

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In RE: Application for Transfer ) DOCKET NO. 911095-WS  
of Certificate Nos. 220-W and )  
165-S from San Pablo Utilities ) ORDER NO. PSC-92-0370-FOF-WS  
Corporation to Jacksonville )  
Suburban Utilities Corporation, ) ISSUED: 05/14/92  
Cancellation of Certificates Nos. )  
220-W and 165-S, a Limited )  
Proceeding to Adjust Service )  
Rates and Amendment of )  
Certificate Nos. 236-W and )  
179-S. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, CHAIRMAN  
SUSAN F. CLARK  
J. TERRY DEASON  
BETTY EASLEY  
LUIS LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER GRANTING TRANSFER OF CERTIFICATE NOS. 220-W AND 165-S FROM SAN PABLO UTILITIES TO JACKSONVILLE SUBURBAN UTILITIES CORPORATION, CANCELLING CERTIFICATE NOS. 220-W AND 165-S, ADJUSTING SERVICE RATES PURSUANT TO A LIMITED PROCEEDING AND AMENDING CERTIFICATE NOS. 236-W AND 179-S

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

San Pablo Utilities Corporation (San Pablo) is a Class C utility which provides water and wastewater service to a residential community located in the east central portion of Duval County. According to the most recent annual report (1990), the utility serves approximately 900 water customers and 700 wastewater customers. Annual revenue and net operating income for the water system were reported to be \$118,180 and deficit \$1,824, respectively. Annual revenue and net operating income for the

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wastewater system were reported to be \$176,918 and deficit \$77,911, respectively. With combined annual revenue of just short of \$300,000, San Pablo is virtually a Class B utility. San Pablo is currently operated and managed by Jax Utilities Management, Inc. (JUMI), a firm which manages a number of investor-owned water and wastewater utility systems located in the greater Jacksonville area.

Jacksonville Suburban Utilities Corporation (JSUC) filed an application dated October 25, 1991 requesting approval to transfer San Pablo. San Pablo was created by Sun Bank/North Florida, N. A. (Sun Bank) during 1990 as the result of a foreclosure against the utility which was then named the El Agua Corporation (El Agua). Transfer was approved from El Agua to San Pablo in Docket No. 900222-WS, Order No. 23542. JUMI continued to operate and manage the utility under a continuation of an agreement with Sun Bank. Rate base was established and rates were continued as ordered in Order No. 23542.

The sale of San Pablo was initiated by Sun Bank due to the bank's desire to divest itself of a utility system which it had no desire to continue to own. While staff inquired and learned that the City of Jacksonville had given recent thought to bidding approximately \$500,000 for the systems, city management decided that it would not serve its best interest to try to obtain it at any higher price. JSUC entered into a sales contract with Sun Bank to pay \$1 million dollars for the systems. Official closing of the sale is contingent upon our approval of the transfer and the setting of JSUC's rates with no negative acquisition adjustment. A considerable number of San Pablo customers have protested the transfer due to the rate increase requested by JSUC. A customer meeting was held in the service territory and will be discussed in more detail in Part 4 which deals with rates and charges.

An audit of the books and records of San Pablo was conducted by Commission staff to determine the rate base of the systems as of the date of transfer, September 19, 1991.

## II. CERTIFICATE TRANSFER AND CANCELLATION

The application is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules concerning an application for transfer of certificate. The application contains a check in the amount of \$3,000, which is the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code, for an application to transfer one utility to another. An additional check for \$3,000 was furnished by the applicant upon Commission request since a limited proceeding was requested in order to establish rates different from those

currently charged by San Pablo. The applicant has provided evidence that the utility owns the land upon which the utility's facilities are located as required by Rule 25-30.037(1)(o), Florida Administrative Code. Since the land still shows the name of San Pablo for the plant sites, JSUC should provide proof that it owns the land within 30 days of the final order in this docket.

In addition, 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 transferred. A considerable number of objections to the notice of application have been received from customers of San Pablo. The objections are not necessarily to the transfer of the utility to JSUC but to the request to raise the service rates from those of San Pablo to those of JSUC. A customer meeting was held in the service territory and will be discussed in Part 4 which deals with rates and charges.

A description of the territory served by the utility is appended as Attachment A.

JSUC is a large corporation which is wholly owned by General Waterworks Corporation, a Delaware corporation. Its sole business purpose is to own and operate water and wastewater utilities in the greater Jacksonville area including counties such as Duval and St. Johns. Construction is currently underway which will eventually make it possible for JSUC to provide utility service in Nassau County. JSUC has been under Commission jurisdiction since 1974. JSUC has demonstrated its technical and financial ability to continue to provide quality utility service in its certificated territories. In the proposed transfer, General Waterworks Corporation intends to purchase the assets of San Pablo and transfer them to JSUC. JSUC will subsequently provide whatever funding that is or becomes necessary to maintain or upgrade the systems it owns. Staff made inquiries of the local HRS unit and the local Public Health unit and found that no problems or violations exist in either the water or the wastewater system of San Pablo in terms of environmental and regulatory requirements. San Pablo had an interconnection with Canal Utilities for water. Canal Utilities has since been taken over by the City of Jacksonville and an interconnection with the City is being completed.

The application contains a copy of the contract for sale which includes the purchase price listed as \$1 million dollars, the terms of payment and a list of the assets purchased and the liabilities assumed. An agreement of purchase and sale was signed September 19, 1991 between JSUC and Sun Bank, the parent of San Pablo. JSUC is currently operating the water and wastewater system of San Pablo under an operations and management agreement. JSUC provided a

statement in its application that it will fulfill the commitments, obligations and representations of San Pablo. San Pablo does not collect customer deposits and reports a zero balance in its 1990 annual report to the Commission. Pursuant to the agreement as well as to Section 367.071(2), Florida Administrative Code, San Pablo is responsible for any outstanding regulatory assessment fees, fines and refunds.

Based on the above, we find that the transfer of Water Certificate No. 220-W and Wastewater Certificate No. 165-S from San Pablo Utilities Corporation to Jacksonville Suburban Utilities Corporation is in the public interest and therefore approve it. Certificate Nos. 220-W and 165-S are canceled and Certificate Nos. 236-W and 179-S are modified to reflect the amended service territory.

### III. RATE BASE

According to the application, the net book value of the system being transferred as of the date of the proposed transfer is \$224,246.12 for water and \$977,266.94 for wastewater, respectively. Rate base was previously established by this Commission in Docket No. 900222-WS, which was a certificate transfer type of filing. According to Order No. 23542 issued on October 1, 1990 in that docket, rate base was \$195,600.14 for water and \$1,001,583.29 for wastewater, respectfully as of February 2, 1990. The applicant has provided adjustments to update this rate base to the date of transfer.

Staff conducted an audit of the books and records of the utility to determine the rate base (net book value) at the time of transfer. The applicant utilized the rate base information from Order No. 23542 and updated that information to the assumed transfer date of September 19, 1991.

A number of adjustments were made by staff as a result of the audit of the rate base. It was noted that depreciation rates and amortization of Contributions-in-Aid-of-Construction (CIAC) were not in accordance with Rule 25-30.140, Florida Administrative Code, which details system guideline average service lives. As a result, accumulated depreciation and amortization of CIAC were recalculated and adjustments made to the accounts. Plant-in-service was adjusted to reflect acquisition costs which were recorded by San Pablo in an intangible plant account as the result of the transfer from El Agua. Such costs are not to be recorded in plant accounts but should only be used to determine acquisition adjustment, if any. Plant accounts were also adjusted to reflect approximately \$600 in miscellaneous plant which was not transferred (Office

Furnishings). Accumulated depreciation was adjusted to reflect the appropriate accumulated depreciation taken to the time of transfer, September 18, 1991. CIAC was adjusted to reflect CIAC gross-up with accumulated interest amounts transferred to Other Paid in Capital accounts without specific direction from the Commission. To book CIAC to Other Paid in Capital or similar accounts is a "below the line" transaction and results in an understatement of CIAC and overstatement of rate base. Some of the CIAC is unearned due to no activity in the project for which it was received. Some of the CIAC is income tax gross-up with accumulated interest which may need to be refunded to the developers who paid it (see below). The utility has had an operating deficit and therefore is liable for refunding of any CIAC gross-up funds which were not paid or payable to the Internal Revenue Service in the applicable tax period. Construction-Work-in-Progress (CWIP) was adjusted to reflect an amount not recorded for a water interconnection with the City of Jacksonville. In addition, certain projects which were listed as CWIP were evaluated and found to be in limbo or essentially abandoned. The accounts were adjusted to reflect the reductions in CWIP allowable for rate base determination. The water system expansion project, which will most likely not be completed, was reduced by nearly \$33,000 by allowing only \$10,000 as a residual value for work to date. Advances for Construction were adjusted to include amounts which had been written to Other Paid in Capital, which is not appropriate because it results in a "below the line" liability and overstates the rate base. These amounts are to recognize the unearned CIAC discussed earlier in this paragraph. By writing Advances for Construction and CIAC to capital accounts, the rate base is overstated. It should be noted that CIAC gross-up and refunds of some of those funds with interest has been ordered in another case involving San Pablo in Docket No. 901019-WS.

The transferee, JSUC, furnished comments on February 14, 1992 concerning the audit report dated February 3, 1992. No comments from the transferor were received. The comments involving rate base are without merit since they are from the transferee rather than the transferor. Furthermore, JSUC's objection to adjustments placing CIAC gross-up and interest back into the CIAC account and utilizing depreciation and amortization rates based on Commission rule, discussed above, are inappropriate and serve to improperly state the rate base contingent upon the improper and unallowable investment of the transferor. It is the express purpose of the rate base determination for a transfer of a utility system to determine what the rate base is, based upon what is or should be contained in the books and records of the transferor. To not properly recognize funds which do not constitute the investment of the utility, whomever the owner is at the time, results in the customers shouldering more rate base (return on investment and

depreciation) than they should be subject to. The CWIP was properly adjusted to recognize the unbooked amount for the interconnection with the City of Jacksonville and was properly adjusted to reflect reductions due to virtually abandoned projects which should no longer be on the books and which should not be supported by the customers in the rate base (return on investment and depreciation). A comment concerning the acquisition costs also was furnished by JSUC which will be discussed in Part 3, below.

The staff's calculation of rate base is shown on Schedules Nos. 1 and 3, for the water and wastewater systems, respectively. Adjustments to rate base are detailed on Schedules Nos. 2 and 4 for water and wastewater, respectively. Based on the adjustments set forth herein, the rate base for San Pablo Utilities Corporation is established as \$171,191.53 for the water system and \$901,994.98 for the wastewater system as of September 19, 1991. This rate base calculation is used purely to establish the net book value of the property being transferred and does not include the normal rate making adjustments of working capital calculations and used and useful adjustments. The amounts shown for the rate bases do not reflect what they will be if and when San Pablo refunds the CIAC gross-up amounts. This Order, which approves the transfer of the San Pablo systems to JSUC, has no impact on any outstanding obligation San Pablo may have as a result of the Commission order in Docket No. 901019-WS to refund CIAC gross-up funds.

San Pablo Utilities Corporation

SCHEDULE OF WATER RATE BASE

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$910,426.81	\$( 5,213.83)	\$905,212.98
Land	16,530.00	--	16,530.00
Accumulated Depreciation	(303,353.32)	( 3,076.91)	(306,430.23)
Contributions -in-aid-of-Construction	(684,731.82)	(15,820.20)	(700,552.02)
CIAC Amortization	215,446.43	1,156.75	216,603.18
Advances for Const.	--	( 7,800.00)	( 7,800.00)
CWIP	<u>69,928.02</u>	<u>(22,300.40)</u>	<u>47,627.62</u>
TOTAL	<u>\$224,246.12</u>	<u>\$(53,054.59)</u>	<u>\$171,191.53</u>

SCHEDULE NO. 2

San Pablo Utilities Corporation

SCHEDULE OF WATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Utility Plant in Service	
Franchises and Consents	(1) \$( 4,759.34)
Misc. Plant Not Transferred	(2) ( 454.49)
Total	<u>\$( 5,213.83)</u>
Accumulated Depreciation	
Adjust to Commission Rule	(1) \$( 3,225.11)
Accum. Dep. on Misc. Plant	(2) 148.20
Total	<u>\$( 3,076.91)</u>
Contributions-in-aid- of-Construction	
CIAC Gross-up with Interest	(1) \$(15,460.22)
CIAC Gross-up	(2) ( 359.98)
Total	<u>\$(15,820.20)</u>
CIAC Amortization	
Adjust to Commission Rule	<u>\$ 1,156.75</u>
Advances for Construction	
Improperly Booked	<u>\$( 7,800.00)</u>
CWIP	
Adjust for Unrecorded Amount	(1) \$ 14,760.00
Reduction in CWIP Projects	(2) \$(37,060.40)
Total	<u>\$(22,300.40)</u>
Total Adjustments	<u>\$(53,054.59)</u>



SCHEDULE NO. 3

San Pablo Utilities Corporation  
SCHEDULE OF WASTEWATER RATE BASE

<u>DESCRIPTION</u>	<u>BALANCE PER UTILITY</u>	<u>STAFF ADJUSTMENTS</u>	<u>BALANCE PER STAFF</u>
Utility Plant in Service	\$2,235,328.65	\$( 3,893.93)	\$2,231,434.72
Land	245,975.00	--	245,975.00
Accumulated Depreciation	( 667,358.26)	(11,040.95)	( 678,399.21)
Contributions-in-aid-of-Construction	(1,298,910.44)	(39,553.26)	(1,338,463.70)
CIAC Amortization	456,442.99	2,944.08	459,387.07
Advances for Const.	--	(19,500.00)	( 19,500.00)
CWIP	<u>5,789.00</u>	<u>( 4,227.90)</u>	<u>1,561.10</u>
TOTAL	<u>\$ 977,266.94</u>	<u>\$(75,271.96)</u>	<u>\$ 901,994.98</u>

SCHEDULE NO. 4

San Pablo Utilities Corporation

SCHEDULE OF WASTEWATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
Utility Plant in Service	
Franchises and Consents	(1) \$( 3,739.48)
Misc. Plant Not Transferred	(2) ( 154.45)
Total	<u>\$( 3,893.93)</u>
Accumulated Depreciation	
Adjust to Commission Rule	(1) \$(11,184.29)
Accum. Dep. on Misc. Plant	(2) 143.34
Total	<u>\$(11,040.95)</u>
Contributions-in-aid- of-Construction	
CIAC Gross-up with Interest	(1) \$(38,653.24)
CIAC Gross-up	(2) ( 900.02)
Total	<u>\$(39,553.26)</u>
CIAC Amortization	
Adjust to Commission Rule	<u>\$ 2,944.08</u>
Advances for Construction	
Improperly Booked	<u>\$(19,500.00)</u>
CWIP	
Reduction in CWIP Projects	<u>\$( 4,227.90)</u>
Total Adjustments	<u>\$(75,271.96)</u>

IV. NEGATIVE ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the original cost calculation. The acquisition adjustment resulting from the transfer of San Pablo Utilities Corporation would be calculated as follows:

Staff Calculated Rate Base:	\$1,073,186.51
Purchase Price:	<u>\$1,026,900.00</u>
Negative Acquisition Adjustment:	<u>\$ 46,286.51</u>

The purchase price includes the contractual amount of \$1 million dollars plus JSUC legal fees of \$20,900 and FPSC filing fee of \$6,000.

The transferee, JSUC, commented on the treatment of acquisition costs which were not relevant to this proceeding since those costs recognized in the determination of the acquisition adjustment, above, were only those which were effective as of the transfer date assumed in this proceeding, September 19, 1991. Any further costs which JSUC believes it has incurred will have to be dealt with in a proceeding subsequent to this transfer docket.

In the absence of extraordinary circumstances it has been Commission policy that a subsequent purchase of a utility system at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary; therefore, a negative acquisition adjustment will not be included in the calculation of rate base. Also, the purchaser, JSUC, petitioned the Commission to not establish a negative acquisition adjustment. JSUC further requested that it be allowed to earn on the full rate base if it was determined that it exceeded the purchase price. It should be noted that JSUC made some improvements to the wastewater collection system in line repairs and system pressure has been maintained more consistently with their management of the system.

V. RATES AND CHARGES

The utility's approved rates and charges were effective July 5, 1991 pursuant to an administratively approved price index for 1991 and a pass through of ad valorem taxes.

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

"In cases of change of ownership or control of a utility which places the operation under a 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)..."

JSUC has requested a limited proceeding for a change in the rates and charges of San Pablo to those of JSUC. The customers of San Pablo protested the transfer due to the rate increase requested by JSUC. A customer meeting was held in the service territory on January 15, 1992 as discussed below. Staff apprised the customers of the rate increase requested by JSUC in its application. Staff also briefed the customers on the various rate scenarios which may be considered by the Commission in ruling on the transfer and limited proceeding.

Staff has evaluated the impact of the requested rate increase on the customers of the service territory in San Pablo. At 5,000 gallons per month the difference will be nearly 40% more being billed under JSUC's rates. The main difference in the rate structures between those of San Pablo and JSUC is in the gallonage charge as can be seen in the following comparison of the rates. Therefore, the difference will increase with increased consumption, on an individual billing basis. The San Pablo rates are quite low, particularly the water gallonage charge. Little promotion of water conservation would be expected under San Pablo's rates. The base facility charge (BFC) for either utility is relatively nominal at around \$5 per month for water and \$8.35 for wastewater. The major impact will come from the more than double increase in the wastewater gallonage charge. It should be noted that the wastewater residential gallonage is capped at 10,000 gallons per month (30,000 gallons per quarter).

	<u>JSUC</u>	<u>San Pablo</u>
<u>Water</u>		
Quarterly BFC	\$13.29	\$15.69
Gallonage per 1,000 G.	0.9050	0.44
<u>Wastewater</u>		
Quarterly BFC	\$25.21	\$25.09
Gallonage per 1,000 G.	2.7274	1.29
(Maximum 10,000 G./mo.)		

It is proper and in the public interest for this Commission to encourage utilities to take opportunities to make purchases of smaller or troubled utilities. However, we must also ensure that the rates being paid by the acquired utility's customers are not burdensome or inequitable. The purpose of the limited proceeding is to determine whether or not the rates requested by the purchaser are fair and equitable in the circumstances. JSUC has requested that the rates in San Pablo be established at those approved for the JSUC systems in Duval County.

The customers have timely protested the increased rates because of the magnitude of the increase and because they recently had an increase as the result of a 1991 price index and pass through of ad valorem taxes. JSUC received a similar increase for 1991. It is Commission policy to authorize the purchaser to charge the rates which were approved for the acquired utility. Only in the case of unusual circumstances will allow rates to be charged which exceed those of the acquired utility. Staff reviewed the filing and did not find that there are any unusual circumstances which would indicate that the rates should be increased to those of JSUC, at least initially. However, during the remaining year of 1992, steps must be taken to repair a collapsed and inoperative aerator structure on the larger of the two water plants. Due to the aerator being out of service, the Duval County Public Health Unit has indicated an urgent need for repairs to be made to the structure. Blower motors on the aeration system of the wastewater treatment plant need to be repaired in order to attain optimal operation. One motor is being repaired and parts are to be replaced. When that motor becomes operational, the other blower motor will be repaired, similarly. Other, less urgent, problems with the plants include hydro-pneumatic tank and storage tank improvements and painting, valves and electric control system improvements due to deterioration, emergency electric power generator repair/replacement, digester operation improvement, several manholes need reconstruction and/or wall reinforcement, collection system needs to be inspected, cleaned and sealed, and monitoring systems need to be installed. Finally, a number of lift stations need repair and pump and valve improvements.

At the customer meeting held on January 15, 1992 at 7:30 p. m. in Jacksonville Beach, Florida, the main concern of the approximately three dozen customers who attended and expressed their views was that the rates which were proposed by JSUC would be increased by more than a reasonable amount. While some held that improved water pressure and improvements in the wastewater collection system made by JSUC were noted, some instances of bad taste of the water and low water pressure were occasionally observed. Several customers expressed some concern over whether or not the increased rates proposed by JSUC would result in any

improvement in their service compared to what they were now receiving from San Pablo. Staff provided a brief comparison of the San Pablo rates and the JSUC proposed rates and the resultant increase in percentage at 6,000, 8,000 and 10,000 gallons per month consumption. The manager of JSUC, Mr. Phil Heil, spent a few minutes informing the customers of the improvements currently underway and already completed by JSUC since it began operating the system in September 1991. Mr. Heil also responded to questions from the customers which were specific to the San Pablo systems and JSUC's management and operation of them. The meeting lasted about 1.5 hours and about ten customers made sworn presentations. The meeting was recorded and a transcript was prepared by a certified court reporter and filed in the case file.

We have also considered that an indefinite continuation of the rates of the acquired utility, may result in the rest of the customers of the purchaser inequitably subsidizing the customers of the acquired utility. As was noted in the background, San Pablo has reported a deficit in its net operating income. Staff has inquired with the HRS and the Public Health Unit in the City of Jacksonville and determined that San Pablo is in compliance with environmental regulations for the Duval County area. However, improvements will need to be made to the systems and that JSUC intends to invest capital for such improvements. Some capital that was invested since the last audit by San Pablo is taken into account in the rate base issue. JSUC has provided documentation, which has been reviewed by staff, which shows the proposed plant improvements and the projected costs. The most significant improvements which need to be made at this time are the aeration structure on the Marshview water treatment facility and the blower motors on the wastewater treatment facility. The other improvements discussed above are anticipated to be made in the next two to three years.

JSUS has provided information in support of their request to increase the San Pablo rates. The San Pablo 1990 and 1991 Annual Reports show substantial losses for both the water and wastewater systems. Projections of the revenue increases which would be necessary to bring San Pablo into an earning position indicate that the "stand alone" rates would be significantly higher than the proposed JSUC rates. Using San Pablo's 1991 Annual Report and the rate base established with the additional improvements to be made by JSUC, JSUC projects that the water system revenues would increase by 48% and the wastewater revenues by 91.6% to put the San Pablo System on a stand alone make whole basis. The JSUC rates represent a 30.6% increase for water and 50.7% increase for wastewater.

There does not appear to be any urgency or need for JSUC requiring that the rates be increased immediately and all at one time. Rather, a phasing-in approach taking several years is the preferred method to utilize in undertaking the improvement projects, whatever they may be. In this scenario, it makes sense to phase-in rate increases to synchronize adjustments with improvements in service resulting from plant updating and improvements. An immediate rate increase, such as that requested by JSUC, is not justified in the current circumstances. After considering various methods of phasing-in the JSUC rates reviewing the proposed plant improvements, we find that phasing-in the rates over three increments will closely represent and reflect the additional investment JSUC will be making.

JSUC has requested that its service availability charges be approved for future customers of the San Pablo system. The meter installation charges for JSUC are slightly less than the San Pablo charges. JSUC has a \$100.00 water plant capacity charge and a \$210.00 wastewater plant capacity charge. San Pablo has no plant capacity charge for water and a \$600.00 wastewater plant capacity charge. We approve the JSUC meter installation and plant capacity charges for future customers of the San Pablo system.

Based on the above, we find that Jacksonville Suburban Utilities Corporation should continue charging the currently approved rates for San Pablo Utilities Corporation until October 15, 1992. For service rendered on and after October 15, 1992, the rates should be increased to the first increment shown in staff's analysis until October 15, 1993. For service rendered on and after October 15, 1993, the rates should be increased to the second increment shown in staff's analysis until October 15, 1994. For service rendered on and after October 15, 1994 the rates should be synchronized with those of Jacksonville Suburban. The service availability charges should be changed immediately to those currently approved for Jacksonville Suburban for connections made on and after the effective date of the revised tariffs. Jacksonville Suburban is ordered to file all of the revised tariffs reflecting each of these approved rates and charges and the effective dates by April 27, 1992.

Rate Schedules  
Water System

	<u>Current</u> <u>San Pab</u>	<u>Current</u> <u>JSUC</u>	<u>First</u> <u>Increase</u>	<u>Second</u> <u>Increase</u>	<u>Estim.</u> <u>Final</u> <u>Increase</u>
<u>Residential - Quarterly</u>					
<u>Base Facility Charge</u>					
<u>Meter Size</u>					
5/8"x3/4"	\$ 15.69	\$ 13.29	\$ 14.49	\$ 14.40	\$ 14.09
1"	39.25	29.30	35.15	33.10	31.06
1-1/2"	78.48	66.60	74.54	72.57	70.60
2"	125.57	130.61	127.94	129.28	138.45
Gallonge					
Per 1,000 G.	\$ 0.44	\$ 0.905	\$ 0.616	\$ 0.76	\$ 0.9593
<u>General Service</u>		<u>Quarterly</u>	<u>Monthly</u>		
<u>Base Facility Charge</u>					
<u>Meter Size</u>					
5/8"x3/4"	\$ 15.69	\$ 6.17	\$ 5.47	\$ 5.82	\$ 6.54
1"	39.25	11.51	12.50	12.35	12.20
1-1/2"	78.48	23.96	25.79	25.60	25.40
2"	125.57	45.28	42.74	44.01	48.00
3"	251.16	119.94	92.81	106.37	127.14
4"	392.42	308.38	175.26	241.82	326.88
6"	784.86	347.48	283.22	315.35	368.33
Gallonge					
Per 1,000 G.	\$ 0.44	\$ 0.905	\$ 0.616	\$ 0.76	\$ 0.9593
<u>Multi-Family Dwelling - Monthly</u>					
<u>Base Facility Charge</u>					
<u>Meter Size</u>					
5/8"x3/4"	\$ 5.24	\$ 6.17	\$ 5.47	\$ 5.82	\$ 6.54
1"	13.09	11.51	12.50	12.35	12.20
1-1/2"	26.18	23.96	25.79	25.60	25.40
2"	41.89	45.28	42.74	44.01	48.00
3"	83.77	119.94	92.81	106.37	127.14
4"	130.90	308.38	175.26	241.82	326.88
6"	261.80	347.48	283.22	315.35	368.33
Gallonge					
Per 1,000 G.	\$ 0.44	\$ 0.905	\$ 0.616	\$ 0.76	\$ 0.9593



Rate Schedules  
Wastewater System

	<u>Current</u> <u>San Pab</u>	<u>Current</u> <u>JSUC</u>	<u>First</u> <u>Increase</u>	<u>Second</u> <u>Increase</u>	<u>Estim.</u> <u>Final</u> <u>Increase</u>
<u>Residential - Quarterly</u>					
Base Facility Charge					
All Meter Sizes	\$ 25.09	\$ 25.21	\$ 25.09	\$ 25.09	\$ 27.48
Gallage					
Per 1,000 G.	\$ 1.29	\$ 2.7274	\$ 1.75	\$ 2.30	\$ 2.9729
(10,000 G. Max/Mon.					
<u>General Service</u>					
	<u>Quarterly</u>		<u>Monthly</u>		
Base Facility Charge					
Meter Size					
5/8"x3/4"	\$ 25.09	\$ 9.57	\$ 8.66	\$ 9.12	\$ 10.43
1"	62.71	21.29	20.90	20.90	23.21
1-1/2"	125.42	48.63	43.51	46.07	53.01
2"	200.67	95.51	74.05	84.78	104.11
3"	401.35	259.60	165.23	212.42	282.96
4"	627.10	673.67	325.19	499.43	734.30
6"	1,254.21	759.61	503.45	631.53	827.97
Gallage					
Per 1,000 G.	\$ 1.54	\$ 2.7274	\$ 2.00	\$ 2.55	\$ 2.9729
<u>Multi-Family Dwelling - Monthly</u>					
Base Facility Charge					
Meter Size					
5/8"x3/4"	\$ 8.36	\$ 9.57	\$ 8.66	\$ 9.12	\$ 10.43
1"	20.90	21.29	20.90	20.90	23.21
1-1/2"	41.81	48.63	43.51	46.07	53.01
2"	66.90	95.51	74.05	84.78	104.11
3"	133.78	259.60	165.23	212.42	282.96
4"	209.03	673.67	325.19	499.43	734.30
6"	418.07	759.61	503.45	631.53	827.97
Gallage					
Per 1,000 G.	\$ 1.54	\$ 2.7274	\$ 2.00	\$ 2.55	\$ 2.9729

It is therefore

ORDERED by the Florida Public Service Commission that the transfer of Water Certificate No. 220-W and Wastewater Certificate No. 165-S from San Pablo Utilities Corporation to Jacksonville Suburban Utilities Corporation is approved, those same certificates are cancelled, Certificate Nos. 236-W and 179-S are amended to reflect the additional territory described in Attachment A and Jacksonville Suburban Utilities Corporation is ordered to furnish proof that it owns the land on which the treatment facilities are situated within 30 days. It is further

ORDERED that the rate base, which for transfer purposes reflects the net book value, is \$171,191.53 for the water system and \$901,994.98 for the wastewater system. It is further

ORDERED that a negative acquisition adjustment will not be included in the calculation of rate base for transfer purposes. It is further

ORDERED that Jacksonville Suburban Utilities Corporation should continue charging the currently approved rates for San Pablo Utilities Corporation until October 15, 1992. For service rendered on and after October 15, 1992, the rates should be increased to the first increment shown in the analysis contained herein until October 15, 1993. For service rendered on and after October 15, 1993, the rates should be increased to the second increment shown in the analysis contained herein until October 15, 1994. For service rendered on and after October 15, 1994 the rates should be synchronized with those of Jacksonville Suburban. The service availability charges should be reduced immediately to those currently approved for Jacksonville Suburban for connections made on and after the effective date of the revised tariffs. Jacksonville Suburban is ordered to file all of the revised tariffs reflecting each of these approved rates and charges and the effective dates by April 27, 1992. It is further

ORDERED that this Order shall become final and the docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

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BY ORDER of the Florida Public Service Commission, this 14th day of May, 1992.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

Seal

by: Kay Hynes  
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is 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 his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on June 4, 1992.

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In the absence of such a petition, this order shall become effective on the day 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 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 sewer 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 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.

ATTACHMENT A

San Pablo Utilities Corporation

TERRITORY DESCRIPTION

The following described lands located in portions of Section 31, Township 2-South, Range 29-East, and Sections 6, 7 and 38, Township 3-South, Range 29-East, Duval County, Florida:

Township 2 South, Range 29 East, Jacksonville,  
Duval County, Florida

Section 31

Begin at the Southwest corner of said Section 31; thence East along the South boundary of said Section 21, 4,840 feet more or less; thence North 0°22' West, 2,877.3 feet to the South boundary of State Road No. 212 (Beach Boulevard); thence Westerly along said South boundary to the West boundary of said Section 31, thence South along said West boundary to the POINT OF BEGINNING.

Township 3 South, Range 29 East, Jacksonville,  
Duval County, Florida

Section 6

Begin at the Northwest corner of said Section 6; thence South along the West boundary of said Section 6 to the Southwest corner; thence East along the South boundary of said Section 6, 4,040 feet more or less; thence North 27°19' West, 640 feet more or less; thence North 4°56' East, 4,796.7 feet to the North boundary of said Section 6; thence West along said North boundary 4,840 feet more or less to the Northwest corner of said Section 6 and the POINT OF BEGINNING. Less and Except the three following described parcels; that platted area known as Pablo Island Subdivision Unit 1, as recorded in Plat Book 28, Pages 13 and 13A of the current public records of Duval County, Florida. AND that parcel known as Pablo Keys lying and being North of the two aforementioned parcels.

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Section 7

All of Section 7.

Section 38

All that area lying southwesterly of the northerly boundary of said Section 38, bound on the east by the Intracoastal Waterway, on the West by San Pablo Road as it is now constructed and on the South by the St. Johns County line.