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Public Service Commission

April 20, 2010

Mike Smallridge, Utility Consultant
1645 W. Main Street
Inverness, FL 34450

Re: Completion and documentation of adjustment of primary accounts to conform with NARUC USOA as required by Order No. PSC-09-0628-PAA-SU, issued September 17, 2009, in Docket No. 080668-SU, Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.

Dear Mr. Smallridge:

Pursuant to Order No. PSC-09-0628-PAA-SU, issued September 17, 2009, and consummated by Order No. PSC-09-0686-CO-SU, issued on October 14, 2009, the utility was required to "provide proof, within 90 days of the final order [Consummating Order] issued in this docket, that the adjustments for all the applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts" have been made.¹ Because the Consummating Order was issued on October 14, 2009, such proof should have been submitted by no later than January 12, 2010.

Please provide the required documentation concerning appropriate adjustments to the primary accounts by Tuesday, May 4, 2010. Failure to provide the required information by that date could result in staff proceeding with a show cause recommendation pursuant to Section 367.161, Florida Statutes (F.S.). Pursuant to Section 367.161(2), F.S., if a utility "is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the Commission . . . a penalty for each offense of not more than \$5,000" may be imposed by the Commission. The statute further states: "Each day that such refusal or violation continues constitutes a separate offense." Therefore, the utility faces fines of up to \$5,000 per day if it fails to comply with Order No. PSC-09-0628-PAA-SU.

¹ See Order No. PSC-09-0628-PAA-SU, issued on September 17, 2009, in Docket No. 080668-SU, In re: Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc., at 15.

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The Order also required the utility to complete several pro forma items within 12 months of the issuance of the Consummating Order, including clearing the retention pond, repairing the retention pond fence, removing a tree at the wastewater plant, renovating a lift station, repairing holes in the road from leakage, repairing an air leak, and pro forma additions such as new pumps, a blower, box covers for blowers, a generator, and a computer software program. Please provide an update as to whether these additions and repairs have been made and, if not, when they are expected to be completed. All of these items must be completed within the 12 months and verification provided to the Commission in order to be allowed to implement the Phase 2 rates authorized by the Commission. In addition, as a result of the inflow problem, please provide a summary showing the gallons of water used to bill customers and a copy of the Discharge Monitoring Reports submitted to the Department of Environmental Protection for October 2009 through March 2010.

Your attention to this matter is greatly appreciated. If you have any questions, please contact me at (850) 413-6076 or anwillia@psc.state.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Williams', written in a cursive style.

Anna Williams
Attorney

AW:sh

cc: Office of Commission Clerk (Docket No. 080668-SU)
Fairmount Utilities The 2nd, Inc.
Division of Economic Regulation (Hudson, Fletcher, Daniel, Simpson, Bruce)