

M E M O R A N D U M

DECEMBER 22, 1998

TO : DIVISION OF RECORDS AND REPORTING
FROM : DIVISION OF WATER AND WASTEWATER (CHASE)
RE : DOCKET NO. 981341-WS - CHC VII, LTD.

Attached please find a letter dated December 21, 1998 from Rhema Business Services, Inc. to Charles H. Hill, Director, Division of Water and Wastewater regarding remittance of regulatory assessment fees for CHC VII, Ltd. This letter should be placed in the above docket file.

/jc

Attachment

cc: Division of Water and Wastewater (Messer)
Division of Legal Services (Jaber)

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REC'D-RECORDS/REPORTING

Rhema Business Services, Inc.

1344 Vickers Drive
Tallahassee, FL 32303-5041

(850) 562-9886
(850) 562-9887 FAX

December 21, 1998

RECEIVED
DEC 21 1998
Florida Public Service Commission
Division of Water and Wastewater

Mr. Charles H. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: CHC VII, Ltd. - Request for Change of Starting Date for Remittance of
Regulatory Assessment Fees

Dear Mr. Hill:

I am filing this response to your letter of October 21, 1998 on behalf of CHC VII, Ltd. (CHC VII). CHC VII requests the commission not require the remittance of regulatory assessment fees for the years 1996 and 1997, because of the unique circumstances leading to the delayed recognition of CHC VII as a utility subject to Florida Public Service Commission jurisdiction.

CHC VII is also filing a petition for waiver of Rule 25-30.110(3) for the years 1996 and 1997 with the Division of Records and Reporting, along with its Request for Representation by Qualified Representative.

Background

On May 14, 1996, the Board of Commissioners of Polk County adopted a resolution declaring water and wastewater utilities in Polk County subject to Public Service Commission regulation. CHC VII is a utility providing water and wastewater service to 870 customers in Polk County, Florida.

CHC VII charges a base charge of \$15.00 per month, which includes 8,000 gallons, plus \$1.25 per thousand gallons for usage over 8,000 gallons up to 10,000 gallons, and \$2.00 per thousand gallons for consumption over 10,000 gallons for water and wastewater service combined. With the pass-through of regulatory assessment fees, CHC VII will charge a base charge of \$15.71 per month, which includes 8,000 gallons, plus \$1.31 per thousand gallons for usage over 8,000 gallons up to 10,000 gallons, and \$2.09 per thousand gallons for consumption over 10,000 gallons for water and wastewater service combined.

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On September 12, 1996, CHC VII, Ltd. filed its "Application for Declaratory Statement Relating to Exemption from Regulation or Nonjurisdictional Finding on behalf of CHC, VII, Ltd." This application set forth the same basis for exemption from regulation on which the Board of Commissioners of Polk County had ruled the utility exempt from its jurisdiction.

On August 10, 1998, nearly two years later, the commission staff responded to this application with a letter requiring the filing of an application for certificates by October 16, 1998. The letter explained that the staff's response had been delayed due to the application for declaratory statement having been misplaced. CHC VII filed its application for certificates on October 14, 1998, two days early.

By letter dated October 21, 1998, the staff required CHC VII to file annual reports and to remit regulatory assessment fees for the years 1996 and 1997 within sixty days.

Basis of Request

CHC VII requests the Commission set the starting date for remittance of regulatory assessment fees for the first billing cycle after the effective date of the pass-through rate adjustment. This starting date will enable CHC VII to recoup the cost of regulatory assessment fees owed to the Commission.

This request is based on the unique circumstances previously cited. CHC VII responded appropriately to the initiation of Public Service Commission jurisdiction in Polk County by the filing of the application of CHC VII, Ltd. for declaratory statement. The recognition of CHC VII as a regulated utility was delayed for two years due to the application having been misplaced by staff. CHC VII has fully cooperated by responding in a timely manner to the requirement to make application for certificates.

Due to the delayed recognition as a regulated utility, CHC VII has no way to recoup the cost of regulatory assessment fees for 1996 or 1997. On October 16, 1998, CHC VII filed its notice of intention to implement the regulatory assessment fee pass-through rate adjustment. This rate adjustment will allow CHC VII to recover the cost of regulatory assessment fees prospectively, but can not provide the funds to pay regulatory assessment fees two years in arrears. To require CHC VII to pay regulatory assessment fees two years in arrears will place on it an undue financial hardship.


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In Docket No. 980307-WS involving Zellwood Station Cooperative, the Commission noted that it has the discretion to set the starting date for remittance of regulatory assessment fees on a case by case basis. Although CHC VII is not a non-profit cooperative, it does share many of the factors discussed in arriving at the Commission's decision in the agenda conference for the Zellwood case.

Like Zellwood, the CHC VII case, along with that of the five other utilities, is a unique case. I don't know of any other certificate case which has been delayed two years due to a misplaced application for declaratory statement. Like Zellwood, the management of CHC VII came forward on their own initiative by the filing of the application for declaratory statement. Like Zellwood, imposing regulatory assessment fees for two years in arrears would cause an undue hardship on the utility. Unlike Zellwood, the staff has had to devote little work or interaction in assisting CHC VII.

CHC VII, Ltd. respectfully requests the Commission set the starting date for regulatory assessment fees for the first billing cycle after the effective date of the pass-through rate adjustment. Please direct any questions to me at 562-9886.

Sincerely,



Norman F. Mears
Senior Utility Consultant

Hand Deliver
cc: Ray Moats