

STATE OF FLORIDA

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DIVISION OF LEGAL SERVICES
NOREEN S. DAVIS
DIRECTOR
(850) 413-6199

Public Service Commission

May 31, 2001

Mr. J. Ray Keen
Keen Sales, Rentals and Utilities, Inc.
685 Dyson Road
Haines City, Florida 33844

RE: Docket No. 970201-WU, Application for transfer of facilities of Lake Region Paradise Island and amendment of Certificate No. 582-W in Polk County by Keen Sales, Rentals and Utilities, Inc.

Dear Mr. Keen:

We have received two letters from you in April 2001. Your first letter, dated April 6, 2001, deals with your calculations of refunds by account number. The second letter, dated April 17, 2001, which provided proof by name and address that refunds had been made, advised that the refund ordered by the Public Service Commission is incorrect. I will address each of your letters below.

In your letter dated April 6, 2001, you stated that the refund for each account had been calculated and you had determined the whole refund per account by applying the multiplier of "1.415026." Upon checking some of the refund calculations on the worksheet pages you enclosed, we have determined that you have incorrectly used the interest multiplier. The pages attached to your letter indicate the refund was actually calculated with a multiplier of .011415026, which resulted in reduced refunds. The correct interest multiplier for the period February 1997 - March 2001 was 1.1663038.

The correct way to use the Interest Multiplier, as stated in our April 19, 2000, letter to you is: "... calculate the total over charge for each customer and multiply that amount by the Interest Multiplier ... to determine the total due to each customer." Keen incorrectly calculated all of the refunds due to your customers by using an interest multiplier of .011415026 instead of 1.1663038. In addition, if you can provide documentation showing that the overcharge did not begin until the April 1997 billing, the interest multiplier should have been 1.1613298. All refunds must be recalculated and the balances issued to each customer by June 22, 2001. Remember that interest is now due for the months of April and May. Please see the attached examples as to how to calculate the remaining refunds.

DOCUMENT NUMBER-DATE

07017 JUN-50

PSC-RECORDS, REPORTING

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In your letter of April 17, 2001, you state that Keen incorrectly changed the rates charged to the Lake Region Paradise Island (Lake Region) customers in the third month of ownership of the utility, not during the first month of ownership as you had previously reported in your letter of March 7, 2000. The staff is willing to reconsider the start-date of the refund upon further documentation of this timing difference. However, be advised that the utility did NOT have the authority to unilaterally make this change in the refund period. Unless you can provide further documentation on the changed dates, the utility's refund period will stand as specified in Order No. PSC-00-0913-PAA-WU. Therefore, please provide documentation showing that the utility did not increase rates for February and March, 1997 billings.

Rule 25-30.360(7), Florida Administrative Code, requires the submission of certain refund reports. The information attached to the April 17, 2001, letter included a response to parts (a) and (b) of this Rule. However, the worksheets provided in the April 6, 2001, letter were by account number and the proof of refunds provided were by name and address. The worksheets and proof of refunds must be provided in the same format so staff may check your submittals for accuracy. Please submit a list of customer names and addresses by account numbers so staff can complete verification of your refunds. Additionally, Keen must still comply with Sections (c) and (d), which require a report on the amount of any unclaimed refunds, and the status of any unclaimed amounts.

The utility may submit the refund calculation for staff's verification and approval prior to the refund being made, pursuant to Rule 25-30.360(4)(e), Florida Administrative Code, and we strongly suggest that it do so.

Please provide this information **no later than June 29, 2001**, to:

**Ms. Blanca Bayó, Director
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850**

Should you have any questions concerning the information requested in this letter, please contact Ms. Stephanie Clapp, of my staff, at (850) 413-6997.

Sincerely,



Patti Daniel
Chief, Bureau of Certification

PD/sc

cc: Division of Water and Wastewater (lowe, Messer, Redemann)
Division of Legal Services (Crosby)
Division of Records and Reporting

EXAMPLES OF CALCULATIONS OF BALANCES DUE KEEN CUSTOMERS

FEBRUARY '97-DECEMBER '99 OVERCHARGES

APRIL '97-DECEMBER '99 OVERCHARGES

Account Number 001077

Overcharge amount*	\$19.87	\$19.87
Interest multiplier	<u>x 1.1663038</u>	<u>x 1.1613298</u>
Refund owed in April	\$23.17	\$23.08
Refund issued by Keen	- <u>\$20.21</u>	- <u>\$20.21</u>
Refund still owed	\$2.96	\$2.87
Interest multiplier		
April & May 2001	<u>x 1.0066974</u>	<u>x 1.0066974</u>
REFUND DUE	<u>\$2.98</u>	<u>\$2.89</u>

Account Number 002078

Overcharge amount*	\$148.98	\$148.98
Interest multiplier	<u>x 1.1663038</u>	<u>x 1.1613298</u>
Refund owed in April	\$173.76	173.01
Refund issued by Keen	- <u>\$150.68</u>	- <u>\$150.68</u>
Refund still owed	\$23.08	\$22.33
Interest multiplier		
April & May	<u>x 1.0066974</u>	<u>x 1.0066974</u>
REFUND DUE	<u>\$23.23</u>	<u>\$22.48</u>

Account Number 005079

Overcharge amount*	\$84.93	\$84.93
Interest multiplier	<u>x 1.1663038</u>	<u>x 1.1613298</u>
Refund owed in April	\$99.05	\$98.63
Refund issued by Keen	- <u>\$85.41</u>	- <u>\$85.41</u>
Refund still owed	\$13.64	\$13.22
Interest multiplier		
April & May	<u>x 1.0066974</u>	<u>x 1.0066974</u>
REFUND DUE	<u>\$13.73</u>	<u>\$13.31</u>

Account Number 006045

Overcharge amount*	\$84.30	\$84.30
Interest multiplier	<u>x 1.1663038</u>	<u>x 1.1613298</u>
Refund owed in April	\$98.32	\$97.90
Refund issued by Keen	- <u>\$85.27</u>	- <u>\$85.27</u>
Refund still owed	\$13.05	\$12.63
Interest multiplier		
April & May	<u>x 1.0066974</u>	<u>x 1.0066974</u>
REFUND DUE	<u>\$13.14</u>	<u>\$12.71</u>

Account Number 007080

Overcharge amount*	\$91.27	\$91.27
Interest multiplier	<u>x 1.1663038</u>	<u>x 1.1613298</u>
Refund owed in April	\$106.45	\$105.99
Refund issued by Keen	- <u>\$92.31</u>	- <u>\$92.31</u>
Refund still owed	\$14.14	\$13.68
Interest multiplier		
April & May	<u>x 1.0066974</u>	<u>x 1.0066974</u>
REFUND DUE	<u>\$14.23</u>	<u>\$13.77</u>

*If Keen has no documentation that correct rates were charged in February and March, the overcharge amounts per account should be increased to the correct overcharge amounts.