

State of Florida

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DIVISION OF WATER &
WASTEWATER
CHARLES HILL
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(904) 413-6900

Public Service Commission

August 12, 1996

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

Re: Docket No. 960451-WS, Application For Increased Water and Wastewater Rates by United Water Florida, Inc. (UWFI) in Duval, Nassau and St. Johns Counties.

ACK _____

AFA _____ Dear Mr. Ade:

APP _____

CAP _____

CMU _____

CTR _____

ESP _____

LEI _____

LIM _____

OPR _____

RFI _____

SEC _____

WAS _____

OTH _____

We have reviewed the company's application including the minimum filing requirements submitted on July 30, 1996, on behalf of the above mentioned utility. After reviewing this information, we find the minimum filing requirements to be deficient. The specifics are identified below.

1. Schedule A-4, A-8, A-11, A-13, A-16. These schedules require annual additions, retirements and adjustments for each component to be shown up to the end of the test year, 1997. The utility only provided these amounts up to 12/31/95.

2. Schedule A-5, Water Plant in Service. This water plant schedule, on pages 28-30, is missing the months 8/97-12/97 for those accounts listed on pages 22-24. The pages included are duplicates of pages 22-24.

3. Schedule A-9, Accumulated Depreciation. This water accumulated depreciation schedule, on pages 46-53, is are duplicates of pages 54-61. It should be the monthly balances for 1995, instead duplicate 1996 information was included.

4. Schedules A-18 and A-19, Balance Sheets. Projected balance sheet information should be included for both 1996 and 1997.

5. Schedules B-1 and B-2, Net Operating Income. First, every B-1 and B-2 schedule is titled Schedule of Water Net Operating Income. This is confusing, since some are combined company, water or wastewater. Please retitle to make this clear. It is also unclear why the information was included on a combined water and

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wastewater basis, if that is what the notation "Combined" means. Further, line 5 of all submitted NOI schedules shows the title of "Taxes Other Than FIT". This is inconsistent with the MFR schedule requirement of "Taxes Other Than Income". The amounts should also agree with the amounts shown on Schedule B-15. It appears, from the language and the large dollar increase, that state income taxes are included in this line item. If this is true, then the presentation is incorrect and not in compliance with the MFRs.

6. Schedule B-3. The adjustment schedule for NOI should reflect detailed adjustments for all years filed.
7. Schedules B-7 and B-8, O&M Expense Comparisons. The benchmark calculation is incorrect. The current test year is 1997 not 1995. As a result the utility may not have included all required explanations.
8. Schedule B-10, Analysis of Rate Case Expense. The level of rate case expense detailed information provided is insufficient as required by the schedule instructions.
9. Schedule B-15, Taxes Other Than Income. This schedule should be completed for the years 1996 and 1997. The subtotals and totals reported on these schedules should also tie to the respective amounts reflected on the NOI Schedules B-1 and B-2.
10. Schedule C-1, Reconciliation of Total Income Tax Provision. This schedule does not tie to the NOI schedules B-1 and B-2 or any of the support schedules as required.
11. Schedules C-2, C-3, C-5, C-6, C-7 (3 pages) and C-8 (4 pages). These tax schedules are not compiled according to the schedule requirements. For Schedule C-6, the 1995 deferred tax detail is provided on Schedule D-2 for 1995, but Schedule C-6 requires the detail to be provided, by account, from the last rate case forward to the test year in the current case.
12. Schedule C-9 reflects the title "Parent's Debt Information," but it should be titled "Income Tax Returns." It also does not show the complete instructions for this schedule. Schedule C-10 should be "Miscellaneous Tax Information," but it contains the correct information for Schedule C-9 instead.
13. Schedule D-1, Requested Cost of Capital. Please explain why the utility is reflecting separate schedules for water and wastewater cost of capital. Normally, only one cost of capital is determined for a combined water and wastewater case.

Does D-1, page 1 reflect a year-end cost of capital and page 2 reflect a 13-month average? If so, clearly label the request on each schedule. Schedule D-1, page 1, also has a typo at the end of the page.

14. Schedule D-2, Reconciliation of Capital to Rate Base. This schedule format is not consistent with the schedule requirements. It is very confusing as to what is being done. It does not delineate which adjustments are specific versus pro rata. Also, it is difficult to distinguish between the differences in the 6 pages as to which are combined, water or wastewater schedules. It only includes 1995, not the projected years 1996 and 1997.

15. Schedule D-4 and D-5, Short-term and Long-term Debt. These schedules reflect only 1995 United Waterworks, Inc. (UWI) information. They should include both UWI and UWFI data and the projected years 1996 and 1997.

16. Schedule D-7, Customer Deposits. This schedule should show the projections for 1996 and 1997.

17. Schedule E-14 - Billing Analysis. Part One and Four of the billing analysis are illegible. Legible copies must be provided.

18. Schedule F-1. The utility provided one Schedule F-1 for the entire water system. The utility however has over 20 separate water plants which are not interconnected. A Schedule F-1 should be filed for each separate plant owned by the company.

19. Schedules G-1 through G-8. These additional schedules are very unclear. It appears that these reflect the projections for rate base components. The title is unclear to delineate what the specific use is for each of the schedules. The column headings are unclear. If those headings relate to specific plants or facilities, a footnote would be advisable providing an explanation. The decimal points in the schedules are unclear as to whether the amounts shown are dollars or thousands of dollars, or customers etc.

20. Rule 25-30.437(3), for projected test years requires a schedule which details all methods and basis of projection, explaining the justification for each method or basis employed. This information is missing for the following: Accumulated Depreciation, Contributions in Aid of Construction, Accumulated Amortization of CIAC, all balance sheet accounts. The numbers being projected are shown but not the basis used to determine the projected amounts.

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21. Rule 25-30.440(4). The utility did not file the Department of Environmental Protection (DEP) monthly operating reports for September, 1995, for each of its water plants except Jacksonville Heights.

22. Rule 25-30.440(6). The utility did not file the DEP operating permits for the following wastewater treatment plants as required:

a. Monterey - Original permit not provided. Only the stormwater permit and a notification from the Environmental Protection Agency about the NPDES permit being transferred to DEP was provided. Also, a copy of the construction permit for the expansion of the Monterey wastewater treatment plant was not provided.

b. Holly Oaks - No permit provided.

c. Royal Lakes - Original permit not provided. Only the modifications to the permit conditions was provided.

d. Lofton Oaks - No permit provided.

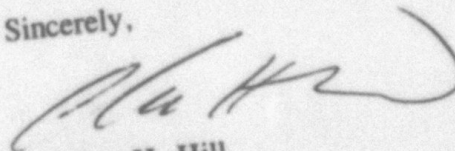
e. Ponte Vedra - Original permit not provided. Only the modifications to the permit conditions was provided.

f. San Pablo - No permit provided.

g. St. John's North - Original permit not provided. Only the modifications to the permit conditions was provided.

Your petition will not be deemed filed until the date that we receive the above mentioned information. These corrections should be submitted no later than September 3, 1996.

Sincerely,



Charles H. Hill
Director

CHH/MWW

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c: Division of Records and Reporting
Division of Legal Services (Jaber)
Division of Water and Wastewater (Willis, Merchant, Crouch, Rendell)