



Public Service Commission

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RECORDS AND REPORTING

DATE: MARCH 16, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYC)

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

RE: DOCKET NO. 990744-SU - DISPOSITION OF GROSS-UP ON CIAC COLLECTIONS BY FOUNTAIN LAKES SEWER CORPORATION IN LEE COUNTY.
COUNTY: LEE

AGENDA: MARCH 28, 2000 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\WAW\WP\990744A.RCM

CASE BACKGROUND

Fountain Lakes Sewer Corporation (Fountain Lakes or utility) is a Class B utility providing service to approximately 579 wastewater customers in Lee County. As of December 31, 1998, the utility had annual operating revenues of \$291,578 and net operating income of \$57,086 for the wastewater system.

In Order No. 23541, issued December 18, 1986, in Docket No. 860184-PU, the Commission required any water and wastewater utility already collecting the gross-up on contributions-in-aid-of construction (CIAC) and wishing to continue, to file a petition for approval with the Commission on or before October 29, 1990. On December 31, 1990, pursuant to Order No. 23541, Fountain Lakes filed for authority to continue grossing-up CIAC. Although the information as filed did not meet the filing requirements of Order No. 23541, subsequent information that was filed did meet the filing requirements. On December 17, 1991, this Commission issued Proposed Agency Action (PAA) Order No. 25500, in Docket No.

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FPSC-RECORDS/REPORTING

DOCKET NO. 990744-SU
DATE: MARCH 16, 2000

901023-PU, which granted Fountain Lakes the authority to continue to gross-up CIAC.

In compliance with Orders Nos. 16971 and 23541, Fountain Lakes filed its 1990 through 1996 annual CIAC reports regarding its collection of gross-up for each year. Order No. PSC-99-1748-PAA-SU, issued September 7, 1999, in Docket No. 990744-SU, required the utility to refund a total of \$22,451, plus accrued interest through the date of refund to contributors on a pro rata basis. The refund was for the years 1990 through 1995. No refunds were required for 1996. The utility had six months to complete the refund. The utility has completed the refunds and to date, \$9,966 of the refunds remain unclaimed. The utility has made several attempts to deliver the four certified checks totaling \$9,966 to the contributors. By letter dated February 25, 2000, Fountain Lakes 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 Fountain Lakes be allowed to credit its CIAC account with the amount of unclaimed refunds?

RECOMMENDATION: Yes. Fountain Lakes should credit \$9,966 to the contributions-in-aid-of-construction (CIAC) account. (JOHNSON)

STAFF ANALYSIS: In accordance with Commission Order No. PSC-99-1748-PAA-SU, Fountain Lakes implemented the refund and submitted copies of its refund report to the Commission. By letters dated February 25, 2000, Fountain Lakes provided copies of the canceled refund checks reflecting the refund amounts. Fountain Lakes requested that the CIAC refunds which remain outstanding be treated as CIAC. According to Fountain Lakes, the unclaimed refund total of \$9,966 includes interest of \$1,760. The unclaimed refunds represent 36% of the refunds ordered. The \$9,966 in CIAC gross-up taxes belongs to four contributors that could not be located.

As directed by staff, Fountain Lakes provided a list of each individual check, payee and amount remaining unclaimed. Staff requested and received from Fountain Lakes an explanation of the efforts undertaken to complete the refund. In response, Fountain Lakes advised that many of the addresses were in the utilities

DOCKET NO. 990744-SU
DATE: MARCH 16, 2000

files; and that the utility contacted the local United States Post Office for forwarding addresses.

Fountain Lakes mailed the refund checks to the last known mailing address of each contributor. Further, Fountain Lakes advised that the remaining refund is undeliverable and the companies no longer exist. The utility has exhausted all possible alternatives to locate forwarding addresses for the remaining contributors.

According to the utility's 1998 annual report, the utility is 53% 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. Also, Rules 25-30.360(1) and (8), Florida Administrative Code, require any unclaimed refunds be treated as cash 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 Fountain Lakes be allowed to credit CIAC in the amount of \$9,966 for unclaimed refunds.

DOCKET NO. 990744-SU
DATE: MARCH 16, 2000

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.