

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for ) DOCKET NO. 930204-WS  
Amendment of Certificates Nos. ) ORDER NO. PSC-95-0502-S-WS  
236-W and 179-S and for a ) ISSUED: April 24, 1995  
Limited Proceeding to Adjust )  
Rates in St. Johns County by )  
Jacksonville Suburban Utilities )  
Corporation. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
JOE GARCIA  
DIANE K. KIESLING

ORDER APPROVING STIPULATION

BY THE COMMISSION:

Jacksonville Suburban Utilities Corporation (JSUC or utility) is a Class A utility which provides service to approximately 24,000 water and 19,000 wastewater customers in Duval, Nassau and St. Johns County. In its 1993 consolidated annual report, JSUC recorded \$17,950,991 in annual revenues for water and wastewater service, and net operating income of \$4,666,668.

Ponte Vedra Utilities (PV) provides service to approximately 1,636 water and 721 wastewater customers in St. Johns County. According to its 1992 annual report, as filed with St. Johns County, PV recorded \$815,711 in annual revenues for water and wastewater service, and an operating loss of \$75.00.

On March 1, 1993, JSUC filed an application for amendment of Certificates Nos. 236-W and 179-S to include the facilities and territory of PV and for a limited proceeding to adjust rates. On March 2, 1993, JSUC provided a copy of its notice of the application to PV's customers. On March 22, 1993, the Ponte Vedra Community Association (PVCA) filed an objection to JSUC's notice. However, on April 14, 1993, PVCA filed a clarification to its objection that its objection applied not to the transfer itself, but to any proposed positive acquisition adjustment.

By Order No. PSC-93-1480-FOF-WS, issued October 11, 1993, as amended by Order No. PSC-93-1480A-FOF-WS, issued December 14, 1993, this Commission granted JSUC's request to amend its certificates to

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include PV and granted JSUC's request to implement its rates and charges to the customers of PV. By Order No. PSC-93-1819-FOF-WS, issued December 23, 1993, as amended by Order No. PSC-93-1819A-FOF-WS, issued December 30, 1993, we established the net book value of PV for purposes of the transfer, granted JSUC's request for a positive acquisition adjustment, and denied JSUC's request to include, in rate base, the costs of acquiring PV.

On January 12, 1994, several customers of the PV system (the protestors) filed a protest to Orders Nos. PSC-93-1819-FOF-WS and PSC-93-1480-FOF-WS. Pursuant to the protest, the case was scheduled for hearing on October 10 and 11, 1994, in Jacksonville, Florida. On June 15, 1994, JSUC filed a motion to strike the customers' protest of Order No. PSC-93-1480-FOF-WS on the basis of administrative finality. Its motion was granted by Order No. PSC-94-0947-FOF-WS, issued August 2, 1994.

Prior to the hearing in this docket, the parties agreed to settle the case and the hearing was cancelled. On February 7, 1995, the utility and the protestors filed a proposed stipulation to this Commission for approval. A copy of the proposed stipulation is appended to this Order as Attachment A.

By their proposed stipulation, the parties have agreed that:

1. The former service area of PV is now served by JSUC and the Commission has exclusive jurisdiction over the water and wastewater services of JSUC in the PV area;
2. JSUC's uniform rates were lawfully authorized by the Commission and that JSUC is lawfully charging such rates;
3. The purchase of PV by JSUC created a positive acquisition adjustment and that this positive acquisition will be included in JSUC's rate base at one half of \$212,805 (i.e., \$106,402.50);
4. This stipulation resolves all issues relating to JSUC's purchase of the assets of PV. Specifically, the acquisition adjustment and noticing requirement issues which occurred prior to the date hereof are hereby resolved and will not be raised by the Protestors in future rate cases of JSUC or any other

proceeding involving JSUC before the Commission or any Court;

5. The sale of a 1.04 acre parcel of land for an additional plant site shall be included in JSUC's rate base in the amount of \$200,000 plus acquisition costs of \$2,057;
6. The value of a 0.38 acre parcel of land used for a well site shall be included in JSUC's rate base at \$9,800;
7. The total rate base of JSUC shall be increased by the amount of \$1,683,597.50 as a result of this transfer and the inclusion of said amount shall not be contested in this case or in any future proceedings before the Commission or any court;
8. No acquisition costs associated with the purchase of the assets of PV by JSUC shall be collected, charged or passed on in any form whatsoever to the customers of JSUC, and;
9. No rate case expense associated with this application shall be collected, charged or passed on in any form whatsoever, to the customers of JSUC.

The main difference between the stipulation and our decision, as codified by Order No. PSC-93-1819-FOF-WS, is in the treatment of the positive acquisition adjustment. By Order No. PSC-93-1819-FOF-WS, we found that extraordinary circumstances justified a positive acquisition adjustment in this case, and proposed to recognize it, for ratemaking purposes, at full value. The stipulation proposes to recognize the positive acquisition adjustment in rate base at one-half of its value. We believe that this is a reasonable compromise and that the stipulation fairly resolves all of the issues remaining in this docket. We, therefore, approve the proposed stipulation.

It is, therefore,

ORDERED by the Florida Public Service Commission that the proposed stipulation between Jacksonville Suburban Utilities Corporation and the protestors is approved, as set forth in the body of this Order. It is further

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ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission, this 24th  
day of April, 1995.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Flynn  
Chief, Bureau of Records

( S E A L )

RJP

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater 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 after the issuance 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.

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ATTACHMENT A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application by Jacksonville )  
Suburban Utilities Corporation for )  
Amendment of Certificate Nos. 236-W )  
and 179-S and for a Limited )  
Proceeding to Adjust Rates in St. )  
Johns County, Florida )

Docket No. 930204-WS

Filed: ~~January~~, 1995

*FEBRUARY 7, 1995*

**RECEIVED**

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STIPULATION

Florida Public Service Commission  
Division of Water and Wastewater

Jacksonville Suburban Utilities Corporation, ("Jacksonville Suburban"), Office of the Public Counsel ("Citizens"), Edward M. Barrett ("Barrett"), Ponte Vedra Community Association ("Association"), and Weldon L. and Margaret J. Johnson ("Johnson"), file this Stipulation as settlement of Jacksonville Suburban's Application for Affirmation and Exercise of Jurisdiction by the Florida Public Service Commission, Amendment of Certificate Nos. 236-W and 179-S, Establishment of Rate Base for Facilities Transferred, Approval of the Applicability of Rates, Charges, Classifications, Rules and Regulations, and Service Availability Policies, Resolution of Acquisition Adjustment, and approval of a Limited Proceeding to Adjust Rates in St. Johns County, Florida ("Application"), Docket No. 930204-WS. Citizens, Barrett, Association, and Johnson are sometimes hereinafter collectively referred to as "Protestors." Jacksonville Suburban and Protestors agree to the following:

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FPSC-RECORDS/REPORTING

1. Background. St. Johns County has jurisdictional authority to regulate water and wastewater utility companies and rates in St. Johns County. On November 24, 1992, St. Johns County approved the transfer of the franchise certificates of Ponte Vedra Utilities Company ("Ponte Vedra") to Jacksonville Suburban. On March 1, 1993, Jacksonville Suburban filed the Application with the Florida Public Service Commission ("Commission"). The former service area of Ponte Vedra ("Ponte Vedra Area") is now served by Jacksonville Suburban and the Commission has the exclusive jurisdiction over the water and wastewater service of Jacksonville Suburban in St. Johns County, Florida, because the service from Jacksonville Suburban's single utility system transverses county boundaries. Therefore, the Commission has exclusive jurisdiction over the water and wastewater service of Jacksonville Suburban in the Ponte Vedra Area. Jacksonville Suburban began operating Ponte Vedra's facilities pursuant to an Operations and Management Agreement entered into on December 19, 1991. On November 19, 1993, the franchise certificates and facilities of Ponte Vedra were transferred to Jacksonville Suburban and Jacksonville Suburban currently is serving the Ponte Vedra Area.

2. Rates. The parties to this Stipulation recognize that Jacksonville Suburban has been authorized by the Commission to charge uniform rates to customers receiving service from its single utility system, which serves Duval, Nassau, and St. Johns Counties. The parties to this Stipulation agree that Jacksonville Suburban's

uniform rates were lawfully authorized by the Commission and that Jacksonville Suburban is lawfully charging such rates.

3. Acquisition Adjustment. The parties to this stipulation recognize that the purchase of Ponte Vedra by Jacksonville Suburban created a positive acquisition adjustment in the amount of \$212,805. The parties to this Stipulation agree that this positive acquisition adjustment will be included in Jacksonville Suburban's rate base at one half of \$212,805 (i.e., \$106,402.50).

4. Resolution of Issues. The parties to this Stipulation agree that this Stipulation resolves all issues relating to Jacksonville Suburban's purchase of the assets of Ponte Vedra. The parties to this Stipulation also agree that the acquisition adjustment and noticing requirement issues relating to Jacksonville Suburban's purchase of Ponte Vedra and all other acquisitions by Jacksonville Suburban which occurred prior to the date hereof are hereby resolved and will not be raised by the Protestors in future rate cases of Jacksonville Suburban or any other proceeding involving Jacksonville Suburban before the Commission or any Court. Further, Protestors agree that, in any future rate cases of Jacksonville Suburban or any other proceeding involving Jacksonville Suburban before the Commission or any Court, they will not raise or take, or aid, assist or support anyone else in taking, any position contrary to (i) the Commission's decisions relating to acquisition adjustment and noticing requirement issues in Jacksonville Suburban's acquisitions of Ponte Vedra or any other acquisition by Jacksonville Suburban which occurred prior to the



date hereof, (ii) this Stipulation, or (iii) the Commission's adoption of this Stipulation (hereinafter sometimes collectively referred to as "Prior Commission Decisions").

5. Cost of 1.04 Acre Parcel of Land. Prior to Jacksonville Suburban's purchase of the assets of Ponte Vedra, the sale of a 1.04 acre parcel of land for an additional plant site ("Additional Plant Site") occurred between Ponte Vedra Corporation and Ponte Vedra. The parties to this Stipulation agree that the value of the Additional Plant Site shall be included in Jacksonville Suburban's rate base in the amount of \$200,000, plus acquisition costs of \$2,057.00.

6. Purchase of Well Site. Included in Jacksonville Suburban's purchase of the assets of Ponte Vedra was a 0.38 acre parcel of land used for a well site ("Well Site"). The purchase price of the Well Site was \$9,800.00. The parties to this Stipulation agree that the value of the Well Site shall be included in Jacksonville Suburban's rate base in the amount of \$9,800.

7. Total Rate Base. The parties to this Stipulation agree that the rate base of Jacksonville Suburban shall be increased by the amount of \$1,683,597.50 as a result of this transfer. The increase includes, but is not limited to, the Additional Plant Site, Well Site, and the acquisition adjustment of \$106,402.50. Protestors shall not contest the inclusion of said amount in Jacksonville Suburban's rate base in this case or in any future proceedings before the Commission or any court.

8. Acquisition Costs. All parties to this stipulation agree that no acquisition costs associated with the purchase of assets of Ponte Vedra by Jacksonville Suburban shall be collected, charged or passed on in any form whatsoever to the customers of Jacksonville Suburban.

9. Rate Case Expense. The parties to this Stipulation agree that no rate case expense associated with the Application shall be collected, charged or passed on in any form whatsoever, including but not limited to future deferrals, to the customers of Jacksonville Suburban.

10. Effect of Stipulation.

(a) This Stipulation shall be effective upon Commission approval. In the event that the Commission rejects or modifies this Stipulation in whole or in part, the parties agree that this Stipulation is void and that each party may pursue its interests as those interests exist, and that no party will be bound by this Stipulation or will make reference to this Stipulation, or any provision thereof, in further proceedings before the Commission or any Court.

(b) The parties agree to use their best efforts to obtain approval of this Stipulation by the Commission. No party shall unilaterally recommend or support the modification of this Stipulation or discourage its acceptance by the Commission.


(c) No party shall request reconsideration of, or appeal, the order that approves this Stipulation.

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IN WITNESS WHEREOF, each party has executed this Stipulation on the date next to their respective signature.

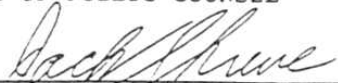
JACKSONVILLE SUBURBAN UTILITIES CORPORATION

Date: JANUARY 27, 1995

By:   
Philip Hill  
Vice President and Manager

OFFICE OF PUBLIC COUNSEL

Date: 1/31/95

By:   
Jack Shreve  
Public Counsel

Date: 2/4/95

  
Edward M. Barrett

Date: 2/5/95


  
Weldon L. Johnson

Date: \_\_\_\_\_

\_\_\_\_\_  
Margaret J. Johnson

PONTE VEDRA COMMUNITY ASSOCIATION

Date: \_\_\_\_\_

By:   
~~Jeanne Cody~~ Robert Reash  
Its President

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CERTIFICATE OF SERVICE  
DOCKET NO. 930204-WS

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail or hand-delivery to the following parties on this 7th day of February, 1995.

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& Mickler, P.A.  
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