**FLORIDA PUBLIC SERVICE COMMISSION**

**Fletcher Building**

**101 East Gaines Street**

**Tallahassee, Florida 32399-0850**

**M E M O R A N D U M**

**July 8, 1993**

**TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING**

**FROM : DIVISION OF WATER AND SEWER (MEADOR)**

**DIVISION OF LEGAL SERVICES (BEDELL)**

**RE : UTILITY: SUNRAY UTILITIES - NASSAU, INC.**

**DOCKET NO.: 920465-WS**

**COUNTIES: NASSAU**

**CASE: DISPOSITION OF CIAC GROSS-UP FUNDS RECEIVED**

**AGENDA : JULY 20, 1993 - PROPOSED AGENCY ACTION - CONTROVERSIAL - PARTIES MAY PARTICIPATE**

**CRITICAL DATES: NONE**

**FILENAME: I:\PSC\WAW\WP\920465.RCM**

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**CASE BACKGROUND**

By Order No. 16971, issued December 18, 1986, the Commission granted approval for water and sewer utilities to amend their service availability policies to meet the tax impact on Contributions-in-Aid-of-Construction (CIAC) resulting from the amendment of Section 118(b) of the Internal Revenue Code. Order No. 23541, issued October 1, 1990, ordered utilities currently grossing-up CIAC to file a petition for continued authority to gross-up and also ordered that no utility may gross-up CIAC without first obtaining the approval of this Commission. Sunray Utilities - Nassau, Inc. (Sunray or utility) requested and was granted authority to continue to gross-up for the related tax impact by Order No. 92-0130-FOF-WS, issued March 31, 1992.

Sunray is a Class C water and wastewater utility providing service to the public in Nassau County. A review of the utility's 1992 Annual Report reflected 81 water customers and 80 wastewater customers as of December 31, 1992. Gross annual operating revenue was $15,915 for the water system and $18,465 for the wastewater systems, and the utility had net operating losses of $82,560 for the water system and $121,089 for the wastewater system.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should unclaimed CIAC gross-up refunds be credited to CIAC?

**RECOMMENDATION:** Yes, the Commission should authorize the utility to credit unclaimed CIAC gross-up refunds to CIAC. (MEADOR)

**STAFF ANALYSIS:** By Order No. PSC-92-0969-FOF-WS, issued September 9, 1992, Sunray was ordered to refund excess gross-up collections of $32,243 for 1988, plus accrued interest through the date of refund; and $5,756 for 1990, plus accrued interest. No refund was required or ordered for 1989. The utility was given six months to complete the refund and was required to file a report within 30 days from the date the refund was completed.

On April 30, 1993, Sunray filed its refund report. The report indicates that ten refund checks which totaled $48,024.34 were issued. Five checks which totaled $3,481.99 were returned by the post office as undeliverable. The utility did not propose a method of disposing of the unclaimed refunds in its April 30, 1993 report.

By letter dated May 12, 1993, staff requested the utility submit its proposed method for disposing of the unclaimed refunds on or before June 14, 1993. On June 14, 1993, staff received the utility's response. Included in the unclaimed refunds was a refund to D. Muehl. Subsequent to the April 30, 1993, report the utility was able to contact Mr. Muehl and has sent the refund check to his new address. Four unclaimed refunds which total $2,983.99 remain. The utility proposes that the $2,983.99 balance of unclaimed refunds be treated as cash CIAC and credited to CIAC.

Staff believes the utility has attempted to comply with the refund and has made a reasonable effort to locate the customers. We believe it is appropriate to treat the unclaimed refunds as CIAC and require the utility to book the unclaimed gross-up refunds to CIAC.

**ISSUE 2:** Should the docket be closed?

**RECOMMENDATION:** Yes, in the event that no timely protest is filed, the docket should be closed upon expiration of the protest period. (MEADOR, BEDELL)

**STAFF ANALYSIS:** Upon expiration of the protest period, if a protest has not been filed, the processing of this docket is complete and the docket should be closed.