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(850) 413-6900

Public Service Commission

March 12, 2010

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COMMISSION  
CLERK

Ms. Paula Wipf  
Bimini Bay Utilities Corporation  
101 Golden Malay Palm Way  
Davenport, Florida 33897

**Re: Docket No. 090424-WS - Application for certificates to provide water and wastewater service in Polk County by Bimini Bay Utilities Corporation**

Dear Ms. Wipf:

We have reviewed your most recently submitted data support for the Bimini Bay application for water and wastewater certificates, rates, and charges. The information submitted included an explanation for the unsigned tax return, a list of assets, and a copy of a notice. Your application remains deficient and staff has several additional questions relating to the documentation that was submitted.

Deficiency

The application remains deficient in regard to noticing pursuant to Rule 25-30.030, Florida Administrative Code (F.A.C.). The Commission has received a copy of a notice, but an affidavit was not attached indicating to whom the notice was given. Please provide:

- (1) Notice to all utility customers of the utility's intent to apply for water and wastewater certificates and file a copy of the notice and an affidavit that the customers were noticed;
- (2) Notice to the governing bodies and privately owned water and wastewater utilities included on the list dated January 14, 2010 should be returned and filed with a copy of the notice and an affidavit that the entities on the list were noticed;
- (3) Notice in a local newspaper of general circulation in the area and file a copy of the notice and an affidavit that the notice was published. The affidavit should be obtained from the newspaper.

Additional Information

Pursuant to Rules 25-30.033(1)(t), (u), (v), and (w), F.A.C., the utility must provide a cost study supporting all proposed rates and charges. The information should be provided using the National Association of Regulatory Utility Commissioners (NARUC) uniform system of accounts (USOA). You have provided what appears to be actual revenues and expenses, as well as information related to the Island Club Resort development costs. Only assets owned by Bimini Bay may be used to support your proposed rates and charges. In addition, accounts 101 and 103 are control accounts and the assets shown in those accounts should be reclassified into accounts 301 through 348.

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PPSC-COMMISSIONER OFFICE

If you propose to continue collecting the current rates and charges, you must provide a cost study that shows that the utility will not earn in excess of a fair return on its investment based on the current rates. There are several rate schedules in the application and the rates are not consistent on those schedules; therefore, provide a list of all rates and charges that the utility is currently charging for water and wastewater service. If you intend to propose different rates and charges, the analysis must support the proposed rates and charges. The analysis must reflect the (1) original cost of the utility's assets net of accumulated depreciation, (2) contributions in aid of construction (CIAC) net of amortization, (3) the utility's cost of debt and equity, and (4) the utility's prudent operating expenses using the NARUC USOA. Please refer to the sample cost study contained in the Commission's original certificate application package.

Pursuant to Rule 25-30.570, F.A.C., if competent substantial evidence is not submitted to show that the cost of the water transmission and distribution system and the wastewater collection system was not written off to cost of goods sold on the developer's tax return, those assets will be imputed as CIAC and will not be included when determining the investment on which the utility will be allowed to earn a return. In addition, you have not provided support for a service availability policy and charges pursuant to Rule 25-30.580, F.A.C. or support for miscellaneous service charges pursuant to Rule 25-30.460 F.A.C. The application includes a request for miscellaneous service charges with cost justification, however, the requested charges are not consistent with the miscellaneous service charges in the proposed tariff.

Pursuant to Rule 25-30.033(1)(s), F.A.C., provide a list of all entities, including affiliates, upon which the utility is relying to provide funding to support the utility in the initial years of the development when the monthly rates for service may not allow the utility to fully recover its operating expenses and earn a return on its investment. Include a description of the proposed funding, personal financial statements of the utility's officers, as well as personal guarantees.

Please provide details on the utility's liability or loan of \$1,566,233 that is reflected on the 2008 tax return. If this is a loan, please provide a copy of the loan document and a description of the terms and interest rate.

The original and four copies of the response to the information requested in this letter should be filed with the Commission on or before **April 12, 2010**. When filing the response, please be sure to refer to the docket number and direct the response to **Ms. Ann Cole, Director; Office of Commission Clerk; Florida Public Service Commission; 2540 Shumard Oak Boulevard; Tallahassee, Florida 32399-0850**. Should you have any questions or need assistance in responding to this letter, please contact Tom Walden at 850-413-6950.

Sincerely,



Patti Daniel  
Public Utilities Supervisor  
Bureau of Certification, Economics, and Tariffs

PD:caj

cc: Division of Economic Regulation (Walden)  
Office of the General Counsel (Bennett)  
~~Office of Commission Clerk (Cole)~~