

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by United  
Water Florida Inc. for amendment  
of Certificates Nos. 236-W and  
179-S and for limited proceeding  
to adjust rates in St. Johns  
County.

DOCKET NO. 970210-WS  
ORDER NO. PSC-97-0929-FOF-WS  
ISSUED: August 4, 1997

The following Commissioners participated in the disposition of  
this matter:

JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
DIANE K. KIESLING  
JOE GARCIA

NOTICE OF PROPOSED AGENCY ACTION  
ORDER ON JURISDICTION, ESTABLISHING RATE BASE,  
AND APPROVING RATES AND CHARGES

AND

FINAL ORDER AMENDING CERTIFICATES NOS. 236-W AND 179-S  
TO INCLUDE ADDITIONAL TERRITORY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the actions discussed herein regarding the Commission's jurisdiction over United Water Florida Inc.'s (UWF or utility) facilities in St. John's County (County), establishing rate base, and approving rates and charges, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

On February 19, 1997, UWF, a Florida corporation formerly known as Jacksonville Suburban Utilities Corporation, filed an application for amendment of its operating certificates to include additional territory in St. Johns County. The amendment request

DOCUMENT NUMBER DATE

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.FPSC-RECORDS/REPORTING

concerns customers formerly served by Sunray Utilities - St. Johns, Inc. (Sunray), a wholly-owned subsidiary of Rayonier, Inc. In 1995, Sunray served two customers; a commercial customer with a two-inch meter, and the Cimarrone Property Owners Association (Cimarrone), which is served through an eight-inch master meter.

UWF provides water and wastewater service in three neighboring counties in northeast Florida; Duval, St. Johns, and Nassau. The Commission has previously found that UWF's facilities are functionally related and comprise a single utility system whose service transverses county boundaries. UWF has asked us to reaffirm our jurisdiction over UWF's operating facilities in St. Johns County for the purpose of this proceeding.

In this proceeding, UWF also filed a request for a limited proceeding to establish rate base balances for the acquired facilities. In addition, with two exceptions, UWF has requested authority to implement its own rates and charges in the Sunray area. The exceptions concern retention of Sunray's plant capacity and guaranteed revenue charges.

A customer meeting was conducted on June 12, 1997. Two customers attended, both of whom were mostly interested in Sunray's commercial rates. No residents of the Cimarrone community attended.

#### JURISDICTION

In its application, UWF asked that we affirm our jurisdiction over UWF and the Sunray facilities in St. Johns County, and that we exercise such jurisdiction. Because this Commission does not have jurisdiction over water and wastewater utilities in St. Johns County, we find it necessary to determine whether UWF's application is subject to our jurisdiction before addressing the specific issues in the case.

Pursuant to Section 367.171(7), Florida Statutes, we have exclusive jurisdiction over "all utility systems whose service transverses county boundaries," whether or not the counties are jurisdictional. The term "system" is defined in Section 367.021(11), Florida Statutes, as "facilities and land used or useful in providing service, and, upon a finding by the [C]ommission, may include a combination of functionally related facilities and land."

In Board of County Com'rs of St. Johns County v. Beard, 601 So. 2d 590 (Fla. 1st DCA 1992), the First District Court of Appeal addressed the interpretation of Sections 367.021(11) and 367.171(7), Florida Statutes. The court affirmed Order No. 24335, issued April 8, 1991, in Docket No. 910078-WS, by which the Commission found that facilities owned by Jacksonville Suburban Utilities Corporation (now known as UWF) in Duval, Nassau and St. Johns counties constitute a single system whose service transverses county boundaries. The court noted the functional interrelatedness of the facilities, both operational and administrative, and that physical connection was not necessary to support the finding. Id. at 593. The court stated that:

[t]hus, the evidence supports the PSC's finding that JSUC's facilities constitute "a combination of functionally related facilities and land"; in a word, a "system". Because the service provided by this system crosses county boundaries, it is clear that the PSC has exclusive jurisdiction over JSUC pursuant to subsection 367.171(7).

Id.

In Hernando County v. FPSC, 685 So. 2d 48 (Fla. 1st DCA 1996), the court reversed a Commission order determining that the Commission has jurisdiction over existing facilities and land of Southern States Utilities, Inc., in Florida. The court concluded that "the relevant inquiry when determining the existence of jurisdiction under section 367.171(7) is the actual inter-relationship of two or more facilities providing utility services in a particular geographic area comparable to the 'service area' defined in section 367.021(10), over which the PSC ordinarily has jurisdiction." Id. at 52. The court further concluded that "the requirements of this statute can only be satisfied by evidence that the facilities forming the asserted 'system' exist in contiguous counties across which the service travels." Id. Further, the court noted that "to satisfy the prerequisites of section 367.171(7), the PSC must find that 'the systems were operationally integrated, or functionally related, in . . . utility service delivery [rather] than fiscal management.'" Id. at 51 (quoting Citrus County v. Southern States Utilities, 656 So. 2d 1307, 1310 (Fla. 1st DCA),

review denied mem., 663 So. 2d 631 (Fla. 1995).<sup>1</sup> We note that the court found Beard to be both factually and legally distinguishable. Id.

The jurisdictional question presented in this case is whether the acquisition by UWF of the Sunray-St. Johns facilities would result in those facilities being functionally related to UWF's other facilities such that they would become a portion of UWF's single system whose service transverses county boundaries. If so, pursuant to Section 367.171(7), Florida Statutes, we have jurisdiction to process the utility's application. For the following reasons, we find this to be the case, under both the Beard and Hernando County v. FPSC opinions.

UWF addressed this issue in its application and by way of a statement filed on April 15, 1997, in response to a request by our staff for further clarification. We find that UWF is providing water and wastewater service in three adjoining counties, including twenty water and seven wastewater facilities in Duval County, eight water and three wastewater facilities in St. Johns County, and one water and two wastewater facilities in Nassau County. Both Nassau and St. Johns Counties are contiguous to Duval County. The utility operates the various facilities as a single system whose service transverses all three county boundaries. Decisions are made for the entire system serving the three counties.

Specifically, UWF manages all of its facilities from its office in Duval County, which is centrally located to all of its service areas. It takes approximately the same amount of time to drive from the office to the most remote service area in each of the three counties. The central office personnel in Duval County provide the same utility services throughout the service areas in the three counties, including engineering, operation, maintenance, testing, customer service, accounting, purchasing, planning,

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<sup>1</sup>Subsequent to the Beard decision, but prior to Hernando County v. FPSC, UWF acquired three additional water and wastewater facilities; San Pablo and Atlantic in Duval County, and Ponte Vedra in St. Johns County. In the utility's recent rate case, by Order No. PSC-97-0168-FOF-WS, issued May 30, 1997, in Docket No. 960451-WS, we accepted stipulations indicating that the evidence in that proceeding showed that UWF's facilities and land were functionally related and formed a single system whose service transversed county boundaries, and that we had exclusive jurisdiction over UWF's facilities in all three counties.

budgeting, personnel and other administrative functions. The utility employs a monitoring system in all of its facilities known as the Supervisory Control and Data Acquisition (SCADA) system. Under the SCADA system, all facilities are monitored by on-site personnel for sixteen hours per day, and by the use of alarm and pager systems for the other eight hours each day. Moreover, UWF is in the process of preparing a utility master plan which will address the need for, and timing of, construction projects to improve or increase the capacity of all of the utility's facilities in all locations.

According to the utility, the acquisition of the Sunray facilities in St. Johns County will not change its method of operation. Because UWF is currently operating Sunray's facilities under an Operation and Management Agreement, this facility is essentially treated as though it were another facility in UWF's single utility system. In addition, once Sunray is acquired, UWF plans to improve the facilities. Such improvements include an anticipated physical interconnection with UWF's St. John's North facilities, which are in close proximity. UWF also plans to make the Sunray facilities part of the SCADA monitoring system discussed above, and to make other ongoing system enhancements, such as planned improvements in the water treatment processes to comply with lead and copper rules.

Based on the foregoing, we find that once the Sunray facilities are acquired by UWF, they will be functionally related to the other facilities owned by UWF in St. Johns, Nassau, and Duval Counties, and that they will thus become a portion of UWF's single utility system, within the meaning of Chapter 367.021(11), Florida Statutes. Therefore, we find that the utility's application is within our jurisdiction, pursuant to Section 367.171(7), Florida Statutes.

#### AMENDMENT OF CERTIFICATES

On August 21, 1996, Sunray and UWF's parent organization, United Waterworks Inc. (United Waterworks), entered into an Agreement of Purchase and Sale concerning the intended purchase by United Waterworks of the water and wastewater facilities owned and operated by Sunray in St. Johns County. That agreement also provided for subsequent transfer of the utility system to UWF as a contribution to the utility's capital account. This capital contribution treatment accords with the accounting procedures used



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Based on the foregoing, we find that once the Sunray facilities are acquired by UWF, they will be functionally related to the other facilities owned by UWF in St. Johns, Nassau, and Duval Counties, and that they will thus become a portion of UWF's single utility system, within the meaning of Chapter 367.021(11), Florida Statutes. Therefore, we find that the utility's application is within our jurisdiction, pursuant to Section 367.171(7), Florida Statutes.

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in UWF's most recent rate proceeding to identify UWF's cost of capital for rate making purposes.

In 1996, Sunray provided water and wastewater service in St. Johns County pursuant to operating certificates issued by the County rather than by this Commission. Therefore, on February 18, 1997, United Waterworks, Sunray, and UWF filed a joint application with the County's Water and Sewer Authority for authority to transfer Sunray's certificates in St. Johns County to UWF. On April 2, 1997, the Authority met and approved the requested transfer. That approval was affirmed by the Board of County Commissioners of St. Johns County on April 22, 1997. In this proceeding, UWF proposes to amend its Certificates Nos. 236-W and 179-S to include Sunray's service area in St. Johns County.

The application is in compliance with Section 367.045, Florida Statutes, and other pertinent statutes and administrative rules. The application contains a check in the amount of \$2,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The filing fee includes \$1,000 to process the amendment request and \$1,000 to process the limited proceeding portion of this case. In addition, UWF has provided proof that Sunray owns the land upon which its treatment facilities are located, pursuant to Rule 25-30.036(3)(d), Florida Administrative Code. A description of the territory requested by UWF is appended to this Order as Attachment A, and is incorporated herein by reference.

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

The application contains a copy of the purchase contract, which disclosed the purchase price, terms for payment, and a list of the purchased assets and the assumed liabilities. We find that UWF has the financial and technical abilities needed to provide water and wastewater service for the Sunray service area. UWF and its affiliates have operated utility systems for over one hundred years, providing service to more than two million individuals in thirteen states. UWF has provided service in Northeast Florida for more than twenty-five years, and possesses the financial, managerial, and technical capabilities needed to assure satisfactory service for this system. UWF has shown that its

superior financial condition will enable it to attract sufficient capital to meet existing and future construction requirements. Further, Sunray's parent company agreed to sell all of its utility assets to UWF because it was no longer interested in providing utility service. UWF serves a large service area with many customers, which should reduce the frequency and necessity for rate increases due to inherent economies of scale.

The Department of Environmental Protection (DEP) has advised that this system is not subject to any outstanding notices of violation or consent orders. Moreover, UWF reported that Sunray's system is in satisfactory condition and is in compliance with all DEP operating standards.

Based on the foregoing, we find it to be in the public interest to grant UWF's application for amendment of Certificates Nos. 236-W and 179-S to include the former Sunray service areas in St. Johns County.

#### RATE BASE

UWF requested that we establish rate base values for the acquired systems to match their net book values at the closing date. At December 31, 1995, the reported net book values were \$865,720 and \$1,216,229 for the water and wastewater systems, respectively. Our staff conducted an audit of the books and records of the utility for the period ending December 31, 1996, and updated the net plant balance through that date to reflect more current information.

The seller and buyer agreed that the purchase price for the acquired systems would exactly match the net book balance at the closing date, subject to verification as to compliance with any prescribed accounting principles. Thus, because UWF's purchase price will exactly match the net book value, there will be no acquisition adjustment in this case.<sup>2</sup>

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<sup>2</sup>An acquisition adjustment results when the purchase price differs from the original cost calculation. However, it has been Commission policy that in the absence of extraordinary circumstances, a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation.



Sunray's rate base has not been established by the County or by the Commission in any previous order. Instead, Sunray's initial rates were determined using anticipated plant balances rather than audited records. Thus, the rate base determination in this case required examination of Sunray's accounting records since its inception. The staff audit disclosed that the recorded values on Sunray's books were supported by appropriate accounting records. Two adjustments were proposed, including: 1) reclassification of a \$7,500 expenditure from the water system to the wastewater system; and 2) inclusion of \$2,772 to represent general plant which was omitted from Sunray's reported plant balances, less associated depreciation.

Our approved rate base balances are shown on Attachment B, and our adjustments are shown on Attachment C. These attachments are appended to this Order and are incorporated herein by reference. Based on the adjustments as shown on Attachment C, we find it appropriate to approve rate base balances of \$784,380 for the water system and \$1,355,089 for the wastewater system, as of December 31, 1996. These rate base calculations are used solely to establish the net book value of the property being acquired and do not include the normal rate making adjustments for working capital or used and useful adjustments.

#### RATES AND CHARGES

By way of a limited proceeding filed pursuant to Section 367.0822, Florida Statutes, UWF has requested that Sunray's rates be changed to conform with the rates that UWF uses for its single operating system, with two exceptions. As noted above, those exceptions concern retention of Sunray's plant capacity and guaranteed revenue charges.

UWF's approved rates and charges were effective May 19, 1997, by Order No. PSC-97-0618-FOF-WS, issued May 30, 1997, in Docket No. 960451-WS.<sup>3</sup>

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

In case of change of ownership or control of a utility which places the operation under a

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<sup>3</sup>On June 16, 1997, UWF filed a motion for reconsideration of certain portions of that Order, which motion is currently pending.

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).

Retention of system specific plant capacity and guaranteed revenue charges has been approved for other systems acquired by UWF. (See, e.g., Order No. PSC-93-0201-FOF-WS, issued February 9, 1993, in Docket No. 920877-WS.) Upon review, we find that Sunray's present plant capacity and guaranteed revenue charges appear to be reasonable. Moreover, by Order No. 25501, issued December 17, 1991, in Docket No. 870539-WS, the Commission fully examined the fairness of these charges. Accordingly, we find it appropriate to approve UWF's request to retain Sunray's plant capacity and guaranteed revenue charges.

Adoption of UWF's existing rates for an acquired system has been approved in other limited proceeding filings. In Docket No. 930204-WS, which involved UWF's purchase of the Ponte Vedra system in St. Johns County, implementation of UWF's rates was approved by Order No. PSC-93-1480-FOF-WS, issued October 11, 1993. Likewise, in Docket No. 890759-WS, by Order No. 22794, implementation of UWF's rates was approved for the Ponce De Leon system in St. Johns County. Adoption of UWF's rates was likewise allowed in Docket No. 891110-WS, by Order No. 23111, concerning UWF's purchase of the St. Johns North Utility Corporation. UWF contends that application of its rates for the acquired system will result in uniform, non-preferential rates for all UWF customers, which will produce cost savings due to a reduction in accounting, data processing, and administrative expenses. UWF further states that reduced expenses will benefit current and future customers.

A related rate structure issue is whether UWF's land and facilities are functionally related, within the meaning of Section 367.021(11), Florida Statutes. "Florida law . . . allows uniform rates only for a utility system that is composed of facilities and land functionally related in the providing of water and wastewater service to the public." Citrus County v. Southern States Utilities, 656 So. 2d 1307, 1309 (Fla. 1st DCA 1995). As discussed above, we find that upon the acquisition of the Sunray facilities, UWF's facilities and land will continue to constitute a single system.

Based on the foregoing, we find it appropriate to approve UWF's request to implement its uniform rates, while retaining Sunray's plant capacity and guaranteed revenue charges. The adoption of UWF's rates should benefit all residential customers once the master-meter is removed. Some increase in general service rates is forecasted. A comparison of UWF and Sunray's rates is appended to this Order as Attachment D, which is incorporated herein by reference.

For informational purposes, we note that residents had already voiced their interest in UWF's acquisition of this system and the proposed rates in appearances before the St. Johns County Utility Authority, where they expressed their preference for individual metering of their community. As discussed previously, Sunray has been serving two customer groups: a general service customer who receives service through a two-inch meter, and the Cimarrone community, which receives service through an eight-inch master-meter. Residents of the Cimarrone community have approached Sunray and UWF, proposing that UWF eliminate the eight-inch meter and commence individual metering of residential customers. Residents of the Cimarrone community also appeared before the St. Johns County Utility Authority to express their preference for individual metering in their community and dissatisfaction with the cost of utility service that results from master-metering. Representatives of UWF also appeared before that agency and indicated that it was their intention to convert the master-meter to an individual metering system, provided that UWF obtains the necessary regulatory approvals. Speaking on behalf of the Cimarrone community, the St. Johns County Utility Authority asked that we carefully consider the proposed removal of the master-meter and consequent individual billing of residential users.

Removal of the master-meter and implementation of residential rates for Cimarrone residents will be delayed until certain preliminary steps are taken. These include inspection of Cimarrone's distribution and collection facilities before acceptance of those facilities as donated properties, receipt of good and proper titles and easements for the donated facilities, and assurance that appropriate connection charges and permits have been obtained. Thus, it appears that implementation of residential rates for Cimarrone will not occur until these preliminary measures are completed.

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If there are no timely protests to the proposed agency action provisions of this Order, no further action will be required and the docket shall be closed.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Commission has jurisdiction over United Water Florida Inc.'s facilities and land in St. Johns County, including the acquisition of Sunray Utilities - St. Johns, Inc. It is further

ORDERED that Certificates Nos. 236-W and 179-S, held by United Water Florida Inc., 1400 Millcoe Road, Jacksonville, Florida 32225, are hereby amended to include the territory described in Attachment A of this Order, which is incorporated herein by reference. It is further

ORDERED that each of the findings made in the body of this Order is hereby approved in every respect. It is further

ORDERED that all matters contained in Attachments A - D of this Order are incorporated herein by reference. It is further

ORDERED that rate base, which for acquisition purposes reflects the net book value, is \$784,380 for the water facility and \$1,355,089 for the wastewater facility. It is further

ORDERED that United Water Florida Inc. shall charge the former customers of Sunray Utilities - St. Johns, Inc., the rates and charges as set forth in the body of this Order until authorized to change by this Commission in a subsequent proceeding. It is further

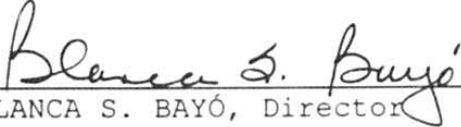
ORDERED that the rates and charges approved herein shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order issued as proposed agency action shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 4th day of August, 1997.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

RGC



NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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 actions regarding the Commission's jurisdiction over United Water Florida Inc.'s facilities in St. John's County, establishing rate base, and approving rates and charges, are 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 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 25, 1997. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. 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 satisfies 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 wastewater 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

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Order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this Order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater 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 after the issuance of this Order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

UNITED FLORIDA WATER INC.  
SUNRAY UTILITIES - ST. JOHNS COUNTY, INC.  
TERRITORY DESCRIPTION

IN St. JOHNS COUNTY, FLORIDA, THE FOLLOWING LANDS IN TOWNSHIP 5 SOUTH,  
RANGE 27 EAST:

All of Section 1, LESS AND EXCEPT, the North 1/2 of the NE 1/4 of said section.

ALL OF SECTION 2, LESS AND EXCEPT Northeast 1/4; further LESS AND EXCEPT the Southeast 1/4; and further LESS AND EXCEPT the Easterly 1/2 of the Northwest 1/4 of said section.

ALL OF SECTION 3.

ALL OF SECTION 4, LESS AND EXCEPT the Northerly 1/2 of said section; further LESS AND EXCEPT the Northerly 1/2 of the Southeast 1/4; and further LESS AND EXCEPT the Northerly 1/2 of the Southwest 1/4 of said section.

IN SECTION 5, ALL OF THE Southeasterly most 1/4 of the Southeast 1/4 of this fractional section.

ALL OF SECTIONS 9, 10, 11, 12, 13, 14, and 15.

ALL OF THE South 1/2 of the Northeast 1/4, together with the South 1/2 of the Southeast 1/4, of SECTION 16.

ALL OF SECTIONS 17 AND 21.

ALL OF SECTION 22, LESS AND EXCEPT the South 1/2 of the Northeast 1/4; further LESS AND EXCEPT so much of the Southeast 1/4 as may lie Southerly of the Right of Way of State Road 210.

ALL OF SECTION 23, LESS AND EXCEPT so much of the Southwest 1/4 that may lie Southerly of State Road 210; further LESS AND EXCEPT the Southwest 1/4 of the Southeast 1/4.

ALL OF SECTION 24.

ALL OF SECTION 25, LESS AND EXCEPT the Southeast 1/4 of the Southeast 1/4 of the Southeast 1/4.

ALL OF SECTIONS 26, 27 AND 28.

ALL OF THAT CERTAIN TRACT OR PARCEL OF LAND LYING IN THE Northerlymost 1/4 of SECTION 32, together with the Southeast 1/4 of the Northeast 1/4, of said Section 32.

(Cont'd: Township 5 South, Range 27 East)

ALL OF SECTION 33, LESS AND EXCEPT the Easterly 1/2 of the Southeast 1/4 of the Northwest 1/4; further LESS AND EXCEPT the Easterly 1/2 of the Northeast 1/4 of the Southwest 1/4; further LESS AND EXCEPT the Southwest 1/4 of the Northeast 1/4 of the Southwest 1/4 of the Southwest 1/4; further LESS AND EXCEPT the South 1/2 of the Northwest 1/4 of the Southwest 1/4; further LESS AND EXCEPT the Southwest 1/4 of the Southwest 1/4; further LESS AND EXCEPT the Southeast 1/4 of the Southeast 1/4, of said section.

ALL OF SECTION 34, LESS AND EXCEPT the Southwest 1/4 of the Southwest 1/4 of said section.

ALL OF SECTION 35.

ALL OF SECTION 36, LESS AND EXCEPT THE EASTERLY 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION.

ALL OF SECTION 41.

IN ST. JOHNS COUNTY, FLORIDA, THE FOLLOWING LANDS IN TOWNSHIP 5 SOUTH, RANGE 28 EAST:

ALL OF SECTIONS 4, 5, and 6 lying South of Race Track Road.

ALL OF SECTION 7, LESS AND EXCEPT the Southwest 1/4 of the Southeast 1/4 of said section.

ALL OF SECTIONS 8, 9, 16, AND 17.

ALL OF SECTION 18, LESS AND EXCEPT the Northeast 1/4 of the Southeast 1/4; further LESS AND EXCEPT to much of the Northeast 1/4 of the Northeast 1/4 of the Northeast 1/4 as may lie Northerly of the right of way of Russell Sampson Road (a 60' right of way in Section 18).

ALL OF SECTIONS 19, 20, 21, 28, 29, 30, 31, 32, 40, 41 AND 46.

ATTACHMENT B

SUNRAY - ST. JOHNS, INC.  
 SCHEDULE OF WATER RATE BASE  
 AS OF DECEMBER 31, 1996

<u>Description</u>	<u>Balance per Utility</u>	<u>Commission Adjustments</u>	<u>Balance per Commission</u>
Utility Plant in Service	\$1,109,044	\$ (6,114)	\$1,102,930
Accumulated Depreciation	\$ (255,199)	\$ (831)	\$ (256,030)
CIAC	\$ ( 76,360)	\$ 0	\$ ( 76,360)
Accumulated Amortization	<u>\$ 13,840</u>	<u>\$ 0</u>	<u>\$ 13,840</u>
Totals	<u>\$ 791,325</u>	<u>\$ (6,945)</u>	<u>\$ 784,380</u>

SUNRAY - ST. JOHNS, INC.  
 SCHEDULE OF WASTEWATER RATE BASE  
 AS OF DECEMBER 31, 1996

<u>Description</u>	<u>Balance per Utility</u>	<u>Commission Adjustments</u>	<u>Balance per Commission</u>
Utility Plant in Service	\$1,891,679	\$ 8,886	\$1,900,565
Accumulated Depreciation	\$ (321,858)	\$ (831)	\$ (322,689)
CIAC	\$ (236,382)	\$ 0	\$ (236,382)
Accumulated Amortization	<u>\$ 13,595</u>	<u>\$ 0</u>	<u>\$ 13,595</u>
Totals	<u>\$1,347,034</u>	<u>\$ (6,945)</u>	<u>\$1,355,089</u>



**ATTACHMENT C**

<u>EXPLANATION OF ADJUSTMENTS</u>	<u>WATER</u>	<u>WASTEWATER</u>
<u>PLANT IN SERVICE</u>		
a) Reclassify plant account	\$ (7,500)	\$ 7,500
b) General Plant - breathing apparatus	\$ 750	\$ 750
c) General Plant - ADT Security	\$ 636	\$ 636
	<u>\$ (6,114)</u>	<u>\$ 8,886</u>
<u>ACCUMULATED DEPRECIATION</u>		
a) Adjustments to reserve accounts due to adjustments to plant	<u>\$ (831)</u>	<u>\$ (831)</u>

ATTACHMENT D

COMPARISON OF RATES

Water: Residential - Quarterly

	<u>Sunray</u>	<u>UWF</u>
5/8" meter - BFC	\$ 45.51	\$ 17.38
Gallonage Charge - per 1,000 gallons	\$ 1.64	\$ 1.35

Wastewater: Residential - Quarterly

5/8" meter - BFC	\$ 52.98	\$ 33.98
Gallonage Charge - per 1,000 gallons	\$ 2.18	\$ 3.34

Residential - Combined Quarterly

Total Bill @ 18K	\$ 167.25	\$ 135.78
Total Bill @ 27K	\$ 201.63	\$ 177.99

Water: General Service - Monthly

2" meter - BFC	\$ 121.38	\$ 82.89
8" meter - BFC	\$1,213.81	\$1,326.20
Gallonage Charge	\$ 1.64	\$ 1.35

Wastewater: General Service - Monthly

2" meter - BFC	\$ 141.29	\$ 132.55
8" meter - BFC	\$1,412.93	\$2,210.65
Gallonage Charge	\$ 2.61	\$ 4.01

Sunray - Retained Charges

	<u>Water</u>	<u>Wastewater</u>
Plant Capacity Charge	\$ 410.00	\$ 250.00
Guaranteed Revenues	\$ 14.08	\$ 18.19

Note - UWF will not collect Sunray's authorized Allowance for Funds Prudently Invested (AFPI) Charges. Sunray's approved charges were \$1,290.60 for water and \$1,460.62 for wastewater.