

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ST. GEORGE ISLAND)	DOCKET NO. 871177-WU
UTILITY COMPANY, LTD. for increased rates)	
and service availability charges for)	ORDER NO. 24807
water service in Franklin County)	
_____)	ISSUED: 7-11-91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL McK. WILSON

ORDER TO SHOW CAUSE

BY THE COMMISSION:

By Order No. 21122, issued April 24, 1989, this Commission approved increased rates for water service provided by St. George Island Utility Company, LTD. (SGIU or utility). The Order also implemented a moratorium against further connections, required that SGIU make a number of physical improvements, required SGIU to maintain the utility books in substantial compliance with the Uniform System of Accounts and the Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities, and required SGIU to maintain all of its books and records at one location so as to lessen the likelihood of the misplacement of further records. The Order also stated that the Commission would order SGIU to show cause why it should not be fined if it failed to comply with the requirements of Order No. 21122.

We monitored and audited SGIU's compliance with Order No. 21122 and as a result, Order No. 23038 was issued on June 6, 1990, covering thirteen show cause issues. Several of those issues concerned the condition of the books and records. Based upon SGIU's response to the show cause order, the Commission set the matter directly for hearing. A subsequent audit of the utility, completed in July of 1990, found that the utility was in substantial compliance with the above portions of Orders Nos. 21122 and 23038. During the pendency of the show cause proceedings, SGIU drafted and submitted a proposed stipulation of settlement. On

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October 22, 1990, the Commission issued Order No. 23649 which approved the utility's proposed stipulation in settlement. As part of the stipulation the utility agreed that it would continue to maintain its records in accordance with the NARUC Uniform System of Accounts and that the utility would continue to abide by the rules, regulations and orders of the Commission. Subsequent to the stipulation and Order, another audit was initiated. The purpose of the audit, which started on March 25, 1991, was to review the status of the moratorium and compliance with the stipulation. The results of that audit have resulted in this show cause Order.

It is clear from our most recent audit that the books and records of the utility have deteriorated severely from the last Commission audit. The audit could not be completed as the utility had no general ledger for any month following August, 1990, and no cash receipts or disbursement journals for the month of July, 1990, or for the periods following December 31, 1990. Based on the foregoing, we find that the utility is currently in violation of its own settlement agreement approved by Order No. 23649, the original order approving increased rates and charges, Order No. 21122, and Rules 25-30.110(1)(a) and 25-30.115(1), Florida Administrative Code. Further, based on the information from the audit, we find that the failure of the utility to remain in compliance started immediately after completion of our last audit in July, 1990.

Therefore, we find it appropriate to order the utility to show cause why it should not be fined up to \$5,000 per day, pursuant to Section 367.161, Florida Statutes, because of the poor condition of the company's books and records which is a violation of Orders Nos. 21122 and 23649, as well as Rules 25-30.110(1)(a) and 25-30.115(1), Florida Administrative Code.

Further, based on the interim audit findings, we find that the utility has not paid interest on or refunded customer deposits as required by Rule 25-30.311(4) and (5), Florida Administrative Code. The interim audit findings show that last time interest was paid and applicable customer deposits refunded was when the utility was ordered to do so by Order No. 21122. Therefore, we find that it is appropriate to order the utility to show cause why it should not be fined up to \$5,000 per day, pursuant to Section 367.161, Florida Statutes, for failure to pay interest on or refund customer deposits in violation of Order No. 23649 and Rule 25-30.311(4) and (5), Florida Administrative Code.

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It is therefore,

ORDERED by the Florida Public Service Commission that St. George Island Utility Company, Ltd. shall show cause, in writing, why it should not be fined up to \$5,000 per day, pursuant to Section 367.161, Florida Statutes, for its failure to maintain its books and records in accordance with Orders Nos. 21122 and 23649, and Rules 25-30.110(1)(a) and 25-30.115(1). Florida Administrative Code. It is further,

ORDERED that St. George Island Utility Company, Ltd. shall show cause, in writing, why it should not be fined up to \$5,000 per day, pursuant to Section 367.161, Florida Statutes, for its failure to properly pay interest on or refund customer deposits in accordance with Rule 25-30.311(4) and (5), Florida Administrative Code, and Order No. 23649. It is further

ORDERED that St. George Island Utility Company, Ltd.'s written response must be received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida, 32399-0870, by the close of business on July 31, 1991. It is further

ORDERED that the response of St. George Island Utility Company, Ltd. must contain specific allegations of fact and law. It is further

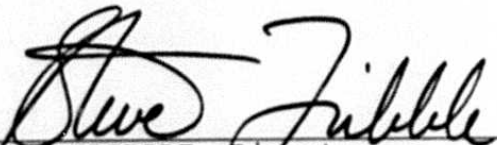
ORDERED that the opportunity of St. George Island Utility Company, Ltd. to file a written response shall constitute its opportunity to be heard prior to final determination of the appropriate fine to be imposed by this Commission, pursuant to Section 367.161, Florida Statutes. It is further

ORDERED that failure to file a timely response to this show cause order shall constitute an admission of the facts alleged in the body of this Order and a waiver of any right to a hearing. It is further

ORDERED that in the event that St. George Island Utility Company, Ltd. files a written response which raises material questions of fact and requests a hearing pursuant to Section 120.57, Florida Statutes, further proceedings may be scheduled before a final determination on these matters is made.

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By ORDER of the Florida Public Service Commission, this 11th
day of July, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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