

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Transfer) DOCKET NO. 920177-WS
of Certificate Nos. 182-W and) ORDER NO. PSC-92-0895-FOF-WS
129-S from Atlantic Utilities of) ISSUED: 08/27/92
Jacksonville, Inc., to)
Jacksonville Suburban Utilities)
Corporation, Cancellation of)
Certificates Nos. 182-W and)
129-S, a Limited Proceedings to)
Adjust Service Rates and)
Amendment of Certificates Nos.)
236-W and 179-S.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

FINAL ORDER APPROVING TRANSFER OF ATLANTIC UTILITIES OF JACKSONVILLE, INC., TO JACKSONVILLE SUBURBAN UTILITIES CORPORATION, CANCELLING CERTIFICATES NOS. 182-W AND 129-S AND AMENDING CERTIFICATES NOS. 236-W AND 179-S

AND

NOTICE OF PROPOSED AGENCY ACTION ORDER ESTABLISHING RATE BASE FOR PURPOSES OF TRANSFER, GRANTING POSITIVE ACQUISITION ADJUSTMENT, AND AUTHORIZING JACKSONVILLE SUBURBAN UTILITIES, INC. TO CHARGE ITS EXISTING RATES AND CHARGES TO THE CUSTOMERS FORMERLY SERVED BY ATLANTIC UTILITIES OF JACKSONVILLE, INC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein, except for the approval of the transfer of Atlantic Utilities of Jacksonville, Inc., to Jacksonville Suburban Utilities Corporation, cancelling Certificates Nos. 182-W and 129-S and amending Certificates Nos. 236-W and 179-S, is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

DOCUMENT NUMBER-DATE

09754 AUG 27 1992

FPSO-RECORDS / REPORTING

I. BACKGROUND

Atlantic Utilities of Jacksonville, Inc. (Atlantic or utility) is a Class B utility providing services to approximately 4,809 water and 1,547 wastewater customers in Duval County. The utility's 1991 annual report shows \$575,721 as annual revenue and net operating income of \$61,591.

On February 26, 1992, Atlantic and Jacksonville Suburban Utilities Corporation filed a joint application for approval of the transfer of Atlantic to JSUC and a request for a limited proceeding for authority for JSUC to charge the customers formerly served by Atlantic JSUC's currently authorized rates and charges.

On April 15, 1992, a customer meeting was held in Jacksonville, Florida, regarding the proposed transfer and the limited proceeding. There were approximately 20 people in attendance. Many of the customers complained of the rates they have been charged by Atlantic and many stated they believe they had been overcharged. There were a few comments regarding poor quality of service received from Atlantic. All of the customers stated they were in favor of the transfer and were appreciative of the lower rates they would be paying as customers of JSUC.

II. APPROVAL OF TRANSFER OF TERRITORY, CANCELLATION OF CERTIFICATES NOS. 182-W AND 129-S, AND AMENDMENT OF CERTIFICATES NOS. 236-W AND 179-S

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of certificate and a limited proceeding. The application contains a check in the amount of \$3,600, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code, for a transfer application and for a limited proceeding. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by, Rule 25-30.037(1)(o), Florida Administrative Code. Because the transfer has not been consummated, the utility land is still in the name of Atlantic. JSUC should provide evidence within sixty days of closing on the sale that ownership of the utility's land was transferred to JSUC.

In addition, the application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the

system to be transferred. No objections to the notice of application have been received and the time for filing such has expired.

A description of the territory served by the utility is appended as Attachment A.

JSUC is a large corporation which is wholly owned by General Waterworks Corporation, a Delaware corporation. Its sole business purpose is to own and operate water and wastewater utilities in the greater Jacksonville area including counties such as Duval and St. Johns. JSUC has been regulated by the Public Service Commission (Commission) since 1974. JSUC has demonstrated its technical and financial ability to continue to provide quality utility service in its certificated territories. In the proposed transfer, General Waterworks Corporation intends to purchase the assets of Atlantic and transfer them to JSUC. JSUC will subsequently provide whatever funding that is or becomes necessary to maintain or upgrade the systems it owns. JSUC's financial statement for the year ended December 31, 1990, reveals that the utility has \$38,570,000 in equity. We have contacted the Department of Environmental Regulation (DER) and have learned that there are no outstanding notices of violation issued against the utility.

The application contains a copy of the contract for sale which includes the purchase price listed as \$1,300,000, the terms of payment and a list of the assets purchased and the liabilities assumed. JSUC provided a statement in its application that it will fulfill the commitments, obligations and representations of Atlantic. According to the sales contract, a listing of the customer deposits by individuals and an aggregate total of the same shall be furnished by Atlantic to JSUC at closing. Pursuant to the sales contract, and Section 367.071(2), Florida Statutes, Atlantic is responsible for any outstanding regulatory assessment fees, fines, and refunds.

Based on the above, we find that the transfer of Atlantic Utilities of Jacksonville to Jacksonville Suburban Utilities Corporation is in the public interest and we therefore approve it. Certificates Nos. 182-W and 129-S are hereby cancelled and Certificates Nos. 236-W and 179-S are hereby modified to reflect the added service territory.

III. RATE BASE

According to the application, the net book value of the system being transferred as of the date of the proposed transfer is

\$743,256 for the water system and \$396,263 for the wastewater system. These figures are based on the utility's 1990 annual report. Rate base was previously established by this Commission in Docket No. 870249-WS, which was an application for a rate increase. According to Order No. 20063, issued on September 26, 1988, in that Docket, rate base was \$551,461 and \$391,136 for water and wastewater, respectively as of December 31, 1986.

We conducted an audit of the books and records of the utility to determine the rate base or net book value at the time of transfer. The utility recorded \$620,587 on its books as rate base for its water system and \$438,814 as rate base for its wastewater system. The following adjustments were made by us as a result of the rate base audit. First, Atlantic has been depreciating its assets using Class C depreciation rates and amortization of contributions-in-aid-of-construction (CIAC) was also computed using composites of these rates. Atlantic is a Class B utility, therefore, we have adjusted the utility's accumulated depreciation and CIAC amortization using the rates set out in Rule 25-30.140, Florida Administrative Code, for a Class B utility. As a result, we have reduced the accounts for accumulated depreciation and CIAC amortization. Accumulated depreciation is \$564,297 for water and \$367,963 for wastewater. CIAC amortization is \$141,014 for water and \$92,165 for wastewater.

Atlantic recorded \$14,420 and \$13,375 on its books as land for water and wastewater, respectively, and \$229,167 and \$136,993 as CIAC for water and wastewater, respectively. The audit reveals that the land at the Oak Harbor Subdivision and the related CIAC are not being transferred in the sale. Therefore, Land and CIAC for water and wastewater has been adjusted accordingly. The value of land for the water system is \$11,920 and for the wastewater system is \$3,000. Adjusted CIAC for water is \$228,167 and for wastewater is \$135,493.

Our calculation of rate base is shown on Schedules Nos. 1 and 3, for the water and wastewater systems, respectively. Adjustments to rate base are itemized on Schedules Nos. 2 and 4. Based on the adjustments set forth herein, the rate base for Atlantic is established as \$627,954 for the water system and \$443,534 for the wastewater system as of February 29, 1992. This rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

IV. POSITIVE ACQUISITION ADJUSTMENT

JSUC has requested that this Commission approve the inclusion of an acquisition adjustment in the rate base of JSUC equal to the purchase price plus the costs of the acquisition less the rate base of Atlantic. An acquisition adjustment results when the purchase price differs from the original cost calculation. The acquisition adjustment resulting from the transfer of Atlantic is calculated as follows:

Purchase Price:	\$1,300,000
Acquisition Costs:	<u>37,911</u>
Subtotal	\$1,337,911
Commission Calculated Rate Base:	\$1,071,488
Positive Acquisition Adjustment:	\$ 266,423

On February 5, 1992, General Waterworks, and JSUC agreed to purchase the assets of Atlantic for \$1,300,000 which resulted in a premium being paid for the assets. JSUC provided us with an estimate of the costs involved with acquiring this utility categorized as follows: Legal fees - \$32,500; Filing Fees - \$3,600; Noticing -\$1,711; and Recording fees - \$100.

It has been our policy not to allow acquisition adjustments positive or negative, unless extraordinary circumstances can be demonstrated. In support of its request for a positive acquisition adjustment, JSUC states that the customers of Atlantic will derive many benefits from the acquisition. JSUC states that all of Atlantic's residential service customers will experience substantially lower rates and that all of Atlantic's general service customers will experience substantially lower gallonage charges and most will also have lower base facility charges. JSUC asserts that the proposed acquisition will permit the customers of Atlantic to be served by a utility company with a greater number of customers which, in turn, should result in smaller future increases in rates for utility service than would be the case under Atlantic's ownership.

Atlantic has a history of complaints regarding poor quality of service. At the October 29, 1987, customer hearing held in the last rate case proceeding for this company, in Docket No. 870249-WS, 17 customers testified, commenting on low water pressure, odor,

color and sediment in the water. Thirteen of these customers were residents of the Ortega Hill subdivision and were very dissatisfied with the quality of water service received from Atlantic. Also, at the May 10, 1988, customer hearing held in that same Docket, approximately 100 people attended with 30 testifying. Customers continued to complain about low water pressure, stating that they could not flush a commode while running water in the kitchen sink or take a shower while running an outside sprinkler. There was considerable customer testimony regarding the odor of the water, its salty taste, its orange color, and the residue left on dishes.

In Order No. 20063, issued September 8, 1988, this Commission found Atlantic's overall quality of water service to be unsatisfactory. A portion of the rate increase authorized by that Order was held subject to refund pending the utility's replacement of certain undersized lines.

At the customer meeting held in this Docket on April 15, 1992, it became apparent that customers are still experiencing quality of service problems similar to those brought out in Docket No. 870249-WS. Customers attending the meeting cited concerns with low water pressure, frequent leaks in the distribution system, the odor of the water, and the lack of fire hydrants. Councilwoman Fowler testified that the Ortega Hills area of Atlantic's service territory has experienced many problems with the utility over the years related to lack of service and poor quality of service.

Mr. Heil, Vice President of JSUC, testified that he is aware of the problems with the water distribution system of Atlantic, including leaks and undersized lines. He stated that as part of the JSUC system, these problems will be addressed as part of an ongoing capital expenditure program. In response to the concerns raised about fire hydrants, Mr. Heil testified that when the utility replaces the existing two-inch water mains with larger eight-inch mains, JSUC will be able to provide fire hydrants.

JSUC provided a schedule, Attachment C, hereto showing anticipated savings in expenses of \$338,381 for the Atlantic system after the transfer to JSUC. Further, the company has presented a billing analysis which shows a savings of \$315,526 due to lower rates. The annual customer savings to the water customers would be \$285,311 or a 64% reduction. The wastewater customers would experience an annual customer savings of \$30,215, or a 20% reduction. When the total anticipated annual cost savings of \$653,907 is compared to the overall revenue requirement of \$36,163, the existing customers would experience an overall net benefit of \$617,744. See Attachment B, attached hereto.

Atlantic Utility Corporation and Atlantic have embarked on a program of divestiture and, accordingly, have a reduced interest in the long term needs of the utility systems. JSUC already owns and operates several wastewater treatment facilities which have been classified by the Environmental Protection Board (EPB) as regional wastewater treatment facilities. JSUC states that its experience in operating regional wastewater treatment facilities should encourage the EPB to classify Atlantic's wastewater treatment facility as a regional wastewater treatment facility. The contemplated purchase and sale is an arms-length transaction and will be financially self-supporting without affecting existing rates.

JSUC states that with the financial, managerial, and technical support of General Waterworks, it will be better able than Atlantic to attract capital to meet the existing and future needs for water and wastewater utility service in Atlantic's service area. Also, Mr. Heil, Vice President of JSUC, stated in the customer meeting that the utility reinvests on an average, \$4.2 million dollars into its capital improvement program. JSUC further states that Atlantic's customers will experience a substantially lower risk of large rate increases necessitated by capital investments from regulatory requirements for specific or isolated treatment plant, effluent disposal, or collection or distribution facilities improvements.

According to the utility's 1991 Annual Report, Atlantic's rate of return (ROR) is 8.07% for water, 2.14% for wastewater and its total rate of return is 7.08%. JSUC's overall rate of return is 8.97% for water, 10.93% for wastewater and its total rate of return is 10.24%. A review of Atlantic's capital structure reveals that the major capital components are common equity (22.31%) and notes payable (41.44%). A review of JSUC's capital structure shows common equity (95.04%) as its major capital component. The utility has no long or short term debt.

JSUC asserts that after the transfer, a small utility company will cease to exist and the Atlantic system will be owned by a company whose primary business is the operation of water and wastewater utility systems which is not affiliated with any land development enterprises. We believe the quality of service will improve due to the change of ownership of Atlantic, in that JSUC is a professionally managed and operated utility company with extensive knowledge of utility operations, maintenance and regulation. We also believe reductions in the total fixed costs of operations will be experienced with this acquisition due to the large number of JSUC ratepayers.

Based on all of the above factors, including lower rates, increased quality of service, lowered operating cost, more experienced management, increased ability to attract capital and a lower overall cost of capital, we find that there are extraordinary circumstances existing in this case which justify the inclusion of a positive acquisition adjustment. Therefore, we find it appropriate to include a positive acquisition adjustment in the calculation of JSUC's rate base for transfer purposes.

V. RATES AND CHARGES

The utility's approved rates and charges were effective July 3, 1992, pursuant to an administratively approved price index for 1992 and a pass-through of ad valorem taxes.

Rule 25-9.044(1), Florida Administrative Code, provides that:

"In cases of change of ownership or control of a utility which places the operation under a different or new utility...the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission)..."

JSUC has requested by limited proceeding that the Commission authorize a change in rates of Atlantic to those approved for its other systems in Duval County, which will result in all of Atlantic's customers seeing a reduction in their bills. A customer meeting was held in the service territory on April 15, 1992 to apprise the customers of the proposed change in rates. Atlantic's current rates and charges and JSUC's proposed rates and charges are as follows:

Water Residential Service Base
Facility Charges by Quarter

<u>Meter Size</u>	<u>Atlantic's Current Charges</u>	<u>JSUC's Proposed Charges</u>	<u>Percentage Decrease</u>
5/8" X 3/4"	\$ 43.83	\$ 13.53	69%
3/4"	65.73	18.97	71%
1"	109.56	29.82	73%
1-1/2"	219.06	67.79	69%
2"	350.46	132.93	62%
3"	700.95	N/A	N/A
4"	1,095.24	N/A	N/A
6"	2,190.42	N/A	N/A

Water Residential Service
Gallonge Charge Per Meter

	<u>Atlantic's Current Charges</u>	<u>JSUC's Proposed Charges</u>	<u>Percentage Decrease</u>
Charge per 1,000 gallons	\$2.20	\$0.9211	58%
OR			
Charge per 100 cubic feet	N/A	\$0.6892	N/A

Water General Service Base
Facility Charge By Month

<u>Meter Size</u>	<u>Atlantic's Current Charges</u>	<u>JSUC's Proposed Charges</u>	<u>Percentage Decrease</u>
5/8" X 3/4"	\$ 14.61	\$ 6.28	57%
3/4"	21.91	8.10	63%
1"	36.52	11.71	68%
1-1/2"	73.02	24.39	67%
2"	116.82	46.09	61%
3"	233.65	122.07	48%
4"	365.08	313.87	14%
6"	730.14	353.67	52%
8"	N/A	3,939.75	N/A

Water General Service
Gallonge Charge Per Meter

	<u>Atlantic's</u> <u>Current</u> <u>Charges</u>	<u>JSUC</u> <u>Proposed</u> <u>Charges</u>	<u>Percentage</u> <u>Decrease</u>
Charge per 1,000 gallons	\$2.20	\$0.9211	58%
OR			
Charge per 100 cubic feet	N/A	\$0.6892	N/A

Wastewater Residential Service Base
Facility Charges By Quarter

<u>Meter</u> <u>Size</u>	<u>Atlantic's</u> <u>Current</u> <u>Charges</u>	<u>JSUC's</u> <u>Proposed</u> <u>Charges</u>	<u>Percentage</u> <u>Decrease</u>
All	\$38.58	\$25.63	34%

Wastewater Residential Service
Gallonge Charge Per Meter

	<u>Atlantic's</u> <u>Current</u> <u>Charges</u>	<u>JSUC's</u> <u>Proposed</u> <u>Charges</u>	<u>Percentage</u> <u>Decrease</u>
Charge per 1,000 gallons	\$3.15	\$2.7732	12%
OR			
Charge per 100 cubic feet	N/A	\$2.0744	N/A

Atlantic caps its wastewater residential service gallonage charge at 10,000 gallons per month. JSUC caps its wastewater residential service gallonage charge at 30,000 gallons or 4,000 cubic feet per quarter.

Wastewater General Service Base
Facility Charge Per Month

<u>Meter Size</u>	<u>Atlantic's Current Charges</u>	<u>JSUC's Proposed Charges</u>	<u>Percentage Decrease</u>
5/8" X 3/4"	\$ 12.86	\$ 9.73	24%
3/4"	19.29	13.48	30%
1"	32.14	21.65	33%
1-1/2"	64.28	48.45	25%
2"	102.87	97.11	6%
3"	205.70	263.96	28% increase
4"	321.44	684.98	113% increase
6"	642.89	772.37	20% increase
8"	N/A	8,645.11	N/A

Wastewater General Service
Gallage Charge Per Meter

	<u>Atlantic's Current Charges</u>	<u>JSUC's Proposed Charges</u>	<u>Percentage Decrease</u>
Charge per 1,000 gallons	\$3.76	\$2.7732	26%
OR			
Charge per 100 cubic feet	N/A	\$2.0744	N/A

Miscellaneous Service Charges

	<u>Atlantic's Current Charges</u>	
	<u>Water</u>	<u>Wastewater</u>
Initial Connection	\$15.00	\$15.00
Normal Reconnection	15.00	15.00
Violation Reconnection	15.00	Actual Cost
Premises Visit (in lieu of disconnection)	10.00	10.00

JSUC proposes to replace the above classifications of miscellaneous service charges with the classifications which appear below.

JSUC's Proposed Charges

	<u>Water</u>	<u>Wastewater</u>
Setting Up a New Account	\$10.00	\$10.00
Reconnect Charge	10.00	Actual Cost
Reconnect Charge After Regular Hours	15.00	N/A

Service Availability Charges

Atlantic's Current Charges

	<u>Water</u>	<u>Wastewater</u>
Customer Connection (Tap-in charge)		
5/8" X 3/4" metered service	\$ 52.05	\$242.95
Meter Installation Fee:		
5/8" X 3/4"	75.00	
1"	125.00	
1-1/2"	225.00	
2"	325.00	
Over 2"	Actual Cost	

JSUC's Proposed Charges

	<u>Water</u>	<u>Wastewater</u>
Plant Connection Fees	\$ 100.00	\$210.00
Meter Installation Fee:		
5/8" X 3/4"	70.00	
3/4"	125.00	
1"	150.00	
1-1/2"	235.00	
2"	357.00	
3" Compound	1,550.00	
4" Compound	1,989.00	
6" Compound	4,439.00	

Current deposit rate on Water and Wastewater for "Residential" and "General Service" (5/8" X 3/4") is \$10.00.

Proposed deposit rate on Water and Wastewater for "Residential" and "General Service" (5/8" X 3/4") is none.

A billing analysis prepared by Atlantic, using the current rates for each company shows a \$285,311 or 64% revenue reduction for water and a \$30,215 or 20% reduction for wastewater, producing a combined revenue reduction of \$315,526 or 53% for the customers of Atlantic. JSUC operates 11 water and 9 wastewater utility systems that are separate and distinct from each other. From an operational standpoint, JSUC states that operating Atlantic's systems would not be any different for JSUC than operating its other utility systems. We agree with JSUC that there is really no difference between Atlantic's utility systems and other separate and distinct systems operated by JSUC.

A comparison of Atlantic's current service availability charges and JSUC's proposed service availability charges show that the meter installation fees charged by both utilities are virtually the same. JSUC proposes to charge \$47.95 more than what Atlantic currently charges a customer for connecting to its water system, and it proposes to charge \$32.95 less than what Atlantic currently charges a customer for connecting to its wastewater system. We find that the service availability charges proposed by JSUC are reasonable. Currently, Atlantic collects a \$10 customer deposit from its water and wastewater customers who own a 5/8" x 3/4" size meter. JSUC does not collect customer deposits, therefore, the deposits currently held by Atlantic will be refunded or credited to its customers. JSUC's current rates, charges, classifications, rules and regulations, and service availability charges to Atlantic's existing customers and service area will result in JSUC having uniform nonpreferential rates for its customers in its entire service area. The utility has filed the appropriate tariff sheets. Our staff will approve the tariff filing effective for services provided or connections made after the stamped approval date.

Based on the above, we find it appropriate to authorize Jacksonville Suburban Utilities Corporation to implement its uniform rates for services rendered within Atlantic Utilities of Jacksonville Inc.'s service territory set forth on the tables on pages 9-12 of this Order as "JSUC's proposed charges."

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Atlantic Utilities of Jacksonville, Inc., to Jacksonville Suburban Utilities Corporation is approved, Water Certificate No. 182-W and Wastewater Certificate No. 129-S are cancelled, Certificates Nos. 236-W and 179-S are amended to reflect the additional territory described in Attachment A and Jacksonville

ORDER NO. PSC-92-0895-FOF-WS
DOCKET NO. 920177-WS
PAGE 14

Suburban Utilities Corporation is ordered to furnish proof that it owns the land on which the treatment facilities are situated within 60 days. It is further

ORDERED that all of the provisions of this Order, except for the approval of the transfer of Atlantic Utilities of Jacksonville, Inc., to Jacksonville Suburban Utilities Corporation, cancelling Certificates Nos. 182-W and 129-S and amending Certificates Nos. 236-W and 179-S to include Atlantic Utilities of Jacksonville, Inc.'s territory, are issued as proposed agency action and shall become final, unless an appropriate petition in the form provided by Rule 25-222.029, Florida Administrative Code, is received by the Director of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the date set forth in the Notice of Further Proceedings below.

ORDERED that the rates and charges approved herein shall be effective for meter readings taken on or after thirty (30) days after the stamped approval date on the revised tariff pages. It is further

ORDERED that the rate base, which for transfer purposes reflects the net book value, is \$627,954 for the water system and \$443,534 for the wastewater system. It is further

ORDERED that a positive acquisition adjustment be included in the calculation of rate base for transfer purposes. It is further

ORDERED that Jacksonville Suburban Utilities Corporation should implement its uniform rates for services rendered within Atlantic Utilities of Jacksonville Corporation's service territory. It is further

ORDERED that docket shall be closed if no timely protest is received from a substantially affected person by the expiration of the protest period.

By ORDER of the Florida Public Service Commission this 27th day of August, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
DV

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action, except for the approval of the transfer of Atlantic Utilities of Jacksonville, Inc., to Jacksonville Suburban Utilities Corporation, cancelling Certificate Nos. 182-W and 129-S and amending Certificate Nos. 236-W and 179-S to include Atlantic Utilities of Jacksonville, Inc.'s territory, is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 17, 1992. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfied the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

SCHEDULE NO. 1

ATLANTIC UTILITIES OF JACKSONVILLE, INC.

SCHEDULE OF WATER RATE BASE

FEBRUARY 29, 1992

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>BALANCE PER COMMISSION</u>
Utility Plant In Service	\$1,267,484	\$ 0	\$1,267,484
Land	14,420	(2,500) (1)	11,920
Accumulated Depreciation	(580,186)	15,889 (2)	(564,297)
Contributions- In-Aid-of- Construction	(229,167)	1,000 (3)	(228,167)
CIAC Amortization	<u>148,036</u>	<u>(7,022)</u> (4)	<u>141,014</u>
TOTAL	<u>\$ 620,587</u>	<u>\$ 7,367</u>	<u>\$ 627,954</u>

SCHEDULE NO. 2

ATLANTIC UTILITIES OF JACKSONVILLE, INC.

SCHEDULE OF WATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Land To reduce for Land that is not being transferred.	(1) <u>\$ (2,500)</u>
Accumulated Depreciation To adjust to Commission Rule 25-30.140 rates for a Class B Utility.	(2) <u>\$ 15,889</u>
Contributions-in-aid- of-Construction To adjust for contributed Land that is not being transferred.	(3) <u>\$ 1,000</u>
CIAC Amortization To adjust to Commission Rule 25-30.140 rates for a Class B Utility.	(4) <u>\$ (7,022)</u>
Total Adjustments	<u>\$ 7,367</u>

SCHEDULE NO. 3

ATLANTIC UTILITIES OF JACKSONVILLE, INC.

SCHEDULE OF WASTEWATER RATE BASE

FEBRUARY 29, 1992

<u>DESCRIPTION</u>	<u>BALANCE</u> <u>PER UTILITY</u>	<u>COMMISSION</u> <u>ADJUSTMENTS</u>	<u>BALANCE</u> <u>PER COMMISSION</u>
Utility Plant In Service	\$ 851,825	\$ 0	\$ 851,825
Land	13,375	(10,375) (1)	3,000
Accumulated Depreciation	(386,201)	18,238 (2)	(367,963)
Contributions- In-Aid-of- Construction	(136,993)	1,500 (3)	(135,493)
CIAC Amortization	<u>96,808</u>	<u>(4,643)</u> (4)	<u>92,165</u>
TOTAL	<u>\$ 438,814</u>	<u>\$ 4,720</u>	<u>\$ 443,534</u>

SCHEDULE NO. 4

ATLANTIC UTILITIES OF JACKSONVILLE, INC.
SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Land To reduce for Land that is not being transferred.	(1) <u>\$(10,375)</u>
Accumulated Depreciation To adjust to Commission Rule 25-30.140 rates for a Class B Utility.	(2) <u>\$ 18,238</u>
Contributions-in-aid- of-Construction To adjust for contributed Land that is not being transferred.	(3) <u>\$ 1,500</u>
CIAC Amortization To adjust to Commission Rule 25-30.140 rates for a Class B Utility.	(4) <u>\$(4,643)</u>
 Total Adjustments	 <u>\$ 4,720</u>

Description for Jacksonville Suburban Utilities Corporation
(Previously Atlantic Utilities of Jacksonville)
Duval County
Service Territory Description

Water Service Area

Township 1 South, Range 26 East, Jacksonville, Duval County, Florida.

Section 40

That portion in said Section 40, platted as Riverview Estates, Plat Book 13, Page 27, excluding all of Blocks 133, 134, 135, 136 and that portion of Block 137 North of Lots 9 and 16, and that portion of Block 138 North of Lots 6 and 19; that portion of Thompeon's Subdivision Riverview in Plat Book 5, Page 80, located North of Broom Street; Ollie Villa Replat in Plat Book 23, Page 14; Trout Riverview, Plat Book 26, Page 52; Perry's Replat, Plat Book 20, Page 89; East of and along State Road 115 - Lem Turner Road and North of Broom Street, approximately 1.7 miles North of the intersection of I-95.

Township 1 South, Range 27 East, Jacksonville, Duval County, Florida.

Section 19

That portion in said Section 19, platted as Bon Air in Plat Book 21, Page 80 and that part of Government Lot #2 that lies North of Hecksher Drive (Expressway 4 State Road 105), East of Parker Avenue and South of U. S. Navy Oil Terminal Railroad.

Township 2 South, Range 25 East, Jacksonville, Duval County, Florida.

Sections 13 and 24

That portion of Westwood Estates Subdivision in said Sections 13 and 24, platted in Plat Book 15, Page 85, limited to the following area: Lots 14 through 31 between St. Andrews Street and Santa Barbara Avenue; Lots 49 through 66 between Santa Barbara Avenue and Anne Avenue; Lots 85 through 98 between Anne Avenue and Lane Avenue; Lots 118 through 125 along Lane Avenue bounded by Julia (Gibraltar) Street on North and by Highway (Bahama) Avenue on South; Lots 99 through 107 and Lots 108 through 117 along Lane Avenue South of SAL Railroad; also Lots 1 through 7 and Lots 153 through 159 along Beverly Avenue South of Highway (Bahama) Avenue; approximately 1,200 feet North of Interstate Highway No. 10.

Township 2 South, Range 27 East, Jacksonville, Duval County, Florida.

Section 52

That portion in Section 52, Township 2 South, Range 27 East, platted as Ridgeland Gardens in Plat Book 12, Page 65; Hazelhurst Subdivision in Plat Book 22, Page 19; and Marion Subdivision in Plat Book 7, Page 30; also parcels of land described in O/R 2317-241, O/R 2477-199, O/R 731-65 and O/R 2812-1073, located at intersection of Beach Boulevard and Parental Home Road; approximately 1.6 miles West of U. S. Alt. No. 1.

Description for Jacksonville Suburban Utilities Corporation
(Previously Atlantic Utilities of Jacksonville)
Duval County
Service Territory Description

Sections 48 and 52

That portion in said Section 48 and Section 52, platted as Hillmar Manor in Plat Book 21, Page 49; Embassy Place in Plat Book 22, Page 39; Adolph Hurn's addition to Embassy Park in Plat Book 23, Page 53; located 0.3 miles Southwest of the intersection of University Boulevard and State Road 10.

Township 3 South, Range 26 East, Jacksonville, Duval County, Florida.

Sections 28 and 43

That portion in said Sections 28 and 43, platted as Ortega Hills; Unit 1 in Plat Book 25, Page 33, Unit 2 in Plat Book 26, Page 4; Unit 3 in Plat Book 26, Page 41; Unit 4 in Plat Book 26, Page 82; Unit 4A in Plat Book 30, Page 26; Unit 5 in Plat Book 27, Page 51; Unit 6 in Plat Book 27, Page 98; Unit 7 in Plat Book 28, Page 79; Unit 8 in Plat Book 30, Page 58; and Unit 9 in Plat Book 29, Page 43.

Township 3 South, Range 27 East, Jacksonville, Duval County Florida.

Section 56

That portion in said Section 56, platted as Brackridge in Plat Book 23, Page 40 and 40A and Belfort Manor in Plat Book 27, Page 75; bounded on the North by Hewton Road and on the South by Tiger Hole Road, along Belfort Road and approximately 0.5 miles Southwest of the intersection of U. S. Alt. No. 1 and U. S. 90.

TOGETHER WITH:

That portion in said Section 56, platted as Greenfield Manor in Plat Book 20, Pages 17 and 17A and Yvonne Park in Plat Book 21, Page 57; bounded on the South by Bowden Boulevard and Big Pottsburg Creek on the East, and approximately 0.8 miles East of I-95.

Wastewater Service Area

Township 3 South, Range 26 East, Jacksonville, Duval County, Florida.

Sections 28 and 43

That portion in said Section 28 and Section 43, platted as Ortega Hills; Unit 1 in Plat Book 25, Page 33; Unit 2 in Plat Book 26, Page 4; Unit 3 in Plat Book 26, Page 41; Unit 4 in Plat Book 26, Page 82; Unit 4A in Plat Book 30, Page 26; Unit 5 in Plat Book 27, Page 51; Unit 6 in Plat Book 27, Page 98; Unit 7 in Plat Book 28, Page 79; Unit 8 in Plat Book 30, Page 58; and Unit 9 in Plat Book 29, Page 43.

ORDER NO. PSC-92-0895-FOF-WS
DOCKET NO. 920177-WS
PAGE 22

JACKSONVILLE SUBURBAN UTILITIES CORPORATION
DOCKET NO. 920177-WS
ACQUISITION ADJUSTMENT

ATTACHMENT B
AUGUST 4, 1992

	<u>STAFF</u>
ACQUISITION ADJUSTMENT	\$266,424
TIMES OVERALL COST OF CAPITAL	<u>10.24%</u>
REVENUE REQUIREMENT	<u>27,282</u>
AMORTIZATION EXPENSE	8,881
TOTAL REVENUE REQUIREMENT	<u>\$36,163</u>
 <u>ANTICIPATED SAVINGS FROM ACQUISITION:</u>	
TOTAL ESTIMATED SAVINGS (ATTACHMENT C)	(\$338,381)
REDUCTION IN RATES	<u>(315,526)</u>
TOTAL ANTICIPATED SAVINGS	<u>(\$653,907)</u>
NET BENEFIT	<u>(\$617,744)</u>

Attachment C

ESTIMATE OF ANNUAL COST SAVINGS AFTER
ATLANTIC UTILITIES OF JACKSONVILLE IS TRANSFERRED
TO JACKSONVILLE SUBURBAN UTILITIES CORPORATION

	AUJ 1991 ANNUAL REPORT	JSUC 1991 ESTIMATE OF EXPENSES	JSUC BETTER OR (WORSE)
Salaries and Wages - Employees	\$144,462	\$78,675	\$65,787
Employee Benefits	44,607	16,406	28,201
Purchased Water	13,209	13,209	—
Purchased Power	35,406	35,406	—
Chemicals	3,481	1,494	1,987
Materials and Supplies	29,083	13,642	15,441
Contractual Services - Acct.	10,950	—	10,950
Contractual Services - Legal	4,426	—	4,426
Contractual Services - Other	4,921	—	4,921
Rental of Building, etc.	7,445	—	7,445
Rental Equipment	2,314	—	2,314
Transportation Expenses	15,697	8,181	7,516
Insurance - Vehicle	7,012	362	6,650
Insurance - General Liability	8,488	4,692	3,796
Insurance - Worker's Comp.	6,080	1,976	4,104
Insurance - Other	5,890	46	5,844
Advertising Expense	319	—	319
Regulatory Commission Expense			
- Rate Case	34,746	—	34,746
Bad Debt Expense	4,766	2,384	2,382
Miscellaneous Expenses	<u>2,081</u>	<u>2,081</u>	<u>—</u>
Sub-Total	\$385,383	\$178,554	\$206,829
1991 Pro-Forma Charges			
Billing	7,797	2,380	5,417
Management	<u>145,263</u>	<u>19,128</u>	<u>126,135</u>
Total 1991 Expenses	<u>\$538,443</u>	<u>\$200,062</u>	<u>\$338,381</u>