

STATE OF FLORIDA

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OFFICE OF GENERAL COUNSEL
HAROLD A. MCLEAN
(850) 413-6199

Public Service Commission

November 16, 2001

Mr. Joe Borda, Owner
Lindrick Service Corporation
1170 Gulf Blvd. #201
Clearwater Beach, Florida 33767

VIA CERTIFIED MAIL

Re: Delinquent Regulatory Assessment Fees

Dear Mr. Borda:

Pursuant to our recent telephone conversations, I am writing you in reference to the penalties and interest owed due to late payment of the regulatory assessment fees (RAFs) owed by Lindrick Service Corporation (Lindrick or utility). According to our records, Lindrick owes penalties and interest for the delinquent payment of RAFs for the years 1998 and 2000.

In establishing rates, the Commission includes in its determination of the revenue requirement the utility's obligation to pay RAFs. Pursuant to Rule 25-30.120(2), Florida Administrative Code, RAFs must be paid by March 31 of each year. Pursuant to Section 350.113(4), Florida Statutes, and Rule 25-30.120(7)(a), Florida Administrative Code, a statutory penalty plus interest shall be assessed against any utility that fails to timely pay its RAFs, in the following manner:

1. 5 percent of the fee if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during the time in which failure continues, not to exceed a total penalty of 25 percent.
2. The amount of interest to be charges is 1 percent for each 30 days or fraction thereof, not to exceed a total of 12 percent annum.

In addition, pursuant to Section 367.145(1)(b) and 367.161, Florida Statutes, and Rule 25-30.120(5)(b), Florida Administrative Code, the Commission may impose an additional penalty upon a utility for failure to pay RAFs in a timely manner.

According to our records, the 1998 wastewater RAFs, which totaled \$30,711.60, were paid on April 29, 1999, making the payment delinquent by 29 days. Our records also indicate that a

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portion of the penalty in the amount of \$461 was also paid on April 29, 1999. Thus, the applicable penalty and interest was calculated as follows:

1998 WASTEWATER RAF PENALTY

.05 (5% for one 30-day period)
X \$30,711.60 (RAF amount)
= \$1,535.53
- \$461 (the amount of penalty paid on 4/29/99)
= \$1,074.58 Total due for 1998 Wastewater RAF penalties

1998 WASTEWATER RAF INTEREST

.01 (1% for one 30-day period)
X \$30,711.60 (RAF amount)
= \$307.12 Total due for 1998 Wastewater RAF interest

According to our records, the 1998 water RAFs, in the amount of \$34,586.37 was paid on April 29, 1999, making the payment delinquent by 29 days. In addition to the RAF payment, a portion of the penalty, in the amount of \$519 was also paid on April 29, 1999. The applicable penalty and interest for the 1998 water RAFs were calculated as follows:

1998 WATER RAF PENALTY

.05 (5% for one 30-day period)
X \$34,586.37 (RAF amount)
= \$1,729.86
- \$519 (the amount of penalty paid on 4/29/99)
= \$1,210.86 Total due for 1998 Water RAF penalties

1998 WATER RAF INTEREST

.01 (1% for one 30-day period)
X \$34,586.37 (RAF amount)
= \$345.86 Total due for 1998 Water RAF interest

According to our records, the 2000 wastewater RAFs for Lindrick totaled \$63,578.13. Of this amount, \$40,000 was paid on May 15, 2000, which was two 30-day periods late. This left a remaining balance of \$23,578.13. The remaining balance was paid on June 7, 2000, which was three 30-day periods late. Penalties and interest were assessed on the \$40,000 portion that was paid on May 15, 2000. However, because the utility made a reasonable effort to pay, only interest was

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assessed on the remaining balance for the water RAFs. Thus, the applicable penalty and interest was calculated as follows:

2000 WASTEWATER RAF PENALTY (\$40,000 amount paid)

.10 (10% for two 30-day periods)
X \$40,000 (RAF amount paid)
= \$4,000 Due for the paid portion of 2000 Wastewater RAF penalties

2000 WASTEWATER RAF INTEREST (\$40,000 amount paid)

.02 (2% for two 30-day periods)
X \$40,000 (RAF amount paid)
= \$800.00 Due for the paid portion of 2000 Wastewater RAF interest

2000 REMAINING WASTEWATER RAF INTEREST (\$23,578.13 remaining)

.03 (3% three 30-day periods)
X \$23,578.13 (remaining balance due)
= \$707.34 Due for the remaining balance paid)

According to our records, the 2000 water RAFs, which totaled \$37,159.83, were paid on June 7, 2001, making the payment delinquent by 68 days, or three 30-day periods. Thus, the applicable penalty and interest was calculated as follows:

2000 WATER RAF PENALTY

.15 (15% for three 30-day periods)
X \$37,159.83 (RAF amount)
= \$5,573.97 Total due for 2000 Water RAF penalties

2000 WASTEWATER RAF INTEREST

.15 (15% for three 30-day periods)
X \$37,159.83 (RAF amount)
= \$1,114.79 Total due for 2000 Wastewater RAF interest

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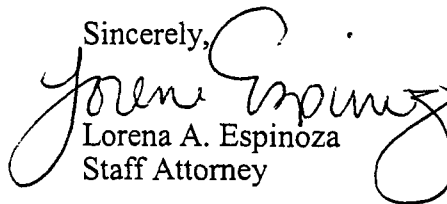
The amounts listed above are summarized in the chart below:

<u>YEAR</u>	<u>REVENUES</u> (per the Utility's annual report)	<u>RAF AMOUNT</u>	<u>DATE PAID</u>	<u>PENALTY</u>	<u>INTEREST</u>
1998	Wastewater: \$682,480.00	\$30,711.60	4/29/99	\$1,074.58	\$307.12
	Water: \$768,586.00	\$34,586.37	4/29/99	\$1,210.86	\$345.86
2000	Wastewater: \$1,412,847,34.00	\$63,578.13	5/15/01 and 6/7/01	\$4,000.00	\$800.00 +\$707.34 =1,507.34
	Water: \$825,774.07.00	\$37,159.83	6/7/01	\$5,573.97	\$1,114.79
				Total Penalties: \$11,859.41	Total Interest: \$3,275.11
					TOTAL DUE: \$15,134.52

Your payment of the amount set forth above is due immediately, and should be mailed with a copy of this letter to the Fiscal Services Section, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, Attention: Jackie Knight.

In addition, if payment is not received by December 14, 2001, the Commission may initiate show cause proceedings against Lindrick. If show cause proceedings are initiated, and the utility is found to be in violation of Commission rules, pursuant to Section 367.161, Florida Statutes, the Commission is authorized to impose additional fines of up to \$5,000 for each day the violation continues.

Should you have any questions regarding any of the information herein, please do not hesitate to contact me at (850) 413-6185.

Sincerely,

 Lorena A. Espinoza
 Staff Attorney

LAE/dm

cc: Division of the Commission Clerk and Administrative Services (Knight)
 Division of Economic Regulation (Mailhot, Kaproth)