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REPLY TO CENTRAL FLORIDA OFFICE

December 28, 2007

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E-FILING

Ms. Ann Cole
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RE: Docket No. 060253-WS; Utilities, Inc. of Florida's Application for Rate Increase in Marion, Orange, Pasco, Pinellas and Seminole Counties, Florida
Our File No. 30057.108

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is Utilities, Inc. of Florida's Settlement Offer.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/tlc
Enclosure

cc: Ms. Kathy Kaproth, Division of Economic Regulation (w/enclosure) (via email)
Ralph Jaeger, Esquire, Office of General Counsel (w/enclosure) (via email)
Ms. Kirsten E. Weeks (w/enclosure) (via email)
John P. Hoy, Chief Regulatory Officer (w/enclosure) (via email)
Patrick C. Flynn, Regional Director (w/enclosure) (via email)
Mr. John Williams (w/enclosure) (via email)
Richard J. Durham, Regional Vice President for Operations (w/enclosure) (via email)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of
UTILITIES, INC. OF FLORIDA
for an increase in water and wastewater
rates in Marion, Orange, Pasco, Pinellas,
and Seminole Counties, Florida

DOCKET NO. 060253-WS

UTILITIES, INC. OF FLORIDA SETTLEMENT OFFER

UTILITIES, INC. OF FLORIDA, ("UIF") by and through its undersigned counsel, hereby makes this settlement offer to resolve certain untimely compliance with certain provisions of Commission Order No. PSC-07-0505-SC-WS and in support thereof states:

1. This Commission by Order No. PSC-07-0505-SC-WS issued a Proposed Agency Action Order Approving Increased Rates and Charges to UIF ("Rate Order"). On July 9, 2007 this Commission issued Order No. PSC-07-0566-CO-WS consummating the Rate Order.

2. The Rate Order required the refund of interim rates for customers of certain of UIF's water and wastewater systems, and ordered that such refunds, with interest, be made. Pursuant to Rule 25-30.360, Florida Administrative Code ("Refund Rule"), refunds of interim rates must be made within ninety (90) days of the Rate Order, which in this case would be October 8, 2007 (the 90th day actually falls on a Sunday).

3. The Rate Order also required that UIF provide proof within ninety (90) days of the Rate Order becoming final that the Commission ordered adjustments ("COAs") were made to UIF's books and records. This deadline was also October 8, 2007.

4. Utilities, Inc. has been implementing an integrated financial, accounting and management system which unfortunately coincided with the timing of UIF making refunds of interim rates and the COAs.

5. The UIF refund involves 18 subdivisions, over 90 bill codes and 6,500 accounts. The new financial system went live in mid-December but the new customer system is still in development and scheduled to go live 3/31/08. So UIF is still working with the old billing system for these refunds which requires a lot of manual work outside of the system. That will not be the case once the new customer system is in place which means UIF will not have this issue in the future. However, UIF is at the stage of developing new systems while maintaining the old ones which creates logistical and resource challenges.

6. Refunds have been made to customers in all but 3 subdivisions, and those will be made the first week in January 2008. Since the refunds are with interest through the date of the refund due customers are not prejudiced by this delay.

7. UIF has filed the bookkeeping entries which will be made when the new financial system is operational.

8. Unfortunately, as is often the case with major computer software upgrades, they do not go as smoothly as anticipated. While there was no intentional violation of the Rate Order and the Refund Rule, there is a technical violation nonetheless. Recognizing this technical violation, UIF offers Two Thousand Dollars (\$2,000) as a penalty for such unintentional non-compliance. Such amount will be paid within ten (10) days of the entry of an Order accepting this settlement offer.

Respectfully submitted this 28th day of
December, 2007, by:

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