

SCANNED

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 *ac*)

RE : DOCKET NO. 981337-WS - S.V. UTILITIES, LTD.

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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 S. V. Utilities, 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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FPSC-RECORDS/REPORTING

**Rhema Business Services, Inc.**

1344 Vickers Drive  
Tallahassee, FL 32303-3041

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

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

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

Re: S. V. Utilities, 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 S. V. Utilities, Ltd. (S. V. Utilities or SVU). S. V. Utilities 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 S. V. Utilities as a utility subject to Florida Public Service Commission jurisdiction.

S. V. Utilities 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. S. V. Utilities is a utility providing water and wastewater service to 708 customers in Polk County, Florida.

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

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S. V. Utilities is one of five utilities in Polk County managed by the same group that manages CHC VII, Ltd. 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. This one application reflected the circumstances of all six Polk County utilities managed by this group.

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. S. V. Utilities filed its application for certificates on October 14, 1998, two days early.

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

#### **Basis of Request**

S. V. Utilities 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 S. V. Utilities to recoup the cost of regulatory assessment fees owed to the Commission.

This request is based on the unique circumstances previously cited. S. V. Utilities 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 S. V. Utilities as a regulated utility was delayed for two years due to the application having been misplaced by staff. S. V. Utilities 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, S. V. Utilities has no way to recoup the cost of regulatory assessment fees for 1996 or 1997. On October 16, 1998, S. V. Utilities filed its notice of intention to implement the regulatory assessment fee pass-through rate adjustment. This rate adjustment will allow S. V. Utilities 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 S. V. Utilities 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 S. V. Utilities 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 S. V. Utilities 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 S. V. Utilities 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 S. V. Utilities.

S. V. Utilities, 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*

Norman F. Mears  
Senior Utility Consultant

Hand Deliver  
cc: Ray Moats