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October 8, 1998

VIA FEDERAL EXPRESS

ORIGINAL

Ms. Blanca Bayo, Director  
Department of Records & Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Application for Rate Increase in Duval, St. Johns and Nassau  
Counties by United Water Florida Inc., Docket No. 980214-WS  
("Application")

Dear Ms. Bayo:

In connection with the above-referenced Application, enclosed are an original and five (5) copies of United Water Florida Inc.'s Response to Florida Public Service Commission Data Request Dated September 24, 1998 ("Response"). Ms. Bobbie L. Reyes granted United Water Florida Inc. an extension of time to file the Response by Monday, October 12, 1998.

I would appreciate your distributing the enclosed copies of the Response in accordance with your established procedures.

If you have any questions or need additional information concerning this matter, please do not hesitate to call me.

Sincerely yours,

Scott G. Schildberg

RECEIVED  
OCT 9 10 03 AM '98  
ADMINISTRATION  
MAIL ROOM

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- WAS \_\_\_\_\_

- SGS/dws
- Enclosures
- cc: Mr. Walton F. Hill
- Mr. Jack Schreyer (2 sets)
- Mr. Gary R. Moseley (2 sets)
- Mr. Munipalli Sambamurthi
- Mr. Harold McLean (2 sets)
- Ms. Bobbie L. Reyes

DOCUMENT NUMBER-DATE

11138 OCT-98

CP&C-RECORDS/REGULATING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of United Water )	DOCKET NO. 980214-WS
Florida Inc. for Increased Water )	
and Wastewater Rates in Duval, )	Date Submitted for
Nassau and St. Johns Counties )	Filing: OCTOBER 8, 1998
_____ )	

UNITED WATER FLORIDA INC.'S RESPONSE  
TO FLORIDA PUBLIC SERVICE COMMISSION  
DATA REQUEST DATED SEPTEMBER 24, 1998

United Water Florida Inc.'s response to the September 24, 1998, data request is set forth on the following pages.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST – 6<sup>TH</sup> SET

REQUEST 1:

Please provide a copy of the 1996 Annual Report, including audited financial statements, associated notes and schedules, for United Water Resources Inc.

RESPONSE 1:

Please see the attached 1996 Annual Report for United Water Resources Inc.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST – 6<sup>TH</sup> SET

REQUEST 2:

If separate audited financial statements were issued for United Waterworks, Inc. for 1997, please provide a copy of the statements, along with associated notes and schedules.

RESPONSE 2:

Not Applicable

**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET**

**REQUEST 3:**

Please provide a detailed description of measures implemented to reduce and contain operating and maintenance costs since MFRs for the previous rate case (Docket No. 960451-WS) were filed. This should include measures specifically implemented by UWF and measures implemented by United Waterworks, Inc. and United Water Resources, Inc. which would result in a reduction of costs allocated to UWF. Please include an estimate of the dollar or percentage savings expected from these measures.

**RESPONSE 3:**

Since the previous rate case (Docket No. 960451-WS), United Water has been in the process of developing a number of programs to analyze and monitor functions and activities which will increase effectiveness or efficiency and ultimately reduce costs and/or increase service and customer satisfaction. These programs are described below.

**Performance Indicators:**

In early 1998, the management team at UW Florida was trained on the development and use of Performance Indicators which are used throughout all departments in the organization.

The employees select a task, activity or process within the department to track and monitor. The activity chosen must have a relationship to their situation or job, a clear level of deliverables or goals and the employees should have active participation in the activity. By monitoring the activity the employees identify variances and/or trends. After this analysis, they identify causes and develop actions to aid in the effectiveness or efficiency of the activity. By continually tracking the activity, they can then refine the actions and goals of the activity.

To date, UW Florida has selected to develop Performance Indicators in the departments of Operations, Accounting, Engineering and Customer Operations. The performance indicators are considered alive and flexible. This means that over time they will change. Less important or static performance indicators may drop off and newer ones take their place.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET

REQUEST 3 (Continued):

*Business Process Analysis:*

In August of 1998, UW Florida management staff received the first set of training in Business Process Analysis. This program is intended to provide the management staff with a set of tools and guidance in developing and managing process improvement. A process is made up of a series of activities and/or tasks, each with their own set of inputs and outputs. The management staff is undergoing the process of learning the methods and tools needed to choose and improve the work process in their departments, and being able to implement and manage this change.

*Customer Service Benchmarks*

In 1996, 1,200 United Water customers from UWFL and other utility subsidiaries in Idaho, New Jersey and New York were surveyed on customer expectations. Customer service benchmarks were developed from these surveys and used to develop targets and performance standards. United Water will use this as a tool to identify best practices and potential performance improvements, and this will be used to help each company improve its overall customer satisfaction. Once the benchmarks are tested in 1998, an implementation plan will be developed for the remaining companies in 1999.

*Variance Analysis*

Although not entirely new since the last rate case, United Water Management and Services (UWM&S) maintains a process of reviewing budget versus actual on a monthly basis. Each month, department heads are presented with a summary of variances and are asked for explanations. To avoid any significant overspending, any expense not included in the original budget must be approved by the Vice President - Finance and the President of UWM&S before the expense is incurred.

At the United Waterworks level, monthly Operations Variance meetings are held with all companies to discuss reasons for any variance in the company's original estimate. If a reason exists that will cause expense levels to exceed the budget, solutions are generated, if possible, to reduce other expenses in order to keep expenses within budget.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET

**RESPONSE 3 (Continued):**

**Miscellaneous activities at United Water Florida**

United Water Florida has taken advantage of a newly approved JEA tariff designed for large users of electricity resulting in a five percent reduction in electric rates.

In another action, United Water Florida has reduced the costs of sludge hauling since the upgrade of the Monterey Wastewater Treatment Facility. A centrifuge is utilized to concentrate and dry the waste residuals. This results in the ability to haul more per dry truckload than the liquid method and translates to a cost savings of \$48,432 which was reflected in the current case.

**Summary**

United Water's long term goals are to use the above processes in all regulated utility operations in order to improve productivity trends against peer groups. United Water is establishing a set of performance measurements/benchmarks to monitor the productivity of our regulated utilities and the costs of providing that level of service. During 1999, United Water's regulated utilities will begin tracking their benchmarks in order to achieve productivity targets for the corporate standards.

While these programs are expected to improve customer service and productivity, and/or produce other favorable benefits, estimating any potential savings at this time is difficult at best. The savings realized from these efforts may not always point to specific hard dollar savings, but may be realized through more efficient processes thus possibly reducing the need for additional or even replacement employees.

Through the Company's Information Technology initiative and Activity Based Costing, the Company has been able to identify all components of costs associated with an operation or function. Through this identification the Company is able to develop programs like those above that will ultimately enable United Water to determine where potential cost savings can be achieved.

**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET**

**REQUEST 4:**

It has come to staff's attention that an agency of St. Johns County plans to mandate that certain residents of the Ponte Vedra area connect to UWF's wastewater system. Please provide us with projections of the number and type of additional customers expected to result from this action, the time frame in which the customers will be added, and your assessment of the probability that the event will occur as projected.

**RESPONSE 4:**

We anticipate that, under the Ponte Vedra Municipal Services District plan, approximately 700 single-family homes would connect to the wastewater collection system. However, due to a legal challenge from some residents, the probability of this project being completed is at best 50/50.

If this project proceeds, the initial connections to the new collection system will occur at the earliest in the Year 2000.



**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET**

**REQUEST 5:**

Project #C96R025 refers to initial work to ready the site for the regional plant. Please indicate when this plant is scheduled to come on line.

**RESPONSE 5:**

Project C96R025 relates to the Ponte Vedra Wastewater Treatment Plant ("WWTP") site. The existing Ponte Vedra WWTP treats wastewater to secondary standards. The plant was originally intended to be converted into an advanced wastewater treatment ("AWT") plant. However, because UWF will be able to dispose of its treated wastewater on the Ponte Vedra golf course, the plant will not be converted into an AWT plant. Instead, the WWTP will be improved with additional filtration and high level disinfection to provide reuse water to the golf course. The approach has allowed UWF to avoid the construction cost of an AWT plant, which is approximately \$6,000,000.00. The filtration and high level disinfection improvements are expected to be on line by March 1999.

**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST – 6<sup>TH</sup> SET**

**REQUEST 6:**

Docket No. 980776-WS refers to an extension of the service area in Nassau County. Please provide updated projections of new customers associated with this extension.

**RESPONSE 6:**

We project the addition of 2,617 water ERC's and 2,796 Wastewater ERC's with this application at 12-year buildout.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6<sup>TH</sup> SET

REQUEST 7:

Please provide the revenue projections associated with those new customers.

RESPONSE 7:

Please see the attached schedule, where noted, showing the revenue projections for the FDOT Welcome and Rest Area.

UNITED WATER FLORIDA INC.  
REVENUE PROJECTIONS

WATER:		MONTHLY			+				TOTAL ANNUAL
METER SIZE	MONTHLY EST. QTY.	QTY. CHARGE PER 1000 GAL.	TOTAL MO. CHARGE	MO. X 12	BASE FACILITY	SUB TOTAL	NO. CUSTOMERS	NO. ERC'S	REVENUE
5/8"	7.00	\$1.36	\$9.52	\$114.24	\$5.80	\$122.63	2297	2297	\$281,681
3/4"	9.00	\$1.36	\$12.24	\$146.88	\$8.39	\$158.57	300	300	\$47,571
1"	90.00	\$1.36	\$122.40	\$1,468.80	\$11.69	\$1,551.74	2	20	\$3,103
2"	0.00	\$1.36	\$0.00	\$0.00	\$82.94	\$0.00	0	0	\$0
							2599	2617	\$332,356

WASTEWATER:		MONTHLY			+				TOTAL ANNUAL	
METER SIZE	MONTHLY EST. QTY.	QTY. CHARGE PER 1000 GAL.	TOTAL MO. CHARGE	MO. X 12	BASE FACILITY	SUB TOTAL	NO. CUSTOMERS	NO. ERC'S	REVENUE	
5/8"	7.00	\$3.34	\$23.38	\$280.56	\$11.34	\$291.90	2297	2297	\$670,494	
3/4"	9.00	\$3.34	\$30.06	\$360.72	\$11.34	\$393.88	300	300	\$118,164	
1"	90.00	\$4.01	\$360.90	\$4,330.80	\$33.16	\$4,463.44	2	20	\$8,927	
***	2"	1500.00	\$4.01	\$6,015.00	\$72,180.00	\$132.64	\$72,180.00	1	179	\$72,180
							2600	2796	\$869,765	

TOTAL WATER AND WASTEWATER REVENUE PROJECTION	\$1,202,121
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\*\*\* REVENUE PROJECTION FOR FDOT WELCOME & REST AREA

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6<sup>TH</sup> SET

REQUEST 8:

Please indicate the amount of funding expected to be received from the Florida Department of Transportation (FDOT) for the Welcome Station in Nassau County (estimate if not known).

RESPONSE 8:

The estimated funding to be received from the FDOT for the force main to the Welcome Station in Nassau County is \$824,000.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST – 6<sup>TH</sup> SET

REQUEST 9:

Please state where in the MFR the funding from FDOT is recognized.

RESPONSE 9:

The contribution for the force main is included in the CIAC additions shown in Schedule A-11 on page 153 of the MFR.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6<sup>TH</sup> SET

REQUEST 10:

Please indicate the date when the Welcome Station and Rest Area in Nassau County are scheduled to come on line.

RESPONSE 10:

The Welcome Station is anticipated to go on line by year-end 1998.

UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST – 6<sup>TH</sup> SET

REQUEST 11:

Please provide the project revenues from the Welcome Station and Rest Area in Nassau County.

RESPONSE 11:

Total projected revenues for the FDOT Welcome Station and Rest Area in Nassau County are estimated at \$72,180 under current rates. This represents wastewater service only as the Welcome Station will not obtain its water supply from UWF. The calculation of these revenues is shown in the response to Request No. 7.



**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET**

**REQUEST 12:**

Please state whether those revenues have been included in the MFR projections.

**RESPONSE 12:**

The Company projected modest levels of growth in the wastewater services to the public sector in the case. 1999 revenues were projected to increase by about \$21,000 over the base year level (see MFR Schedule G-41, page 28). The projection did not assume that a customer of the magnitude of the FDOT Welcome Station and Rest Area would be added to the system, so this does represent an unanticipated increment of growth that should be added to the anticipated revenue stream in the case. Based on the estimated sales of \$72,180 to the Welcome Station as shown in the response to Staff Data Request Set 6, Request No. 7, this would increase 1999 pro forma revenue for the public sector from \$279,875 (MFR Schedule G-41, page 36) to \$352,055. Since providing this service would cause the Company to incur added treatment and operating costs, expenses would need to be adjusted to assess the true net revenue to be realized from this customer. The Company estimates that, at a minimum, the project would result in an additional \$4,860.00 in expenses from chemicals (\$540.00) and power (\$4,320.00).

**UNITED WATER FLORIDA  
DOCKET NO. 980214-WS  
COMMISSION STAFF DATA REQUEST - 6TH SET**

**REQUEST 13:**

Please submit a firm timeline regarding the installation of fire hydrants in the South Ponte Vedra Beach area. Please include the length of pipe required to be replaced, the number of hydrants to be installed, the distance between hydrants, total estimated cost and the scheduled completion date.

**RESPONSE 13:**

UWF will commit to initiate a program in the year 2000 to install 10 hydrants per year in locations where a minimum flow of 500 gpm @ 20 psi is available. Further, if UWF's 1999 capital expenditures are under budget, UWF would consider installing 10 fire hydrants as described above in 1999. As stated in UWF's letter of September 9, 1998, a copy of which is attached, the program would be initiated in Section 2, as defined in the letter, in the first years and continue north through Section 1, as defined in the letter, in locations where a minimum flow of 500 gpm @ 20 psi is available.

All hydrants will be installed at 500 foot intervals. UWF feels there may be as many as forty locations that meet the flow requirement of 500 gpm @ 20 psi. Therefore the hydrant installation is estimated to be \$3000 or \$120,000 for all forty hydrants. If the program starts in the year 2000, the approximate completion time will be the year 2004.

At this point in time UWF does not intent to replace the 10,000 feet of pipe in the most northern section of the distribution system or construct a ground storage tank described in the September 9, 1998, letter. The estimated cost for the pipe, twenty-one hydrants and storage tank is \$888,000.



**United Water Florida**  
1400 Millcoe Road  
PO Box 8004  
Jacksonville, FL 32239-8004  
telephone 904 721 4600  
facsimile 904 721 4680

September 9, 1998

Ms. Blanco Bayo  
Division of Records and Reporting  
Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850

**RECEIVED**  
SEP 09 1998

Re: South Ponte Vedra Association, Inc.

**Martin, Adams, Birchfield & Mickler, P.A.**

Dear Ms. Bayo:

The purpose of this letter is to respond to an inquiry made by Mr. John Underwood, Director of the South Ponte Vedra Association, Inc., regarding the lack of fire hydrants.

Mr. Underwood indicated two separate areas that presently lack fire hydrants. These areas can be described as follows;

- Approximately 300 dedicated ocean front lots and tracts that run in a line in a north-south orientation between the Atlantic Ocean and the eastern side of state highway A1A. The Guana River State Park also borders this area on the north and south. (Section 1)
- The second and smaller area consists of approximately 42 ocean front lots located south of the above-mentioned group, from 3095 to 3137 South Ponte Vedra Boulevard (A1A), between the Atlantic Ocean and the eastern side of state highway A1A. (Section 2)

The enclosed map indicates these areas as indicated above.

United Water Florida "UWF" has reviewed the Association's inquiry and would like to offer the following information regarding this matter.

Water and wastewater service is provided to the area in question by UWF's Ponce de Leon facilities. Water supply is provided to the system by three independent water treatment plants, A1A North, A1A South and Ponce de Leon. Each plant consists of well, high service pump capability, aeration and chlorine disinfection capabilities. The Ponce de Leon site has a 0.5-mg ground storage tank. The storage capacity available at the other sites consists of a 0.015-mg hydropneumatic tank at each system to maintain system pressure.

UWF believes that the original Ponce de Leon facilities served the area currently being served by the A1A North and A1A South WTPs. As was the case for many older systems, the distribution system and water treatment plants were designed to provide only

domestic water service to homes along A1A. Many of the homes at that time were summer homes and part-time residences. New developments in the southern portion of the service area were designed and constructed to provide fire flow as well as domestic water service. In conjunction with these new developments, the Ponce de Leon WTP was constructed which has the storage and pumping capability to provide fire flows.

We have reviewed the areas in question as to what improvements would be necessary to provide a level of fire flow of 500 gpm @ 20 psi. The difficulty in providing fire flow to all sections of the distribution system is limited by the distribution system itself. Briefly, the distribution system consists of a single pipeline running north-south along A1A. The length of the pipeline is approximately 40,000 feet, the majority of which is six inches in diameter. The newer subdivisions are located off of this pipeline in the southern portion of the distribution system. A drawing is attached to further clarify the layout of the distribution system. The area consisting of approximately 300 homes is shown as section 1 and the smaller area of 42 homes is indicated by section 2.

In order to provide a fire flow of 500 gpm @ 20 psi the following improvements are necessary;

- Section 1 The installation of approximately 10,000 feet of 8 inch water main from the A1A North WTP to end of the system to the north would be required. In addition 20 hydrants would need to be installed at 500-foot intervals. Improvements required at the A1A North WTP would include the construction of a 0.200 mg ground storage tank and the addition of a 750 gpm high service pump. From the A1A North WTP to the south end of Section 1, twenty one hydrants would need to be installed on the existing water main.
- Section 2 The installation of 20 hydrants on the existing 8 inch water main would be needed.

The estimated cost to provide the above improvements can be summarized as follows;

• <u>Section 1</u>		
• Installation of 10,000 feet of 8" PVC water main		\$400,000
• Construction of a 0.200mg ground storage tank, aerator and high service pump.		\$425,000
• Installation of 41 fire hydrants		<u>\$123,000</u>
	Total Section 1	\$948,000
• <u>Section 2</u>		
• Installation of 20 fire hydrants		<u>\$ 60,000</u>
	Total Section 2	\$ 60,000
	Total Improvements for Sections 1 & 2	<u>\$1,008,000</u>

The above improvements to provide fire flow to all the areas specified represent a major capital investment. UWF has already interconnected the three water treatment plants (A1A North, A1A South, Ponce de Leon) to improve water pressure and overall water service in the Ponce de Leon sub service area. UWF has been and continues to make significant investments to improve its overall water and wastewater systems. In Docket No. 980214-WS, UWF's two year capital improvement plan will result in approximately \$32,000,000 of net capital improvements in 1998 and 1999, which will improve water and wastewater service in UWF's system.

The \$1,008,000 total improvements for Sections 1 & 2 are not a part of the two year (1998-1999) capital improvement plan. UWF will continue to review the fire flow needs of the Ponce de Leon facilities and possibly initiate a program in 2000 to install 10 hydrants per year in locations where a minimum flow of 500 gpm @ 20 psi is available. In 1999, if UWF's capital expenditures are under budget, UWF would consider installing ten fire hydrants as described above. The program would be initiated in Section 2 in the first years and continue north through Section 1 in subsequent years where a minimum flow of 500 gpm @ 20 psi is available.

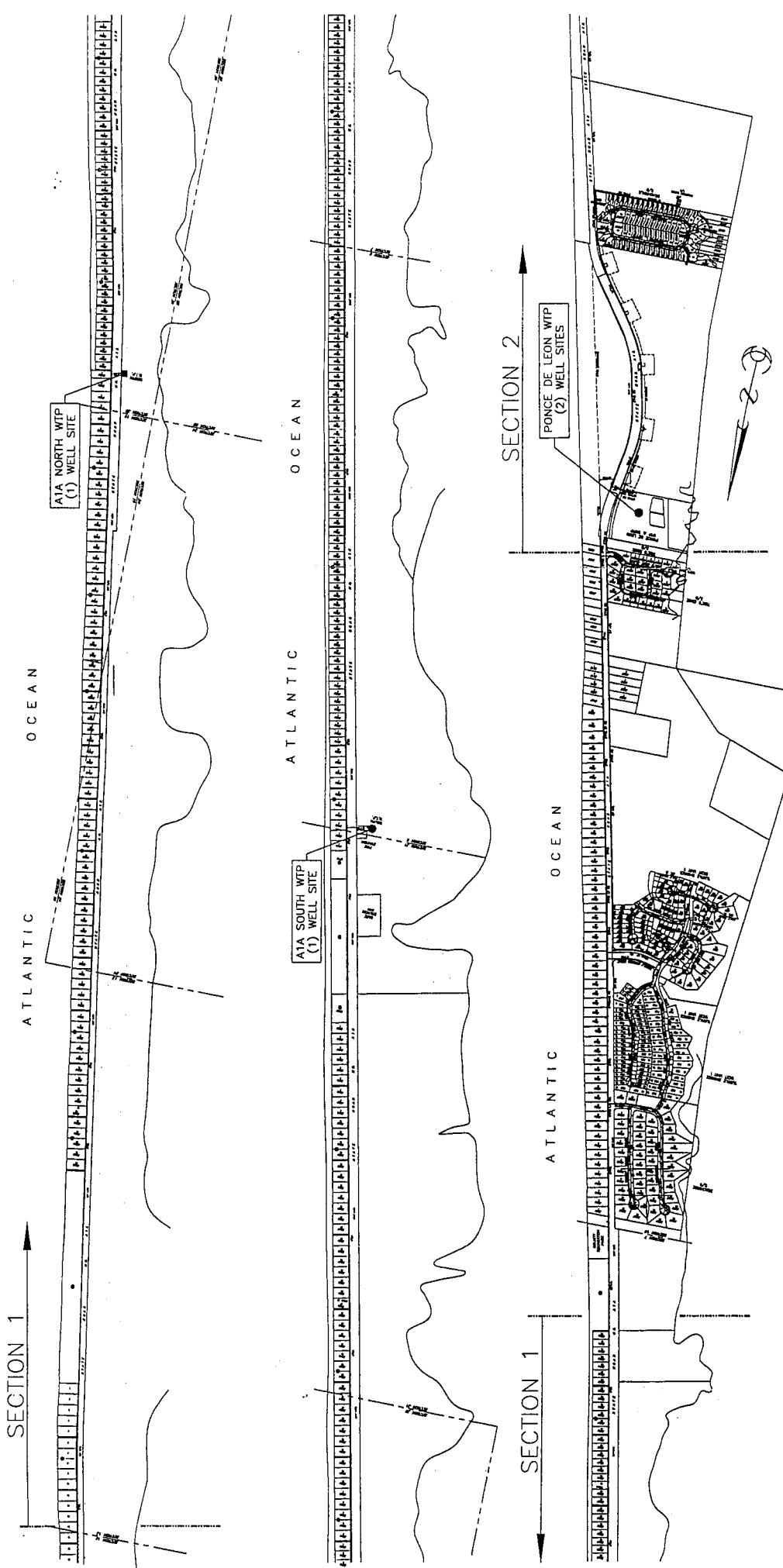
Please review the above information at your earliest convenience. If you should have any questions, please feel free to contact me at (904) 721-4601 ext.4606.

Sincerely



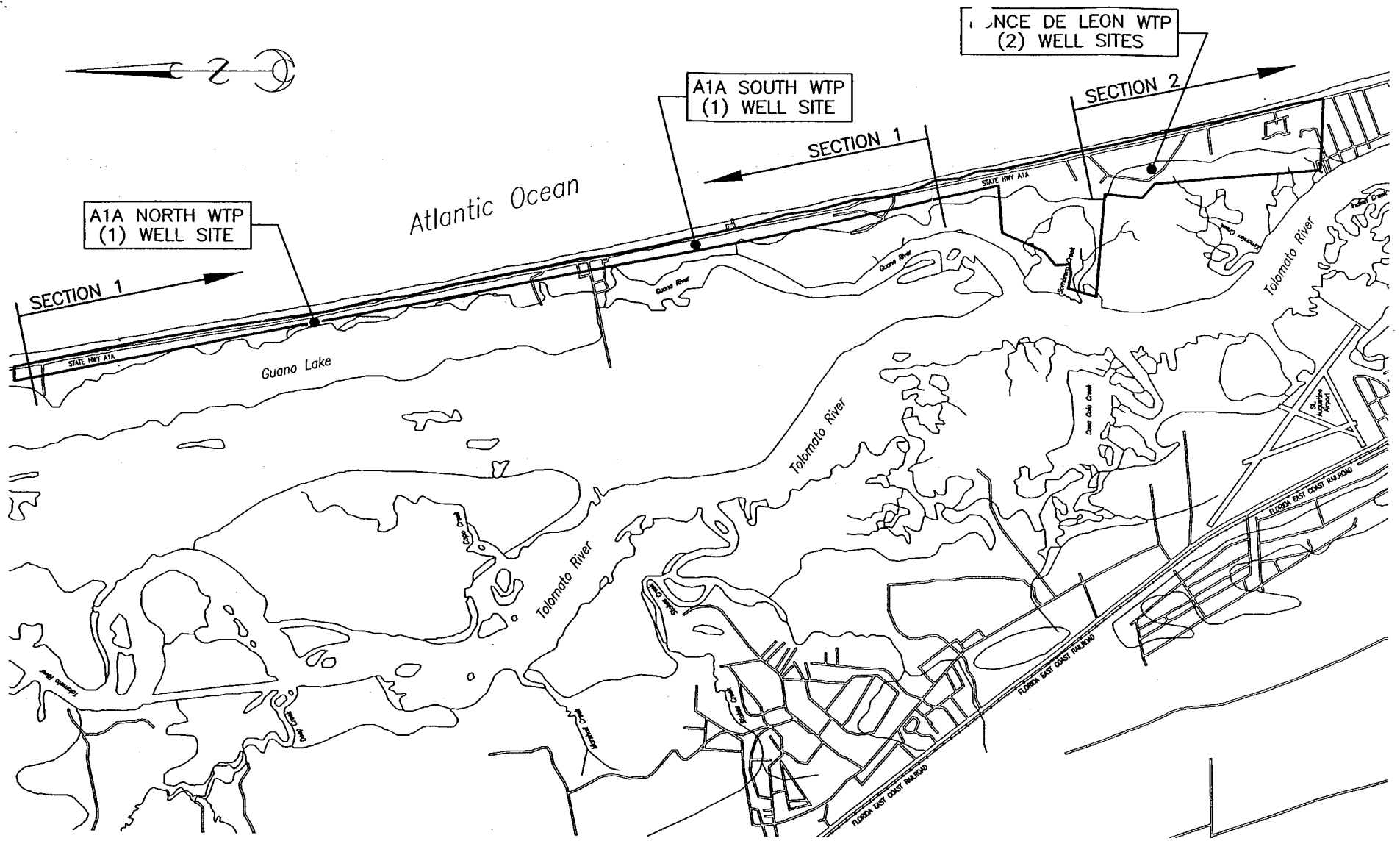
Todd D. Mackey, P.E.  
Manager Engineering & Technical Services

cc: G. Moseley  
Mr. John Starling - PSC



# PONCE DE LEON SERVICE AREA

N.T.S.



PONCE DE LEON SERVICE AREA  
WELL SITE LOCATIONS