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State of Florida



# Public Service Commission

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** October 19, 2001  
**TO:** Division of Economic Regulation (Merta)  
**FROM:** Division of Regulatory Oversight (Vandiver) *W*  
**RE:** Docket No. 010919-SU; BFF Corp.; Audit Request: Perform an audit for the staff assisted rate case; Audit Control No.01-207-3-2

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)  
 Division of the Commission Clerk and Administrative Services  
 Division of Legal Services

Mr. Charles de Menzes  
 BFF Corp.  
 P. O. Box 5220  
 Ocala, FL 34478-5220

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**FLORIDA PUBLIC SERVICE COMMISSION**

*DIVISION OF REGULATORY OVERSIGHT  
BUREAU OF AUDITING SERVICES*

*Orlando District Office*

**BFF CORPORATION**

**STAFF-ASSISTED RATE CASE AUDIT**

**HISTORICAL PERIOD ENDED AUGUST 31, 2001**

**DOCKET NO. 010919-SU**

**AUDIT CONTROL NO. 01-207-3-2**

A handwritten signature in cursive script, appearing to read "Richard F. Brown".

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*Richard F. Brown, Audit Manager*

A handwritten signature in cursive script, appearing to read "Charleston J. Winston".

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*Charleston J. Winston, District Audit Supervisor*

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**DIVISION OF REGULATORY OVERSIGHT  
AUDITOR'S REPORT**

**October 2, 2001**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the accompanying schedules for Rate Base, Net Operating Income, and Capital Structure for the historical 12-month period ended August 31, 2001, for BFF Corporation. The attached schedules were prepared by the audit staff as part of our work in the utility's application for a Staff-Assisted Rate Case in Docket No. 010919-SU.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## SUMMARY OF SIGNIFICANT FINDINGS

Utility-plant-in-service adjustments, per Order No. PSC-98-0763-FOF-SU, issued June 3, 1998, were overstated by \$17,220.80.

Depreciation expense and accumulated depreciation were overstated by \$5,220.02 and \$18,581.66, respectively.

CIAC was understated by \$6,480.

CIAC amortization expense and accumulated amortization were overstated by \$145.80 and \$1,637.53, respectively.

Wastewater operating revenues were understated by \$10,934.79.

Contractual Services - Professional were overstated by \$10,553.65.

Contractual Services - Other were overstated by \$3,076.50.

Miscellaneous expenses were overstated by \$2,009.10.

## SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Verified** - The items were tested for accuracy, and substantiating documentation was examined.

**Compiled** - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency

**RATE BASE:** Compiled account balances for utility-plant-in-service(UPIS), contributions-in-aid-of-construction (CIAC), accumulated depreciation, and accumulated amortization of CIAC from October 31, 1997. Reconciled rate base balances authorized in Commission Order No. PSC-98-0763-FOF-SU, issued June 3, 1998, to the general ledger balance. Tested 85 percent of plant additions. Verified supporting documentation for sample CIAC additions selected using auditor judgment and agreed to FPSC-approved tariff amounts. Tested additions to accumulated depreciation and accumulated amortization for proper rates and calculations. Computed the working capital allowance as of August 31, 2001. Prepared BFF Corporation's rate base as of August 31, 2001.

**NET OPERATING INCOME:** Compiled utility revenues and operation and maintenance expense accounts for the year ended August 31, 2001. Chose a judgmental sample of customer bills and recalculated using FPSC-approved rates. Chose a judgmental sample of operations and maintenance expenses for verification. Verified taxes other than income. Prepared the wastewater net operating income schedule for the 12-month period ended August 31, 2001.

**CAPITAL STRUCTURE:** Compiled components of the capital structure balance as of August 31, 2001. Agreed interest expense to the terms of the notes.

**OTHER:** Scanned the 1997 through 2000 Federal Income Tax Returns. Prepared a trial balance as of August 31, 2001.

**Exception No. 1**

**Subject: Books and Records**

**Statement of Fact:** NARUC, Class C, Accounting Instruction 2.B. states,

All books of accounts, together with records and memoranda supporting the entries therein, shall be kept in such a manner as to support fully the facts pertaining to such entries. The books and records referred to herein include not only the accounting records in a limited technical sense, but also all other records, reports, correspondence, invoices, memoranda and information useful in determining the facts regarding a transaction.

Rule 25-30.115(1), Florida Administrative Code (F.A.C.), requires all water and wastewater utilities to maintain their accounts and records in conformity with the NARUC USOA.

**Recommendation:** In some instances the utility account numbers and descriptions deviate from those designated per NARUC. Other noncompliance with NARUC and Commission rules are shown in the exceptions that follow.

The Commission should require the utility to conform to the USOA and Commission rule cited above.

**Exception No. 2**

**Subject: UPIS Adjustments Per Commission Order**

**Statement of Fact:** The following plant functional accounts were inaccurately adjusted by BFF Corporation in recording the Commission Order No. PSC-98-0763-FOF-SU adjustments.

**Recommendation:** The audit staff noted the following differences between the above Order and the utility amounts.

	<u>PSC-98-0763-FOF-SU Adjustments</u>	<u>Utility-Recorded Adjustments</u>	<u>Difference</u>
Account 354 - Structures & Improvements	(\$16,497.23)	(\$16,495.55)	(\$1.68)
Account 362 - Special Collection Structures	(35,292.79)	(31,092.79)	(4,200.00)
Account 380 - Transmission & Distribution Equipment	49,308.69	66,471.69	(17,163.00)
Account 382 - Outfall Sewer Lines	<u>11,500.89</u>	<u>7,357.01</u>	<u>4,143.88</u>
	<u>\$9,019.56</u>	<u>\$26,240.36</u>	<u>(\$17,220.80)</u>

The audit staff recommends that the utility record the following journal entry to properly reflect the Order adjustments.

Account 382 -Outfall Sewer Lines	\$4,143.88	
Account 211 - Paid-in-Capital	17,220.80	
Account 354 - Structures & Improvements		\$1.68
Account 362 - Special Collection Structures		4,200.00
Account 380 - T&D Equipment		17,163.00



**Exception No. 3**

**Subject: Depreciation Expense and Accumulated Depreciation**

**Statement of Fact:** Depreciation expense and accumulated depreciation per utility for the period ended August 31, 2001, were \$21,139.00 and \$159,794.00, respectively.

**Recommendation:** BFF Corporation could not support its calculation of depreciation expense and accumulated depreciation for the period ended August 31, 2001. The audit staff recomputed depreciation expense and accumulated depreciation, based on Rule 25-30.140, Florida Administrative Code rates, were \$15,918.98 and \$141,212.34, respectively.

Audit staff recommends that depreciation expense be reduced by \$5,220.02 (\$21,139 - \$15,918.98) and that accumulated depreciation be reduced by \$18,581.66 (\$159,794.00 - \$141,212.34).

**Exception No. 4**

**Subject: Contributions-in-Aid-of-Construction (CIAC)**

**Statement of Fact:** BFF Corporation's wastewater tariff provides for a system capacity charge of \$1,620 per customer connection.

Four additional customers were connected to the BFF wastewater system between April 23 and May 22, 2001.

Per Commission Rule 25-30.135(2), F.A.C., "No utility may modify or revise its rules or regulations or its schedules of rates and charges until the utility files and receives approval from the Commission for any such modification or revision."

**Recommendation:** The utility representative informed the audit staff that he waived the system capacity charge for the four customers added as the customers agreed to connect at their cost.

The audit staff recommends that CIAC be increased by \$6,480 (4 \* \$1,620) as no such arrangement was authorized by the Florida Public Service Commission.

See Exception No. 5 for the associated amortization expense and accumulated amortization of CIAC.

**Exception No. 5**

**Subject: CIAC Amortization Expense and Accumulated Amortization**

**Statement of Fact:** The utility reflected CIAC amortization expense for the 12-month period ended August 31, 2001, of \$1,576.64 and an accumulated amortization balance of \$16,316.64 as of August 31, 2001.

**Recommendation:** BFF Corporation could not provide documentation supporting its CIAC amortization expense or its accumulated amortization. Using the Commission's standard rate of 3.1 percent, the audit staff computed amortization expense for the 12-month period ended August 31, 2001, of \$1,430.84 and accumulated amortization balance of \$14,679.11 as of August 31, 2001.

The audit staff recommends that the respective amortization expense and accumulated amortization be reduced by \$145.80 (\$1,576.64 - \$1,430.84) and \$1,637.53 (\$16,316.64 - \$14,679.11).

The above adjustments include the adjustment for Exception No. 4.

**Exception No. 6**

**Subject: Sale of Wastewater Treatment Plant Facilities**

**Statement of Fact:** BFF Corporation has been unable to sell the wastewater treatment plant or any related facilities with the exception of the surge tank, which was sold for \$3,000 to CFAT on August 24, 2001.

The utility credited plant Account 101-380, Transmission and Distribution Mains, for the above \$3,000.

Per NARUC, Accounting Instructions 5. D.

When an item of plant is retired, Account 108, Accumulated Depreciation, . . . shall be charged and the appropriate plant accounts shall be credited with the entire recorded original cost of plant retired regardless of the amount of depreciation which has been accumulated for this particular item of plant. . . . Account 108, Accumulated Depreciation, also shall be credited with the salvage value, sales price or other amounts recovered from plant retired.

**Recommendation:** The audit staff recommends that Account 101-380, Treatment and Disposal Equipment, be debited and Accumulated Depreciation, be credited for \$3,000, in correction of the utility's posting of the transaction.

The utility was unable to provide documentation applicable to the original cost of the tank to properly record the retirement.

The audit staff defers to the FPSC engineer and analyst for costing the retirement and final disposition.

**Exception No. 7**

**Subject: Wastewater Revenues**

**Statement of Fact:** BFF Corporation reflected \$50,945.78 of net operating revenues for the 12-month period ended August 31, 2001. In deriving this amount, the utility deducted \$8,288.63 for the cost of wastewater treatment provided by Utilities, Inc. This amount was recorded in Utility Contra-Revenue Accounts 522-003, Bulk Rate Costs.

In deriving the above revenues, a deduction of \$2,646.16 was also made for Regulatory Assessment Fees accrued by the utility. This amount was recorded in 525-000, Regulatory Commission Expense.

Per Commission Rule 25-30.120(5)

Any utility that purchases water or wastewater treatment from another utility regulated by the Florida Public Service Commission is allowed to deduct the annual expense for purchased water or wastewater treatment from its gross operating revenues before calculating the amount of the regulatory assessment fees due.

**Recommendation:** The audit staff determined revenues of \$61,880.57 ( $\$50,945.78 + \$2,646.16 + \$8,288.63$ ) for the 12-month period ended August 31, 2001.

The bulk rates charge of \$8,288.63 is for the cost of wastewater treatment provided by Utilities, Inc. The cost of this treatment should be charged to Account 710, Purchased Wastewater Treatment in accordance with NARUC Wastewater Class "C" Instructions.

The Regulatory Commission Expense of \$2,646.16 should have been recorded as Regulatory Assessment Fees (RAFs) accrued by the utility. The audit staff determined RAFs of \$2,411.64 ( $\$50,945.78 + \$2,646.16 = \$53,591.94 \times 4.5\%$ ) for the 12-month period ended August 31, 2001.

RAFs should be reduced by \$234.52 ( $\$2,646.16 - \$2,411.64$ ).

The audit staff recommends that the following journal entry be recorded, in correction.

Account 710 - Purchased Wastewater Treatment	\$8,288.63	
Account 408 - Taxes Other Than Income	2,411.64	
Account 215 - Retained Earnings	234.52	
Account 522003 - Bulk Rate Costs (1)		\$8,288.63
Account 525000 - Regulatory Commission Expense (1)		2,646.16

(1)  $(\$8,288.63 + \$2,646.16 = \$10,934.79)$

**Exception No. 8**

**Subject: Contractual Services - Professional**

**Statement of Fact:** BFF Corporation reflected \$11,523.65 of Contractual Services-Professional for the 12-month period ended August 31, 2001.

Costs of \$9,372.45 applicable to engineering and surveying services related to the force main project of interconnecting with Utilities, Inc.'s system were provided by H. W. Barrineau and R.M. Barrineau, respectively, were included in the \$11,523.65 total.

Late fees of \$1,181.20 regarding utility fines imposed on the Department of Environmental Protection were also included in the account balance.

**Recommendation:** The audit staff recommends that the account balance be reduced by \$10,553.65 (\$9,372.45 + \$1,181.20), and that the following correcting journal entry be booked by the utility to recognize the NARUC-designated accounts for recording the expenditures.

Account 360 - Collections Sewers	\$9,372.45	
Account 426 - Miscellaneous Non-Utility Expenses	1,181.20	
Account 403 - Depreciation Expense	192.32	
Account 731 - Contractual Services-Professional		\$10,553.65
Account 108 - Accumulated Depreciation		192.32

**Exception No. 9**

**Subject: Contractual Services - Other**

**Statement of Fact:** BFF Corporation reflected a balance of \$14,641.50 in contractual services-other for the 12-month period ended August 31, 2001.

The account balance included management fees of \$10,800.00, along with a capital expenditure of \$676.50 for engineering services applicable to a force main construction project.

Commission Order No. PSC-98-0763-FOF-SU, issued June 3, 1998, authorized a management fee of \$700.00 monthly or \$8,400.00 per annum.

**Recommendation:** Based upon the Order stated above the audit staff recommends that management fees be reduced by \$2,400.00 (\$10,800.00 - \$8,400.00).

The audit staff has additionally excluded the costs associated with the construction project from the account balance and charged Account 101-360, Collection Sewers, the NARUC-designated account for the amount.

The audit staff recommends that the following journal entry be recorded by the utility.

Account 426 - Miscellaneous Non-Utility Expenses	2,400.00	
Account 101-360 - Collection Sewers	676.50	
Account 403 - Depreciation Expense	18.77	
Account 736000 - Contractual Services - Other		3,076.50
Account 108-360 - Accumulated Depreciation		18.77

**Exception No. 10**

**Subject: Miscellaneous Expenses**

**Statement of Fact:** The utility reflected a balance of \$2,915.15 in Account 775, Miscellaneous Expenses for the 12-month period ended August 31, 2001.

The following charges were included in the account balance.

<u>Payee</u>	<u>Description</u>	<u>Amount</u>
NEPLCO	Weatherproof contained to house L.S. container	\$150.00
US Filter	Supplies for connecting 2" flow meter at L.S.	233.20
Hamlet Construction	Install kor-n-seal boot around forced main and invert	250.00
D.E.P.	Permit for construction of force main	250.00
Nations Rent	Rental of backhoe to pull up pipes at decommissioned spray field	945.90
Robert Bayer	Bulldozer-to drain water from pond and chemically treat for decommissioned spray field	<u>180.00</u>
		<u>\$2,009.10</u>

**Recommendation:** In accordance with NARUC wastewater Class "C" Utilities, all of the itemized charges should be capitalized with the exception of those associated with the sprayfield which are removal costs to be charged to accumulated depreciation.

Staff recommends that the following journal entry be recorded by the utility to reclassify these charges.

Account 101-360 - Collection Sewer-Force (1)	\$250.00	
Account 101-362 - Special Collecting Structures (1)	250.00	
Account 101-365 - Flow Measuring Installations (\$233 + 150.00) (1)	383.20	
Account 108-380 - Accumulated Depreciation (\$945.90 + \$180.00)	1,125.90	
Account 403-360 - Depreciation Expense of Collection Sewer-Force (2)	4.63	
Account 403-362 - Depreciation Expense of Special Collecting Structures (2)	3.94	
Account 403-365 - Depreciation Expense of Flow Measuring Installations (2)	7.77	
Account 775-000 - Miscellaneous Expenses		\$2,009.10
Account 108-360 - Accumulated Depreciation-Collection Sewer-Force		4.63
Account 108-362 - Accumulated Depreciation-Special Collecting Structures		3.94
Account 108-365 - Accumulated Depreciation-Flow Measuring Installations		\$7.77
(1) Total \$883.20	(2) Total \$16.34	

See Disclosure No. 1 for information concerning the retirement of the sprayfield.



**Exception No. 11**

**Subject: Regulatory Commission Expense**

**Statement of Fact:** BFF Corporation remitted a staff-adjusted rate case fee of \$200.00 to the Commission on June 22, 2001.

In accordance with Section 367.0816, Florida Statutes, all rate case expense should be apportioned for recovery over a four-year period.

**Recommendation:** The audit staff recommends that regulatory Commission expense be reduced by \$150.00 and charged to Account 186, Miscellaneous Deferred Debits.

**Exception No. 12**

**Subject: Taxes Other Than Income**

**Statement of Fact:** The utility accrued 2000 tangible and real estate property taxes of \$587.19 on its books.

**Recommendation:** According to the Marion County tax collector bills, the amount should be \$450.55 for 2000. The audit staff recommends that Account 408, Taxes Other Than Income be reduced by \$136.64 (\$587.19 - \$450.55).

**Exception No. 13**

**Subject: Working Capital Allowance**

**Statement of Fact:** The working capital allowance has been computed based on the one-eighth formula method to comply with Commission Order No. 21202, issued May 8, 1989.

**Recommendation:** The wastewater working capital allowance was computed as \$4,003.72, based on the audit staff's adjusted operating and maintenance expense of \$32,029.76.

**Disclosure No. 1**

**Subject: Decommissioned Wastewater Treatment Plant and Interconnection**

**Statement of Fact:** BFF Corporation entered into a final consent judgment with the Department of Environmental Protection (DEP) in the Circuit Court of the Fifth Judicial Circuit in Marion County, Case No. 97-1704-CA-A. This resulted in a stipulated order requiring the utility to modify and improve its sprayfield to conform with DEP's standards.

A DEP inspection subsequent to the utility's upgrade of the sprayfield was deemed unacceptable and noncompliant with the agency's standards.

DEP's rejection of the upgrade resulted in a July 12, 1999 Order mandating the utility to interconnect its wastewater system with Utilities, Inc. no later than one year from the effective date of the Order.

Utilities, Inc. began providing service to BFF Corporation on April 21, 2001.

**Recommendation:** The following plant facilities, based on the audit staff estimate, are no longer requisite in providing wastewater services to the BFF customers since the interconnection with Utilities, Inc.

	<u>UPIS @ 8/31/01</u>	<u>Acc. Dep. @8/31/01</u>	<u>Net Plant @8/31/01</u>
354 Structures & Improvements	\$17,413.43	\$7,700.15	\$9,713.28
380 Transmission & Distribution Equipment	73,832.65	63,718.14	10,114.51
382 Sprayfield	<u>168,430.97</u>	<u>22,687.56</u>	<u>145,743.41</u>
Total:	<u>\$259,677.05</u>	<u>\$94,105.85</u>	<u>\$165,571.20</u>

BFF Corporation is requesting that the Florida Public Service Commission authorize the net cost of the facilities to be deemed an extraordinary loss and amortized over a reasonable period of time, in accordance with NARUC, Wastewater Class C, Accounting Instructions 5.E.

Audit staff defers to the assigned analyst and engineer in determination of whether to retire the plant in the traditional manner, in accordance with NARUC Wastewater Class C, Accounting Instruction 5.D. or as requested by the utility.

**Disclosure No. 2**

**Subject: Interconnection Expense Adjustments**

**Statement of Fact:** Utilities, Inc. interconnected and began providing service to BFF Corporation on April 21, 2001.

**Recommendation:** The following expenses, for the 12-month period ended August 31, 2001, will be effected as a result of the BFF Corporation interconnection with Utilities, Inc.:

Exclude \$4,231.90 for Account 711, Sludge Removal Expenses.

In addition to Exception No. 9, exclude \$3,165.00 in Account 736, Contractual Services-Other applicable to monthly wastewater operations provided by Enviromasters.

Purchased Power Expenses totaling \$2,222.07 for the wastewater treatment plant should be reduced. According to the utility representatives, a lift station and the treatment plant share a single meter.

Account 710, Purchased Wastewater Treatment, reflecting an audit staff-adjusted balance of \$8,288.63, as shown in Exception No. 7, should be increased to recognize a full year of expenses. The cost is metered wastewater service provided to BFF from Utilities, Inc., in accordance with the latter's tariff. Utilities, Inc.'s tariffs are \$464.51 for base facility charge plus \$5.46 per 1000 gallons used. The \$8,288.63 reflects a billing period of approximately 3 ½ months.

Audit staff defers to the assigned analyst and engineer for final determination and disposition.

**EXHIBIT I**

**BFF CORPORATION  
WASTEWATER RATE BASE  
DOCKET NO. 010919-SU  
STAFF-ASSISTED RATE CASE  
AS OF AUGUST 31, 2001**

DESCRIPTION	PER UTILITY	AUDIT EXCEPTION	REFER TO	PER AUDIT
UTILITY PLANT-IN-SERVICE	\$493,770.87	(\$3,288.65)	Note 1	\$490,482.22
LAND & LAND RIGHTS	34,800.00	0.00		34,800.00
CONTRIBUTIONS-IN-AID- OF-CONSTRUCTION (CIAC)	(42,916.00)	(6,480.00)	E-4	(49,396.00)
ACCUMULATED DEPRECIATION	(159,794.00)	16,480.13	Note 2	(143,313.87)
ACCUMULATED AMORTIZATION OF CIAC	16,316.64	(1,637.53)	E-5	14,679.11
WORKING CAPITAL	<u>0.00</u>	<u>4,003.72</u>	E-13	<u>4,003.72</u>
<b>TOTAL</b>	<b>\$342,177.51</b>	<b>\$9,077.67</b>		<b>\$351,255.18</b>

**FOOTNOTES:**

1) E2 (\$17,220.80) + E6 \$3,000 + E8 \$9,372.45 + E9 \$676.50 + E10 \$883.20 = (\$3,288.65)

2) E3 \$18,581.66 + E6 (\$3,000.00) + E8 (\$192.32) + E9 (\$18.77) + E10 (\$16.34) + E10 \$1,125.90 = \$16,480.13

**EXHIBIT II**

**BFF CORPORATION  
WASTEWATER NET OPERATING INCOME  
DOCKET NO. 010919-SU  
STAFF-ASSISTED RATE CASE  
12-MONTH PERIOD ENDED AUGUST 31, 2001**

(a)	(b)	(c)	(d)	(e)
DESCRIPTION	PER UTILITY	AUDIT EXCEPTION	REFER TO(1)	PER AUDIT
OPERATING REVENUES	\$50,945.78	\$10,934.79	E-7	\$61,880.57
<hr/>				
EXPENSES:				
O&M EXPENSE	39,530.38	(7,500.62)	Note 1	32,029.76
DEPRECIATION EXPENSE	21,139.00	(4,992.59)	Note 2	16,146.41
CIAC AMORTIZATION EXPENSE	(1,576.64)	145.80	E-5	(1,430.84)
TAXES OTHER THAN INCOME	587.19	2,275.00	Note 3	2,862.19
INCOME TAX EXPENSE (2)	0.00	0.00		0.00
<hr/>				
TOTAL EXPENSES:	59,679.93	(10,072.41)		49,607.52
<hr/>				
NET OPERATING INCOME (LOSS)	(\$8,734.15)	\$21,007.20		\$12,273.05

## FOOTNOTES:

1) E7 \$8,288.63 + E8 (\$10,553.65) + E9 (\$3,076.50) + E10 (\$2,009.10) + E11 (\$150) = (\$7,500.62)

2) E3 (\$5,220.02) + E8 \$192.32 + E9 \$18.77 + E10 \$16.34 = (\$4,992.59)

3) E7 \$2,411.64 + E12 (\$136.64) = \$2,275.00

4) Audit adjustments do not include audit disclosures.

5) The utility is a Sub-Chapter S Corporation. Income tax expense is not considered.

**EXHIBIT III****BFF CORPORATION  
CAPITAL STRUCTURE  
DOCKET NO. 010919-SU  
STAFF-ASSISTED RATE CASE  
AS OF AUGUST 31, 2001**

Account Description	Per Utility	Audit Adjustment	Refer To	Per Audit	Ratio	Cost Rate(1)	Weighted Cost Rate
Long-term Debt	\$196,942.57	\$0.00		\$196,942.57	89.15%	9.25%	8.25%
Common Equity	40,632.50	(17,455.32)	Note 2)	23,177.18	10.49%	11.19%	1.17%
Customer Deposits	<u>780.00</u>	<u>0.00</u>		<u>780.00</u>	<u>0.35%</u>	6.00%	<u>0.02%</u>
Total Debt and Equity	\$238,355.07	(\$17,455.32)		\$220,899.75	100.00%		9.44%

## FOOTNOTES:

- 1) Cost rate for common equity established in Order No. PSC-00-1162-PAA-WS, issued June 26, 2000
- 2) E2 (\$17,220.80) + (234.52)