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STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL  
S. CURTIS KISER  
GENERAL COUNSEL  
(850) 413-6199

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Public Service Commission

April 2, 2010

Mr. S. Norman Duncan, President  
Pinecrest Ranches, Inc.  
6115 Highway 60 East  
Bartow, FL 33830-8923

CERTIFIED MAIL

**Re: Docket No. 090414-WU, Application for Staff-Assisted Rate Case in Polk County by Pinecrest Ranches, Inc., and Delinquent Regulatory Assessment Fees for the Years 2006, 2007, 2008, and 2009.**

Dear Mr. Duncan:

I am writing to inform you that unless Pinecrest Ranches, Inc. (Pinecrest or Utility) pays the appropriate regulatory assessment fees (RAFs), plus penalty and interest, for the years 2006, 2007, 2008, and 2009, staff will file a recommendation to initiate show cause proceedings against the utility. As previously advised, Pinecrest has failed to pay the appropriate RAFs for the years 2006, 2007, and 2008. Also, the RAFs for 2009 are due on March 31, 2010. The utility is also accruing penalties, plus interest, for failure to submit its RAFs, as is provided by Rule 25-30.120(7), Florida Administrative Code (F.A.C.), and Section 350.113(4), Florida Statutes (F.S.). That rule and statute provide for penalties and interest as follows:

1. Five percent of the fee if the failure is for not more than 30 days, with an additional five percent for each additional 30 days or fraction thereof during the time in which failure continues, not to exceed a total penalty of 25 percent.
2. The amount of interest to be charged is one percent for each 30 days or fraction thereof, not to exceed a total of 12 percent per annum.

Further, Section 367.161(2), F.S., provides as follows:

The Commission has the power to impose upon any entity that is subject to its jurisdiction under this chapter and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the commission; or the commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the

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real and personal property of the entity, enforceable by the commission as a statutory lien under chapter 85.

Accordingly, if show cause proceedings are initiated, and if Pinecrest is found to be in violation of Commission rules and statutes, the Commission has the authority to impose penalties and to take further action, as stated in the above-referenced statute.

REGULATORY ASSESSMENT FEES

Pursuant to Rule 25-30.120(2), F.A.C., regulatory assessment fees must be paid by March 31 of each year. Administrative penalties, plus interest, must be imposed as provided under Rule 25-30.120(7), F.A.C., and section 350.113(4), F.S. After reviewing the available information, we have determined that as of April 30, 2010, Pinecrest will owe the following:

Year	Revenues	Regulatory Assessment Fees Owed	Penalty	Interest	Total
2006	\$39,131.00	\$1.96*	\$352.18	\$650.81	\$1,004.95
2007	\$50,277.72	\$762.50**	\$190.63	\$190.63	\$1,143.76
2008	\$48,523.00	\$2,183.54	\$545.89	\$283.86	\$3,013.29
				<b>TOTAL</b>	\$5,162.00***

\*For 2006, the RAFs owed were \$1,760.90, and the Utility only paid \$1,758.94. The appropriate penalty and interest were calculated based on when the \$1,758.94 was paid and assuming the remaining amount due is paid by April 30, 2010.

\*\*For 2007, the RAFs owed were \$2,262.50, and the Utility only paid \$1,500. Again, the appropriate amount of penalty and interest were calculated based on when the \$1,500 was paid and assuming the remaining amount due is paid by April 30, 2010.

\*\*\*This figure does not include the amounts due for 2009. For 2009, the appropriate RAFs are 4.5 percent of the revenues, and, if paid after March 31, 2010, but prior to or on April 30, 2010, the calculated amount due would be increased by a five percent penalty and one percent of interest.

Pursuant to Rule 25-30.120(7)(a)2., F.A.C., Pinecrest continues to be responsible for paying interest of one percent every thirty days on the unpaid balance of the regulatory assessment fees. The amounts shown above have been calculated through April 30, 2010. The amounts are subject to change and increase over time, and any delay in payment may subject you to additional penalties and interest. Therefore, it is important that you submit payment of \$5,162.00 for the years 2006-2008. Also, the Utility should pay the 2009 RAFs, plus penalty and interest by April 30, 2010, if it does not make a timely payment on March 31, 2010. Any check(s) should be made payable to the Florida Public Service Commission as soon as possible. Your payment of the amounts set forth above are due on or before April 30, 2010, and should be mailed with a copy of this letter to the Fiscal Services Section, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850.

Mr. S. Norman Duncan  
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If payment in the above amount is not received by April 30, 2010, Commission staff will be forced to file a recommendation to initiate show cause proceedings. If Pinecrest is ultimately found to be in violation of Commission rules, in addition to being authorized to impose fines of up to \$5,000 for each day the violation continues, the Commission may impose a statutory lien upon the real and personal property of the Utility.

Further, there is some question as to whether the Commission should proceed with the processing of the staff-assisted rate case in Docket No. 090414-WU. Pursuant to Rule 25-30.455(8)(d), F.A.C., one of the criterion for granting a petition for staff assistance is "whether the petitioner has paid applicable regulatory assessment fees." If the RAFs are not paid, the continuation of the staff-assisted rate case would be an issue that would be raised with the Commission for its determination.

Finally, if you have questions regarding the matters discussed herein, you may contact me at (850) 413-6234.

Sincerely,



Ralph R. Jaeger  
Senior Attorney

RRJ:th

cc: Division of Economic Regulation (Bulecza-Banks, Fletcher, L. Roberts, Hudson, Kaproth)  
Division of Administrative Services (V. Moore)