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REPLY TO: Tallahassee

April 27, 1992

ORIGINAL FILE COPY

HAND DELIVERED

Mr. Charles H. Hill, Director
Division of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

911082-WS

Re: Proposed Revisions to Chapters 25-22 and 25-30
Florida Administrative Code

Dear Mr. Hill:

Following up on the workshop held on February 24-25, 1992, Southern States Utilities, Inc. ("Southern States") hereby submits its third set of comments and proposals addressing the Staff's proposed revisions to Chapters 25-22 and 25-30, Florida Administrative Code. Southern States' comments and proposals address Staff's Proposed New and Amended Rules presented at the February workshop, and references to page numbers in these comments correspond to the page numbers in the most recent bound copy of Staff's Proposed Rules. We have enclosed five additional copies for your Staff.

ACK ———
AFA ———
APP ———
CAF ———
CMU ———
CTR ———
EAG ———
LEG ———
LIN ———
OPC ———
RCH ———
SEC 1
WAS ———
OTH ———

I. Proposed Rule 25-22.047 (pages 11-22)

Notice and Public Information on General Rate Increase Requests for Water and Wastewater Utilities

Proposal and Discussion

(2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of each municipality and county affected by the rate application accompanied by a letter advising that the minimum filing requirements (MFRs) are available upon request.[1]

(3)(a) Within 15 days after being notified by the commission that it has met the minimum filing requirements (MFRs), the utility shall place a copy of the MFRs at its official headquarters and at its business office in each service area included in its rate application. The copies of the MFRs shall be available for public inspection during the utility's regular business hours. When the utility has no business office

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[1]This proposal deletes the words "and the minimum filing requirements (MFRS)." The Commission does not require telephone, natural gas or electric utilities to provide a copy of the MFRs to chief governmental officers. There is no basis for distinguishing water and wastewater utilities. Under this proposal, a letter of transmittal will advise that a copy of the MFRs will be provided upon request. In addition, the MFRS will be available at the utility's local business office or the local public library.

within an affected service area, the utility shall place a copy of the MFRs at the main county library within or most convenient to the affected service area(s).[2]

(3)(b) -- No changes.

(4) Within 30 days ... [no further changes].[3]

(5) The utility shall provide written notice of its application to all customers affected by the application no later than 75 days after being notified that it has met the MFRs. The notice shall be approved by the Commission staff and shall include:

(a) - (i) [no changes].

(j) A statement setting forth any interim rate increase approved by the Commission including the amount

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[2]This proposal deletes the second sentence of Staff's proposed rule. This provision is unnecessary and essentially duplicates the provision of subsection (3)(b).

[3]This proposal lengthens the time frame for provision of the approved synopsis from 15 to 30 days after notice that the MFRs are met. This would allow a utility additional time to prepare and obtain approval of the synopsis. It would also make the 30 day period consistent with a request by a utility to submit prefiled testimony 30 days after notice that the MFRs have been met.

of the new interim rates with explanation that such interim rates are to be collected subject to refund and that such rates may be modified by the Commission as part of the final rate case.[4]

(6) - no changes.[5]

(7) - no changes.

(8) - no changes.

(9) - no changes.

(10) - no changes.

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[4]This proposal increases the time period for the customer notice from 60 to 75 days to avoid the cost of a separate notice if interim rates are requested and approved.

[5]If Staff adopts Southern States' 75 day notice provision, the notice requirement of section (6) should, in most cases, be addressed in the 75 day notice. Southern States recommends retaining section (6) to address circumstances where hearing dates are changed after the provision of the 75 day notice.

II. Proposed Rule 25-22.0408 (pages 23-26)

Notice for Applications for New or Revised Service Availability Charges or Policy and Applications for AFPI

Discussion and Proposal

Based upon workshop discussion, the following amendment to Staff's proposed rule appears appropriate. The amendment places a time limit upon providing notice of an application for a new or revised service charge or policy or AFPI charge.

(1) Within 30 days of filing an application for a new or revised service availability charge or policy or AFPI charge, the utility shall begin providing notice . . . .

III. Proposed Amendments to Rule 25-30.020 (pages 33-40)

Fees Required to be Paid by Water and Wastewater Utilities

Discussion

Southern States suggests that the Staff give further consideration to the impact of the term "proposed capacity" in proposed Subsections (2)(c) and (2)(f). It would appear appropriate to define the term "proposed capacity" in terms of known future development in the applicable service area. In addition, the section (3) definition of ERC for purposes of determining fees should be 350 (not 250) gpd, excluding fire flow capacity.

IV. Proposed Amendments to Rule 25-30.030 (pages 43-50)

Notice of Application

Discussion

Southern States proposes simplification of the notice requirements as outlined in proposed section (2) above. In addition, the last sentence of section (6) requires utilities to notify each resident of the requested territory currently obtaining service through a private well or septic tank. This requirement is burdensome and would be difficult to implement with certainty. Southern States proposes that section (6) be deleted and that section (4)(c) be amended to require publication of a map depicting the affected areas.

Proposal

(2) Before providing notice in accordance with this section, a utility shall obtain from the Commission a list of: (i) municipalities and Commission certificated water and wastewater utilities authorized to provide service in the county or counties in which the applicant utility seeks to provide, (ii) Commission certificated water and wastewater utilities authorized to provide

service within 4 miles of the applicant utility's existing or requested service area, (iii) the local office of the Department of Environmental Regulation, (iv) the appropriate Water Management District, and (v) the regional planning council designated by the Clean Water Act, 33 U.S.C. 1288(2).

. . .

(4) (c) a description, using township, range and section references, and a map, of the territory proposed to be either served, added, deleted, or transferred;

. . .

(6) Delete.

V. Proposed Amendments to Rule 25-30.033 (pages 55-64)

Application for Original Certificate of Authorization and Initial Rates and Charges

Discussion and Proposals

Subsection (1)(q) should be deleted. There is no reason to single out spray irrigation for purposes of an original application. DER retains the ultimate authority for accepting or rejecting methods of wastewater disposal.

The words "their financial statements or copies of any financial agreements" should be deleted from Subsection (1)(t). This language is too broad and potentially encompasses financial statements of lenders.

Consistent with section 367.081(4)(f), Florida Statutes (1991), section (3) should be revised to require the use of the current leverage formula only if there is a lack of competent, substantial evidence supporting the use of a different return on common equity.

VI. Proposed Amendments to Rule 25-30.034 (pages 65-70)

Application for Certificate of Authorization for Existing Utility Currently Charging for Service

Discussion and Proposal

Southern States has several suggestions with respect to this rule. First, section (1)(c) should be amended to permit the use of a written easement as evidence of assurance of continued use of treatment facilities sites. Second, clarification is needed regarding the use of the words "type" and "build out" in section (1)(n). Third, Section 2(b) requires consistency with the local comprehensive plan. However, the ramifications of an incorrect statement in this regard have not been fully explored. Indeed, future administrative and judicial decisions interpreting the term "consistent" under section 163.3194, Florida Statutes (1991) (legal status of comprehensive plans) may lead to unintended results. Southern States submits the following proposal:

> (2)(b) a statement that the provision of service in this territory will not violate the water or wastewater sections of the local comprehensive plan, as approved by the Department of Community Affairs or, if the utility cannot make such statement, a statement demonstrating why service by the utility of the territory would be in the public interest. The provisions of a local comprehensive plan shall be superseded by the rights and obligations

of a utility under Chapter 367, Florida Statutes, rules, policies, and orders of this Commission.

VII. Proposed Amendment to Rule 25-30.036 (pages 75-82)

Application for Amendment to Certificate of Authorization

Discussion and Proposal

Southern States believes that the issues raised at the Workshop may be resolved by amending Section (1) as follows:

> (1) This rule applies to any certificated water or wastewater utility which proposes to extend its service territory into an area in which there is no existing water or wastewater system, or into an area in which the applicant contends an existing system is unable, refuses, or neglects to provide reasonably adequate service.[6] A request for service territory expansion and amendment of an existing certificate or issuance of a new certificate shall be deemed approved under the following conditions:
>
> > (a) the proposed new territory shall include a maximum of 25 equivalent residential connections within such territory prior to approval of the utility's application to amend its certificate; and

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[6] See section 367.045(5), Florida Statutes (1991).

(b) the utility shall provide a sworn affidavit of an officer of the utility stating that:

(i) there is no other utility within a 4 mile radius of the proposed territory that is willing or able to reasonably serve the new territory; and

(ii) the persons(s) or business(es) requesting water and wastewater have confirmed to the utility that service is necessary because (1) a private well has been contaminated or gone dry, (2) septic tank has failed; or (3) service is otherwise not available.[7]

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[7]The Commission's existing rule lacks sufficient flexibility to allow service to be provided to individuals within close proxity to a utility's certificated service area who are unable to obtain service or are currently obtaining a poor quality of service and wish to obtain service from the certificated utility. Southern States' proposal would provide sufficient flexibility to resolve this problem.

(2) Each utility proposing to extend its service area shall provide the following:

. . .

(b) Delete.[8]

. . .

(d) evidence that the utility owns or has the right to continued use of the land upon which the utility treatment facilities that will serve the proposed territory are located, such as a warranty deed, written easement, or long-term lease.

In addition, previously raised issues regarding comprehensive plan consistency [(1)(c)] and spray irrigation [(1)(h)] should be addressed.

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[8]Staff's proposal that the applicant identify any other utilities that could potentially provide service is too broad and ambiguous.

VIII. Proposed Amendment to Rule 25-30.037 (pages 83-93)

Application for Authority to Transfer

Discussion and Proposals

Extensive comments were made at the workshop on the proposals concerning acquisition adjustments. With respect to Section (1), this Section should not require an application when the transfer will result in a utility system exempt from (i.e., the transfer would not cause the transferee to lose its exempt status) or not subject to Commission jurisdiction. Southern States proposes the following:

> (1) This rule applies to any application for the transfer of an existing water or wastewater system, regardless of whether service is currently being provided. This rule does not apply where the transfer will result in a utility system exempt from or not subject to Commission jurisdiction. The application for transfer may result in the transfer of the seller's existing certificate, amendment of the buyer's certificate or granting an initial certificate for the buyer.

The problems with Section (2)(k) have previously been addressed.

Section (2)(m) proposes to place the burden on the utility to prove that a negative acquisition adjustment should not be imposed. This position was recently rejected by the Commission in Docket No. 891309-WS, the generic acquisition adjustment policy docket, per Order No. 25729 issued February 17, 1992. As discussed in Southern States' Comments on the Commission's Acquisition Adjustment Policy filed on August 9, 1991 in Docket No. 891309-WS, the Commission's current acquisition adjustment policy is in conformity with the majority of the other states. Based on our research, we found no other state which imposes a burden on the utility to prove that a negative acquisition adjustment should not be imposed. See Southern States' Comments, supra, at 11-14.

The purpose of rulemaking is to codify existing policy. As a matter of statutory law, each agency statement defined as a rule under section 120.52(16) must be adopted by section 120.54 rulemaking procedures as soon as feasible and practicable. See section 120.535(1), Florida Statutes (1991). Proposed Subsection (2)(m) is inconsistent with the Commission's historically developed current policy and all the reasons set out in Order No. 25729 supporting that policy. Accordingly, the words "or, if appropriate, a statement setting out the reasons why a negative acquisition adjustment should not be included" should be stricken from Subsection (2)(m).

Southern States also proposes that Subsection 2(g) be revised as follows:

> (g) a statement from the buyer certifying that it has conducted an investigation of the seller's facilities and that to the buyer's best knowledge and belief, the seller's system is in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Regulation. If the system is in need of repair or improvement, provide a detailed list of the improvements needed and the approximate cost. The buyer should also provide a list of all unresolved Department of Environmental Regulation notices of violation, pending enforcement actions, and outstanding consent orders.'

Finally, Subsection (4)(c) should be stricken since sales to governmental entities are approved as a matter of right. See section 367.071(4)(a), Florida Statutes (1991). Further, Subsection (4)(d) should be revised as follows:

'The purpose of this revised proposal is to ensure that the buyer is not held responsible for any latent defects in the seller's system and to clarify Staff's proposal as it pertains to the system being in violation of DER standards.

(4)(d) a list of any utility assets not transferred to the governmental authority if such remaining assets constitute a system providing or proposing to provide water or wastewater service to the public for compensation.

IX. Proposed Rule 25-30.0371 (pages 95-98)

Rate Base Established at Time of Transfer

Discussion

As previously stated, the Commission is required to codify existing policy under section 120.535, Florida Statutes (1991). Section (3) proposes to place the burden on the utility to prove that a negative acquisition adjustment should not be imposed. This position was flatly rejected by the Commission in the generic acquisition adjustment docket. In that docket, the Commission held that it was appropriate to maintain in toto its existing acquisition adjustment policy. See Order No. 25729. Therefore, proposed Section (3) violates section 120.535, Florida Statutes, and must be deleted.

Additionally, the rules should establish a procedure whereby rate base and any acquisition adjustments will be determined by the Commission prior to closing on an acquisition of a utility system if the acquiring utility so requests. This would remove the risk often faced by utilities under both the current policy and the proposed rules.

Southern States also questions the wording and applicability of the factors listed in Section (4) to determine whether an acquisition adjustment should be imposed. At this juncture, it may

be prudent to eliminate a specific exclusive list of factors to be considered in determining acquisition adjustments. Finally, with respect to Section (5), Southern States opposes the arbitrary establishment of a zero rate base where the seller's investment or CIAC records are not available. Accordingly, the following proposals are submitted.

Proposal

(2) In the absence of extraordinary circumstances, a purchase of a utility system at a premium or at a discount shall not affect the rate base calculation.

(3) The Commission shall determine whether to make an acquisition adjustment in the following manner:

(a) In considering a positive acquisition adjustment, the burden of proof rests upon the utility to prove the positive acquisition adjustment is in the best interests of the ratepayers;

(b) In considering a negative acquisition adjustment, the Commission will impose such an adjustment only if it is

demonstrated that the acquisition will result in ratepayer detriment.

(4) If requested by the acquiring utility, rate base including any acquisition adjustment, will be determined in the order approving the transfer.

(5) Where the buyer demonstrates that it has engaged in a good faith effort to obtain original cost documentation, and has been unable to obtain such documents, the Commission may establish rate base based upon competent substantial evidence reconstructing and estimating the original cost of plant in service and/or the level of contributions-in-aid-of-construction collected.

X. Proposed Rule 25-30.039 (pages 115-118)

Application for Name Change

Discussion and Proposals

Southern States has two suggestions with respect to this proposed new rule. First, subsection (2)(c) should be amended to require the signature of a "duly authorized representative" - not "all owners" - of the applicant. Second, subsection (2)(g) should be amended consistent with Southern States' proposal to revise subsection (1)(c) of Rule 25-30.036.

XI. Proposed Amendment to Rule 25-30.110 (pages 133-148)

Records and Reports; Annual Reports

Discussion

With regard to Section (1)(c), there is no basis to distinguish between the costs of in-state and out-of-state travel particularly in instances where out-of-state travel is less costly than in-state travel. At a minimum, any rule promulgated on this subject should require reimbursement only of the increased cost of travel out-of-state. Southern States strongly recommends that the amendment be either withdrawn or revised in a manner consistent with the proposal below.

Proposal

(1)(c) Any company which obtains authorization to maintain its records outside of this state pursuant to Section 25-30.110(1)(b), shall reimburse the Commission for the increased travel costs of the Commission's representatives during any out-of-state audit. These costs are includable as a recoverable cost from the customers through rates charged by the utility.

XII. Proposed Amendment to Rule 25-30.135 (pages 153-154)

Tariffs, Rules and Miscellaneous Requirements

Since complete sets of statutes and rules, system maps, territory maps and developer agreements are generally maintained only at a utility's main business office (and this is true for Southern States), Southern States suggests that section (3) be revised as follows:

(3) Each utility shall maintain <u>at its main business office</u> for customer inspection . . .

XIII. Proposed Rule 25-30.220 (pages 155-156)

Water and Wastewater Utility Standards

During the Workshop, there were a number of criticisms aimed at the publications referenced in this proposed rule. For example, it was stated that the "American Water Works Association (AWWA) Manual of Water Supply Practices (M Series)"[10] and the "Wastewater Manuals of Practice, and Design Standards published by the Water Pollution Control Federation (1969)"[11] each consist of approximately 30 manuals. It was also stated that the "Insurance Services Office (ISO) Guide for Determination of Required Fire Flow"[12] is no longer in print and is not used by the ISO. Instead, the ISO publishes a fire suppression rating schedule with guidelines for fire flow. Staff should re-evaluate whether it is appropriate to include these references in the proposed rule.

The proposed rule should also incorporate the following proposal numbered at this point as subsections (1)(f) and (g):

(f) The approved engineering design of such plant as set forth in the construction

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[10]See proposed subsection (1)(c).

[11]See proposed subsection (1)(e).

[12]See proposed subsection (1)(d).

permit for the plant issued by the Department of Environmental Regulation.

(g) Chapters 17-555 and 17-600, Florida Administrative Code.

XIV. Proposed Amendment to Rule 25-30.255 (page 157-158)

Measurement of Service for Water Utilities

Discussion

As discussed and agreed by the workshop parties, proposed Section (4) should be deleted.

XV. Proposed Amendment to Rule 25-30.320 (pages 159-165)

Refusal or Discontinuance of Service

Discussion and Proposals

Southern States believes it appropriate to punish and discourage the fraudulent use of service. Accordingly, Southern States proposes the following:

> (1)(j) . . . may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use plus interest at 18% per annum.

Further, per Staff comment at the Workshop, the proposed sentence to be added to Subsection (2)(j) should be stricken. The deletion of this sentence would make this provision consistent with similar provisions for electric and telephone utilities. See Rules 25-4.113(1)(j) and 25-6.105(5)(j).

XVI. Proposed Rule 25-30.432 (pages 193-200)

Used and Useful in Rate Case Proceedings

Discussion

Representatives of Southern States have participated in and contributed to the efforts of the Florida Waterworks Association in deriving a thorough and workable rule addressing used and useful in rate case proceedings. Southern States has reviewed and supports the used and useful proposal submitted by the FWWA. Southern States offers two additional comments. First, Staff should consider inclusion of the following language in the policy statements set forth in Sections (1) and (2) of the FWWA proposal:

Proposal

(1) Each utility has an obligation to provide safe, efficient and sufficient service to the area described in its certificate of authorization upon the rates, terms, and conditions prescribed by the Commission. Each utility is entitled to earn a fair rate of return on prudent investment in production, treatment, collection and distribution facilities required to meet its obligation. In determining the percentage of plant used and useful, the Commission shall seek to balance two competing goals on a case-by-case basis: 1) encouraging

long-term, least cost economies of scale; and 2) assuring reasonable rates.

(2) Unless the Commission determines that a utility's investment in water or wastewater plant is not prudent, the utility shall be entitled to earn a fair rate of return on the used and useful portion of such investment plus a margin reserve, and shall further be entitled to collect AFPI charges on the balance of the investment pursuant to Rule 25-30.434.

In addition, consistent with the FWWA proposal supported by Southern States, the Commission's rule should clearly and expressly delineate that a five year margin reserve is appropriate for water and wastewater treatment facilities.

XVII. Proposed Rule 25-30.433 (pages 201-206)

Rate Case Proceedings

Discussion and Proposals

With respect to Section (1), one of the criteria for determining quality of service is "customer satisfaction." Southern States believes that this term is vague, subjective, and will be difficult to implement. The Commission should also consider the lack of DER/HRS violations and consent orders in making its determination.

Section (2) requires the Commission to use the formula approach to determine working capital for all utilities except those required to file under the multiple systems rule. Current Commission policy makes the formula approach available to all utilities, and the rule should be revised to reflect this policy and not create a new policy. See Docket No. 880883-WS (Order No. 21202 issued May 8, 1989), and section 120.535, Florida Statutes. Moreover, existing Rule 25-30.435 incorporates the MFRs by reference and the MFRs require the use of the formula approach.

Use of the balance sheet approach has caused and will continue to cause intensive and expensive litigation concerning the components used in this approach. In addition, the balance sheet approach does not provide an accurate estimate of working capital

requirements when a utility is in a negative earnings situation. Southern States urges Staff, if it is unwilling to revise the proposed rule to require a consistent application of the formula approach for all water and wastewater utilities, to revise Section (2) as stated alternatively below.

(1) Insert words "the utility's attempt to address" before the words "customer satisfaction" and insert the words "The absence and/or presence of" before the words "sanitary surveys."

(2) Working capital shall be calculated as 1/8 of operation and maintenance expenses. Deferred debits may be considered in the calculation if they relate to specific prepaid items such as prepaid insurance, infiltration studies, and inventory. (PRIMARY).

(2) Subject to the provisions of section (3), working capital shall be calculated as 1/8 of operation and maintenance expenses. Deferred debits may be considered in the calculation if they relate to specific prepaid items such as prepaid insurance, infiltration studies, and inventory. (ALTERNATE).

(3) A party may file a petition with the Commission requesting the use of a balance sheet approach to the calculation of working capital. The party filing the petition shall bear the burden of demonstrating the necessity of using the balance sheet approach under the facts and circumstances of the particular case.

(4) Debit deferred taxes created due to income taxes associated with used and useful contributions in Aid of Construction shall be offest against credit deferred taxes in the capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation.

(5) The averaging method used by the Commission for rate base and cost of capital will be the simple beginning and end of year average. [No changes.]

Section (5) of Staff's proposal erroneously assumes that a utility pays ad valorem taxes on non-used and useful property. At the Workshop, Staff agreed to the following:

(6) Non-used and useful plant adjustments shall be applied to applicable depreciation but shall not apply to ad valorem tax expense.

Section (6) of Staff's proposal concerns the imputation of CIAC on the margin reserve. Southern States opposes the imputation of CIAC on the margin reserve. However, to the extent Staff believes it is appropriate to impute CIAC on the margin reserve, such imputation should be limited to the margin reserve associated with the cost of distribution and collection lines. Southern States proposes the following revision to the first sentence in Section (6):

(7) CIAC shall not be imputed on the margin reserve. (PRIMARY)

(7) CIAC shall not be imputed on the margin reserve except to the extent the utility has prepaid CIAC related to the cost of distribution and collection lines. In such cases, the prepaid CIAC may be applied to the margin reserve allowed by the Commission for distribution and collection lines; provided however, that such CIAC shall not exceed the amount of distribution and collection plant included in the margin reserve. (ALTERNATE)

Section (7) of Staff's proposal should be deleted per the comments at the Workshop.

Section (8) of Staff's proposal deals with non-recurring expenses and should be revised to allow a rate of return on unamortized amounts:

> (8) Non-recurring expenses shall be amortized over a five-year period unless a shorter or longer period of time is provided in the Commission's rules or is requested and approved by the Commission. The unamortized portion of such expenses, including rate case expense and other extraordinary expenses, shall be included in the utility's rate base.

With respect to Section (9) of Staff's proposal, the term "premature retirement" should be defined and Staff should indicate if it is referring to net or gross plant assets at the end of the first sentence.

With respect to Section (10) of Staff's proposal, the term "99-year lease" should be replaced by "long-term lease."

With respect to Section (11) of Staff's proposal, the words "move the Commission" should be replaced by the word "use."

XVIII. Proposed Rule 25-30.435 (pages 215-216)

Application for a Rate Increase by an Applicant which owns multiple systems

Discussion

Consistent with Workshop discussion, this proposed rule should be revised to reflect Staff's intention that full MFRs need only be filed for jurisdictional systems, and that non-jurisdictional system filing requirements are limited to data related to allocation of joint and common costs. In addition, the rules should clarify that rate increases or decreases will be determined on a total jurisdictional systems basis.

Proposal

(1) Unless the Commission approves otherwise in the granting of a test year, the application shall include:

(a) the required information on all jurisdictional systems owned by the applicant regardless of whether or not the applicant is seeking a rate increase for all systems; and

(b) sufficient data for non-jurisdictional systems related to the allocation of joint and common costs to the jurisdictional systems.

(2) The determination for the need for a rate increase shall be made based upon the total earnings of all jurisdictional systems.

(3) After an applicant has filed under this rule, any need for a rate decrease shall be based on the total earnings of all jurisdictional systems.

(4) The working capital allowance shall be calculated using the formula required by Rule 25-30.433. (PRIMARY)

(4) The working capital allowance shall be calculated using the formula required by Rule 25-30.433 unless the Commission orders the use of the balance sheet formula. (ALTERNATIVE)

(5) One capital structure shall be used and is to be calculated based on all jurisdictional systems.

(6) A waiver of the provisions in this rule may be granted by the Commission for good cause shown.

XIX. Proposed Amendments to Rule 25-30.437 (pages 225-227)

Financial, Rate and Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase

Discussion

Southern States has two suggestions under this rule. The first pertains to Section (3). The sentence "If a historical test year is used, Schedule E-13 will not be required," should be moved to the end of the Section. Finally, the words "usage characteristic" should be inserted in the last sentence of proposed Section (7) as follows: ". . . the base facility charge should be based on the usage characteristics."

XX. Proposed Amendments to Rule 25-30.441 (pages 233-236)

Engineering Information Required in Application for Rate Increase by Utilities Seeking to Recover the Cost of Investment for Plant Construction Required by Governmental Authority

Discussion and Proposal

This rule should be repealed in its entirety. The pertinent statutory language referred to in the rule triggering the requirements in the rule has been amended out of the statute.

XXI. Proposed Amendments to Rule 25-30.515 (pages 287-296)

Definitions

Southern States concurs with the suggested revisions submitted by the Florida Waterworks Association.

Southern States would like to thank the Staff for the opportunity to provide these comments and proposals. We sincerely hope they prove useful to the Staff in formulating a final set of proposed new and amended water and wastewater rules.

Sincerely,

Kenneth A. Hoffman

KAH/rl

cc: Brian P. Armstrong, Esq.
Karla Olson Teasley, Esq.
Mr. Joseph P. Cresse

:sb\utility\water.ltr