

SYNOPSIS OF APPLICATION BY UNITED WATER FLORIDA INC.
FOR ADJUSTMENT OF RATES
FLORIDA PUBLIC SERVICE COMMISSION DOCKET NO. 960451-WS

1. United Water Florida Inc. ("United Water Florida") has applied to the Florida Public Service Commission (the "Commission") for an increase in its water and wastewater rates in Duval, Nassau, and St. Johns Counties, Florida.

2. Following are the present, proposed interim, and proposed final water service

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Residential Service (Quarterly Rates)

Meter Size	Present Rates Base Facility Charges	Proposed Interim Rates Base Facility Charges	Proposed Final Rates Base Facility Charges
5/8"	\$ 14.62	\$ 15.90	\$ 20.52
3/4"	\$ 20.50	\$ 22.30	\$ 28.78
1"	\$ 32.22	\$ 35.04	\$ 45.23
1 1/2"	\$ 73.26	\$ 79.68	\$ 102.85
2"	\$ 143.68	\$ 156.27	\$ 201.71
Gallonage Charge			
per 1,000 Gallons	\$ 1.03	\$ 1.12	\$ 1.45
per 100 cubic feet	\$ 0.77	\$ 0.84	\$ 1.08

General Service (Monthly Rates)

Meter Size	Present Rates Base Facility Charges	Proposed Interim Rates Base Facility Charges	Proposed Final Rates Base Facility Charges
5/8"	\$ 6.79	\$ 7.38	\$ 9.53
3/4"	\$ 8.75	\$ 10.68	\$ 13.79
1"	\$ 12.65	\$ 18.95	\$ 24.46
1 1/2"	\$ 26.36	\$ 42.63	\$ 55.03
2"	\$ 49.82	\$ 75.83	\$ 97.88
3"	\$ 131.93	\$ 170.58	\$ 220.19
4"	\$ 339.26	\$ 303.18	\$ 391.35
6"	\$ 382.27	\$ 682.32	\$ 880.75
8"	\$ 4,258.31	\$1,212.72	\$ 1,565.40
Gallonage Charge			
per 1,000 Gallons	\$ 1.03	\$ 1.12	\$ 1.45
per 100 cubic feet	\$ 0.77	\$ 0.84	\$ 1.08

Private Fire Protection (Monthly Rates)

Size of Service Connection	<u>Present Rates</u>	<u>Proposed Interim Rates</u>	<u>Proposed Final Rates</u>
	Monthly Rate Per Connection	Monthly Rate Per Connection	Monthly Rate Per Connection
2"	\$ 13.31	\$ 6.32	\$ 6.87
3"	\$ 23.74	\$ 14.21	\$ 15.45
4"	\$ 35.42	\$ 25.26	\$ 27.47
6"	\$ 67.99	\$ 56.86	\$ 61.84
8"	\$ 107.09	\$ 101.06	\$ 109.91
10"	\$ 152.64	\$ 157.95	\$ 171.79
12"	\$ 217.57	\$ 227.43	\$ 247.35

3. Following are the present, proposed interim, and proposed final wastewater service rates.

Residential Service (Quarterly Rates)

Water Meter Size	<u>Present Rates</u>	<u>Proposed Interim Rates</u>	<u>Proposed Final Rates</u>
	Base Facility Charges	Base Facility Charges	Base Facility Charges
5/8"	\$ 27.57	\$ 28.86	\$ 36.62
3/4"	\$ 27.57	\$ 28.86	\$ 36.62
1"	\$ 27.57	\$ 28.86	\$ 36.62
1 1/2"	\$ 27.57	\$ 28.86	\$ 36.62
Unmetered account (No quantity charge)	\$ 88.07	\$ 92.18	\$ 116.99
Quantity Charge			
per 1,000 gallons	\$ 3.00	\$ 3.14	\$ 3.98
per 100 cubic feet (Maximum gallonage charge - 30,000 gallons of water or 4,000 cubic feet of water per quarter)	\$ 2.24	\$ 2.35	\$ 2.98

General Service - Standard (Monthly Rates)

<u>Water Meter Size</u>	<u>Present Rates</u>	<u>Proposed Interim Rates</u>	<u>Proposed Final Rates</u>
	Base Facility Charges	Base Facility Charges	Base Facility Charges
5/8"	\$ 10.48	\$ 10.97	\$ 13.92
3/4"	\$ 14.50	\$ 15.87	\$ 20.14
1"	\$ 23.29	\$ 28.14	\$ 35.72
1 1/2"	\$ 53.19	\$ 63.33	\$ 80.38
2"	\$ 104.45	\$ 112.59	\$ 142.89
3"	\$ 283.94	\$ 253.39	\$ 321.58
4"	\$ 736.83	\$ 450.35	\$ 571.54
6"	\$ 830.84	\$ 1,013.44	\$ 1,286.16
8"	\$ 9,299.45	\$ 1,801.28	\$ 2,286.01
Unmetered Accounts (No quantity charges)	\$ 30.61	\$ 31.71	\$ 40.25
Quantity Charge per 1,000 Gallons of water	\$ 3.00	\$ 3.14	\$ 3.98
per 100 cubic feet of water	\$ 2.24	\$ 2.35	\$ 2.98

General Service - Jacksonville University (Monthly)

<u>Wastewater Meter Size</u>	<u>Present Rates</u>	<u>Proposed Interim Rates</u>	<u>Proposed Final Rates</u>
	Base Facility Charges	Base Facility Charges	Base Facility Charges
3"	\$ 283.94	\$ 297.19	\$ 377.17
4"	\$ 736.83	\$ 771.21	\$ 978.76
6"	\$ 830.84	\$ 869.61	\$ 1,103.64
Quantity Charge per 1,000 Gallons of wastewater flows	\$ 3.73	\$ 3.90	\$ 4.95
per 100 cubic feet of wastewater flows	\$ 2.80	\$ 2.93	\$ 3.72

4. The Commission may modify the proposed rates so as to increase or decrease the proportionate amounts allocated to the base facility charge (the fixed minimum monthly amount regardless of usage) and the gallonage charge (which will vary with actual usage). The Commission may also modify the rates so as to allocate revenue

among the various meter sizes in a different manner than that proposed by United Water Florida.

5. United Water Florida has requested approval of a late payment charge of \$3.00. The use of a late charge would create an incentive for customers to pay on time and cause those customers who do not pay on time to incur the additional costs of collecting their payments.

6. United Water Florida's position is that its water and wastewater facilities are one hundred percent (100%) used and useful. In the event that the Commission determines that any of United Water Florida's facilities are not one hundred percent (100%) used and useful, United Water Florida has requested that it be allowed to charge and collect an Allowance for Funds Prudently Invested ("AFPI") in an amount sufficient to cover all water and wastewater plant amounts.

7. United Water Florida has not requested a change in its service availability charges as a part of its rate request. However, the Commission will be reviewing United Water Florida's service availability charges in the pending rate case and the Commission may adjust United Water Florida's service availability charges. Service availability charges and AFPI charges are designed to pay for the growth of the utility system and are paid by new, and not existing customers.

8. United Water Florida has requested that the Commission grant it interim rate relief. Specifically, United Water Florida has requested that it be allowed to increase its present water and wastewater service rates to the proposed interim rates set forth above until the Commission issues its final order concerning United Water Florida's Application

and any permanent rate increase approved by the Commission becomes effective. The Commission has not ruled on this request for interim relief.

9. United Water Florida is a water and wastewater utility company regulated by the Commission. United Water Florida is seeking an increase in its water and wastewater rates because its present rates do not provide sufficient revenues to permit it an opportunity to earn a fair return on its investment in facilities used and useful in furnishing water and wastewater service to the public.

10. A statement of the anticipated major issues involved in this rate case are as follows:

- a. In the event that the Commission approves the proposed rates, whether the increase in rates should occur in stages, or whether the entire increase should be immediately implemented.
- b. United Water Florida is not aware of any other major issues at the time of preparing this Synopsis, because issues are generally raised by parties questioning or opposing an application for adjustment of rates, and no such parties exist at this time. However, United Water Florida anticipates that its investment in water and wastewater facilities added since its last rate case will be closely examined by the Commission in this proceeding. In addition, the Commission is expected to review and determine United Water Florida's quality of service, rate base, cost of capital, net operating income, revenue requirements, and, ultimately, the rates and charges for service.

11. A description of the ratemaking process and the time schedule established for the rate case are as follows:

The Commission requires that certain information be filed in applications for adjustment of rates. The requirements are referred to as Minimum Filing Requirements ("MFRs"). United Water Florida has filed its application and satisfied the MFRs for the base

year ended December 31, 1995, and the projected test year ended December 31, 1997. United Water Florida's Application and its schedules propose an increase in its utility operating income to \$2,971,278 for its water facilities and \$5,941,692 for its wastewater facilities, both of which would provide for a return of 9.89% on the rate bases of the water facilities of \$30,043,254 and the wastewater facilities of \$60,077,777.

United Water Florida submitted its MFRs on July 30, 1996, and deficiencies were corrected as of September 3, 1996. When the MFRs were filed with and accepted by the Commission, the official date of filing was established, and a statutory time clock began. The official date of filing for this case is September 3, 1996. The Commission has 60 days from that date during which it may officially suspend, deny, or approve the requested rates. Generally, the requested rates are suspended because further investigation is needed. During the first 60 days following a petition for interim rates, the statute requires the Commission to determine whether to authorize an interim rate increase, subject to refund, to go into effect while the case is pending, if the MFRs indicate the utility company is earning less than the last authorized rate of return on investment. United Water Florida's proposed interim rates are set forth in paragraphs nos. 2 and 3 of this Synopsis.

The Commission has a professional staff that specializes in reviewing and analyzing the data submitted by a utility company in support of its rate request. An audit of United Water Florida's accounting records will be made, with the company's financial operations carefully reviewed. Engineering personnel will make a detailed study of the utility company's physical facilities including on-site investigations. The staff engineer will also review the utility company's compliance with local, state, and federal environmental agencies' rules.

The issues in this case will be determined through a formal hearing process. The Commission has issued a schedule setting tentative dates for various matters related to the rate setting process, including the filing of testimony by any intervenors, the Staff of the Commission, and United Water Florida. This time schedule proposes that a prehearing conference be held on January 6, 1997, in Tallahassee and that a formal hearing be held on January 27 - 31, 1997, in Jacksonville, Florida. At the formal hearing, United Water Florida will present its case for an increase in its rates. At the formal hearing, the Commission will accept testimony from the customers concerning the quality of water and wastewater utility service provided by United Water Florida and its request for a rate increase. The Commission will ultimately decide the disposition of United Water Florida's request for a permanent rate increase based on the facts presented at the hearing. Any party substantially affected by the Commission's final order will have an opportunity to request a reconsideration or file an appeal, or both.

A list of the current proposed time schedule is as follows:

Official Date of Filing	September 3, 1996
Order Establishing Procedure	October 11, 1996
Staff Recommendation on Proposed Interim Rates delivered to Commission	October 17, 1996
Commission Agenda Conference - Interim Rates	October 29, 1996
Order on Interim Rates	November 18, 1996
Audit Report to Analyst	November 19, 1996
Intervenor Testimony Due	December 11, 1996
Prehearing Statement Due	December 16, 1996

Staff Testimony Due (if necessary)	December 20, 1996
Rebuttal Testimony Due	January 3, 1997
Prehearing Conference	January 6, 1997
Prehearing Order	January 21, 1997
Formal Hearing	January 27-31, 1997
Transcript Delivered	February 12, 1997
Briefs Due	February 26, 1997
OCR/Staff Recommendation Delivered to Commission	April 17, 1997
Commission Agenda Conference Order	April 29, 1997
	May 19, 1997

The above mentioned conferences and prehearing will be held in Tallahassee, Florida.

12. A complete copy of the MFRs and Synopsis are available at the following locations:

- a. United Water Florida Inc.
1400 Millcoe Road
Jacksonville, Florida 32239
- b. Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
- c. Jacksonville Public Library
122 N. Ocean Street
Jacksonville, Florida 32202
- d. St. Johns County Public Library
Ponte Vedra Beach Branch
101 Library Boulevard
Ponte Vedra Beach, Florida 32082

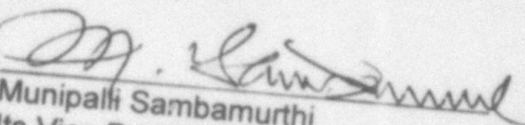
e. Fernandina Beach Public Library
25 N. Fourth Street
Fernandina Beach, Florida 32034

13. Customer comments concerning United Water Florida's water and wastewater utility service and United Water Florida's request for a rate increase should be addressed to the Director of the Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, with a courtesy copy to James L. Ade, Attorney, Martin, Ade, Birchfield & Mickler, 3000 Independent Square, Jacksonville, Florida 32202. All comments should include a reference to Commission Docket No. 960451-WS, which has been assigned to this case. Complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552.

14. On October 2, 1996, this Synopsis was approved for distribution by the Staff of the Commission.

Dated this 3rd day of October, 1996.

UNITED WATER FLORIDA INC.

By: 
Munipalli Sambamurthi
Its Vice President

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Synopsis of Application by United Water Florida Inc. for Adjustment of Rates has been furnished by U.S. Mail on October 3rd, 1996, to the following addresses:

Clerk
Board of County Commissioners
Duval County
103 Courthouse
Jacksonville, FL 32202

Mayor
City of Atlantic Beach
800 Seminole Road
Atlantic Beach, FL 32233-5400

Mayor
City of Jacksonville
City Hall - 220 E. Bay Street
Jacksonville, FL 32202

Mayor
City of Jacksonville Beach
City Hall
11 North 3rd Street
Jacksonville, FL 32250-6930

Mayor
City of Neptune Beach
1517 Atlantic Boulevard
Neptune Beach, FL 32266-1701

Mayor
Town of Baldwin
P.O. Box 54
Baldwin, FL 32234-1832

Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Clerk
Board of County Commissioners
St. Johns County
P.O. Drawer 349
St. Augustine, FL 32085-0349

Mayor
City of St. Augustine
P.O. Drawer 210
St. Augustine, FL 32085-0210

Mayor
Town of Hastings
P.O. Box 427
Hastings, FL 32145-0427

Mayor
Town of Marineland
9507 Ocean Shore Boulevard
Marineland, FL 32086-9602

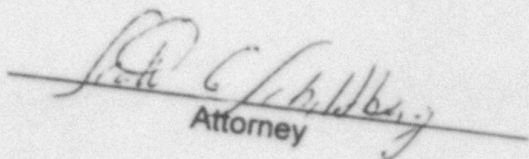
Mayor
Town of St. Augustine Beach
370 A1A Beach Boulevard
St. Augustine, FL 32084

Clerk
Board of County Commissioners
Nassau County
P.O. Box 456
Fernandina Beach, FL 32034-0456

Mayor
City of Fernandina Beach
P.O. Box 668
Fernandina Beach, FL 32034-0668

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Town of Callahan
P.O. Box 5016
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