

ORIGINAL



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

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RECORDS AND REPORTING

**DATE:** JULY 23, 1998

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYNE)

**FROM:** DIVISION OF WATER AND WASTEWATER (JOHNSON, MCCASKILL)  
DIVISION OF LEGAL SERVICES (JAEGER)

**RE:** DOCKET NO. 970559-SU - DISPOSITION OF CONTRIBUTIONS-IN-AID-OF-CONSTRUCTION IN PASCO COUNTY BY HUDSON UTILITIES, INC. D/B/A HUDSON BAY COMPANY.  
COUNTY: PASCO

**AGENDA:** AUGUST 4, 1998 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\WAW\WP\970559.RCM

### CASE BACKGROUND

Hudson Utilities, Inc. (Hudson or utility) Inc. is a Class B wastewater utility providing service to the public in Pasco County. As of December 31, 1997, the Utility served 1,339 wastewater customers. The Utility had gross operating revenues of \$793,845, and reported net operating income of \$70,848.

In Order No. 23541, the Commission required any water and wastewater utility already collecting the gross-up on CIAC and wishing to continue, to file a petition for approval with the Commission on or before October 29, 1990. On November 30, 1992, pursuant to Order No. 23541, Hudson filed for initial authority to gross-up CIAC. The information as filed met the filing requirements of Order No. 23541. By Order No. PSC-93-0206-FOF-SU, issued February 9, 1993, the Commission allowed the utility's proposed tariff to become effective by operation of law on an interim basis for gross-up on CIAC. Order No. PSC-93-0962-FOF-SU, issued June 28, 1993, granted Hudson Utilities authority to gross-up.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 970559-SU  
DATE: JULY 23, 1998

In compliance with Orders Nos. 16971 and 23541, Hudson filed its 1995 annual CIAC report regarding its collection of gross-up for the year. Order No. PSC-97-1349-FOF-SU, issued October 27, 1997, in Docket No. 970559-SU, required the utility to refund a total of \$38,535, plus accrued interest (\$2,493) through the date of refund to contributors on a pro rata basis. The refund for 1995 was \$41,028. The utility had six months to complete the refund. The utility has completed the refunds and has a total of \$1,196 in unclaimed refunds; of that total \$746 are outstanding checks as of May 31, 1998 and \$450 are undeliverable refunds. By letter dated June 28, 1998, the utility requested that it be allowed to credit the unclaimed refunds as CIAC. The utility's request to dispose of the unclaimed refunds is the subject of this recommendation.

#### DISCUSSION OF ISSUES

**ISSUE 1:** Should Hudson Utilities, Inc. be allowed to credit its CIAC account with the amount of unclaimed refunds?

**RECOMMENDATION:** Yes. Hudson Utilities, Inc., should credit \$1,196 to the contributions-in-aid-of-construction (CIAC) account, of that total \$746 are outstanding checks and \$450 are undeliverable refunds. Hudson should be required to honor any remaining refund claims submitted to the utility within 90 days following the date of issuance of the Commission order approving the proposal. Each refund made within the 90 day period should be accompanied by an appropriate reduction to the CIAC account.  
(JOHNSON)

**STAFF ANALYSIS:** In accordance with Commission Order No. PSC-97-1349-FOF-SU, Hudson implemented the refund and submitted copies of its refund report to the Commission. By letters dated June 28, 1998, Hudson provided copies of canceled refund checks and/or customer credits reflecting refund amounts. Hudson requested that the CIAC refunds which remain outstanding be treated as CIAC. According to Hudson, the unclaimed refund total of \$1,196, includes \$746 in outstanding checks and \$450 in undeliverable refunds. The unclaimed refunds represent 3% of the refunds ordered.

As directed by staff, Hudson provided a list of each individual check, payee and amount remaining unclaimed. Staff requested and received from Hudson an explanation of the efforts

DOCKET NO. 970559-SU  
DATE: JULY 23, 1998

undertaken to complete the refund. In response, Hudson advised that:

1. Many of the addresses were in the utilities files; and
2. They contacted the local United State Postal office for forwarding addresses.

Hudson mailed the refund checks to the last known mailing address of each contributor. Further, Hudson advised that the remaining refunds are undeliverable. The Utility has exhausted all possible alternatives to locate forwarding addresses for the remaining customers.

According to the utility's 1997 annual report, the utility is 79% contributed for the wastewater system. The Commission has allowed other utilities to credit CIAC accounts with the amount of unclaimed refunds of gross-up on CIAC. This procedure has been approved in Order No. PSC-94-1443-FOF-WS, issued November 23, 1994, in Docket No. 941096-WS and in Order No. PSC-92-1290-FOF-WS, issued November 10, 1992, in Docket No. 901019-WS. Based on the above, staff recommends that Hudson be allowed to credit CIAC in the amount of \$1,196 for unclaimed refunds. Hudson should be required to honor any remaining refund claims submitted to the utility within 90 days following the date of issuance of the Commission order approving the proposal. Each refund made within the 90 day period should be accompanied by an appropriate reduction to the CIAC account.

DOCKET NO. 970559-SU  
DATE: JULY 23, 1998

ISSUE 2: Should the docket be closed?

RECOMMENDATION: Yes, this docket should be closed. (JAEGER)

STAFF ANALYSIS: There is no further action required in this docket; therefore, this docket should be closed.