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OF COUNSEL  
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January 9, 1998

**HAND DELIVERY**

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

980057-WIL

RE: Petition of Gulf Utility Company for an interim and permanent increase in water rates, pursuant to Sections 367.0817, 367.082 and 367.0822, Florida Statutes, for service in Lee County Florida.

Dear Ms. Bayo:

Enclosed for filing on behalf of Gulf Utility Company are:

1. Gulf Utility Company check no. 021369 dated December 31, 1997 in the amount of \$2,250.00 as the filing fee for this proceeding;
2. An original and fifteen copies of the following:
  - (a) the Petition of Gulf Utility Company; and 00476-98
  - (b) Gulf Utility Company Limited Proceeding Special Report dated December 15, 1997. 00477-98

Please acknowledge receipt of the foregoing by stamping the enclosed extra copy of this letter and returning same to my attention. Thank you for your assistance.

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:  
BB

Very truly yours,

*B. Kenneth Gatlin*

B. Kenneth Gatlin

BKG/pav  
Enclosures

DOCUMENT NUMBER-DATE

00476 JAN-98

FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of GULF UTILITY )  
COMPANY for an interim and )  
permanent increase in water rates, )  
pursuant to Sections 367.0817, )  
367.082 and 367.0822, Florida )  
Statutes, for service in Lee County )  
Florida. )

Docket No. 980057-WU

Filed January 9, 1998

**PETITION FOR AN INTERIM AND PERMANENT WATER  
RATE INCREASE PURSUANT TO  
SECTIONS 367.0817, 367.082 AND 367.0822, FLORIDA STATUTES**

GULF UTILITY COMPANY ("Gulf") files this, its Petition pursuant to Sections 367.0817, 367.082 and 367.0822, Florida Statutes, for authority to increase its water rates, for service in Lee County, Florida and states:

1. Petitioner operates as a water and wastewater utility under the Commission's jurisdiction in Lee County, Florida.

2. (a) Gulf Utility Company is the exact name of the Petitioner, the address of its principal place of business, and where the application is available for inspection during the time the rate application is pending is:

Gulf Utility Company  
19910 S. Tamiami Trail  
Estero, Florida 33928

Petitioner is a corporation incorporated in the State of Florida on November 10, 1982.

(b) The name and address of all persons who own five percent or more of the Petitioner's stock are:

Russell B. Newton, Jr.  
111 Riverside Avenue, Suite 140  
Jacksonville, Florida 32201-2989

DOCUMENT NUMBER-DATE

00476 JAN-98

FPSC RECORDS/REPORTING

James W. Moore  
19910 S. Tamiami Trail  
Estero, Florida 33928

(c) The person authorized to receive notices and communications with respect to this Petition is:

B. Kenneth Gatlin  
Gatlin, Schiefelbein & Cowdery, P.A.  
3301 Thomasville Road, Suite 300  
Tallahassee, Florida 32312

3. As a part of this Petition and filed herewith is a document entitled Gulf Utility Company Limited Proceeding Special Report December 15, 1997 (Special Report), which includes the appropriate detail supporting this Petition.

4. (a) The Commission entered its Order No. PSC-97-1544-FOF-WS in Dockets No. 960234-WS and 960329-WS on December 9, 1997. In that order the Commission decided not to include in Gulf's revenue requirement the investment in water reuse facilities including a reject holding tank, monitoring and control system, and additional salaries and chemical expense.

(b) The reject holding tank and monitoring and control system represents an investment of \$803,064. Copies of the contracts for the construction of the reuse reject holding tank and monitoring and control system are included in Exhibit 1 in the accompanying Special Report. The tank was completed and placed in service on November 1, 1997 and is permitted by the Florida Department of Environmental Protection as a part of Gulf's re-use system pursuant to § 403.064, Fla. Stat. The tank was constructed

as a component part of the expansion of the Corkscrew WTP and was necessary to obtain both the construction and operating permit for the expansion of Corkscrew WTP. The cost of this tank is not now being recovered by Gulf in its present rates.

(c) The increased salary costs is because FDEP rules now require the staffing of the Corkscrew plant to be sixteen hours a day for seven days a week instead of six hours a day for five days a week. The FDEP required increased staffing is caused by the expansion at Corkscrew, changing the classification of the facility from Class C to Class B. The detail of this expense is shown on Exhibit 3, Section A of the accompanying Special Report.

(d) The increase in expense of chemicals is for the corrosion products fed at the Corkscrew and San Carlos Water Treatment facilities. The detail of this expense is shown in Exhibit 3, Section B of the accompanying Special Report.

5. Gulf seeks recovery of its rate case expense for this proceeding. Also, Gulf seeks to recover the rate case expense it incurred in filing its motion for reconsideration in Docket No. 960234-WS and 960329-WS. The expense for the filing of the motion for reconsideration were incurred after the determination of rate case expense in those dockets. The detail of these expenses is shown on Exhibit 3, Section C of the accompanying Special Report.

WHEREFORE, Gulf requests that the Commission:

1. Allow Gulf to increase its rates on an interim and

permanent basis which would provide for an annual increase in water revenues of \$222,403 based on the test year ended November 30, 1997;

2. Include in Gulf's revenue requirement its investment in the reject holding tank of \$803,064 including depreciation expense of \$16,951 and additional costs for chemicals in the amount of \$49,446, labor of \$51,480, employee benefits of \$10,700, Workmans Compensation of \$3,993, taxes other than income of \$ 9,413 and income taxes of \$3,051.

3. Allow rate case expense of this proceeding in the amount of \$19,015;

4. Allow in this docket additional rate case expense for the proceeding in Docket No. 960329-WS in the amount of \$25,061;

5. Process this application pursuant to Sections 367.0817, 367.082 and 367.0822, Florida Statutes; and

6. Process this Petition using the Commission's proposed agency procedure.

7. Provide any other relief that is appropriate and just.

DATED this 9th day of January, 1998.

Respectfully submitted,

*B. / Kenneth Gatlin*

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GULF UTILITY COMPANY