

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Rate Increase in Brevard, Charlotte/Lee, Citrus, Clay, Duval, Highlands, Lake, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, Volusia, and Washington Counties by SOUTHERN STATES UTILITIES, INC.; Collier County by MARCO SHORES UTILITIES (Deltona); Hernando County by SPRING HILL UTILITIES (Deltona); and Volusia County by DELTONA LAKES UTILITIES (Deltona). ) DOCKET NO. 920199-WS ) ORDER NO. PSC-94-1035-FOF-WS ) ISSUED: August 23, 1994

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK

ORDER APPROVING UTILITY'S REQUEST FOR APPROVAL OF PROPOSAL FOR DISPOSITION OF UNCLAIMED REFUNDS AND TERMINATION OF OBLIGATION TO MAINTAIN SECURITY FOR REFUND

BY THE COMMISSION:

Background

Southern States Utilities, Inc., and Deltona Utilities, Inc., (hereinafter referred to as the utility or SSU) are collectively a class A water and wastewater utility operating in various counties in the State of Florida. SSU filed an application to increase the rates and charges for 127 of its water and wastewater systems regulated by this Commission. According to the information contained in the minimum filing requirements (MFRs), the total annual revenue for the water systems filed in this application for 1991 was \$12,319,321 and the net operating income was \$1,616,165. The total annual revenue for the wastewater systems filed in this application for 1991 was \$6,669,468 and the net operating income was \$324,177.

On May 11, 1992, the utility filed its request for increased rates and charges. The MFRs were deficient. On June 17, 1992, the

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utility submitted the required information, and the official date of filing was established as June 17, 1992.

In total, the utility requested interim rates designed to generate annual revenues of \$16,806,594 for its water systems and \$10,270,606 for its wastewater systems, increases of \$3,981,192 (31.57 percent) and \$2,997,359 (41.22 percent), respectively. The utility requested final rates designed to generate annual revenues of \$17,998,776 for its water systems and \$10,872,112 for its wastewater systems, increases of \$5,064,353 (40.16 percent) and \$3,601,165 (49.53 percent), respectively. The approved test year for determining both interim and final rates is the historical year ended December 31, 1991.

By Order No. PSC-92-0948-FOF-WS, issued September 8, 1992, and as amended by Order No. PSC-92-0948A-FOF-WS, issued October 13, 1992, the Commission approved interim rates designed to generate annual water and wastewater revenues of \$16,347,596 and \$10,270,606, respectively.

By Order No. PSC-93-0423-FOF-WS (also referred to as the Final Order), issued March 22, 1993, the Commission approved an increase in the utility's rates and charges which set rates based on a uniform statewide rate structure. Numerous motions for reconsideration were decided by this Commission. Upon the filing of petitions for reconsideration, SSU filed a motion requesting a stay of the provisions of the Final Order requiring refunds of interim revenues within 90 days. This motion was approved by Order No. PSC-93-0861-FOF-WS, issued June 8, 1993.

All of the motions for reconsideration, except for SSU's motion, were decided at the July 20, 1993, Agenda Conference. However, the Commission panel's vote was split on one of the motions. The Chairman cast a deciding vote on the remaining issue at the August 3, 1993, Agenda Conference. On August 17, 1993, Commissioner Clark moved for reconsideration of the calculation of the interim refund in the Final Order. Commissioner Clark's motion was decided at the September 28, 1993, Agenda Conference.

On September 15, 1993, pursuant to the provisions of the Final Order, Commission staff approved the revised tariff sheets and the utility proceeded to implement the final rates. On October 8, 1993, Citrus County and Cypress and Oak Villages (COVA) filed a Notice of Appeal of the Final Order at the First District Court of Appeal. That Notice was amended to include the Commission as a party on October 12, 1993. On October 18, 1993, the utility filed a Motion to Vacate Automatic Stay. By Order No. PSC-93-1788-FOF-WS, issued December 14, 1993, the Commission granted the utility's

motion to vacate the automatic stay. The Order on Reconsideration, Order No. PSC-93-1598-FOF-WS, was issued on November 2, 1993.

The utility filed its proposed plan for refund of interim rates on December 14, 1993. The plan specified that the refund be calculated for the time period beginning with the application of the interim rates on September 18, 1992, through the termination of the interim rates, which was September 14, 1993. Staff determined that several corrections were necessary to the refund plan. The utility subsequently filed a revised refund plan on January 28, 1994. Pursuant to Rule 25-30.360, Florida Administrative Code, the utility has filed periodic refund reports, and filed its final report on April 25, 1994. On June 29, 1994, SSU filed a Request for Approval of Proposal for Disposition of Unclaimed Refunds and Termination of Obligation to Maintain Security for Refund of Interim Revenues.

#### Disposition of Unclaimed Refunds

As stated earlier, SSU filed its Final Refund Report in Docket No. 920199-WS as required by Rule 25-30.360(7), Florida Administrative Code, on April 25, 1994. Rule 25-30.360, Florida Administrative Code, was revised subsequent to the filing of this rate case. When SSU filed its rate case, Rule 25-30.360(8), Florida Administrative Code, stated that with the last report, the company shall suggest a method for disposing of any unclaimed amounts. The Commission shall then order a method of disposing of the unclaimed refunds. Accordingly, SSU filed its request, which states that of the \$990,667.56 of interim rate revenues to be refunded, the total unclaimed refund amount (after appropriate adjustments) is \$9,696.40 as of March 31, 1994. Rule 25-30.360(8), Florida Administrative Code, has been revised to state that any unclaimed refunds shall be treated as cash contributions-in-aid-of-construction (CIAC).

SSU completed the refunds on January 31, 1994. The Commission allowed the utility to process the refund through credits on customers bills. Of the total \$990,667.56 refund, \$909,060.42 was refunded as a credit on the customers' accounts, \$77,636.36 was refunded by check, and \$3,970.78 was not refunded due to bad debts or refunds which equaled less than \$1.00.

The utility has provided a breakdown of the refund by the three operating companies as they existed at the beginning of the case, Southern States, Deltona and United Florida. The refund is also broken down into the amount by each system. Supporting papers showing reconciliations for various adjustments, as well as actual customer listings with specific notes were also submitted. The

utility has refunded 98.62 percent of the total amount to be refunded. The bad debts and refunds under \$1.00 represent .40 percent of the total. The unclaimed portion represents .98 percent of the total amount.

SSU proposes that the unclaimed refunds be credited to CIAC accounts by assigning the total amount to specific systems based on customers directly attributable to each system. SSU would honor any remaining refund claim submitted to SSU within twelve months following the date of issuance of the Commission order approving this proposal. Each refund made within the twelve month period would be accompanied by an appropriate reduction to the CIAC accounts of the affected system(s).

We have reviewed the utility's final report and believe that it conforms with the requirements of our rules in effect at the time the rate application was filed, as well as with the revised rules. We have allowed other utilities to credit CIAC accounts with the amount of unclaimed refunds, and in this case, the credits will match the specific system generating the unclaimed amount. The additional twelve month period in which to honor any additional refund claims is a reasonable length of time to extend possible claims. Therefore, we approve the utility's proposal for disposition of unclaimed refunds and accordingly, the termination of the obligation to maintain the letter of credit securing the refunds.

The utility has requested an additional twelve month period in which to honor any subsequent refund claims. Each refund made within the twelve month period would be accompanied by an appropriate reduction to the CIAC accounts of the affected systems. Because we believe this request is reasonable, we shall grant the utility an additional twelve month period to honor subsequent refund claims. However, SSU shall file a final report at the end of the twelve months which reflects any additional adjustments to the CIAC accounts by system within that last year.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Southern States Utilities, Inc.'s Request for Approval of Proposal for Disposition of Unclaimed Refunds and Termination of obligation to Maintain Security for Refund of Interim Revenues is granted to the extent set forth herein. It is further

ORDERED that Southern States Utilities, Inc.'s request for an additional twelve month period in which to honor any subsequent refund claims is granted. It is further

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ORDERED that Southern States Utilities, Inc., shall file a final report at the end of the twelve month period which reflects any additional adjustments to the CIAC accounts, by system, within the last year.

By ORDER of the Florida Public Service Commission, this 23rd day of August, 1994.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Ferguson  
Chief, Bureau of Records

( S E A L )

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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.