



Public Service Commission

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

DATE: January 11, 1999
TO: Division of Records and Reporting
FROM: Division of Water and Wastewater (Lingo) JL
RE: Docket No. 980214-WS, Application of United Water Florida for Increased Rates and Charges in Nassau, Duval and St. Johns Counties

Please place the attached faxed documents received from the above-referenced utility into the appropriate docket file. Thank you.

- ACK _____
- AFA _____
- APP _____
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- WAS _____
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_____ VJL
 _____ Attch: Fax received 12/17/98
 _____ cc w/o Attch: Division of Water and Wastewater (Hill, Willis, Williams, Bethea, Merchant, B. Davis)
 _____ Division of Legal Services (Reyes)

DOCUMENT NUMBER-DATE
 00401 JAN 11 99
 FPSC-RECORDS/REPORTING

United Water.

United Water Management and Services

200 Old Hook Road
Harrington Park, NJ 07640-1799
telephone 201 767 9300
facsimile 201 986 4996

Fax

Date: 12/17/98
To: Jerry Zingo

Fax number:

From: Frank Gradilone

Subject: UWFL 98

of pages: 8 plus this cover

Jerry,

Here's what I have so far on my analysis. This part covers the waste water side - I'm still working on the water side. I trust this gets us going on the right track, talk to you tomorrow.

JFG

**United Water Florida
Assessment of Staff Wastewater Analysis
Case 980214-WS**

In reviewing Staff's analysis it appears that there was a misunderstanding of what the Company calls "book" data, and Staff refers to as the "forecast" data. In particular, it was not made clear that total consumption by month shown in the "book/forecast" database represents total water service meter readings recorded for the residential sewer class, rather than the amount billed. Residential sewer bills are based on the amount billed for water service, but only up to a maximum of 27,000 gallons per quarterly bill. Overall this translates into a difference of about 30% between total consumption as read and total consumption billed. The difference between the "book/forecast" consumption and the consumption in the bill analysis, as shown in Table 1 (columns 4 & 5 for the residential sector), is the result of this difference, not a missed conversion from gallons to CCF. Table 1 shows that the basic bill determinants for the number of bills rendered and consumption actually billed directly from the raw bill analysis, produced revenues within 1.35% of actual revenues booked during the historical test year. Since, the bill determinants from the raw bill analysis produced revenues that were very close to book revenues, and since the "book/forecast" data are subject to data entry errors, corrections and adjustments, it was decided to rely on the bill analysis for the purposes of setting a base for UWF's revenue analysis. As shown in Table 2 with some relatively minor adjustments to the billed consumption determinates in the raw bill analysis, a rate proof for total revenues booked in the historical test year was able to be produced. (The slight difference in the rate proof and the books accounts for the 1.04% rate increase that went into effect in December 1997.) Based on these bill determinants the historical test year was then priced out at current rates to determine what the current rate structure would have produced for the entire year historical (Table 3). Before proceeding with our projections one additional adjustment was made to the historical base year, it was adjusted for the difference between actual use in the test year, and the normalized use. These adjustments were based on the

normalizing adjustments for water services as shown in Table 1, 3 and 5 of Schedule G-42. The resulting normalized wastewater bill analysis, which formed the basis for the projections moving forward are shown in Table 4. Projections for 1998 and 1999 were based on assessing the trend in "booked" water use over the 1991 through 1997 period. These data provide a consistent and long run data history of usage trends. To make the projections for the 1998 interim rate year and the 1999 rate year the differences in the trend in water and wastewater use as assessed from the "book" data were added to the bill determinates as derived in Table 4. The results were then annualized to account for growth during the year. That is, the process was additive, a building up from a reliable base based on an assessment of the rate of growth in each of the sectors as analyzed in Schedule G-42. The results the 1999 rate year, representing 2 years of growth and annualization of that growth, are shown in Table 5. Bottom-line for the wastewater sector, the Company recorded \$15,791,768 in revenue (Tables 1 & 2) under the rates that were in effect during the 1997 historical test year, which included a 14% rate increases mid-year. Based on current rates and normalized use during the test year, UWF determined that test year revenues would have been \$17,235,660 (Table 4). Based on our assessment of growth trends in the service are, we project 1999 rate year wastewater revenues of \$18,644,596 (Table 5), an increase of \$1.4 million, or 8.2%. The Companies water services analysis yields a similar percent increase from the test year to the rate year, +8.4%. That is, there is a close and expected relationship between the amount of growth in the water and wastewater services sectors. Staff's analysis, projects a water sector increase of about 10% and a wastewater increase of over 20% (Table 6). This inconsistency is mostly the result of Staff's misunderstanding of the difference between "books/forecast" data and the bill analysis. This item alone is worth about \$1.6 million overall. Differences in the base used as a starting point (books vs. bill analysis), and growth projections account for the rest of the difference.

UNITED WATER FLORIDA

WASTEWATER BILL ANALYSIS ADJUSTED TO PRODUCE BOOK REVENUE FOR 1-12/97 PRICED AT CURRENT RATES

FIXED SERVICE CHARGES

METER SIZE	RESIDENTIAL		COMMERCIAL		PUBLIC		APARTMENTS		JACKSONVILLE U.		TOTAL		
	RESIDENTIAL RATE	BILLING DETERMINANTS	REVENUE	BILLING DETERMINANTS	REVENUE	BILLING DETERMINANTS	REVENUE	BILLING DETERMINANTS	REVENUE	BILLING DETERMINANTS	REVENUE	BILLING DETERMINANTS	REVENUE
5/8"	\$34.01	71,980	2,448,040									71,980	2,448,040
3/4"	\$34.01	5,078	172,703									5,078	172,703
1"	\$34.01	1,058	35,983									1,058	35,983
1 1/2"	\$34.01	32	1,088									32	1,088
Unmetered	\$108.63	143	15,534									143	15,534
TOTAL		78,291	2,673,348									78,291	2,673,348

METER SIZE	GENERAL SERVICE RATE	BILLING		BILLING		BILLING		BILLING		BILLING	
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE
5/8"	\$12.92	7,771	100,401	180	2,326	575	7,429			8,528	110,158
3/4"	\$18.69	1,583	29,586	0	0	108	2,019			1,691	31,605
1"	\$33.16	2,869	95,136	38	1,194	1,591	52,758			4,496	149,087
1 1/2"	\$74.61	2,074	154,741	24	1,791	4,151	309,706			6,249	466,238
2"	\$132.64	2,628	348,578	156	20,692	2,580	342,211			5,364	711,481
3"	\$298.53	466	139,115	108	32,241	360	107,471	12	3,582	946	282,409
4"	\$530.57	192	101,869	38	19,101	232	123,092			460	244,062
6"	\$1,193.95	36	42,982	0	0	120	143,274			156	186,256
Unmetered	\$37.76	67	2,530	0	0	0	0			67	2,530
TOTAL		17,686	1,014,939	540	77,344	9,717	1,087,959	12	3,582	27,955	2,183,825

COMMODITY CHARGES

BILLING UNITS	RATE PER UNIT	RESIDENTIAL	COMMERCIAL	PUBLIC	APARTMENTS	JACKSONVILLE U.	TOTAL
Billed in KG up to 27,000 G	\$3.34	95,649	319,468				95,649 319,468
Billed in CCF up to 3,600 CF	\$2.50	1,580,261	3,975,653				1,580,261 3,975,653
Billed in KG over 27,000 G	\$0.00	29,807	0				29,807 0
Billed in CCF over 3,600 CF	\$0.00	403,232	0				403,232 0
Billed in KG	\$4.01		60,936 244,353				60,936 244,353
Billed in CCF	\$3.00		890,199 2,670,597				890,199 2,670,597
Billed in KG	\$4.01			93 373			93 373
Billed in CCF	\$3.00			119,977 359,931			119,977 359,931
Billed in KG	\$4.01				35,626 142,860		35,626 142,860
Billed in CCF	\$3.00				1,428,055 4,284,165		1,428,055 4,284,165
Billed in KG	\$4.13					21,206 87,581	21,206 87,581
TOTAL		2,118,949	4,295,120	120,070	360,304	1,463,681 4,427,025	21,206 87,581 4,675,041 12,084,980
GRAND TOTAL		6,968,468	3,929,890	437,648	5,514,985	91,163	16,942,153
CONSUMPTION IN KG BY CATEGORY							
BILLED CONSUMPTION		1,285,164	726,805	89,836	1,103,811	21,206	3,228,822
UNBILLED CONSUMPTION		331,425	0	0	0	0	331,425
TOTAL BILLED CONSUMPTION		1,616,589	726,805	89,836	1,103,811	21,206	3,558,247
AVERAGES PER BILL							
Fixed Charges		34.15	57.39	143.23	111.96	298.53	78.12
Commodity Charges		54.86	164.82	667.23	455.60	7,298.40	432.30
Total Average Bill		89.01	222.20	810.46	567.56	7,596.93	606.05

UNITED WATER FLORIDA

NORMALIZED WASTEWATER BILL ANALYSIS FOR HISTORICAL TEST YEAR 1-12/97 PRICED AT CURRENT RATES

FIXED SERVICE CHARGES

METER SIZE	RESIDENTIAL		COMMERCIAL		PUBLIC		APARTMENTS		JACKSONVILLE U.		TOTAL		
	RESIDENTIAL RATE	BILLING		BILLING		BILLING		BILLING		BILLING		DETERMINANTS	REVENUE
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE		
5/8"	\$34.01	71,980	2,448,040									71,980	2,448,040
3/4"	\$34.01	5,078	172,703									5,078	172,703
1"	\$34.01	1,058	35,983									1,058	35,983
1 1/2"	\$34.01	32	1,088									32	1,088
Unmetered	\$108.63	143	15,534									143	15,534
TOTAL		78,291	2,673,348									78,291	2,673,348

METER SIZE	GENERAL SERVICE RATE	BILLING		BILLING		BILLING		BILLING		BILLING		DETERMINANTS	REVENUE
		DETERMINANTS		DETERMINANTS		DETERMINANTS		DETERMINANTS		DETERMINANTS			
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE		
5/8"	\$12.92	7,771	100,401	180	2,326	575	7,429					8,526	110,158
3/4"	\$18.69	1,583	29,586	0	0	108	2,019					1,691	31,605
1"	\$33.16	2,869	95,136	36	1,194	1,591	52,758					4,496	149,087
1 1/2"	\$74.61	2,074	154,741	24	1,791	4,151	309,706					6,249	466,238
2"	\$132.64	2,628	348,578	156	20,692	2,580	342,211					5,364	711,481
3"	\$298.53	466	139,115	108	32,241	360	107,471		12	3,582		946	282,409
4"	\$530.57	192	101,869	36	19,101	232	123,092					460	244,062
6"	\$1,193.95	38	42,982	0	0	120	143,274					156	186,256
Unmetered	\$37.76	67	2,530	0	0	0	0					67	2,530
TOTAL				17,688	1,014,939	540	77,344	9,717	1,087,959	12	3,582	27,955	2,183,825

COMMODITY CHARGES

BILLING UNITS	RATE PER UNIT	RESIDENTIAL	COMMERCIAL	PUBLIC	APARTMENTS	JACKSONVILLE U.	TOTAL
Billed in KG up to 27,000 G	\$3.34	100,343	335,146				100,343 335,146
Billed in CCF up to 3,600 CF	\$2.50	1,640,481	4,101,201				1,640,481 4,101,201
Billed in KG over 27,000 G	\$0.00	29,807	0				29,807 0
Billed in CCF over 3,600 CF	\$0.00	403,232	0				403,232 0
Billed in KG	\$4.01		64,772 259,737				64,772 259,737
Billed in CCF	\$3.00		939,537 2,818,611				939,537 2,818,611
Billed in KG	\$4.01			91 366			91 366
Billed in CCF	\$3.00			116,274 348,822			116,274 348,822
Billed in KG	\$4.01				35,626 142,860		35,626 142,860
Billed in CCF	\$3.00				1,428,055 4,284,165		1,428,055 4,284,165
Billed in KG	\$4.13					21,206 87,581	21,206 87,581
TOTAL		2,173,863	4,436,347	116,365	349,188	1,463,681	4,427,025
						21,206	87,581
							21,206
							87,581
							4,779,424
							12,378,488
GRAND TOTAL		7,109,695	4,093,287	426,531	5,514,985	91,163	17,235,660
CONSUMPTION IN KG BY CATEGORY							
BILLED CONSUMPTION		1,327,422	767,546	87,064	1,103,811	21,206	3,307,050
UNBILLED CONSUMPTION		331,425	0	0	0	0	331,425
TOTAL BILLED CONSUMPTION		1,658,847	767,546	87,064	1,103,811	21,206	3,638,474
AVERAGES PER BILL							
Fixed Charges		34.15	57.39		143.23	111.96	78.12
Commodity Charges		56.66	174.06		646.64	455.60	442.80
Total Average Bill		90.81	231.44		789.87	567.56	616.55

UNITED WATER FLORIDA

WASTEWATER BILL ANALYSIS FOR PROJECTED 1-12/99 RATE YEAR PRICED AT CURRENT RATES

FIXED SERVICE CHARGES

METER SIZE	RESIDENTIAL		COMMERCIAL		PUBLIC		APARTMENTS		JACKSONVILLE U.		TOTAL		
	RESIDENTIAL RATE	BILLING		BILLING		BILLING		BILLING		BILLING			
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE
5/8"	\$34.01	76,733	2,609,689									76,733	2,609,689
3/4"	\$34.01	5,414	184,130									5,414	184,130
1"	\$34.01	1,128	38,363									1,128	38,363
1 1/2"	\$34.01	34	1,156									34	1,156
Unmetered	\$108.63	143	15,534									143	15,534
TOTAL		83,452	2,848,873									83,452	2,848,873

METER SIZE	GENERAL SERVICE RATE	BILLING		BILLING		BILLING		BILLING		BILLING	
		RESIDENTIAL		COMMERCIAL		PUBLIC		APARTMENTS		JACKSONVILLE U.	
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE
5/8"	\$12.92	8,231	106,345	203	2,623	610	7,881			9,044	116,848
3/4"	\$18.69	1,678	31,362	0	0	115	2,149			1,793	33,511
1"	\$33.16	3,039	100,773	41	1,360	1,686	55,908			4,766	158,041
1 1/2"	\$74.61	2,197	163,918	27	2,014	4,396	327,986			6,620	493,918
2"	\$132.64	2,783	369,137	176	23,345	2,733	362,505			5,692	754,987
3"	\$298.53	494	147,474	122	36,421	382	114,038	12	3,582	1,010	301,515
4"	\$530.57	204	108,236	41	21,753	245	129,990			490	259,979
6"	\$1,193.95	38	45,370	0	0	127	151,632			165	197,002
Unmetered	\$37.76	67	2,530	0	0	0	0			67	2,530
TOTAL		18,731	1,075,145	610	87,515	10,294	1,152,089	12	3,582	29,647	2,318,332

COMMODITY CHARGES

BILLING UNITS	RATE PER UNIT	RESIDENTIAL	COMMERCIAL	PUBLIC	APARTMENTS	JACKSONVILLE U.	TOTAL
Billed in KG up to 27,000 G	\$3.34	112,292	375,054				112,292 375,054
Billed in CCF up to 3,600 CF	\$2.50	1,833,488	4,583,719				1,833,488 4,583,719
Billed in KG over 27,000 G	\$0.00	29,807	0				29,807 0
Billed in CCF over 3,600 CF	\$0.00	403,232	0				403,232 0
Billed in KG	\$4.01		72,333 290,056				72,333 290,056
Billed in CCF	\$3.00		1,049,209 3,147,627				1,049,209 3,147,627
Billed in KG	\$4.01			96 385			96 385
Billed in CCF	\$3.00			122,217 366,651			122,217 366,651
Billed in KG	\$4.01				37,187 149,119		37,187 149,119
Billed in CCF	\$3.00				1,490,618 4,471,855		1,490,618 4,471,855
Billed in KG	\$4.13					22,500 92,925	22,500 92,925
TOTAL		4,958,773	3,437,683	367,036	4,620,974	92,925	5,172,979 13,477,391
GRAND TOTAL		7,807,646	4,512,828	454,552	5,773,063	96,507	18,644,596

CONSUMPTION IN KG BY CATEGORY

BILLED CONSUMPTION	1,483,740	857,141	91,514	1,152,169	22,500	3,607,065
UNBILLED CONSUMPTION	331,425	0	0	0	0	331,425
TOTAL BILLED CONSUMPTION	1,815,165	857,141	91,514	1,152,169	22,500	3,938,490

AVERAGES PER BILL

Fixed Charges	34.14	57.40	143.47	111.92	298.53	78.20
Commodity Charges	59.42	183.53	601.70	448.90	7,743.75	454.60
Total Average Bill	93.56	240.93	745.17	560.82	8,042.28	628.89

FPSC WASTEWATER BILL ANALYSIS FOR PROJECTED 1-12/99 RATE YEAR PRICED AT CURRENT RATES

FIXED SERVICE CHARGES

METER SIZE	RESIDENTIAL		COMMERCIAL		PUBLIC		APARTMENTS		JACKSONVILLE U.		TOTAL	
	RESIDENTIAL RATE	BILLING		BILLING		BILLING		BILLING		BILLING		
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	
5/8"	\$34.01	77,098	2,622,103								77,098	2,622,103
3/4"	\$34.01	5,440	185,014								5,440	185,014
1"	\$34.01	1,133	38,533								1,133	38,533
1 1/2"	\$34.01	34	1,156								34	1,156
Unmetered	\$108.63	143	15,534								143	15,534
TOTAL		83,848	2,862,341								83,848	2,862,341

METER SIZE	GENERAL SERVICE RATE	BILLING		BILLING		BILLING		BILLING		BILLING	
		DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE	DETERMINANTS	REVENUE
5/8"	\$12.92	8,144	105,220	291	3,760	601	7,765			9,036	116,745
3/4"	\$18.69	1,660	31,025	0	0	114	2,131			1,774	33,156
1"	\$33.16	3,007	99,712	59	1,956	1,662	55,112			4,728	156,780
1 1/2"	\$74.61	2,174	162,202	38	2,835	4,334	323,360			6,546	488,397
2"	\$132.64	2,754	365,291	254	33,691	2,695	357,465			5,703	756,446
3"	\$298.53	489	145,981	175	52,243	378	112,844	12	3,582	1,054	314,651
4"	\$530.57	203	107,706	59	31,304	242	128,398			504	267,407
6"	\$1,193.95	38	45,370	0	0	126	150,438			164	195,808
Unmetered	\$37.78	67	2,530	0	0	0	0			67	2,530
TOTAL		18,536	1,065,038	876	125,788	10,152	1,137,512	12	3,582	29,576	2,331,920

COMMODITY CHARGES

BILLING UNITS	RATE PER UNIT	RESIDENTIAL	COMMERCIAL	PUBLIC	APARTMENTS	JACKSONVILLE U.	TOTAL						
Billed in KG up to 27,000 G	\$3.34	1,918,561	6,407,994				1,918,561 6,407,994						
Billed in CCF up to 3,600 CF	\$2.50	0	0				0 0						
Billed in KG over 27,000 G	\$0.00	0	0				0 0						
Billed in CCF over 3,600 CF	\$0.00	0	0				0 0						
Billed in KG	\$4.01		1,001,528	4,016,126			1,001,528 4,016,126						
Billed in CCF	\$3.00						0 0						
Billed in KG	\$4.01			139,011	557,434		139,011 557,434						
Billed in CCF	\$3.00						0 0						
Billed in KG	\$4.01				1,349,476	5,411,400	1,349,476 5,411,400						
Billed in CCF	\$3.00						0 0						
Billed in KG	\$4.13						0 0						
TOTAL		1,918,561	6,407,994	1,001,528	4,016,126	139,011	557,434	1,349,476	5,411,400	22,500	92,925	4,431,076	16,485,879

GRAND TOTAL

BILLED CONSUMPTION	1,918,561	6,407,994	1,001,528	4,016,126	139,011	557,434	1,349,476	5,411,400	22,500	92,925	4,431,076	16,485,879
UNBILLED CONSUMPTION	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BILLED CONSUMPTION	1,918,561	6,407,994	1,001,528	4,016,126	139,011	557,434	1,349,476	5,411,400	22,500	92,925	4,431,076	16,485,879

AVERAGES PER BILL

Fixed Charges	34.14	57.46	143.59	112.05	298.53	78.85
Commodity Charges	76.42	216.67	636.34	533.04	7,743.75	557.41
Total Average Bill	110.56	274.12	779.93	645.09	8,042.28	733.03