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MEMORANDUM

JUNE 04, 1998

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

FROM: DIVISION OF WATER & WASTEWATER (JOHNSON)
DIVISION OF LEGAL SERVICES (JAEGER)

RE: DOCKET NO. 961237-SU - DISPOSITION OF CONTRIBUTION IN AID
OF CONSTRUCTION BY FOREST UTILITIES, INC.
COUNTY: LEE

AGENDA: JUNE 16, 1998 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\WAW\WP\961237.RCM

CASE BACKGROUND

Forest Utilities, (Forest or Utility) Inc. is a Class B wastewater utility providing service to the public in Lee County. As of December 31, 1997, the Utility served 1,952 wastewater customers. The Utility had gross operating revenues of \$607,850, and reported net operating income of \$41,173.

In Order No. 23541, the Commission required any water and wastewater utility already collecting the gross-up on CIAC and wishing to continue, to file a petition for approval with the Commission on or before October 29, 1990. On December 27, 1990, pursuant to Order No. 23541, Forest Utilities, Inc. filed for initial authority to gross-up CIAC. The information as filed met the filing requirements of Order No. 23541. Order No. 25299, issued November 5, 1991, granted Forest Utilities authority to continue to gross-up using the full gross-up formula.

In compliance with Orders Nos. 16971 and 23541, Forest filed its 1990 through 1994 annual CIAC reports regarding its collection of gross-up for each year. Order No. PSC-97-0007-POF-SU, issued January 2, 1997, in Docket No. 961237-SU, required the utility to refund a total of \$26,337, plus accrued interest through the date of refund to contributors on a pro rata basis. The refund was for the years 1990 through 1994. The utility had six months to complete the refund. The utility has completed the refunds and to

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date, \$16,089 of the refunds remain unclaimed. The utility has made three attempts to deliver a certified check of \$16,089 to the contributor. By letter dated April 21, 1998, Forest requested that it be allowed to credit the unclaimed refunds as CIAC. The utility's request to dispose of the unclaimed refunds is the subject of this recommendation.

DISCUSSION OF ISSUES

ISSUE 1: Should Forest Utilities, Inc. be allowed to credit its CIAC account with the amount of unclaimed refunds?

RECOMMENDATION: Yes. Forest Utilities, Inc., should credit \$16,089 to the contributions-in-aid-of-construction (CIAC) account.
(JOHNSON)

STAFF ANALYSIS: In accordance with Commission Order No. PSC-97-0007-FOF-SU, Forest implemented the refund and submitted copies of its refund report to the Commission. By letters dated February 18, 1998, Forest provided copies of canceled refund checks and/or customer credits reflecting refund amounts. Forest requested that the CIAC refunds which remain outstanding be treated as CIAC. According to Forest, the unclaimed refund total of \$16,089, includes interest (\$1,357 is interest). The unclaimed refunds represent 56% of the refunds ordered. Only one contributor could not be located to receive \$16,089 in CIAC gross-up taxes.

As directed by staff, Forest provided a list of each individual check, payee and amount remaining unclaimed. Staff requested and received from Forest an explanation of the efforts undertaken to complete the refund. In response, Forest advised that:

1. Many of the addresses were in the utilities files;
2. They contacted the local United State Postal office for forwarding addresses;

Forest mailed the refund checks to the last known mailing address of each contributor. Further, Forest advised that the remaining refund is undeliverable and the company no longer exists. The Utility has exhausted all possible alternatives to locate a forwarding address for this one remaining customer.

According to the utility's 1997 annual report, the utility is 79% contributed for the wastewater system. The Commission has allowed other utilities to credit CIAC accounts with the amount of unclaimed refunds of gross-up on CIAC. This procedure has been approved in Order No. PSC-94-1443-FOF-WS, issued November 23, 1994, in Docket No. 941096-WS and in Order No. PSC-92-1290-FOF-WS, issued November 10, 1992, in Docket No. 901019-WS. Based on the above, staff recommends that Forest be allowed to credit CIAC in the amount of \$16,089 for unclaimed refunds.

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ISSUE 2: Should the docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (JAEGER)

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