

STATE OF FLORIDA

COMMISSIONERS:
NANCY ARGENZIANO, CHAIRMAN
LISA POLAK EDGAR
NATHAN A. SKOP
ART GRAHAM
RONALD A. BRISÉ



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

Public Service Commission

July 27, 2010

RECEIVED-FPSC
10 JUL 27 AM 10:38
COMMISSION
CLERK

O&S Water Company, Inc.
Mr. Jack P. Olsen
501 East Oak Street
Suite F
Kissimmee, FL 34744-4554

Re: Docket No. 090322-WS - Request to establish payment plan for 2008 regulatory assessment fees by O&S Water Company, Inc. in Osceola County.

Dear Mr. Olsen:

The staff of the Florida Public Service Commission is currently in the process of drafting a recommendation for the Commission's consideration in the above-referenced docket. As you know, this docket was opened to address your request for a Commission-approved payment plan for outstanding regulatory assessment fees (RAFs) owed for 2008 and 2009. The purpose of this letter is to inform you of the updated amounts of outstanding RAFs, plus penalties and interest currently due for the years 2008 and 2009. In addition, as explained in more detail below, staff has also been made aware that O&S owes outstanding RAFs, plus penalties and interest, for the year 2004.

The RAFs, penalties and interest owed for the years 2008 and 2009 as of August 31, 2010, are as follows:

<u>2008</u>	<u>RAFs</u>	<u>Paid</u>	<u>30 Day Extension Fee</u>	<u>Penalties</u>	<u>Interest</u>	<u>Total</u>
Due July 30, 2008	\$30,827.25	\$15,000	\$900	\$1,978.41	\$3,956.81	\$22,662.47
Due Jan. 30, 2009	\$27,677.58	\$15,000	\$12,000	\$1,584.70	\$2,408.74	\$17,871.02
Owed as of August 31, 2010:						\$40,533.49

<u>2009</u>	<u>RAFs</u>	<u>Paid</u>	<u>30 Day Extension Fee</u>	<u>Penalties</u>	<u>Interest</u>	<u>Total</u>
Due July 30, 2009	\$18,516.38	None	N/A	\$4,629.10	\$2,407.13	\$25,552.61
Due Jan. 30, 2010	\$35,730.54	None	N/A	\$5,359.58	\$1,071.92	\$42,162.04
Owed as of August 31, 2010:						\$67,714.65

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action / Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

2010 JUL 27 10:19 AM

FPSC-COMMISSION CLERK

According to the Annual Report for the year 2004, O&S had gross operating revenues of \$357,505.00. Accordingly, the amount owed for RAFs on March 31, 2005, was \$16,087.73 (.045 x \$357,505). According to our records, it appears that O&S incorrectly deducted \$83,750 from its gross operating revenues for water purchased from the Florida Governmental Utility Authority (FGUA), and thus underpaid RAFs in the amount of \$12,317.00 for the year 2004. Because the Commission has found the FGUA to be an exempt non-regulated utility, it appears that O&S may have incorrectly applied Rule 25-30.120(5), Florida Administrative Code. This rule allows a utility that purchases water from another Commission-regulated utility to deduct the annual expense for purchased water from its gross operating revenue before calculating the amount of RAFs due. Further, Rule 25-30.120(8), Florida Administrative Code, states that if a utility remits less than 90% of RAFs owed, penalties and interest will be calculated on a going-forward basis.

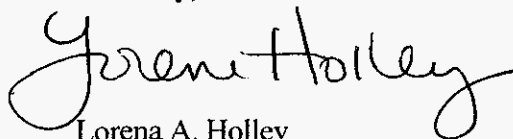
Accordingly, the RAFs, penalties and interest due for the year 2004 as of August 31, 2010, are as follows:

2004	RAFs	Paid	Penalties	Interest	Total
Due March 31, 2005	\$16,087.73	\$12,317.00	\$942.68	\$2,450.00	\$7,163.48
Owed as of August 31, 2010					\$7,163.48

Staff's recommendation on whether the Commission should grant the request for a payment plan will be based on the amounts due, the Commission Audit that was issued in September of 2009, and also whether the company has remitted RAFs due for the period January 1, 2010 through July 31, 2010.

Should you have any questions regarding this letter, or if O&S plans to remit any portion of the amounts due prior to August 31, 2010, please contact me at (850) 413-6197.

Sincerely,



Lorena A. Holley
Senior Attorney

cc: Division of Economic Regulation (Bulecza-Banks, Slemkewicz, Kaproth)
Martin S. Friedman, Esq.
Office of the Commission Clerk