STATE OF FLORIDA

Commissioners: JOE GARCIA, CHAIRMAN J. TERRY DEASON SUSAN F. CLARK JULIA L. JOHNSON E. LEON JACOBS, JR.



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

180219

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 bull 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.

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John J. Costello Page 2 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

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bl/jbk

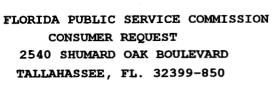
cc: Division of Water and Wastewater (Kyle)

Division of Legal Services (Brubaker)

Division of Records and Recording (Docket No. 980214-WS)

Name COSTELLO , JOHN MR.

Business Name





Public Service Commission

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

09/09/1999

DATE DUE:

850-413-6100				
Name JOHN J COSTELLO	-	Company UNITED WATER FLORIDA	INC. Request No.	275684W
Business Name		Attn. Gary R. Moseley275684W	By MWM Time 15:5	08/25/1999
Service Address	County Saint Johns	Consumer's Telephone #	Type Pho	ne MAIL
516 LEMASTER DRIVE		Response Needed From Company?	N	
City/Zip_Ponte Vedra Beach 32082-		Reached	Apparent Rule Violation	
Account Number		Note	Closed by	Date / /
Caller's Name JOHN J COSTELLO Informal Conf. N Outreach OTHER				
Mailing Address:	Mail City: Ponte V	edra Beach St: FL	Reply Receiv	red / /
516 LEMASTER	Mail Zip: 32082-	Public Official 1	4	

MMU

516 LeMaster Drive Ponte Vedra Beach, FL 32082

August 18, 1999



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

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Florida Public Service Commission Division of Water and Wastewater