

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Settlement offer for possible
overearnings in Marion County by BFF Corp.

DOCKET NO. 050540-SU
ORDER NO. PSC-05-0956-PAA-SU
ISSUED: October 7, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING SETTLEMENT OFFER

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

BFF Corp. (BFF or utility) is a Class C wastewater utility serving 111 residential customers in Marion County. BFF's wastewater customers receive water service from Utilities, Inc. (UI), and the utility also purchases wastewater treatment from UI. Rate base was last established for this utility by Order No. PSC-02-0487-PAA-FOF-SU, issued April 8, 2002, in Docket No. 010919-SU, In re: Application for staff-assisted rate case in Marion County by BFF Corp. In addition, by Order No. PSC-04-0947-PAA-SU, issued September 28, 2004, in Docket No. 040733-SU, In re: Disposition of gain on sale of land held for future use in Marion County by BFF Corp., we required the utility to amortize a \$26,168 gain on the sale of land over five years, which resulted in a rate reduction of 7.59%.

A review of BFF's 2004 annual report revealed possible overearnings of approximately 7.58% of total revenues. By letter dated August 4, 2005, BFF proposed a settlement offer to address the possible overearnings. As discussed below, we approve the utility's settlement offer. We have jurisdiction pursuant to Sections 367.081, 367.082, and 367.121, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

SETTLEMENT OFFER

The primary reason for the utility's 7.58% probable overearnings was its reduced charge from UI for wastewater service which began in 2004. This percentage of overearnings, which is based on a review of the annual report, is unaudited. The utility's books and records have not been examined by our staff auditors for the 2004 year-end.

In its proposed settlement, the utility agreed to a reduction of \$0.98 per 1,000 gallons for its residential and general service gallonage charges and submitted revised tariff sheets reflecting these reductions. This is a reduction of about 16.39% for the residential service gallonage charge and a 13.67% reduction for the general service gallonage charge, which reduces total revenues by about 7.76%. We find that BFF's proposed settlement is a reasonable resolution because it addresses the possible overearnings on a prospective basis. Further, we find that it is in the public interest to approve this proposal because it promotes administrative efficiency and avoids the time and expense of a formal earnings investigation. In keeping with our long-standing practice of encouraging parties to settle contested proceedings whenever possible, we shall approve BFF's settlement offer.

The utility shall file a proposed customer notice within 15 days of our vote, which is consistent with our decision. The approved rates shall be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code, after our staff has verified that the proposed customer notice is adequate and this notice has been provided to the customers. The utility shall provide proof that the customers have received notice within ten days after the date of the notice.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Settlement Offer of BFF Corp. is hereby approved. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that the gallonage charge for both residential and general service customers shall be reduced by \$0.98 per 1,000 gallons. It is further

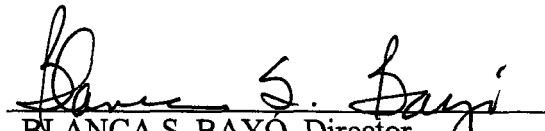
ORDERED that BFF Corp. shall file a proposed customer notice within 15 days of our vote, which is consistent with our decision. It is further

ORDERED that the approved rates shall be effective for service rendered on or after the stamped approval date of the tariff pursuant to Rule 25-30.475(1), Florida Administrative Code, after our staff has verified that the proposed customer notice is adequate and this notice has been provided to the customers. It is further

ORDERED that BFF Corp. shall provide proof that the customers have received notice within ten days after the date of the notice.

ORDERED that if no timely protest is filed by a substantially affected party, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 7th day of October, 2005.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(SEAL)

RRJ

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative

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Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 28, 2005.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.