

STATE OF FLORIDA

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E. LEON JACOBS, JR.



DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

780219

Public Service Commission

September 9, 1999

John J. Costello
516 LeMaster Drive
Ponte Vedra Beach, FL 32082

Re: United Water Florida, Inc.

Dear Mr. Costello:

Thank you for your letter dated August 18, 1999, concerning the change from quarterly to monthly billing for residential customers of United Water Florida, Inc. We appreciate the interest in the ratemaking process exhibited by inquiries such as yours.

In answer to your first question, the issue of conversion from quarterly to monthly billing for residential customers was one of many issues considered by the Commission as part of United Water's most recent rate case. As a result of correspondence received from customers on this issue, staff members solicited comments at the customer meetings held in Jacksonville on September 9-11, 1998. The Commission approved the utility's request based on a number of considerations, which are summarized in the following excerpt from the Proposed Agency Action Order for this case:

The utility believes that switching to monthly billing for all its customers is primarily a customer service issue in that a monthly bill for water and wastewater services would be smaller and thus easier for customers to budget for and pay than a quarterly bill. For example, in 1997 the average quarterly residential water bill was approximately \$45; the average quarterly wastewater bill amounted to \$90. With monthly billing, the customer's average water and wastewater bill would be reduced to approximately \$15 and \$30, respectively. A smaller monthly bill will enable lower income customers to more readily pay for the services they use. In addition, a smaller monthly bill should enable customers to more adequately budget for their water and wastewater service needs. Monthly billing also gives more current price signals in regard to conservation issues. Through monthly billing, the customers then can use this information to adjust their consumption levels for the following month. In the quarterly billing cycle, this consumption data is not received until three months after the fact. By receiving the data monthly, customers are better able to adjust their consumption patterns.

- AFA _____
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- MAS _____
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- PAI _____
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- WAW _____
- OTH _____

DOCUMENT NUMBER - DATE
10888 SEP -99
PSC-RECORDS/REPORTING

John J. Costello
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September 9, 1999

Monthly meter reading and billing creates a more useful water usage history since there are twelve reading periods instead of four. This history can enable a more accurate estimated monthly bill whenever an actual meter reading cannot be obtained. In addition, meter readers will have the ability to find customer leaks, spot high water usage, and stopped meters more readily because they will visit customer sites three times as often. This allows for the potential reduction in the number and severity of these kinds of customer problems. Additionally, monthly billing provides greater and more frequent customer communication with the utility.

Switching UWF to a monthly billing cycle could possibly reduce UWF's bad debt expense by allowing customers to pay their bills more timely. Moreover, considering the increase in the amount of the charges, we agree that it would be easier for the residential customers to budget for monthly bills. Accordingly, the utility shall convert all current quarterly-billed customers to a monthly billing cycle. The utility shall include information regarding this billing change in its notice to customers.

In setting rates, the Commission allows only reasonable and prudent costs of providing service, including collection costs. When all factors, including quality of service, have been taken into consideration, rates are set which allow the utility the opportunity to recover its reasonable and prudent costs, along with a reasonable return on shareholders' investment as required by Florida law.

I hope this letter addresses your concerns. If you have any further questions, please contact Mr. Jan Kyle at (850) 413-6932.

Sincerely,



bill lowe
Assistant Director

bl/jbk

cc: Division of Water and Wastewater (Kyle)
Division of Legal Services (Brubaker)
Division of Records and Recording (Docket No. 980214-WS)

Request No. 275684W Name COSTELLO ,JOHN MR. Business Name _____

FLORIDA PUBLIC SERVICE COMMISSION
CONSUMER REQUEST
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL. 32399-850
850-413-6100



Public Service Commission

PLEASE RETURN THIS FORM
WITH REPORT OF ACTION TO:
MARSHALL WILLIS

DATE DUE: 09/09/1999

Name <u>JOHN J COSTELLO</u>	Company <u>UNITED WATER FLORIDA INC.</u>	Request No. <u>275684W</u>
Business Name _____	Attn. <u>Gary R. Moseley275684W</u>	By <u>MWM</u> Time <u>15:58</u> Date <u>08/25/1999</u>
Service _____	Consumer's Telephone # _____	Type _____ Phone <u>MAIL</u>
Address _____ County <u>Saint Johns</u>	Response Needed From Company? <u>N</u>	Can be Reached _____
<u>516 LEMASTER DRIVE</u>	Note _____	Apparent Rule Violation _____
City/Zip <u>Ponte Vedra Beach 32082-</u>	Informal Conf. <u>N</u> Outreach <u>OTHER</u>	Closed by _____ Date <u>/ /</u>
Account Number _____	Mailing Address: _____	Reply Received <u>/ /</u>
Caller's Name <u>JOHN J COSTELLO</u>	Mail City: <u>Ponte Vedra Beach</u> St: <u>FL</u>	Public Official <u>N</u>
	<u>516 LEMASTER</u> Mail Zip: <u>32082-</u>	

Request No. 275684W Name COSTELLO ,JOHN MR. Business Name _____

516 LeMaster Drive
Ponte Vedra Beach, FL 32082

August 18, 1999

RECEIVED
FLORIDA PUBLIC
SERVICE COMMISSION
99 AUG 23 AM 9:01
MAIL ROOM

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

(980214-WS)

Dear Sirs:

Apparently very recently you authorized a rate increase for United Water Florida (a subsidiary of the former Hackensack Water Company) at a time when that company was billing customers quarterly, as opposed to the current monthly billing:

My questions are:

1. Did you know of the plan to bill monthly when authorizing the increase?
2. If not, I assume the earlier collection of "receivables" will actually (and intentionally) generate additional interest income, or reduce interest expense, for the Company.
3. If such benefit is in fact realized should not it be taken into account by requiring that a discount be factored into the accelerated payments?

Very truly yours,

John J. Costello
John J. Costello

FA	_____
PP	_____
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MU	_____
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RECEIVED

AUG 23 1999

Florida Public Service Commission
Division of Water and Wastewater