BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ST. GEORGE ISLAND UTILITY COMPANY, LTD. for increased rates and service availability charges for water service in Franklin County	DOCKET NO. 871177-WU ORDER NO. 23038 ISSUED: 6-6-90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
BETTY EASLEY
GERALD L. GUNTER

ORDER TO SHOW CAUSE

BY THE COMMISSION:

Background

On September 1, 1988, St. George Island Utility Company, Ltd. (St. George) completed the minimum filing requirements for a general rate increase. A formal hearing was held regarding St. George's application on January 12 and 13, 1989, in Apalachicola, Florida.

By Order No. 21122, issued April 24, 1989, this Commission established increased rates and charges for water service. Also by Order No. 21122, we found that the quality of service provided by St. George was unsatisfactory, imposed a moratorium against any further connections, and required St. George to make a number of physical improvements within certain time periods. In addition, by Order No. 21122, we also found that St. George was in violation of, and directed it to bring itself into compliance with, a number of our rules regarding record-keeping. Finally, we stated that, if St. George did not comply with our requirements within the time constraints established under Order No. 21122, we would order it to show cause why it should not be fined. The following is a detailed update on the status of St. George's compliance with the requirements of Order No. 21122.

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Escrow of Service Availability Charges

By Order No. 21122, we established service availability charges of $1,245 for plant capacity and $525 for main extension, and ratified the existing charge of $250 for meter installation, for a total connection charge of $2,020 per equivalent residential connection (ERC). In addition, we required St. George to place $1,520 of each service availability charge, which represents the difference between the previously approved charge and the currently approved charge, into a Commission-approved escrow account.

Although we authorized the increased service availability charges by Order No. 21122, on April 24, 1990, St. George did not file revised tariff pages to reflect the increased charges until June of 1989, after considerable pressure from the Staff of this Commission (Staff). The tariff pages were stamped "approved" on June 19, 1989.

On July 21, 1989, St. George placed exactly $1,520 into its Commission-approved escrow account.

In January and February of 1990, we performed an audit of St. George's books and records. The audit cited at least eight specific instances in which St. George apparently collected connection fees of $2,020 but did not place the required amount in escrow. In addition, the audit indicates that as few as 13 water service agreements were signed, and that as many as 56 "connections" were resold, subsequent to June 19, 1989.

St. George responded to our audit on March 16, 1990. In its response, St. George acknowledged that ". . . past record-keeping practices with respect to CIAC [Contributions-in-aid-of-Construction] and maintenance of customer files have led to discrepancies and errors in its records . . ." St. George also explained that the eight instances cited in the audit report in which it did not place $1,520 into escrow were instances in which these connections were "brokered" to third parties. In other words, these connections were purchased for the then-authorized CIAC charge of $500, and subsequently resold to third parties, with the help of St. George, for the currently prevailing service availability charge. In each such instance, it appears that the seller, not St. George, retained the difference. St. George contends that "[s]ince all of these sales were resales of prepaid connections for the benefit of

third parties . . . no escrow deposits were required." St. George also states that it " . . . is not aware of any provisions in the law nor in the rules and regulations of the Public Service Commission that would prohibit the sale and transfer of prepaid connections by third parties."

While there is nothing wrong with a utility finding a new commitment for service when an original customer commitment is terminated, there is a problem with the way in which these connections were "brokered" to third parties. Under Rule 25-30.515(17), Florida Administrative Code, service availability charges are to be collected from ". . . applicants for service . . ." Under St. George's rules and regulations and pursuant to Rule 25-30.310, Florida Administrative Code, an "applicant for service" is one who has completed an application for water service. In other words, before a customer may initiate service, it must complete a water service agreement and pay the utility's approved service availability charge. According to H. Miller & Sons, Inc. v. Hawkins, 373 So.2d 913, 916 (Fla. 1979), the appropriate service availability charge is the prevailing charge at the time of connection.

According to our audit, most of the original purchasers did not complete water service agreements and did not, therefore, become customers of St. George. Accordingly, before it connects any of these subsequent purchasers, St. George should require a completed water service agreement and collect the prevailing service availability charge.

We believe that the intent of Order No. 21122 is clear; St. George was to collect the currently approved service availability charge from each new customer and place $1,520 of each charge collected into escrow. Although we believe that St. George's bookkeeping problems may have contributed to its failure to properly fund the escrow account, we do not find this to be a satisfactory explanation. We also find that St. George's implicit contention that it was not required to collect the currently authorized service availability charge for accounts sold to third parties, and deposit $1,520 thereof into escrow, is belied by the fact that the sellers of these connections collected the higher charge and pocketed the difference.

As mentioned above, our review of the audit seems to indicate that no fewer than 13 water service agreements were signed, and that as many as 56 accounts were "brokered", after

June 19, 1989. There should, therefore, be at least $19,760 and perhaps as much as $104,900 in St. George's service availability escrow account.

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to properly fund its service availability escrow account, in violation of Order No. 21122. St George shall also show cause, in writing, why it should not fund its approved escrow account to at least a level of $19,760.

Elevated Storage Tank

At the hearing, one of the major problems reported by St. George's customers was the inability of the utility to meet demands during holiday periods. These customers reported that they experienced complete outages on several occasions between 1985 and 1987. St. George has ground storage capacity of 290,000 gallons; however, only about 220,000-230,000 gallons of storage is usable due to the construction of the outlet pipe to the high service pumps.

By Order No. 21122, we ordered St. George to submit plans and specifications for a new storage facility with a capacity of at least 500,000 gallons within 90 days. St. George had difficulty obtaining funds for a tank of 500,000 gallons and, after negotiations with the Department of Environmental Regulation (DER) and Staff, St. George entered into a Consent Order with DER. Under the terms of the Consent Order, St. George was required to begin construction of a 150,000 gallon elevated tank on or before January 1, 1990, and have the tank completed and placed into service by April 30, 1990. By Order No. 22321, issued December 19, 1989, we adopted and supported the terms and conditions of the Consent Order. As of March 31, 1990, St. George had not even begun constructing the interim storage tank. It does not, therefore, appear likely that St. George will be able to meet the April 30, 1990 deadline.

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to timely construct the elevated storage tank, in violation of Orders Nos. 21122 and 22321.

Plans For New Well

By Order No. 21122, we required St. George to submit firm plans for a new well to DER and this Commission within 90 days. These plans should have been submitted no later than July 24, 1989. On November 20, 1989, St. George entered into a Consent Order with DER, which was adopted and supported by this Commission by Order No. 22321. The Consent Order required St. George to submit an application for a construction permit for a new well to DER on or before December 1, 1989. As of March 31, 1990, St. George had not submitted firm plans or an application for a construction permit to either DER or this Commission.

We are informed that St. George did enter into a contract to purchase a plot of land, purportedly for a new well, and that a deposit of $500 was made on August 25, 1989. The remaining $24,500 of the purchase price was due on or before November 20, 1989. Apparently, St. George let this contract lapse.

Upon consideration, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to submit firm plans for a new well, in violation of Orders Nos. 21122 and 22321.

Aerator

At the hearing, numerous customers complained about the strong smell of hydrogen sulfide in St. George's water. DER made a sanitary survey inspection of St. George's facilities on October 13 and supplied St. George with the results on October 21, 1988. This report made specific mention of problems with the aerator. By Order No. 21122, we required St. George to submit plans, to both DER and this Commission, for the repair and/or replacement of the aerator within 90 days. The utility did purchase and install three additional trays for the aerator prior to September 1989, however, these trays were installed in the existing structure, which we believe to be grossly inadequate. The structure has torn and missing screens which allows flies, trash or other contaminants to enter the water after aeration. In addition, St. George has no monitoring program to determine the amount of hydrogen sulfide removed by the aerator. Samples should be taken prior to and immediately after aeration to ascertain before and after quantities of hydrogen sulfide.

We do not believe that St. George's installation of new trays satisfies the requirements of Order No. 21122. Accordingly, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to repair or replace its aerator, in violation of Order No. 21122.

Cross-connection Control Program

Inspections by both DER and Staff have revealed that St. George does not have a cross-connection control program. Such a program is required by Rule 17-22.660(2), Florida Administrative Code. By Order No. 21122, we required St. George to submit a proposal to establish and implement a workable cross-connection control program to DER and this Commission within 90 days.

Due to the large number of untested wells on St. George Island, and the potential for inadvertent cross-connection and/or backflow, we believe that it is imperative that St. George have a workable cross-connection control program. In the Consent Order with DER, St. George agreed to submit a program within 90 days of the Consent Order, or no later than February 20, 1990. As noted above, the Consent Order was adopted and approved by this Commission by Order No. 22321. As of March 31, 1990, St. George had not submitted a proposed program to either DER or this Commission. We, therefore, find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to submit a proposed cross-connection control program, in violation of Orders Nos. 21122 and 22321.

Leak Detection and Control Program

By Order No. 21122, we found that St. George had excessive amounts of unaccounted-for water. Much of this was the result of numerous leaks in the distribution system going undetected for days. In some cases, leaks were reported but remained unrepaired for inappropriate periods of time. Accordingly, by Order No. 21122, we directed the utility to submit a proposal to establish and implement a workable leak detection and repair program to both DER and this Commission within 90 days. As of March 31, 1990, St. George had not submitted a proposed program.

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not

be fined up to $5,000 per day for its failure to submit a proposed leak detection and control program, in violation of Order No. 21122.

Moratorium Against Connections

By Order No. 21122, this Commission also ordered St. George to cease making any further connections until it completed the required water system improvements. However, we did allow St. George to continue to connect any customers who had obtained building permits from Franklin County on or before April 24, 1990. It should be noted that DER also had a moratorium against any new connections by St. George.

In the November 20, 1989 Consent Order, DER modified its moratorium in order to allow St. George to connect as many as 200 new ERCs until it completed the elevated water tank and new well. As previously noted, we adopted and approved the Consent Order by Order No. 22321. We also stated in that order that any prepaid connections that were placed into service must be counted as part of the 200 connections and that, after these 200 connections are made, St. George must submit a certified engineering report to both DER and this Commission.

Our audit appears to indicate that St. George entered into approximately 110 prepaid water service agreements between April 4 and June 20, 1989. Further investigation by Staff indicates that very few of these customers had building permits and that few active connections were actually installed.

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its disregard of our moratorium, in violation of Orders Nos. 21122 and 22321. St. George's response to this portion of this Order should explain what fees were actually charged for the prepaid agreements.

Improper Collection of Service Availability Charges

Our final decision in this case was rendered at the April 4, 1989 Agenda Conference, as reflected by Order No. 21122, issued April 24, 1989. As mentioned above, St. George did not file revised tariff pages until approximately eight weeks later, after repeated warnings by Staff. The revised tariff pages were stamped "approved" on June 19, 1989.

As of April 4, 1989, St. George's existing tariff required new customers or developers to pay a system capacity charge of $250 and a meter installation charge of $250, for a total of $500 per ERC. As reflected by Order No. 21122, we increased the service availability charge to $1,770, including $1,245 for plant capacity and $525 for main extension, plus a meter installation fee of $250, for a total connection charge of $2,020 per ERC. The difference between the prior charges and those approved in the order, $1,520, was to be placed in escrow.

Between April 4 and June 20, 1989, St. George collected 110 prepaid connection charges in the amount of $500 per ERC, with the knowledge that we had increased the total connection charge to $2,020 per ERC by our decision on April 4, 1989. Ninety-six of these "connections" had not been connected to the system as of December 19, 1989, and the majority were still not connected as of April 5, 1990.

We believe that St. George intentionally violated the spirit and intent of Order No. 21122. Although the service availability charges approved at the April 4, 1989 Agenda Conference were not to become effective until the tariff pages were stamped "approved," we believe that a prudent utility would have had its revised tariff pages approved as soon as possible after our decision was rendered. St. George, however, extended the effectiveness of the previously approved charge by its delay in filing its revised tariff sheets. We believe that this was a deliberate attempt to allow the purchasers of these prepaid connections to avoid paying the increased charges.

Had the utility collected the higher amount from these persons, it would now have in excess of $162,640 in its service availability escrow account which it could have used to construct its elevated water storage tank. It should be pointed out that had these persons been informed that they would have to pay the increased service availability charge, they very well may not have prepaid at that time. But given the just-approved moratorium, these persons may have paid the increased charge in an attempt to avoid being affected by the possibility of no water for their lots.

Based upon the discussion above, we believe that St. George violated the clear intent of our decision. We, therefore, find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 a

day for violating the intent of Order No. 21122 by collecting the previously approved service availability charge of $500, rather than the currently approved fee of $2,020, between April 4 and June 19, 1989.

Improper Recordation of CIAC Collections

Rule 25-30.115(1), Florida Administrative Code, requires that all water and sewer utilities maintain their accounts and records in conformity with the NARUC Uniform System of Accounts. The Uniform System of Accounts requires that the records supporting the entries to the CIAC account be kept so that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, and the amount of donation from each customer.

According to our audit, St. George has a poor system of record-keeping for its CIAC collections. St. George can provide documentation from the cash receipts journal, customer service records and general ledger journal entries, but it does not have a specific CIAC ledger which details all of the required record-keeping. St. George admits that its present system is cumbersome and that it cannot fully explain why the number of customers in its billing register do not agree with the amount of recorded CIAC. It also admits that its past record-keeping practices with respect to CIAC and maintenance of customer files have led to discrepancies and errors in its records, and that it has discovered several instances in which CIAC was either incorrectly recorded or not recorded at all.

In addition, as addressed under our discussion of the utility's failure to properly fund its escrow account, we are concerned about St. George's practice of "brokering" prepaid service availability charges. It appears that the parties who originally bought these "connections" paid the then-authorized service availability charge of $500, but resold them for the currently authorized charge of $2,020. This causes us great concern, particularly with regard to whether Gene Brown, St. George's owner, made any profit from resales of these prepaid "connections".

In addition, under H. Miller & Sons v. Hawkins, 373 So.2d 913 (Fla. 1979), it is the time of connection, rather than payment, which dictates the charge to be collected. Accordingly, we believe that the subsequent purchasers of these

"connections" may still be liable to St. George for the incremental amount, or $1,520, even though they may have already paid the increased amounts to the original "owners" of these "connections" through the utility.

We believe that the only appropriate procedure to use in a circumstance such as this is for the utility to refund the prepaid amount to the original owner and to collect the currently authorized amount from the new owner. Anything else is a poor system of internal accounting and can only lead, at best, to the appearance of impropriety and, at worst, to litigation between the utility and its customers.

We are aware of at least fifty-six of these prepaid service availability fees that were "brokered" after June 19, 1989, the stamped approval date on the revised tariff pages. If St. George had properly refunded the original $500 and then collected the new fee of $2,020, it would have collected $85,120 of additional CIAC.

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 a day for violating Rule 25-30.115(1), Florida Administrative Code, by failing to keep its CIAC records in accordance with the Uniform System of Accounts.

<u>Failure to Keep Proper Plant Records</u>

As discussed above, under Rule 25-30.115(1), Florida Administrative Code, all water and sewer utilities are required to maintain their accounts and records in conformity with the NARUC Uniform System of Accounts. The Uniform System of Accounts requires that plant assets be maintained by sub-account as specified for each class of utility. According to our audit, St. George maintains a single plant account on its books, with no breakdown by sub-account.

We believe that in order for the utility to be in compliance with the Uniform System of Accounts, it must establish the proper plant accounts on its books for a Class B water utility, and establish retirement units for utility plant. These requirements are as stated in Uniform System of Accounts, Accounting Instructions for Class B utilities, Instructions Nos. 2 - General Records, and 22 - Utility Plant - Additions and Retirements. Further, St. George should ensure

that appropriate work order files are established and maintained in compliance with the NARUC Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities, Instruction No. 30(b).

Based upon the discussion above, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for violating Rule 25-30.115(1), Florida Administrative Code, by its failure to keep proper plant records as required by the Uniform System of Accounts.

Failure to Keep Proper Billing Records

By Order No. 21122, we also required St. George to maintain its books and records in substantial compliance with the NARUC Uniform System of Accounts. Utilities are also required to keep their records in compliance with the Uniform System of Accounts by Rule 25-30.115, Florida Administrative Code. When we performed our audit, we found a number of significant discrepancies in St. George's records, including the following:

a) Fifteen customers paid service availability charges, yet St. George did not enter them into the customer or billing records. St. George also failed to charge these customers the appropriate monthly service rates;

b) Six customers paid service availability charges, were entered into St. George's records and were charged monthly service rates. However, St. George failed to enter the service availability charge payments into the appropriate accounts;

c) Several significant billing credits were found in the billing summary for January 1990, and St. George was unable to provide written authorization or a full explanation for the reason for these credits;

d) St. George has used varying practices to deal with customers who sign water service agreements, pay their service availability charges, and request that meters be set. For instance, some customers who do not have meters

> are nevertheless billed for monthly service while others are not. In addition, some customers who paid their service availability charges were never billed for service. Some were billed, but several months later, while others were billed the very next month.

As already noted, St. George responded to our audit on March 16, 1990. St. George admitted that its billing policies have been inconsistently applied. However, St. George indicated that it would attempt to apply its policies consistently in the future.

Regardless of any future efforts to connect these problems, we believe that St. George has been extremely lax in maintaining proper billing records. As a result, it has exercised a discriminatory rate policy. Accordingly, we find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to keep proper billing records, in violation of Order No. 21122 and Rule 25-30.115(1), Florida Administrative Code.

Inappropriate Billing

As discussed above, St. George has been billing the base facility charge inconsistently. There are two sets of customers that concern us here; those who paid St. George's previously approved service availability charge and have a meter, according to the utility's books, and those that paid the previously approved charge and do not have a meter, again, according to the utility's books.

This problem first came to our attention when Staff received a number of telephone calls from customers who complained of being charged the base facility charge when they were not connected to the utility's system. Our audit confirmed these occurrences and, as already noted, St. George admits that it has been billing customers in an inconsistent manner.

As far as we can tell, it appears that those customers who do not have meters were charged the base facility charge as a guaranteed revenue charge. St. George does not have authority to charge a guaranteed revenue charge, and we believe that the random substitution of the base facility charge for a

guaranteed revenue charge is completely inappropriate. Our audit indicates that 63 accounts were inappropriately charged the base facility charge, for an estimated total of $7,111.

With regard to those customers who do have meters, charging these customers the base facility charge may or may not be appropriate, depending on whether they are being provided service: If these customers are receiving service, it is appropriate for St. George to charge the base facility charge; if they are not receiving service, it is probably inappropriate. Our audit indicates that there are 44 accounts in this category, for an estimated total of $5,250.

Due to St. George's poor record-keeping, we cannot determine who is or is not being charged the base facility charge and whether such a charge is appropriate under their particular circumstances. We, therefore, find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for inappropriately charging its base facility charge as a guaranteed revenue charge, in violation of Sections 367.081 and 367.091, Florida Statutes, and Rules 25-9.001 and 25-30.135, Florida Administrative Code. In addition, St. George shall show cause why it should not refund all base facility charges collected as guaranteed revenues.

Failure to Use Water Service Agreements

Our audit also indicates that St. George has been extremely lax in using water service agreements to initiate service, as required by its tariff. St. George's tariff, First Revised Sheet No. 8, Item 3.0, specifically provides that "[w]ater service is furnished only upon signed application or agreement accepted by the company and the conditions of such application or agreement is binding upon the customer as well as upon the company." In our audit, we discovered 19 unexecuted agreements, 81 instances in which there were no agreements and 19 instances in which files were missing.

In its response, St. George acknowledged the unsigned and missing agreements. St. George explained that it has been providing blank forms to realtors who have accepted connection charges, customer deposits and reconnection fees on behalf of the utility. St. George also indicated that customers who do not have executed agreements on file are being sent new agreements to be executed and placed into the utility's files.

Although the utility may, at this time, be taking corrective action, the fact remains that, again, there are no clear customer records. We cannot help but believe that this failure has contributed to St. George's improper collections of CIAC and its failure to properly fund its service availability escrow account. We, therefore, find it appropriate to require St. George to show cause, in writing, why it should not be fined up to $5,000 per day for its failure to properly use water service agreements, in violation of Rules 25-30.135 and 25-30.310, Florida Administrative Code.

Revised Tariff Pages

As a result of our investigation and various customer complaints, it is clear that there are certain provisions in St. George's tariff which have been subject to varying interpretations by the utility and this Commission. In order to close out these areas of controversy, we believe that St. George should file certain revisions to its tariff.

First, we note that St. George's rate schedules provide, under the section describing minimum charges, that this charge "covers the availability of water service, and accordingly continues to accrue whether water service is connected or disconnected." This has been interpreted by St. George to allow it to charge the base facility charge after a customer has signed an application for service, whether that customer could physically obtain water or not. We believe that the current language in St. George's tariff is sufficiently vague to allow, and has in fact contributed to, what we believe to be inappropriate billings of the base facility charge. Accordingly, we believe that St. George should revise its tariff to clear up these problems, and suggest the following language:

> MINIMUM CHARGE - The minimum charge is $13.24 per month. This charge covers the availability of water service, and accordingly continues to accrue where a customer has had a structure connected, whether or not the customer is currently receiving service. All base facility charges must be paid prior to service being reconnected for a new customer at the same location (emphasis added on the changed words).

The intent of this language is to allow St. George to collect the base facility charge as a "vacation rate," and not when a customer has no means of accessing water service. We believe that these changes will make that clarification.

In addition to the above, St. George's tariff delineates neither when a customer becomes a customer nor when he or she is liable for the various charges. We believe that St. George should revise its tariff to clear up these problems.

Finally, if St. George believes that it is appropriate to charge guaranteed revenues, it should make a specific request to the Commission. If approved, the definition of the charge, its application, and the appropriate rate should be included in the service availability portion of its tariff.

These revised tariff pages should be filed within 30 days of the date of this Order, and shall become effective as soon as they are stamped "approved."

Upon due consideration, 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 for its failure to properly fund its service availability escrow account, in violation of Order No. 21122. 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 for its failure to construct the elevated storage tank in a timely fashion, in violation of Orders Nos. 21122 and 22321. 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 for its failure to submit firm plans for a new well, in violation of Orders Nos. 21122 and 22321. 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 for its failure to repair and/or replace the aerator, in violation of Order No. 21122. 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 for its failure to submit a proposal to establish and implement a workable cross-connection control program, in violation of Orders Nos. 21122 and 22321. 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 for its failure to submit a proposal to establish and implement a workable leak detection and repair program, in violation of Order No. 21122. 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 for its disregard of our moratorium, in violation of Orders Nos. 21122 and 22321. St. George's response to this portion of this Order should indicate what charges were collected from what customers. 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 a day for violating the intent of Order No. 21122 by collecting the previously approved service availability charge of $500, rather than the currently approved fee of $2,020, between April 4 and June 19, 1989. 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 a day for violating Rule 25-30.115(1), Florida Administrative Code, by failing to keep its CIAC records in accordance with the NARUC Uniform System of Accounts. 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 for violating Rule 25-30.115(1), Florida Administrative Code, by its failure to keep proper plant records as required by the NARUC Uniform System of Accounts. 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 for violating Order No. 21122 and Rule 25-30.115(1), Florida Administrative Code, by its failure to maintain customer billing records in accordance with the NARUC Uniform System of Accounts. 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 for inappropriately charging its base facility charge as a guaranteed revenue charge, in violation of Sections 367.081 and 367.091, Florida Statutes, and Rules 25-9.001 and 25-30.135, Florida Administrative Code. It is further

ORDERED that St. George Island Utility Company, Ltd. shall show cause why it should not refund all base facility charges collected as guaranteed revenues. 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 for violating Rules 25-30.135 and 25-30.310, Florida Administrative Code, by its failure to properly use water service agreements to initiate service in the manner required by its tariffs. 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 June 26, 1990. It is further

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

ORDERED that St. George Island Utility Company, Ltd.'s opportunity to file a written response shall constitute its opportunity to be heard prior to a final determination of noncompliance or assessment of penalty. It is further

ORDERED that should St. George Island Utility Company, Ltd. fail to file a timely written response to this Order, such failure shall constitute an admission of the facts alleged herein 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(1), Florida Statutes, further proceedings may be scheduled before a final determination on these matters is made. It is further

ORDERED that St. George Island Utility Company, Ltd. shall file tariff pages, revised in accordance with the provisions of this Order, within thirty (30) days of the date of this Order. These tariff pages shall become effective upon the date they are stamped "approved."

By ORDER of the Florida Public Service Commission this 6th day of JUNE, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

RJP

by: Kay Flynn
Chief, Bureau of Records