**FLORIDA PUBLIC SERVICE COMMISSION**

**Fletcher Building, 101 East Gaines Street**

**Tallahassee, Florida 32399-0850**

**M E M O R A N D U M**

**March 23, 1995**

**TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)**

**FROM: DIVISION OF WATER & WASTEWATER (IWENJIORA)**

**DIVISION OF LEGAL SERVICES (JABER)**

**RE: DOCKET NO. 930216-WS - GULF UTILITY COMPANY – DISPOSITION**

**OF CONTRIBUTION IN AID OF CONSTRUCTION (CIAC) GROSS-UP FUNDS**

**COUNTY: LEE**

**AGENDA: APRIL 3, 1995 - REGULAR AGENDA - INTERESTED PERSONS MAY**

**PARTICIPATE**

**CRITICAL DATES: NONE**

**SPECIAL INSTRUCTIONS: I:\PSC\WAW\WP\930216.RCM**

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**CASE BACKGROUND**

Gulf Utility Company (Gulf or utility) is a Class A utility which provides water and wastewater service to approximately 5,938 water and 1,721 wastewater customers in Lee County. According to its 1993 annual report, gross operating revenues were $1,868,964 for the water system and $952,577 for the wastewater system. Net operating income was $484,758 for water and $272,228 for wastewater.

By Order No. PSC-93-0871-FOF-WS, issued in Docket No. 930216-WS on June 9, 1993, the Commission required Gulf to refund a total of $253,138 in Contributions in aid of construction (CIAC) gross-up for the fiscal years ended December 31, 1987, 1988, 1989, 1990 and 1991. On April 22, 1994, Gulf began implementing the refund and, to date, $789.73 of the refunds remain unclaimed. Therefore, this recommendation addresses how the unclaimed refunds should be handled.

**DISCUSSION OF ISSUES**

**ISSUE 1**: Should Gulf Utility Company be allowed to credit its CIAC account with the amount of unclaimed refunds?

**RECOMMENDATION**: Yes, the utility should be allowed to credit CIAC in the amount of $789.73, in unclaimed refunds. Of this amount, $481.74 should be allocated to water and $307.99 should be allocated to wastewater, based on the ratio of water service availability charges to wastewater service availability charges in the utility's approved tariff. (IWENJIORA)

**STAFF ANALYSIS**: By correspondence dated April 20, 1994, Gulf informed staff that beginning April 22, 1994, the utility would begin refunding excess CIAC tax collected in compliance with Commission Order No. PSC-92-0682-FOF-WS. Further, the utility indicated that because of the length of time that had passed, there were several specific situations where they could not determine who, if anyone, was entitled to the refund. These instances involved bankruptcy, dissolution of corporate entities, changes in corporate ownership, and the like. In these case, the utility stated that it would notify all known parties who could be beneficiaries and explain the circumstances and ask them to provide supporting documentation if they believed they were entitled to the refund in question.

As directed by staff, Gulf provided a 10% sampling of cancelled checks and a list of each individual check, payee and amount remaining unclaimed. Gulf indicated that numerous attempts were made to locate customers whose checks were returned in the mail. The total amount of unclaimed refunds is $789.73, which represents .31% of the refunds ordered.

According to the utility's 1993 annual report, the utility was 72.62% contributed for the water system and 67.42% contributed for the wastewater system. Based on the foregoing, staff recommends that Gulf be allowed to credit CIAC in the amount of $789.73 in unclaimed refunds. Of this amount, $467.99 should be allocated to water and $321.74 should be allocated to wastewater, based on the ratio of water service availability charges to wastewater service availability charges.

**ISSUE 2**: Should the docket be closed?

**RECOMMENDATION**: Yes, the docket should be closed.(JABER)

**STAFF ANALYSIS**: There is no further action required in this docket, therefore, the docket should be closed.