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April 3, 1996

FEDERAL EXPRESS

Ms. Susan F. Clark, Chairman
Florida Public Service Commission
2340 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

960451-WS

Re: United Water Florida Inc.
Application for Test Year Approval

Dear Chairman Clark:

United Water Florida Inc. ("Company") intends to file an application for a general water and wastewater rate increase, on or before July 31, 1996. Subject to your approval, the rate application will be based on a historical test year ending December 31, 1995, and a future test year ending December 31, 1996, adjusted for land to be acquired and facilities to be constructed in the public interest through December 31, 1997. These adjustments will be fully detailed in the rate filing. The Company's last general rate application was based on a test year ending December 31, 1980, and was decided by Proposed Agency Action at Docket No. 810071-WS, Order No. 10531, January 20, 1982.

Major changes in operational methods which have occurred in the past eighteen (18) months, include a name change from Jacksonville Suburban Utilities Corporation to United Water Florida Inc. that reflects the merger of the Company's corporate grandparent GWC Corporation with United Water Resources Inc., the implementation of continuous improvement through work teams, the changeover of the fleet of vehicles from company owned vehicles to leased vehicles, the implementation of predictive maintenance to complement the Company's preventive maintenance program and the providing of training for employees in the customer service department to improve their customer relations skills, provide them with an overview of operations and enhance their computer abilities.

DOCUMENT NUMBER-DATE

04047 APR-82

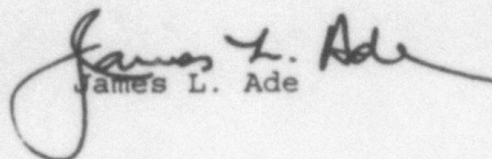
FPSC-RECORDS/REPORTING

Ms. Susan F. Clark, Chairman
April 3, 1996
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The basis for the Company's claimed revenue requirement will be the pro forma results of operations in the future test year ending December 31, 1996, as adjusted. The historical year ended December 31, 1995, as adjusted, will be the basis for the Company's request for interim rates. The future test year is more representative of the Company's operations in the period during which permanent rates will be in effect because it will incorporate known, measurable or reasonably estimated changes in revenue and expense anticipated to occur during the future test year. It will also incorporate a representative level of plant in service during 1997. Thus, the future test year, as adjusted, will enable the Commission to set rates for the rate effective period based on information which is most representative of conditions that will exist during this period.

A list of adjustments to revenue and expenses which are at this time anticipated to be made in the historical and projected test years is set forth on attached Schedule A, and a general description of additions to plant in service at the end of the historical and future test years is attached as Schedule B. If further information is needed, please do not hesitate to contact me.

Very truly yours,


James L. Ade

JLA:dws
Enclosures

cc: Mr. Walton Hill
Mr. Robert Iacullo
Mr. Philip Heil
Mr. Frank McQuire

UNITED WATER FLORIDA INC.

Anticipated Estimated Pro Forma AdjustmentsLABOR

- to reflect personnel additions and pay raises during the historical and future test years.

POWER

- to reflect current rates of power supplier, and an allowance for future test year changes.

PURCHASED OUTSIDE SEWAGE TREATMENT

- to reflect changes in rates from supplier and anticipated customer growth.

PURCHASED WATER

- to reflect changes in rates from supplier and anticipated customer growth.

TAXES OTHER THAN INCOME

- to reflect most current tax rates and property additions.

DEPRECIATION

- to reflect changes in depreciation rates resulting from adoption of Commission approved rates and property additions.

EMPLOYEE BENEFITS

- to reflect changes in costs of employee benefits.

PRODUCTION COSTS

- to reflect changed operations and maintenance costs.

INSURANCE

- to reflect changes in premiums.

MAINTENANCE EXPENSE

- to reflect changed operations and maintenance costs.

REVENUE

- to reflect customers added in historical and future test years.

UNITED WATER FLORIDA INC.

Estimated Gross Plant Additions (\$1,000's)

| | <u>1/1/95 To</u> <u>12/31/95</u> | <u>1/1/96 To</u> <u>12/31/96</u> | <u>1/1/97 To</u> <u>12/31/97</u> |
|------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>WATER SERVICES</u> | 638.1 | 805.0 | 665.0 |
| <u>WATER METERS</u> | 182.6 | 195.0 | 175.0 |
| <u>WATER MAINS</u> | 1,554.7 | 3,094.6 | 2,535.0 |
| <u>SOURCE OF SUPPLY</u> | 85.4 | 50.0 | 135.0 |
| <u>PUMPING PLANT (WATER)</u> | 189.7 | 1,123.3 | 150.0 |
| <u>WATER TREATMENT</u> | 141.2 | 1,480.6 | 407.0 |
| <u>STORAGE</u> | 48.0 | 545.0 | 345.0 |
| <u>TRANSPORTATION</u> | 12.5 | 0.0 | 0.0 |
| <u>GENERAL PLANT</u> | 251.8 | 440.0 | 40.0 |
| <u>SEWER SERVICES</u> | 494.1 | 930.0 | 920.0 |
| <u>SEWER MAINS</u> | 1,827.5 | 3,519.2 | 3,345.0 |
| <u>PUMPING PLANT (SEWER)</u> | 1,002.2 | 208.3 | 350.0 |
| <u>SEWAGE TREATMENT</u> | 1,515.0 | 10,048.8 | 6,352.0 |
| | | | |
| <u>TOTALS</u> | 7,942.8 | 22,439.8 | 15,419.0 |