

ORIGINAL
STATE OF FLORIDA

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CHAIRMAN

CAPITAL CIRCLE OFFICE CENTER
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Tallahassee, FL 32399-0850
(850) 413-6044



Public Service Commission

June 16, 2003

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley LLP
600 South North Lake Boulevard, Suite 160
Altamonte Springs, FL 32701

Re: Docket No. 030444-WS, Application for rate increase in Bay County by Bayside Utility Service, Inc.

Dear Mr. Friedman:

On May 14, 2003, we received your letter requesting test year approval for Bayside Utility Service, Inc. (Bayside or utility). Bayside has requested an historical test year ending December 31, 2002, for interim and final purposes, and that it be allowed to file its minimum filing requirements (MFRs) on or before July 15, 2003. Further, you state that the utility will file its application using the Proposed Agency Action (PAA) provision in Section 367.081(8), Florida Statutes. Your test year request, as outlined above, is approved.

For administrative purposes only, Docket No. 030444-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of the Commission Clerk and Administrative Services receives the complete petition, revised tariff sheets, the MFRs, and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than September 15, 2003.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. Please note that many schedules included in the MFRs are designed with a column titled "Balance Per Books." This column must reflect the balances on the General Ledger and be reconciled with the balances reported in the utility's Annual Report on file with the Commission. This requirement is applicable to all primary account balances as required by the NARUC Uniform System of Accounts. Pursuant to Rule 25-30.110(2), Florida Administrative Code, all data that the Commission requests and requires to be submitted in determining a utility's rates shall be consistent with and reconcilable with the utility's annual report to the Commission.

In addition, the utility should satisfactorily document that it has recorded all adjustments to

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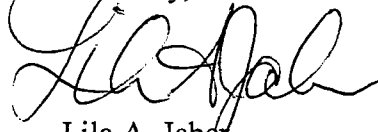
FPSC-COMMISSION CLERK

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the utility's general ledger and accounts that have been ordered by the Commission in any prior proceeding relating to this system. If adjustments were ordered for prior periods that have any impact on subsequent years, the related adjustments shall also be made to reflect the impact for the appropriate period up to and including the approved test year. Further, the utility should be prepared to justify its requested test year operation and maintenance expenses, particularly those which have increased above the level of customer growth and inflation, from those approved for the September 24, 1997, test year in Docket No. 971401-WS. Lastly, if the utility cannot satisfy the MFRs within 90 days of the original filing deadline, the requested test year may be deemed stale which may require the utility to update its test year to a more current period.

The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, there is a possibility that information filed at a later time will not be considered.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lila A. Jaber', written in a cursive style.

Lila A. Jaber
Chairman

LAJ:tj

cc: Mary Andrews Bane, Executive Director
Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Willis, Merchant, Joyce)
Office of the General Counsel (Jaeger)
Division of Auditing and Safety (Vandiver)