

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for review of ) DOCKET NO. 920118-WU  
service availability charges in ) ORDER NO. PSC-93-0524-AS-WU  
Highlands County by Placid Lakes ) ISSUED: 04/07/93  
Utilities, Inc. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK  
JULIA L. JOHNSON

ORDER ACCEPTING SETTLEMENT OFFER  
AND RESOLVING SHOW CAUSE PROCEEDING

BY THE COMMISSION:

Placid Lakes Utilities, Inc. (Placid Lakes) is a Class "C" water utility located in Highlands County. Placid Lakes was organized in 1970 and was granted Certificate No. 401-W by Order No. 12594, issued October 10, 1983.

By Order No. 16238, issued June 16, 1986, we discontinued the utility's \$600 system capacity charge because its level of contributions-in-aid-of-construction (CIAC), at 86%, exceeded the maximum level of 75% provided for in Rule 25-30.580, Florida Administrative Code. We also authorized a meter installation charge.

Between June 1990 and January 1992, we received approximately three telephone calls from developers who owned lots in Placid Lakes' certificated area. The developers stated that Placid Lakes refused to provide service to them. On August 1, 1990, we discovered that Placid Lakes was connecting those lots that had lines already available, and was not providing service to those lots where lines were not available because the utility was not generating sufficient funds to make line extensions. In response, the utility explained that the Commission had substantially reduced Placid Lakes' service availability charges and prohibited it from accepting contributed lines. The utility stated also that it did not have sufficient funds to further extend water service to those persons within its service area who are not adjacent to existing water lines.

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In August 1990, we also discovered that Placid Lakes' parent company, Lake Placid Holding Company, was collecting a \$575 charge per connection from developers in the service area where lines were available. The parent company recorded these collections as work-in-progress for Placid Lakes. Placid Lakes is a 100% subsidiary of its parent company. Based on the above information and other information received from the utility, we believe that these collections by the parent company were actually CIAC and should have been recorded by Placid Lakes as CIAC.

Based on work papers prepared by Placid Lakes' accountant, Placid Lakes collected and recorded on its books the authorized meter installation fees from 1986 forward. However, the parent company collected \$141,525 in unrecorded CIAC from 1986 through 1990 on behalf of Placid Lakes. This collection of \$141,525 in unauthorized service availability charges by the parent company violated Order No. 16238.

Based on the above, this Commission issued Order No. PSC-92-0632-FOF-WU July 7, 1992, requiring Placid Lakes to show cause why it should not be fined up to \$5,000 per violation for failure to provide service to new customers in its certificated area and for collecting unauthorized service availability charges. On July 24, 1993, Placid Lakes responded to our show cause order stating that if it denied any developer service it was because it did not have the financial ability to extend its lines and that, therefore, the Commission should not have issued the show cause order.

Regarding the allegation in the show cause order that the utility's parent company collected unauthorized service availability charges, Placid Lakes responded that a charge must be received by the utility to constitute CIAC. Since these charges were collected by the parent company, the utility stated that they did not constitute unauthorized utility charges (or CIAC). The utility also asserted in its response that no customer who refused to pay the charge to the parent was denied service by the utility. Also, the utility argued that the Commission must pierce the corporate veil of these separate corporations before it can penalize the utility for the parent company's actions. In its response, the utility also requested a hearing. Therefore, this matter was set for hearing.

On February 9, 1993, we received a letter from Placid Lakes stating that, although the utility is unwilling to admit that it has violated any statute or order, it is willing to pay \$5,000 in

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settlement of this show cause proceeding in order to avoid the further expenses that would result from this administrative proceeding.

We established new service availability charges for the utility in Order No. PSC-92-0632-FOF-WU; therefore, the utility may now legally collect such charges. We have not received further complaints from developers or other customers regarding not receiving service. We find the settlement amount offered by the utility is reasonable and we hereby accept it. Placid Lakes shall pay the \$5,000 within 10 days of the date of this Order. ;

In the future, Placid Lakes shall not collect any charge that is not authorized by this Commission. Once the \$5,000 settlement amount is received, this docket shall be closed.

Based on the foregoing, it is, therefore

ORDERED by the Florida Public Service Commission that Placid Lakes Utilities, Inc.'s settlement offer is hereby accepted and this show cause proceeding is hereby resolved. It is further

ORDERED that this docket shall be closed upon receipt of the \$5,000 settlement amount.

By ORDER of the Florida Public Service Commission this 7th day of April, 1993.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

SFS

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.