

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** AUGUST 6, 1998

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF WATER AND WASTEWATER (KYLE, MERCHANT)  
DIVISION OF LEGAL SERVICES (REYES) *But not*

**RE:** DOCKET NO. 980214-WS - APPLICATION FOR RATE INCREASE IN  
DUVAL, ST. JOHNS AND NASSAU COUNTIES BY UNITED WATER  
FLORIDA INC.  
COUNTY: DUVAL, ST. JOHNS, NASSAU

**AGENDA:** 08/18/98 - REGULAR AGENDA - DECISION ON SUSPENSION OF  
RATES - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: 08/22/98

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** I:\980214WS.SUS

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### CASE BACKGROUND

United Water Florida, Inc. (UWF or utility) is a Class A utility providing water and wastewater service to approximately 29,000 customers in Duval, Nassau, and St. Johns Counties. According to its 1997 annual report, the utility's operating revenues were \$9,080,002 for its water service and \$16,375,517 for its wastewater service, and net operating income was \$1,361,740 for water service and \$4,117,334 for wastewater service. UWF is located in a critical use area as designated by the St. Johns River Water Management District. Prior to May 1995, UWF was known as Jacksonville Suburban Utilities Corporation, a wholly-owned subsidiary of General Waterworks Corporation (GWC), now known as United Waterworks, Inc. (UWW). Subsequent to a merger in April 1994, UWW became a wholly-owned subsidiary of United Water Resources, Inc. (UWR), a publicly traded corporation listed on the New York Stock Exchange.

DOCUMENT NUMBER-DATE

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By Order No. PSC-97-0618-FOF-WS, issued May 30, 1997, in Docket No. 960451-WS, the utility's last full rate case proceeding, the Commission approved the utility's current rate structure. On June 16, 1997, UWF timely filed a Motion for Reconsideration of the Commission's Final Order. OPC filed a timely response to that motion on June 25, 1997. By Order No. PSC-97-1146-FOF-WS, issued September 30, 1997, in Docket No. 960451-WS, the Commission approved in part and denied in part the utility's motion for reconsideration.

On December 8, 1997, UWF filed a Petition for Limited Proceeding Regarding Other Postretirement Employee Benefits and Petition for Variance from or Waiver of Rule 25-14.012, Florida Administrative Code. That petition will be addressed by the Commission at the August 18, 1998 Agenda Conference.

On May 18, 1998, UWF filed this Application for Rate Increase in Duval, St. Johns and Nassau Counties. Staff found several deficiencies in the Minimum Filing Requirements. These deficiencies were corrected, and June 23, 1998 was established as the official filing date. The utility requested that this application be processed using the Commission's Proposed Agency Action procedure, and did not request interim rates. The utility's rate case is based on the projected test year ending December 31, 1999.

The statutory deadline for the Commission to suspend the rates requested by the utility pending final action is August 22, 1998. This recommendation addresses the suspension of UWF's requested rates.

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**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the utility's proposed rates be suspended?

**RECOMMENDATION:** Yes. UWF's proposed water and wastewater rates should be suspended. (KYLE, MERCHANT)

**STAFF ANALYSIS:** Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty (60) days after filing unless the Commission votes to withhold consent to implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, states that the utility may implement its requested rates (under bond and subject to refund) at the expiration of five months if: (1) the Commission has not acted upon the requested rate increase or (2) if the Commission's PAA action is protested by a party other than the utility.

Staff has reviewed the filing and has considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. Based on the above, staff recommends that the utility's proposed final rates be suspended.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** No. The docket should remain open until the Commission takes final action on the utility's requested permanent rate adjustment. (REYES)

**STAFF ANALYSIS:** The docket should remain open until the Commission takes final action on the utility's requested permanent rate adjustment.