

VOTE SHEET

MAY 12, 1998

RE: DOCKET NO. 971182-SU - Application for staff-assisted rate case in Marion County by BFF Corp.

Quality of Service

Issue 1: Is the quality of service provided by BFF Corp. satisfactory?

Recommendation: No. BFF Corp. (BFF) is currently under a Department of Environmental Protection (DEP)-imposed moratorium on new connections due to its inability to properly dispose of the effluent generated by their wastewater treatment plant. According to DEP, BFF has failed to comply with seven items in the Consent Order, ~~and is now in contempt of court.~~ In response to the utility's failure to comply with DEP's consent order as well as the utility's consistent poor customer relations, staff recommends that BFF Corp.'s quality of service should be considered unsatisfactory. Staff recommends that BFF Corp. be ordered to immediately comply with the corrective actions ordered by DEP.

APPROVED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in the majority column]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

05349 MAY 13 88

EPSC-RECORDS/REPORTING

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Issue 2: Should BFF Corp.'s return on equity be reduced 100 basis points for unsatisfactory quality of service and mismanagement?

Recommendation: Yes, staff recommends that BFF Corp.'s return on equity be reduced 100 basis points for unsatisfactory quality of service and mismanagement.

APPROVED

Rate Base

Issue 3: What are the appropriate used and useful percentages for the wastewater treatment plant and collection system?

Recommendation: The wastewater treatment plant should be considered 85% used and useful with the exception of the spray field, which should be considered 100% used and useful. The collection system should be considered 83% used and useful. Staff recommends no margin reserve be allowed.

APPROVED

Issue 4: Should the Commission approve a year-end rate base for BFF Corp. and, if so, what is the appropriate year-end rate base?

Recommendation: Yes, the Commission should approve a year-end rate base for BFF Corp. to allow a fair return on DEP required investments and to insure compensatory rates in this rate case. The appropriate year-end rate base should be \$198,380.

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Cost of Capital

Issue 5: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

Recommendation: The appropriate rate of return on equity is 9.14% with a range of 9.14% - 11.14% and the overall rate of return is 9.44% with a range of 9.44% - 10.38%.

APPROVED

Net Operating Income

Issue 6: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenues are \$42,807.

APPROVED

Issue 7: What is the appropriate amount of test year operating expenses?

Recommendation: The appropriate amount of test year operating expenses is \$40,956.

MODIFIED

*\$2500 rate case expense, plus
\$600 legal fee included.*

Issue 8: What is the appropriate test year operating income for this utility?

Recommendation: The appropriate test year operating income for this utility is \$2,611.

APPROVED

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Revenue Requirement

Issue 9: What is the appropriate revenue requirement for this utility?

Recommendation: The appropriate revenue requirement is \$59,683.

APPROVED

Rates and Tariff Charges

Issue 10: What are the appropriate rates and rate structure?

Recommendation: The recommended rates are designed to produce revenue of \$59,683. The utility should retain its base facility and gallonage charge rate structure. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code, provided the customers have received notice. The rates may not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

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Issue 11: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense required by Section 367.0816, Florida Statutes?

Recommendation: Revenues should be reduced by a total of \$52 to reflect the removal of rate case expense grossed up for regulatory assessment fees, which are being amortized over a four-year period. The effect of the revenue reduction results in the rate decrease as shown on Schedule No. 4 of staff's April 30, 1998 memorandum. The decrease in rates should become effective immediately following the expiration of the recovery period, pursuant to Section 367.0816, Florida Statutes. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

APPROVED

Issue 12: Should the recommended rates be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility?

Recommendation: Yes, the recommended rates should be approved for the utility on a temporary basis in the event of a timely protest filed by a party other than the utility. The utility should be authorized to collect the temporary rates after staff's approval of the security for potential refund, the proposed customer notice, and the revised tariff sheets.

APPROVED

Issue 13: Should this docket be closed?

Recommendation: This docket should be closed if no person whose interests are substantially affected by the proposed action files a protest within the 21-day protest period.

APPROVED