

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request to establish ) DOCKET NO. 951585-WU  
payment plan for delinquent 1994 ) ORDER NO. PSC-96-0282-FOF-WU  
regulatory assessment fees by ) ISSUED: February 26, 1996  
Linadale Water Company in Marion )  
County. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING PAYMENT PLAN FOR DELINQUENT  
1994 REGULATORY ASSESSMENT FEES

BY THE COMMISSION:

BACKGROUND

Linadale Water Company (Linadale or utility) is a Class "C" water utility providing service to approximately 224 residential customers in Marion County. Linadale reported gross revenues of \$32,508 in its 1994 annual report and, as a result, the utility owes \$1,462.86 for 1994 regulatory assessment fees (RAFs). On April 29, 1995, Linadale paid \$512.26 for 1994 RAFs, leaving a balance due of \$950.60 plus penalty and interest of \$404.00, for a total amount of \$1,354.60. By letter dated December 15, 1995, Linadale requested a payment plan for the balance due on its 1994 regulatory assessment fees.

DISCUSSION

Section 350.113 (5), Florida Statutes, provides that the Commission, "for good cause shown by written request, may extend for a period not to exceed 30 days the time for paying any fee ...." Rule 25-30.120 (1), Florida Administrative Code, requires utilities to pay a regulatory assessment fee in the amount of four and one-half per cent of gross revenues for the entire year. Rule 25-30.120 (2) (a), Florida Administrative Code, provides that "[r]egulatory assessment fees shall be filed ... on or before March 31 for the preceding year ended December 31." Rule 25-30.120 (2) (b), Florida Administrative Code, provides that "[e]ach utility shall have up to and including the due date in which to: 1. remit the total amount of its fee, or 2. Remit an amount which the utility estimates is its full fee, or 3. Seek and receive from the

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Division of Administration a 30-day extension of its due date ...." If a utility fails to timely pay the regulatory assessment fee as provided in Rule 25-30.120 (2) (b), Florida Administrative Code, a penalty shall be assessed and interest charged, as provided in Section 350.113 (4), Florida Statutes, and Rule 25-30.120 (5), Florida Administrative Code.

By correspondence dated March 29, 1995, our staff notified Linadale that its request for an extension for payment of 1994 RAFs was not received in sufficient time for Commission action to be taken prior to the due date of March 31, 1995, and that RAFs must be paid as soon as possible. On April 29, 1995, Linadale paid \$512.26 for 1994 RAFs, leaving a balance due of \$950.60 plus penalty and interest. On July 19, 1995, our staff notified the utility of its obligation to pay the remaining balance of \$950.60 for 1994 RAFs, plus penalty and interest. On August 14, 1995, we received a letter from Mrs. Walton, owner of the utility, explaining that the utility was in a serious financial bind. Mrs. Walton proposed a payment of \$100 a month until the obligation was satisfied. On August 15, 1995, our staff contacted Mrs. Walton by telephone and requested that she specify the utility's financial hardships in writing. Mrs. Walton was further notified that her request for a payment plan was subject to our approval.

By letter dated December 15, 1995, Mr. Walton, manager of the utility, explained that Linadale does not have the money to pay RAFs because the proceeds it used from its other businesses are no longer available to help subsidize the utility. It should be noted that the utility was granted a certificate in Docket No. 810290-W, by Order No. 11219, issued October 4, 1982. The utility's existing rates were approved in this Order as well. The utility's rates have never been increased for price index or pass-through rate adjustments and the existing rates include only a 2.5% allowance for RAFs. Although the utility's 1994 annual report shows that the utility is not operating at a loss, the operation and maintenance expenses included in the annual report appear to be understated. These expenses do not include salaries or contractual services required for operating a utility. In addition, the Department of Environmental Protection (DEP) has increased testing costs substantially, and these costs are not included in the utility's existing rates.

Linadale would normally be required to pay all outstanding RAFs for 1994 plus penalty and interest before RAFs for 1995 are due (March 31, 1996), which means the utility would be required to pay 1994 RAFs within two months at \$677.30 per month. Mr. Walton has indicated that this would be unreasonable and would cause an undue burden on the utility. Mr. Walton indicated that the utility

would be able to pay its debt by December 31, 1996. Therefore, we find that the utility shall be allowed to pay all outstanding RAFs, including penalty and interest by December 31, 1996, at a minimum of \$135.46 per month until all outstanding fees for 1994 have been paid. The first payment shall be due on March 1, 1996, and subsequent payments shall be made by the 1st of each month. Approval of a payment plan for delinquent RAFs is subject to the final approval of the Department of Banking and Finance. We have approved similar requests for payment plans to pay delinquent RAFs in Dockets Nos. 940974-WU, 940982-WS, and 951244-WS, Orders Nos. PSC-94-1463-FOF-WU, PSC-94-1464-FOF-WU, and PSC-95-1514-FOF-WS, respectively.

On July 1, 1990, RAFs for water and wastewater utilities increased from 2 1/2% to 4 1/2%. Pursuant to Rule 25-30.425, Florida Administrative Code, the utility is eligible and has indicated that it intends to file an application to pass-through the 2% increase in RAFs to its customers. If the utility's application does not contain any deficiencies, the rate increase is expected to become effective in March, 1996. Linadale is hereby placed on notice that if 1995 RAFs are not paid by the due date of March 31, 1996, a proceeding will be initiated to require the utility to place into an interest bearing escrow account 4.5% of the total monthly service revenues billed by the utility.

Since no further action is required this docket shall be closed, contingent upon final approval by the Department of Banking and Finance.

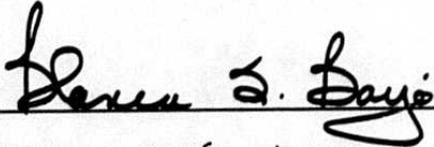
Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the payment plan for delinquent 1994 regulatory assessment fees, as set forth above, is hereby approved for Linadale Water Company subject to the final approval of the Department of Banking and Finance. It is further

ORDERED that this docket is closed.

ORDER NO. PSC-96-0282-FOF-WU  
DOCKET NO. 951585-WU  
PAGE 4

By ORDER of the Florida Public Service Commission, this 26th  
day of February, 1996.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.