

1 25-30.431 Margin Reserve

2 (1) "Margin reserve" is defined as the amount of plant
3 capacity needed to meet the expected demand due to customer growth.

4 (2) "Margin reserve period" is defined as the time period
5 needed to install the next economically feasible increment of plant
6 capacity that will preclude a deterioration in the quality of
7 service.

8 (3) Margin reserve is an acknowledged component of the used
9 and useful rate base determination that when requested and
10 justified shall be included in rate cases filed pursuant to section
11 367.081, Florida Statutes.

12 (4) Unless otherwise justified, the margin reserve period for
13 water source and treatment facilities and wastewater treatment and
14 effluent disposal facilities will be 18 months. Unless otherwise
15 justified, the margin reserve period for water transmission and
16 distribution lines and the wastewater collection system will be 12
17 months. In determining whether another margin reserve period is
18 justified, the Commission shall consider the rate of growth in the
19 number of equivalent residential connections (ERCs); the time
20 needed to meet the guidelines of the Department of Environmental
21 Protection (DEP) for planning, designing, and constructing of plant
22 expansion; and the technical and economic options available for
23 sizing increments of plant expansion.

24 (5)(a) Margin reserve for water source and treatment
25 facilities and wastewater treatment and effluent disposal

CODING: Words underlined are additions; words in
~~struck through~~ type are deletions from existing law.

1 facilities shall be calculated as follows:

2 EG x MP x D = MR

3 where:

4 EG = Equivalent Annual Growth in ERCs
5 determined pursuant to (c) or (d)
6 below

7 MP = Margin Reserve Period determined
8 pursuant to subsection (4)

9 D = Demand per ERC (customer demand
10 applied in the used and useful
11 calculations for water and
12 wastewater facilities)

13 MR = Margin reserve expressed in gallons
14 per day (GPD)

15 (b) Margin reserve for water transmission and distribution
16 lines and the wastewater collection system shall be calculated as
17 follows:

18 EG x MP = MR

19 where:

20 EG = Equivalent Annual Growth in ERCs
21 determined pursuant to (c) or (d)
22 below

23 MP = Margin Reserve Period determined
24 pursuant to subsection (4)

25 MR = Margin reserve expressed in ERCs

CODING: Words underlined are additions; words in
~~struck through~~ type are deletions from existing law.

1 (c) The equivalent annual growth in ERCs (EG) is measured in
2 terms of the projected annual growth and shall be calculated in
3 Schedules F-9 and F-10 of Form PSC/WAW 19 for Class A utilities and
4 Form PSC/WAW 20 for Class B utilities, incorporated by reference in
5 Rule 25-30.437.

6 (d) The utility shall also submit a linear regression
7 analysis using average ERCs for the last 5 years. The utility may
8 submit other information that will affect growth in ERCs.

9 (6) As part of its application filed pursuant to Rule 25-
10 30.437, the utility shall submit its most recent wastewater
11 capacity analysis report, if any, filed with DEP.

12 (7) Contributions-in-aid-of-construction (CIAC) shall be
13 imputed when a margin reserve is authorized. The amount of imputed
14 CIAC shall be determined based on the number of ERCs included in
15 the margin reserve period and the projected CIAC that will be
16 collected from those ERCs. However, the imputed CIAC shall not
17 exceed the rate base component associated with margin reserve.

18 Specific Authority: 367.121, F.S.

19 Law Implemented: 367.081, F.S.

20 History: New .

21
22
23
24
25

CODING: Words underlined are additions; words in
~~struck through~~ type are deletions from existing law.