

State of Florida

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DIVISION OF APPEALS  
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COPIES

Public Service Commission

June 25, 1997

Mr. Carroll Webb  
Joint Administrative Procedures  
Committee  
120 Holland Building  
Tallahassee, Florida 32399

Re: Docket No. 960258-WS - Rule 25-30.431

Dear Mr. Webb:

Enclosed is the notice of change, which will be published in the Florida Administrative Weekly on July 3, 1997, and the statement of changes for the proposed new Rule 25-30.431.

Hearings on this rule were held on December 10, 1996, and June 10, 1997. A hearing was scheduled for April 14, 1997, but was deferred at the request of Senator Kurth. No alternatives were offered by the small business ombudsman of the Department of Commerce.

Because there are rule challenges pending at the Division of Administrative Hearings, the rule may not be filed for adoption until they are disposed of.

Sincerely,

*Christiana T. Moore*

Christiana T. Moore  
Associate General Counsel

DOCUMENT NUMBER - DATE  
06441 JUN 26 5  
PSC-RECORDS/REPORTING

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAC \_\_\_\_\_
- LEE \_\_\_\_\_
- LIP \_\_\_\_\_
- OPC \_\_\_\_\_
- RON \_\_\_\_\_
- SEC \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

WEB30431.MRD  
Enclosure  
cc: Division of Records & Reporting

STATEMENT OF CHANGES

25-30.431

(1) The definition of "margin reserve" was changed to reflect that a utility must maintain enough capacity to serve increased usage by existing customers in addition to added demand created by new customers in order to provide safe, efficient, and sufficient service as required by section 367.111, F.S.

(2) The definition of "margin reserve period" was changed to delete the words that were moved to (1).

(4) The provision of a margin reserve period for water transmission and distribution lines and the wastewater collection system was deleted. Comments in the record show that a 12-month period would not be appropriate in many circumstances, but there is not a sufficient basis to select another period.

(5)(b) Because the provision in (4) for a margin reserve period for transmission and distribution lines and wastewater collection system was deleted, the formula for calculating that period has been deleted.

(7) The provision for imputing contributions-in-aid-of-construction (CIAC) was changed to provide for imputation of 50 percent of CIAC to recognize that all CIAC would not be collected at the beginning of the margin reserve period but should be averaged over the life of the period.

1 25-30.431 Margin Reserve

2 (1) "Margin reserve" is defined as the amount of plant  
3 capacity needed to preserve and protect the ability of utility  
4 facilities to serve existing and future customers in an  
5 economically feasible manner that will preclude a deterioration in  
6 quality of service and prevent adverse environmental and health  
7 effects.

8 (2) "Margin reserve period" is defined as the time period  
9 needed to install the next economically feasible increment of plant  
10 capacity.

11 (3) Margin reserve is an acknowledged component of the used  
12 and useful rate base determination that when requested and  
13 justified shall be included in rate cases filed pursuant to section  
14 367.081, Florida Statutes.

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

25 (5)(a) Margin reserve for water source and treatment

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

1 facilities and wastewater treatment and effluent disposal  
2 facilities shall be calculated as follows:

$$3 \quad \underline{EG \times MP \times D = MR}$$

4 where:

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

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

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

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

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

21 (c) The utility shall also submit a linear regression  
22 analysis using average ERCs for the last 5 years. The utility may  
23 submit other information that will affect growth in ERCs.

24 (6) As part of its application filed pursuant to Rule 25-  
25 30.437, the utility shall submit its most recent wastewater

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1 capacity analysis report, if any, filed with DEP.

2 (7) Contributions-in-aid-of-construction (CIAC) shall be  
3 imputed when a margin reserve is authorized. The amount of imputed  
4 CIAC shall be determined based on 50 percent of the number of ERCs  
5 included in the margin reserve period and the projected CIAC that  
6 will be collected from those ERCs. However, the imputed CIAC shall  
7 not exceed the rate base component associated with margin reserve.

8 Specific Authority: 367.121, F.S.

9 Law Implemented: 367.081, F.S.

10 History: New .

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