

State of Florida

Susan F. Clark
Chairman



Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(904) 413-6040
FAX (904) 487-1716

Public Service Commission

April 16, 1996

Mr. James L. Ade
Martin, Ade, Birchfield & Mickler, P.A.
Post Office Box 59
Jacksonville, Florida 32201

Dear Mr. Ade:

RE: Docket No. 960451-WU, Application of United Water Florida Inc. for Increased Water and Wastewater Rates in Duval, Nassau and St. Johns Counties - Test Year Approval

We have received your letter dated April 11, 1996, requesting approval to use a projected test year ended December 31, 1997, utilizing an intermediate test year ended December 31, 1996 and a base year ended December 31, 1995. The letter also indicates that you wish to use the base year as a test year for interim rate purposes. Your test year request as outlined above is hereby approved. You should also be aware that prefiled direct testimony must be filed with the minimum filing requirements if you do not elect to request the proposed agency action process.

For administrative purposes only, Docket No. 960451-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of Records and Reporting receives the complete petition, revised tariff sheets, the minimum filing requirements, testimony (if not requesting PAA) and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than July 31, 1996. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

Under the file and suspend law, the time period for processing the request will begin on the date that all of the required data is completely filed. If not complete, the official filing date will be the date the complete corrections to the deficiencies are filed. The utility is instructed to file all information it wishes the Commission to consider when arriving at a decision on its rate case application with its original filing. Because of the time limitations contained in Section 367.081, Florida Statutes, and the lengthy auditing and investigation required, information not filed.

DOCUMENT NUMBER-DATE

04351 APR 16 1996

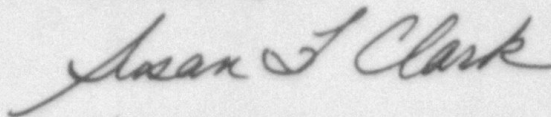
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Mr. James L. Ade
April 16, 1996
Page 2

with the original application may not be considered. Lastly, the utility should be prepared to justify all increased operation and maintenance expenses, particularly those in excess of customer growth and inflation from five years prior to the historic test year.

Sincerely,



Susan F. Clark
Chairman

SFC/MWW

cc: Commissioners
Mr. Talbott
Dr. Bane
Nanette Fisher
Division of Records and Reporting
Division of Legal Services (Jaber)
Division of Water and Wastewater (Willis)
Jack Shreve, Office of Public Counsel

LAW OFFICES

MARTIN, ADE, BIRCHFIELD & MICKLER, P.A.

ONE INDEPENDENT DRIVE - SUITE 3000
JACKSONVILLE, FLORIDA 32202

MAILING ADDRESS:
POST OFFICE BOX 59
JACKSONVILLE, FLORIDA 32201

TELEPHONE (904) 354-2080
TELECOPIER (904) 354-5842

SHARON ROBERTS HENDERSON
BARBARA CHRISTIE JOHNSTON
WILHELMINA F. RIGTLINGER
MYRA LOUGHMAN
RALPH H. MARTIN
ROBERT O. MICKLER
JOHN D. MILTON, JR.
DANIEL S. MUNN, JR.
SCOTT S. SCHLOSSBERG
GARY L. WILKINSON
L. PETER JOHNSON (1942-1988)

JAMES L. ADE
LYNDA R. AYDOOR
W. D. BIRCHFIELD
TIMOTHY A. BURLEIGH
CHARLES L. CRANFORD
PHILLIP A. DELMONT
STEPHEN H. DURANT
T. WILLIAM GLOCKER
MICHAEL E. GOODBREAD, JR.
STEPHEN D. HALKER
KORD HEAD

April 11, 1996

FEDERAL EXPRESS

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

RECEIVED

APR 12 1996

Florida Public Service Comm.
Commissioner Clark

Re: United Water Florida Inc.
Application for Rate Increase
Docket No. 960451-WS

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, 1997. The calendar year 1996 will be the intermediate year. All adjustments to the historical test year 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.

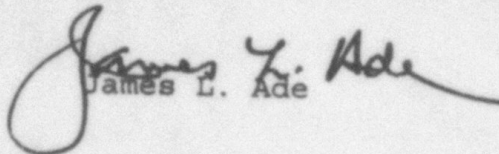
Ms. Susan F. Clark, Chairman
April 11, 1996
Page 2

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, 1997. 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, expense and plant in service anticipated to occur through the future test year. Thus, the future test year 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 future 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.

This letter supersedes my letter to you dated April 3, 1996, in which approval for a test year was requested.

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 through the historical and future test years.

POWER

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

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 through the future test year.

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



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 15, 1996
TO: CHAIRMAN CLARK
FROM: CHARLES H. HILL, DIRECTOR, DIVISION OF WATER AND WASTEWATER
LILA JABER, DIVISION OF LEGAL SERVICES
RE: DOCKET NO. 960451-WS, APPLICATION OF UNITED WATER FLORIDA INC. FOR AN INCREASE IN WATER AND WASTEWATER RATES IN DUVAL, NASSAU AND ST. JOHNS COUNTIES - TEST YEAR APPROVAL

By letter dated April 11, 1996, United Water Florida Inc. (UWF) has requested approval to use a projected test year ended December 31, 1997. The filing will utilize a base year ended December 31, 1995 and an intermediate year ended December 31, 1996. The company has indicated that they will also be requesting an interim increase using the base year ended December 31, 1995.

UWF states the reason for filing this case is that the current rates being charged will not provide a fair rate of return on their investment. The major reason for the rate increase appears to be the large additions to plant in service from 1995 through 1997 of \$45,801,600. The majority of the plant additions will be placed into use during 1996 and 1997. The utility has not filed for a general rate increase since 1981, although indexing and pass through applications have been filed each year.

Staff believes, given the circumstances, that the requested test year will be representative because of the reasons stated above. Staff has reviewed the utility's annual reports for the calendar years 1992 through 1994. Based on our review, we believe that the requested test year should be approved. Receipt of the application by July 31, 1996, will be acceptable.

The test year letter filename is I:\PSC\WAW\WP\UWF.MWW

c: Dr. Mary Bane, Deputy Executive Director/Technical
Division of Water and Wastewater (Willis, Crouch, Merchant, Rendell)
Division of Legal Services
Division of Records and Reporting
Nanette Fisher

State of Florida

SUSAN F. CLARK
CHAIRMAN



CAPITAL CIRCLE OFFICE CENTER
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(904) 413-6040

Public Service Commission

April 15, 1996

Mr. James L. Ade
Martin, Ade, Birchfield & Mickler, P.A.
P.O. Box 59
Jacksonville, Florida 32201

Dear Mr. Ade:

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For administrative purposes only, Docket No. 960451-WS has been assigned to the forthcoming case. Your petition will be deemed filed on the date that the Division of Records and Reporting receives the complete petition, revised tariff sheets, the minimum filing requirements, testimony (if not requesting PAA) and the filing fee. To minimize any regulatory lag that may occur, we request that you file the above no later than July 31, 1996. Because of the difficulty in scheduling hearing dates it is not anticipated that an extension of this filing date will be granted.

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Mr. James L. Ade
April 15, 1996
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Sincerely,

Susan F. Clark
Chairman

SFC/MWW

cc: Commissioners
Mr. Talbott
Dr. Bane
Nanette Fisher
Division of Records and Reporting
Division of Legal Services (Jaber)
Division of Water and Wastewater (Willis)
Jack Shreve, Office of Public Counsel



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 15, 1996
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LILA JABER, DIVISION OF LEGAL SERVICES
RE: DOCKET NO. 960451-WS, APPLICATION OF UNITED WATER FLORIDA INC. FOR AN INCREASE IN WATER AND WASTEWATER RATES IN DUVAL, NASSAU AND ST. JOHNS COUNTIES - TEST YEAR APPROVAL

RECEIVED
APR 15 1996

FPSO RECORDS/REPORTING

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- c: Dr. Mary Bane, Deputy Executive Director/Technical
Division of Water and Wastewater (Willis, Crouch, Merchant, Rendell)
Division of Legal Services
Division of Records and Reporting
Nanette Fisher

State of Florida

SUSAN F. CLARK
CHAIRMAN



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Public Service Commission

April 15, 1996

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Susan F. Clark
Chairman

SFC/MWW

cc: Commissioners
Mr. Talbott
Dr. Bane
Nanette Fisher
Division of Records and Reporting
Division of Legal Services (Jaber)
Division of Water and Wastewater (Willis)
Jack Shreve, Office of Public Counsel

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

State of Florida



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYÓ
DIRECTOR
(904) 413-6770

April 9, 1996

Mr. James L. Ade
Martin, Ade, Birchfile & Mickler, P.A.
Post Office Box 59
Jacksonville, Florida 32201

Re: Docket No. 960451-WS

Dear Mr. Ade:

This will acknowledge receipt of an application for rate increase in Duval, Nassau, and St. Johns Counties, by UNITED WATER FLORIDA INC., which was filed in this office on April 8, 1996 and assigned the above-referenced docket number. Appropriate staff members will be advised.

A tentative schedule of events in your docket (referred to as a Case Assignment and Scheduling Record or CASR) should be available, upon request, ten (10) working days after establishment of the docket. You may contact the Records Section at (904) 413-6770 or by fax at (904) 413-7118 to request that a copy of the case schedule be faxed or mailed to you. The schedule of events provides you with an opportunity to anticipate completion stages of work in the docket. These dates are subject to change; therefore, you may wish to call the Records Section periodically to obtain revised schedules for your docket. For firm dates of hearings or other activities, please look to the Commission's official notices and orders. You can also obtain information on your docket by accessing the PSC HomePage on the Internet, at <http://www.state.fl.us/psc/>.

Sincerely,

Linda C. Williams

Linda C. Williams
Commission Deputy Clerk