,964 for water. Based on the audited water revenues, audit staff recalculated the Regulatory Assessment Fees to be \$5,487 as shown in Table 4-1 below.

**Table 4-1**

Water			
Description	For the 12 Months Ended 12/31/18		
	Per Utility	Adjustments	Per Audit
Real Property Tax	\$ -	\$ -	\$ -
Payroll Tax	\$ 2,369	\$ -	\$ 2,369
Regulatory Assessment Fees (RAF)	\$ 5,964	\$ (477)	\$ 5,487
<b>Total</b>	<b>\$ 8,334</b>	<b>\$ (477)</b>	<b>\$ 7,857</b>

According to the Utility’s general ledger, the Regulatory Assessment Fees (RAF) has a balance of \$8,744 for wastewater. Based on the audited revenues, audit staff recalculated the Regulatory Assessment Fees to be \$8,796 as shown in Table 4-2 below.

**Table 4-2**

Wastewater			
Description	For the 12 Months Ended 12/31/18		
	Per Utility	Adjustments	Per Audit
Real Property Tax	\$ -	\$ -	\$ -
Payroll Tax	\$ 1,719	\$ -	\$ 1,719
Regulatory Assessment Fees (RAF)	\$ 8,744	\$ 53	\$ 8,796
<b>Total</b>	<b>\$ 10,463</b>	<b>\$ 53</b>	<b>\$ 10,516</b>

**Effect on the General Ledger:** To be determined by the Utility

**Effect on the Filing:** Audit staff determined Regulatory Assessment Fees to be \$5,487 for water and \$8,796 for wastewater for the test year ended December 31, 2018.

Exhibits

**Exhibit 1: Rate Base**

**Deer Creek RV Golf & Country Club, Inc.  
Staff Assisted Rate Case  
As of 12/31/18  
Dkt 20190071-WS ACN: 2019-120-1-1  
Rate Base (Water)**

<b>Description</b>	<b>Balance Per Utility as of 12/31/18</b>	<b>Audit Adjustment</b>	<b>Audit Finding</b>	<b>Balance Per Audit as of 12/31/18</b>	<b>Test Year Average</b>
<b>Utility Plant in Service</b>	\$ 44,553	\$ -		\$ 44,553	\$ 33,522
<b>Land &amp; Land Rights</b>	\$ -	\$ -		\$ -	
<b>Accumulated Depreciation</b>	\$ (1,651)	\$ 7	1	\$ (1,644)	\$ (974)
<b>Contributions in Aid of Construction</b>	\$ -	\$ -		\$ -	\$ -
<b>Accumulated Amortization of CIAC</b>	\$ -	\$ -		\$ -	\$ -
<b>Working Capital Allowance</b>	\$ -	\$ 30,599	3	\$ 30,599	\$ 30,599
<b>Total Rate Base</b>	\$ 42,902	\$ 30,606		\$ 73,508	\$ 63,146



## Exhibit 1: Rate Base (Cont.)

Deer Creek RV Golf & Country Club, Inc.  
 Staff Assisted Rate Case  
 As of 12/31/18  
 Dkt 20190071-WS ACN: 2019-120-1-1  
 Rate Base (Wastewater)

Description	Balance Per Utility as of 12/31/18	Audit Adjustment	Audit Finding	Balance Per Audit as of 12/31/18	Test Year Average
Utility Plant in Service	\$ 95,948	\$ -		\$ 95,948	\$ -
Land & Land Rights	\$ -	\$ -		\$ -	
Accumulated Depreciation	\$ (7,171)	\$ 37	1	\$ (7,134)	\$ -
Contributions in Aid of Construction	\$ -	\$ -		\$ -	\$ -
Accumulated Amortization of CIAC	\$ -	\$ -		\$ -	\$ -
Working Capital Allowance	\$ -	\$ 32,555	3	\$ 32,555	\$ 32,555
<b>Total Rate Base</b>	<b>\$ 88,777</b>	<b>\$ 32,592</b>		<b>\$ 121,369</b>	<b>\$ 32,555</b>

## Exhibit 2: Capital Structure

Deer Creek RV Golf & Country Club, Inc.						
Staff Assisted Rate Case						
As of December 31, 2018						
Dkt: 20190071-WS ; ACN: 2019-120-1-1						
Cost of Capital						
Class of Capital	Capital Structure Simple Average 12/31/2018	% of components	Rate Base	% of Rate Base	Cost Rate	Weighted Cost
Long Term Debt	\$ 175,987	97.75%	\$ -	0%	4.90%	4.79%
Short Term Debt	\$ 1,409	0.78%	-	0%	6.07%	0.05%
Customer Deposits	\$ 2,640	1.47%	-	0%	2.00%	0.03%
Common Equity	\$ -		\$ 180,036	100%	0.00%	0.00%
<b>Total</b>	<b>\$ 180,036</b>	<b>100.00%</b>	<b>\$ 180,036</b>	<b>100%</b>		<b>4.87%</b>

### Exhibit 3: Net Operating Income

**Deer Creek Golf RV & Country Club, Inc.**  
**Staff Assisted Rate Case**  
**For the Twelve Months Ended December 31, 2018**  
**Dkt: 20190071-WS ; ACN: 2019-120-1-1**  
**Net Operating Income (Water)**

Description	Balance Per Utility 12/31/18	Audit Adjustment	Audit Finding	Balance Per Audit 12/31/18
<b>Operating Revenues</b>	\$ 132,542	\$ (10,604)	2	\$ 121,938
<b>Operation &amp; Maintenance Expenses</b>	\$ 244,789	\$ (0)		\$ 244,789
<b>Depreciation Expense</b>	\$ 1,340	\$ -		\$ 1,340
<b>Amortization Expense</b>	\$ -	\$ -		\$ -
<b>Taxes Other Than Income</b>	\$ 8,334	\$ (477)	4	\$ 7,857
<b>Total Operating Expenses:</b>	\$ 254,463	\$ (477)		\$ 253,986
<b>Net Operating Income (Loss)</b>	\$ (121,921)	\$ (10,127)		\$ (132,048)

**Exhibit 3: Net Operating Income (Cont.)**

**Deer Creek Golf RV & Country Club, Inc.**  
**Staff Assisted Rate Case**  
**For the Twelve Months Ended December 31, 2018**  
**Dkt: 20190071-WS ; ACN: 2019-120-1-1**  
**Net Operating Income (Wastewater)**

Description	Balance Per Utility 12/31/18	Audit Adjustment	Audit Finding	Balance Per Audit 12/31/18
<b>Operating Revenues</b>	\$ 194,307	\$ 1,169	2	\$ 195,476
<b>Operation &amp; Maintenance Expenses</b>	\$ 260,801	\$ (360)	3	\$ 260,441
<b>Depreciation Expense</b>	\$ 4,841	\$ -		\$ 4,841
<b>Amortization Expense</b>	\$ -	\$ -		\$ -
<b>Taxes Other Than Income</b>	\$ 10,463	\$ 53	4	\$ 10,516
<b>Total Operating Expenses:</b>	\$ 276,105	\$ (307)		\$ 275,798
<b>Net Operating Income (Loss)</b>	\$ (81,798)	\$ 1,476		\$ (80,322)