

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to adjust)	DOCKET NO. 900695-WS
Contributions-in-Aid-of-Construction)	ORDER NO. 24466
(CIAC) and Retained Earnings Accounts)	ISSUED: 5/2/91
by SUNBELT UTILITIES, INC., in Lake)	
County.)	
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 GERALD L. GUNTER

NOTICE OF PROPOSED AGENCY ACTION ORDER
DENYING PETITION TO ADJUST
CIAC AND RETAINED EARNINGS ACCOUNTS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein are preliminary in nature and, as such, will become final unless a person whose interests are substantially affected files a petition for a formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Sunbelt Utilities, Inc., (Sunbelt or utility) is a class "B" water and wastewater utility serving 3,449 customers in Lake County, Florida. On August 14, 1990, Sunbelt filed the instant petition for authority to make certain adjustments to the contributions-in-aid-of-construction (CIAC) and retained earnings accounts on its books and records.

Sunbelt's financial statements had not been audited since 1984. Recently, the utility retained outside accountants in order to audit its 1989 financial statements. After the audit, the utility made several auditor-recommended adjustments to various accounts, including its CIAC and retained earnings accounts as of December 31, 1989. Specifically, as to the CIAC account, the utility made its adjustments in order to remove the amounts collected to pay taxes on CIAC from the CIAC account, to correct the recorded amount in the accumulated depreciation accounts, and

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to correct the beginning balances of the deferred income taxes accounts.

Under Rule 25-30.110(1)(a), Florida Administrative Code, this Commission requires each utility to maintain its records in accordance with the National Association of Regulatory Utility Commissions (NARUC) System of Accounts. The 1984 NARUC System of Accounts for class "B" water and wastewater utilities states that no adjustment may be made to Account 271, CIAC, without the approval of the regulatory commission. Likewise, under the provisions of Accounting Instruction No. 8 within the NARUC System of Accounts for class "B" water and wastewater utilities, no prior-period adjustment to retained earnings may be made without the approval of the regulatory commission. Sunbelt made its adjustments without our prior approval in violation of the NARUC System of Accounts.

After reviewing the adjustments and various additional information provided by the utility, we performed an audit in order to verify the accuracy of the information presented in the petition. We conclude that the utility did not present adequate supporting documentation to substantiate and justify its adjustments. Therefore, we hereby deny Sunbelt's petition.

We will not require that the utility immediately reverse the adjustments it made. The utility has recently been audited through December 31, 1990, by an accounting firm other than the one that audited its 1989 statements. With the information obtained in this audit, the utility may be able to substantiate its request. We therefore give the utility until July 1, 1991, to refile its petition for authority to make the referenced adjustments. However, if the utility fails to refile by that date, it is hereby ordered to reverse the adjustments.

It is, therefore

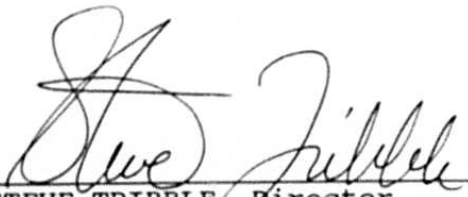
ORDERED by the Florida Public Service Commission that the petition for authority to adjust contributions-in-aid-of-construction and retained earnings accounts filed by Sunbelt Utilities, Inc., is hereby denied. It is further

ORDERED that Sunbelt Utilities, Inc., shall refile a petition for authority to make the referenced adjustments on or before July 1, 1991, or shall reverse the adjustments.

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ORDERED that the provisions of this Order are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-22.029, Florida Administrative Code, is received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below. It is further

By ORDER of the Florida Public Service Commission this 2nd
day of MAY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MJF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-

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22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 23, 1991.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.