

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed adoption of Rule 25-30.445, F.A.C., General Information and Instructions Required of Water and Wastewater Utilities in Application for Limited Proceeding, and Rule 25-30.446, F.A.C., Notice of and Public Information for Application for Limited Proceeding Rate Increase.

DOCKET NO. 030697-WS  
ORDER NO. PSC-03-1227-NOR-WS  
ISSUED: October 30, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt Rules 25-30.445 and 25-30.446, Florida Administrative Code, relating to the filing and noticing requirements for water and wastewater limited proceeding applications.

The attached Notice of Rulemaking will appear in the November 7, 2003, edition of the Florida Administrative Weekly. If timely requested, a hearing will be held at a time and place to be announced in a future notice.

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than December 1, 2003.

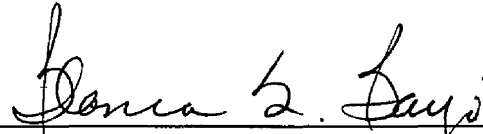
DOCUMENT NUMBER-DATE

10724 OCT 30 8

FPSC-COMMISSION CLERK

ORDER NO. PSC-03-1227-NOR-WS  
DOCKET NO. 030697-WS  
PAGE 2

By ORDER of the Florida Public Service Commission, this 30th  
day of October, 2003.



\_\_\_\_\_  
BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

( S E A L )

SMC

ORDER NO. PSC-03-1227-NOR-WS  
DOCKET NO. 030697-WS  
PAGE 3

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030697-WS

RULE TITLE:

RULE NO.:

General Information and Instructions Required of 25-30.445

Water and Wastewater Utilities in an Application

for a Limited Proceeding

Notice of and Public Information for Application 25-30.446

for Limited Proceeding Rate Increase

PURPOSE AND EFFECT: To define the filing requirements and to specify the noticing requirements for a limited proceeding application.

SUMMARY: Rule 25-30.445 sets forth the information that must be included in a utility's application for a limited proceeding. Specifically, subsections (1) through (3) detail the minimum filing requirements for a limited proceeding application and set forth the format and administrative requirements for the application. Subsection (4) sets forth the information Class A and B utilities must provide to the Commission. Subsection (5) sets forth the information that a Class C utility must file in an application for a limited proceeding.

Subsection (6) lists some of the factors the Commission will consider when determining whether the utility should file a general rate case instead of a limited proceeding. Subsection (7) requires the utility to provide a statement in its application that addresses whether the utility's rate base has declined or whether any expense recovery sought by the utility would be offset by customer growth. Subsection (8) clarifies that a limited proceeding should not be filed for underearnings in lieu of a general rate case.

Rule 25-30.446 sets forth the noticing requirements for an application for a limited proceeding. Subsections (1) through (5) outlines the procedure by which the utility must provide notice to municipalities and counties within the service areas included in the rate request and to the utility's customers. Subsection (6) requires utilities to provide customers notice of any customer meeting conducted by staff on the utility's application. Subsection (7) requires the utility to provide notice of any Commission hearings that might be conducted in regard to the application. Subsection (8) requires the utility to inform its customers about the Commission's decision on the application and any change in rates.

ORDER NO. PSC-03-1227-NOR-WS  
DOCKET NO. 030697-WS  
PAGE 5

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement of estimated regulatory cost was prepared.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), 367.0822, 367.081, 367.145(2), 367.121(1)(a), F.S.

LAW IMPLEMENTED: 367.0822, 367.121, F.S.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THESE PROPOSED RULES IS:  
Samantha Cibula, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THESE PROPOSED RULES IS:

25-30.445 General Information and Instructions Required of Water and Wastewater Utilities in an Application for a Limited Proceeding.

(1) Each applicant for a limited proceeding shall provide the following general information to the Commission:

(a) The name of the applicant as it appears on the applicant's certificate and the address of the applicant's principal place of business;

(b) The type of business organization under which the applicant's operations are conducted; if the applicant is a corporation, the date of incorporation; the names and addresses of all persons who own 5% or more of the applicant's stock; or the names and addresses of the owners of the business.

(c) The number(s) of the Commission order(s), if any, in which the Commission most recently considered the applicant's rates for the system(s) involved.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending.

(e) A statement signed by an officer of the utility that the utility will comply with the noticing requirements in Rule 25-30.446, F.A.C.

(2) In a limited proceeding application:

(a) Each schedule shall be cross-referenced to identify related schedules.

(b) Except for handwritten official company records, all data in the petition and application shall be typed.

(c) The original and seven copies shall be filed with the Division of the Commission Clerk and Administrative Services.

(3) A filing fee as required in Rule 25-30.020 shall be submitted at the time of application.

(4) The following minimum filing requirements shall be filed with the utility's application for limited proceeding for a Class A or B water or wastewater utility:

(a) A detailed statement of the reason(s) why the limited proceeding has been requested.

(b) If the limited proceeding is being requested to recover costs required by a governmental or regulatory agency, provide the following:

1. A copy of any rule, regulation, order or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

2. An estimate by a professional engineer, or other person, knowledgeable in design and construction of water and wastewater plant, to establish the projected cost of the applicant's investment and the period of time required for completion of construction.

(c) A schedule that provides the specific rate base components for which the utility seeks recovery. Supporting detail shall be provided for each item requested, including:

1. The actual or projected cost(s);

2. The date the item will be or is projected to be placed in service;

3. Any corresponding adjustments that are required as a result of adding or removing the requested component(s) from rate base, which may include retirement entries; and

4. Any other relevant supporting information.

(d) If the utility's application includes a request for recovery of plant in service, accumulated depreciation and



depreciation expense, supporting detail shall be provided by primary account as defined by the NARUC Uniform System of Accounts, in accordance with Rule 25-30.110, F.A.C.

(e) A calculation of the weighted average cost of capital shall be provided for the most recent 12-month period, using the mid-point of the range of the last authorized rate of return on equity, the current embedded cost of fixed-rate capital, the actual cost of short-term debt, the actual cost of variable-cost debt, and the actual cost of other sources of capital which were used in the last individual rate proceeding of the utility. If the utility does not have an authorized rate of return on equity, the utility shall use the current leverage formula pursuant to s. 367.081(4)(f), F.S.

(f) If the utility is requesting recovery of operating expenses, the following information shall be provided:

1. A detailed description of the expense(s) requested;
2. The total cost by primary account pursuant to the NARUC Uniform System of Accounts;
3. Supporting documentation or calculations; and
4. Any allocations that are made between systems, affiliates or related parties. If allocations are made, submit full detail that shows the total amount allocated, a description of the basis

of the allocation methodology, the allocation percentage applied to each allocated cost, and the workpapers supporting the calculation of the allocation percentages.

(g) Calculations for all items that will create cost savings or revenue impacts from the implementation of the requested cost recovery items.

(h) If the utility includes any other items where calculations are required, supporting documentation shall be filed that reflects the calculations or assumptions made.

(i) A calculation of the revenue increase including regulatory assessment fees and income taxes, if appropriate.

(j) Annualized revenues for the most recent 12-month period using the rates in effect at the time the utility files its application for limited proceeding and a schedule reflecting this calculation by customer class and meter size.

(k) A schedule of current and proposed rates for all classes of customers.

(l) Schedules for the most recent 12-month period showing that, without any increased rates, the utility will earn below its authorized rate of return in accordance with s. 367.082, F.S. The schedules shall consist of a rate base, net operating income and

cost of capital schedule with adjustments to reflect those consistent with the utility's last rate proceeding.

(m) If the limited proceeding is being requested to change the current rate structure, provide a copy of all workpapers and calculations used to calculate requested rates and allocations between each customer class. The test year should be the most recent 12-month period. In addition, the following schedules, which are incorporated herein by reference, should be provided from the Class A Water and/or Wastewater Utilities Accounting, Rate and Engineering Minimum Filing Requirements (Form PSC/ECR 20 (11/93)).

1. Schedule E-2, Revenue Schedule at Test Year Rates - Proof of Revenue.

2. Schedule E-12, Billing Analysis. Only two copies are required.

(n) Revised tariff sheets should not be filed with the application.

(5) In addition to the requirements stated in subsection (1) through (3), the following minimum filing requirements shall be filed with the utility's application for limited proceeding for a Class C water or wastewater utility:

(a) A detailed statement of the reason(s) why the limited proceeding has been requested.

(b) If the limited proceeding is being requested to recover costs required by a governmental or regulatory agency, provide a copy of any rule, regulation, order or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

(c) A schedule that provides the specific rate base components for which the utility seeks recovery, if known. Supporting detail shall be provided for each item requested, including:

1. The actual or projected cost(s);
2. The date the item will be or is projected to be placed in service;
3. Any corresponding adjustments, if known, that are required as a result of adding or removing the requested component(s) from rate base, which may include retirement entries; and
4. Any other relevant supporting information, if known.

(d) If the utility is requesting recovery of operating expenses, provide an itemized description of the expense(s),

including the cost and any available supporting documentation or calculations.

(e) Provide a description of any known items that will create cost savings or revenue impacts from the implementation of the requested cost recovery items.

(f) A calculation of the revenue increase including regulatory assessment fees and income taxes, if applicable.

(g) Annualized revenues for the most recent 12-month period using the rates in effect at the time the utility files its application for limited proceeding and a schedule reflecting this calculation by customer class and meter size.

(6) In evaluating whether the utility's request is improper for a limited proceeding, the Commission will consider factors such as:

(a) Whether the utility's filing includes more than 4 separate projects for which recovery is sought and the requested rate increase exceeds 30%. Corresponding adjustments for a given project are not subject to the above limitation;

(b) Whether the utility has not had a rate case in more than seven years and the requested rate increase exceeds 30%; or

(c) Whether the limited proceeding is filed as the result of the complete elimination of either the water or wastewater treatment process and the requested rate increase exceeds 30%.

(7) The utility shall provide a statement in its filing to the Commission which addresses whether the utility's rate base has declined or whether any expense recovery sought by the utility is offset by customer growth since its most recent rate proceeding or will be offset by future customer growth expected to occur within one year of the date new rates are implemented.

(8) A limited proceeding application shall not be filed for underearnings in lieu of a general rate case.

Specific Authority: 350.127(2), 367.0822, 367.081, 367.145 (2), 367.121(1)(a), F.S.

Law Implemented: 367.0822, 367.121 F.S.

History: New XX/XX/XX.

25-30.446 Notice of and Public Information for Application for Limited Proceeding Rate Increase

(1) This rule applies to all requests for limited proceeding rate increases made by a water or wastewater utility.

(2) Upon filing a petition for limited proceeding rate increase, the utility shall mail a copy of the petition to the

chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) set forth in Rule 25-30.445, F.A.C., when accepted by the Commission can be obtained from the petitioner upon request.

(3) Within 30 days after the official date of the filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at all business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.

(4) Upon filing a petition and MFRs for a limited proceeding, the utility shall publish a notice of application in a newspaper of general circulation in the service areas included in the petition.

(5)(a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(b) The initial customer notice must be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice is to be issued;
2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
3. A statement of the locations where copies of the MFRs and petition are available for public inspection and the hours and days when inspection may be made;
4. A comparison of current rates and charges and the proposed new rates and charges;



5. The utility's address, telephone number, and business hours;

6. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;

7. A statement that complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552; and

8. The docket number assigned by the Commission's Division of the Commission Clerk and Administrative Services.

(c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(6) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within the service areas designated by the Commission staff. The notice must

be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(7) If a proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice no less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request. The utility shall also have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice must be approved by Commission staff prior to publication.

(8) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The customer notification must be first approved by Commission staff and shall be distributed no later than with the first bill containing any revised rates.

Specific Authority: 350.127(2), 367.0822, 367.121(1)(a), F.S.

Law Implemented: 367.0822, 367.121, F.S.

History: New XX/XX/XX.

NAME OF PERSON ORIGINATING PROPOSED RULES: Patricia Merchant

ORDER NO. PSC-03-1227-NOR-WS  
DOCKET NO. 030697-WS  
PAGE 19

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES:

Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: October 21, 2003

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: November  
1, 2002, Vol. 28, No. 44.