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July 30, 1996

VIA HAND DELIVERY

Blanca Bayo, Director  
Department of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Building, Room 110  
Tallahassee, Florida 32399-0850

Check received with filing and  
forwarded to Fiscal for deposit.  
Fiscal to forward a copy of check  
to RAR with proof of deposit.

Initials of person who forwarded check:  
A.G.

Dear Ms. Bayo:

Enclosed please find sixteen copies, unless otherwise indicated, of the following documents for filing with the Florida Public Service Commission in connection with the Application of United Water Florida Inc. for Rate Adjustment, Docket No. 960451-WS:

1. Application for Adjustment of Rates. - 07923
2. Binder containing Minimum Filing Requirement ("MFR") Schedules A-1 through A-19, B-1 through B-15, C-1 through C-10, D-1 through D-7, E-1 through E-13, and F-1 through F-10, as well as Schedules G-1 through G-45. - 07924
3. Two copies of Billing Analysis, Schedule E-14. *Dy + WAW*
4. Service Area Map, Schedule H-1. *07925-96 PTS 1 thru 6*
5. One copy of Detailed Maps of Water and Wastewater Systems, Schedule H-2. *WAW*
6. Two sets of five Books containing Schedules H-3 through H-11. *WAW + Dy DNS 07927 thru 07930-96*
7. Book containing copies of deeds, easements and leases to land, Schedule H-12. *07931-96*
8. Original and three copies of Water Tariff Sheet No. 22.0 and Wastewater Tariff Sheet No. 21.0, Schedule H-13. *Dy + WAW, Sec 07932-96*

ACK  1  
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MFRs Pulled & placed w/  
transcript exh 4. Jan

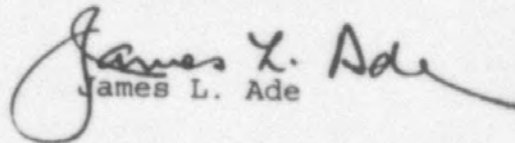
Blanca Bayo, Director  
July 30, 1996  
Page 2

9. Binder containing Testimony and Exhibits of Robert J. Iacullo, Philip Heil, David deNagy, Munapalli Sambamurthi, Matthias Jost, Mary L. Egan-Long, Frank Gradilone III, Frank J. McGuire, Thomas F. Cleveland and John F. Guastella. 07935-9/
10. Original United Water Florida Inc. check payable to the Florida Public Service Commission in the amount of \$9,000.00 as payment of the fee for filing the Application for Adjustment of Rates.

I trust that you will find the enclosed documents to be in order for filing in connection with the Application of United Water Florida Inc. for Rate Adjustment, Docket No. 960451-WS. I would appreciate your filing and distributing the enclosed copies of the documents in accordance with your established procedure.

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

Sincerely yours,

  
James L. Ade

JLA:dws  
Enclosures

cc: Mr. Robert J. Iacullo  
(w/Application only)  
Mr. Walton F. Hill  
(w/Application only)  
Mr. Frank J. McGuire  
(w/original Application only)  
Mr. Munipalli Sambamurthi  
(w/original Application only)  
Mr. Marshall Willis  
(w/Application and additional  
copies of Schedules and Testimony)

ORIGINAL  
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of United Water )  
Florida Inc. for Rate Adjustment )  
\_\_\_\_\_ )

DOCKET NO. 960451-WS  
Date Submitted for  
Filing: July 30, 1996

APPLICANT

United Water Florida Inc.  
1400 Millcoe Road  
Jacksonville, Florida 32225

Persons to contact  
concerning Application:

James L. Ade or  
Scott G. Schildberg  
Martin, Ade, Birchfield &  
Mickler, P.A.  
3000 Independent Square  
Jacksonville, Florida 32202  
(904) 354-2050

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 960451-WS PT 1214  
COMPANY/ EXHIBIT NO 4  
WITNESS:  
DATE: 1/27/97

DOCUMENT NUMBER-DATE

07923 JUL 30 96

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of United Water )  
Florida Inc. for Rate Adjustment )  
\_\_\_\_\_ )

DOCKET NO.: 960451-WS  
Date Submitted for  
Filing: July 30, 1996

APPLICATION FOR ADJUSTMENT OF RATES

United Water Florida Inc., a Florida corporation (hereinafter referred to as the "Applicant" or "United Water Florida"), by and through its undersigned attorneys, hereby files this Application for Adjustment of Rates (hereinafter referred to as the "Application") pursuant to Sections 367.081(2), (3), (5), (6), and (7), Section 367.0816 and Section 367.082 of the Florida Statutes (1995), Rules 25-30.433, 25-30.436, 25-30.437, 25-30.4385, 25-30.440, 25-30.460, 25-30.465 and 25-30.470 of the Florida Administrative Code (hereinafter referred to as "FAC"), and Class "A" Water and/or Wastewater Utilities Financial, Rate, and Engineering Minimum Filing Requirements, Form PSC/WAW 19(11/93) (hereinafter referred to as "MFRs"), and states:

1. The Applicant is a water and wastewater utility company doing business in Duval, Nassau, and St. Johns Counties, Florida, pursuant to Certificates of Authorization numbered 236-W and 179-S (hereinafter referred to as the "Certificates") issued by the Florida Public Service Commission (hereinafter referred to as the "Commission").
2. The Applicant is a Class "A" Utility for purposes of this Application.

3. The base year and the projected test year adopted by the Company for use in this proceeding are the twelve (12) month periods ending December 31, 1995 (hereinafter referred to as the "Base Year"), and December 31, 1997 (hereinafter referred to as the "Test Year"), respectively.

4. For the Test Year, Schedule B-1, page 2 of 6, and Schedule B-2, page 1 of 3, which reflect pro forma adjustments and present rates, show that the Applicant will realize the following operating revenue, incur the following utility operating income in income taxes, and earn the following utility operating income in its water and wastewater operations:

	<u>Water</u>	<u>Wastewater</u>
Operating Revenues	\$ 7,286,448	\$15,673,782
LESS:		
Operating Expenses	(\$ 6,528,192)	(\$12,667,747)
Income Taxes	<u>\$ 233,917</u>	<u>\$ (89,315)</u>
Utility Operating Income	\$ 992,173	\$ 2,916,720
Rate Base	\$30,043,254	\$60,077,777
Rate of Return on Rate Base	3.30%	4.85%

5. In order to allow the Applicant to earn a fair, just, reasonable and compensatory rate of return on its investment, Schedule B-1, page 2 of 6, and Schedule B-2, page 1 of 3, show that the Applicant should be allowed to realize the following operating revenues, incur the following operating expenses and income taxes, and earn the following utility operating income in its water and wastewater operations during the Test Year:

	<u>Water</u>	<u>Wastewater</u>
Operating Revenues	\$10,631,396	\$20,786,382
LESS:		
Operating Expenses	(\$ 6,699,971)	(\$12,930,303)
Income Taxes	(\$ <u>960,147</u> )	(\$ <u>1,914,386</u> )
Utility Operating Income	\$ 2,971,278	\$ 5,941,692
Rate Base	\$30,043,254	\$60,077,777
Rate of Return on Rate Base	9.89%	9.89%

6. The Applicant requests that it be granted an interim rate increase. In Order No. 10531 entered on January 20, 1982, in Docket 810071-WS(CR), the Commission determined that the Applicant's cost of equity was 16%, that the Applicant's overall rate of return was 12.81% and that the zone of reasonableness of the Applicant's overall rate of return was 12.40% to 13.23%. The Applicant proposes that the Commission use the current leverage formula to determine an allowed rate of return on rate base of 9.89% for the interim rate increase rather than use the minimum of the range of the last authorized rate of return on rate base.

7. For the Base Year, Schedule B-1, page 6 of 6, and Schedule B-2, page 3 of 3, show that the Applicant realized the following operating revenues, incurred the following operating expenses and income taxes, and earned the following utility operating income in its water and wastewater operations:

	<u>Water</u>	<u>Wastewater</u>
Operating Revenues	\$ 6,852,515	\$13,639,705
LESS:		
Operating Expenses	(\$ 4,779,866)	(\$ 9,617,717)
Income Taxes	(\$ <u>359,752</u> )	(\$ <u>834,370</u> )

Utility Operating Income	\$ 1,712,898	\$ 3,187,618
Rate Base	\$24,193,192	\$38,655,631
Rate of Return on Rate Base	7.08%	8.25%

8. In order to allow the Applicant to earn a rate of return for the Base Year that would have been within the range of reasonableness calculated in accordance with Section 367.082(5), Florida Statutes, Schedule B-1, page 6 of 6, and Schedule B-2, page 3 of 3, show that the Applicant should be allowed an interim rate increase in order to have realized the following operating revenues, to have incurred the following operating expenses and income taxes, and to have earned the following utility operating income in its water and wastewater operations:

	<u>Water</u>	<u>Wastewater</u>
Operating Revenues	\$ 8,001,481	\$14,713,655
LESS:		
Operating Expenses	(\$ 4,838,870)	(\$ 9,672,869)
Income Taxes	(\$ <u>769,904</u> )	(\$ <u>1,217,743</u> )
Utility Operating Income	\$ 2,392,707	\$ 3,823,042
Rate Base	\$24,193,192	\$38,655,631
Rate of Return on Rate Base	9.89%	9.89%

9. In accordance with Section 367.082(5), Florida Statutes, the achieved rate of return of the Applicant for the Base Year was 7.08% for its water operation and 8.25% for its wastewater operation and its required rate of return for the Base Year was 9.89% for both its water and wastewater operations. Therefore, the revenue deficiency of the Applicant was \$1,148,966 for its water operation and \$1,073,950 for its wastewater operation.

10. Schedules A-1 and A-2 set forth the rate base of the Applicant's water and wastewater operations for the Base Year, Schedule D-2 sets forth the cost of capital for the Applicant's water and wastewater operations for the Base Year and Schedules B-1 and B-2 set forth the net operating income of the Applicant's water and wastewater operations for the Base Year. Adjustments to said schedules are set forth on Schedules A-3 through A-19, B-3 through B-15, D-3 through D-7, G-1 through G-11 and G-20 through G-45.

11. The Applicant has demonstrated that it is earning outside of the range of reasonableness on rate of return calculated in accordance with Section 367.082(5), Florida Statutes. Accordingly, the Applicant has demonstrated that it is entitled to interim relief. The Applicant requests that it be granted the interim rates set forth on Schedule E-1. Such interim rates include an interim increase in rates equal to 10.85% percent of the combined current rates.

12. The Applicant has determined that its water and wastewater facilities are one hundred percent (100%) used and useful. In the event that the Commission determines that any of the Applicant's facilities are not one hundred percent (100%) used and useful, the Applicant requests 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 that are determined by the Commission not to be used and useful.

13. The interim rate increases should be implemented in accordance with the time schedule and procedures set forth in



Section 367.082(2)(a) of the Florida Statutes. In order to ameliorate the effect of the final rate increases on the customers, the Applicant, however, would consider having the remaining part of the rate increases implemented in increments over a reasonable period of time according to a schedule that would be acceptable to the Commission and the Applicant. The Applicant would be agreeable to a time schedule which provides for an increase at the end of the eight month statutory time period (six months after the interim rate increases) with the final increments to occur within a reasonable period of time that would allow for the verification of the plant additions (and retirements) through the end of 1997.

14. In accordance with Rules 25-30.433, 25-30.436, 25-30.437, 25-30.4385, 25-30.440, and 25-30.465 of the FAC, the Applicant provides the following general information:

(a) The exact name of the Applicant and the address of its principal place of business are United Water Florida Inc., 1400 Millcoe Road, Jacksonville, Florida 32225.

(b) United Water Florida was incorporated under the laws of the State of Florida on June 5, 1937. United Waterworks Inc. owns one hundred percent (100%) of the capital stock of United Water Florida. United Waterworks Inc.'s address is 200 Old Hook Road, Harrington Park, New Jersey 07640-1799.

(c) The names and addresses of persons authorized to receive notices and communications with respect to this Application are as follows:

Munipalli Sambamurthi  
1400 Millcoe Road

Jacksonville, Florida 32225

Frank J. McGuire  
200 Old Hook Road  
Harrington Park, New Jersey 07640-1799

James L. Ade  
Scott G. Schildberg  
Martin, Ade, Birchfield & Mickler, P.A.  
3000 Independent Square  
Jacksonville, Florida 32202

(d) The Applicant is proceeding under and requests this proceeding to be governed by the provisions of Sections 367.081(2), (3), (5), (6), and (7), Section 367.0816 and Section 367.082, Florida Statutes (1995).

(e) The Commission granted the Certificates to the Applicant in Order No. 7023 in Docket Nos. 74452-S and 74453-W.

(f) The last general rate case of the Applicant was Docket No. 810071-WS and used a test year of 1980. See Order No. 10531. The current rates of the Applicant were established in connection with its pass through and price index adjustment, File No. 96-19.

(g) A copy of this Application will be available for customer inspection within the service area of the Applicant at 1400 Millcoe Road, Jacksonville, Florida 32225.

(h) The Applicant is not requesting less than compensatory permanent rates.

(i) The Applicant does not request to have the case processed using the proposed agency action procedure outlined in Section 367.081, Florida Statutes (1995).

15. In accordance with Sections 25-30.436(h), 25-30.437, 25-30.4385 and 25-30.440 of the Florida Administrative Code, the Applicant provides the required information in Schedules A-1 through A-19, B-1 through B-15, C-1 through C-10, D-1 through D-7, E-1 through E-14, F-1 through F-10, G-1 through G-45, and H-1 through H-13.

16. There are no known deviations from the policies, procedures and guidelines prescribed by the Commission in relevant rules or in the Applicant's last rate case.

17. The capital structure of the Applicant does not contain zero or negative equity.

18. In accordance with Rule 25-30.436(4)(h), FAC, the Applicant has filed Schedules G-12 through G-19.

19. In accordance with Rule 25-30.436(4)(i), FAC, copies of the deeds, easements and leases to land upon which utility treatment facilities are located acquired by the Applicant subsequent to the test year in the last rate case (1980), when rate base was last established, are submitted as Schedule H-12.

20. The schedules describing in detail all methods and bases of projection, explaining the justification for each method or basis employed and required by Rule 25-30.437(3), FAC, are submitted herewith as Schedules G-20 through G-45 or are described on the appropriate schedules.

21. An affidavit of Philip Heil, as Vice President of the Applicant, stating that the Applicant will comply with Rule 25-22.0407, FAC, is attached hereto as Attachment 1.

22. A filing fee in the amount of \$9,000.00 has been enclosed with this Application.

23. One map identifying the territory which the Applicant is certified to serve is submitted as Schedule H-1.

24. One detailed map is submitted as Schedule H-2. Said detailed map shows the location and size of the Applicant's distribution and collection lines as well as its treatment facility sites, and the location and respective classification of the Applicant's customers.

25. In accordance with Rule 25-30.440, FAC, two copies of the following engineering information are submitted to the Commission:

(a) A list of chemicals used by the Applicant for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized is submitted as Schedule H-3.

(b) A copy of the most recent chemical analyses of the finished water for each water treatment facility conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, FAC, is submitted as Schedule H-4.

(c) Copies of all water and wastewater plant operating reports for 1994 and 1995 are submitted as Schedule H-5.

(d) A copy of the most recent sanitary survey for each water treatment facility and inspection report for each wastewater treatment facility conducted by the health

department or the Department of Environmental Protection (hereinafter referred to as the "DEP") is submitted as Schedule H-6.

(e) Copies of all health department and DEP construction and operating permits are submitted as Schedule H-7.

(f) Copies of any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP in the previous five (5) years are submitted as Schedule H-8.

(g) A list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employees' salary allocation method to Applicant's capital or expense accounts is submitted as Schedule H-9.

(h) A list, by serial number and description, of all vehicles owned or leased by the Applicant showing the original cost or annual lease expenses, who the vehicle is assigned to, and the method of allocation to the Applicant is submitted as Schedule H-10.

(i) A list by customer of all complaints received in 1995 with an explanation of how each complaint was resolved is submitted as Schedule H-11.

26. An original and three copies of First Revised Water Tariff Sheet No. 22.0 and First Revised Wastewater Tariff Sheet No. 21.0 are attached as Schedule H-13.

WHEREFORE, Applicant, United Water Florida Inc., respectfully requests the Commission:

A. To assume jurisdiction over this proceeding pursuant to Sections 367.081(2), (3), (5), (6), and (7), Section 367.0816 and Section 367.082, Florida Statutes (1995); and

B. To enter an order pursuant to Section 367.082, Florida Statutes (1995), authorizing the Applicant to implement the rates proposed in Schedule E-1 as interim rates so as to enable the Applicant to obtain a fair, just, reasonable and compensatory rate of return on its investment.

C. To enter an order pursuant to Section 367.081, Florida Statutes (1995), authorizing the Applicant to charge its customers the rates proposed in Schedule E-1 as permanent rates so as to enable the Applicant to obtain a fair, just, reasonable and compensatory rate of return on its investment.

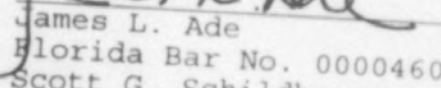
D. To enter an order pursuant to Section 367.081, Florida Statutes (1995), authorizing the Applicant to charge the late fee as shown on Schedule E-4.

WHEREFORE, Applicant requests that the Commission approve each of the requests made in this Application.

DATED this 30th day of July, 1996.

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

By:

  
James L. Ade  
Florida Bar No. 0000460  
Scott G. Schildberg  
Florida Bar No. 0613990  
3000 Independent Square  
Jacksonville, FL 32202  
Telephone: (904) 354-2050

Attorneys for United Water  
Florida Inc.

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF DUVAL)

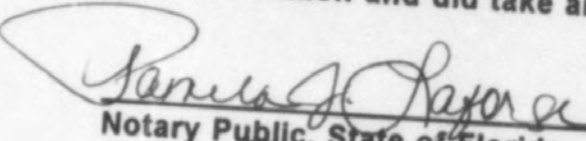
BEFORE ME, the undersigned authority, personally appeared PHILIP HEIL, who being by me first duly sworn, deposes and says:

1. That he is Vice President of United Water Florida Inc. ("United Water Florida");
2. That in his capacity as Vice President of United Water Florida, he has actual knowledge of the facts and representations set forth in this Affidavit; and
3. That he will cause representatives of United Water Florida to comply with the notice and public information requirements for a general rate increase request set forth in Section 25-22.0407 of the Florida Administrative Code for the application of United Water Florida filed in Florida Public Service Commission Docket No. 960451-WS.

FURTHER AFFIANT SAYETH NOT.

  
PHILIP HEIL

Subscribed and sworn to before me this  
26<sup>th</sup> day of July, 1996.  
Affiant produced \_\_\_\_\_  
as identification and did take an oath.

  
Notary Public, State of Florida

Printed PAMELA J. LAFORGE

My commission expires:  
Commission No.:



**VERIFICATION TO  
APPLICATION FOR ADJUSTMENT OF RATES**

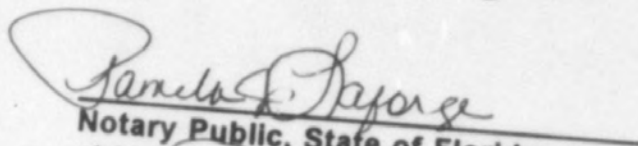
STATE OF FLORIDA )

COUNTY OF DUVAL )

I, PHILIP HEIL, Vice President of United Water Florida Inc., am acquainted with the facts stated in the foregoing Application for Adjustment of Rates and the items filed as Schedules thereto and do hereby solemnly swear that said facts as set forth therein are true and correct.

  
PHILIP HEIL

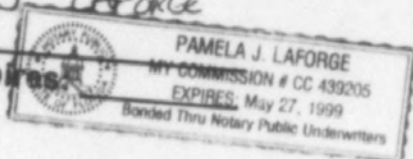
Sworn to and subscribed before  
me this 26<sup>th</sup> day of July,  
1996.



Notary Public, State of Florida  
at Large. PAMELA J. LAFORGE

Commission No.:

My Commission Expires:



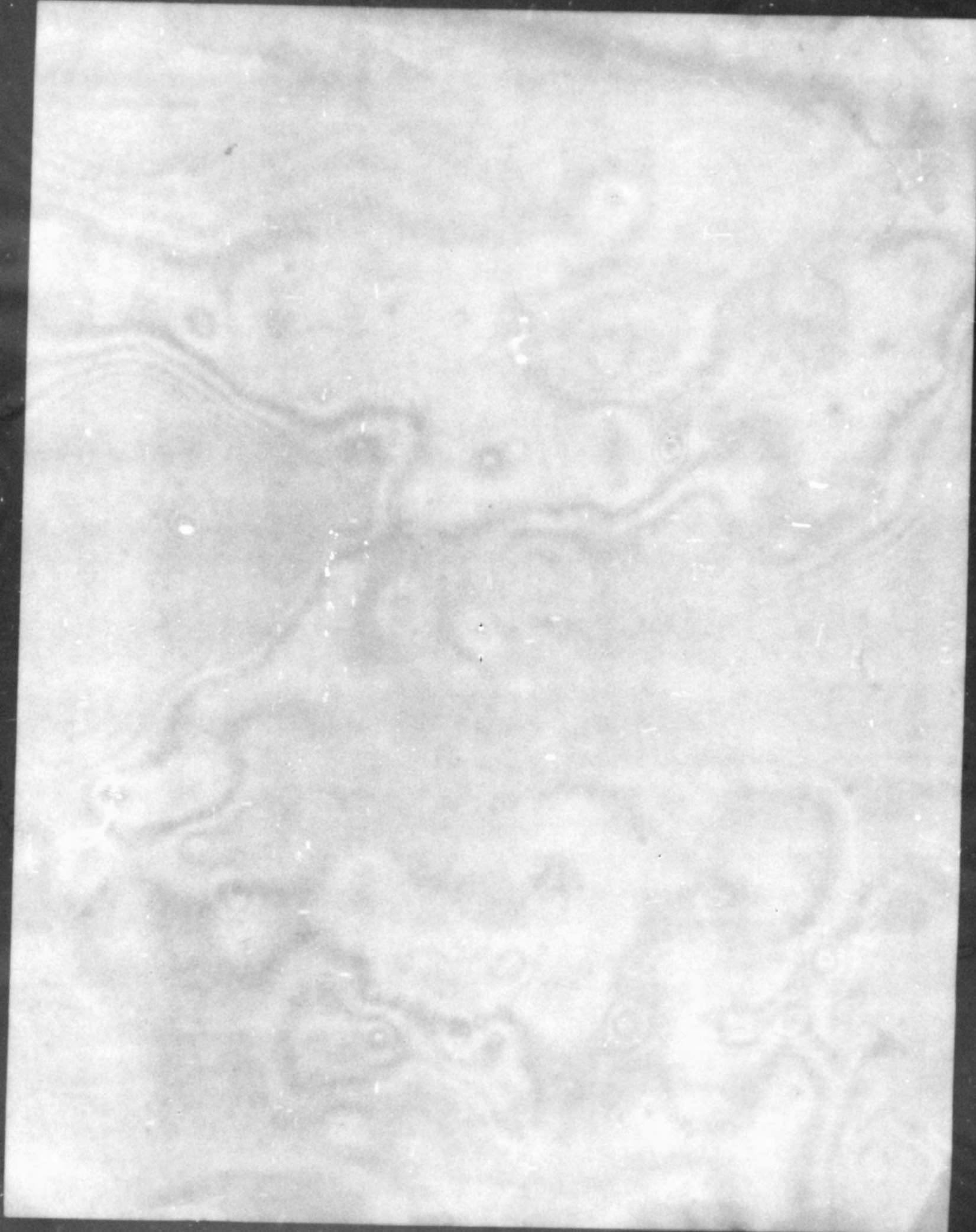


UNITED WATER FLORIDA INC.  
WATER & WASTEWATER OPERATIONS

APPLICATION FOR INCREASE IN RATES

Test Year Ending: 12/31/97

Historic [X] or Projected [X]



**UNITED WATER FLORIDA INC.  
WATER & WASTEWATER OPERATIONS**

**APPLICATION FOR INCREASE IN RATES**

**Test Year Ending: 12/31/97**

**Historic [X] or Projected [X]**

UNITED WATER FLORIDA INC.  
WATER & WASTEWATER DIVISION

Test Year Ending: 12/31/97

Historic [X] or Projected [X]

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UNITED WATER FLORIDA INC.  
WATER & WASTEWATER DIVISION

Test Year Ending: 12/31/97

Historic [X] or Projected [X]

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