

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

UNDOCKETED

IN RE: PROPOSED ADOPTION OF RULE 25-30.457, F.A.C., LIMITED
ALTERNATIVE RATE INCREASE

NOTICE OF PROPOSED RULE DEVELOPMENT

TO

ALL INTERESTED PERSONS

ISSUED: January 22, 2004

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated the development of Rule 25-30.457, Florida Administrative Code, to adopt provisions relating to limited alternative rate increase. The preliminary text of the rule is attached.

The attached Notice of Proposed Rule Development will appear in the January 24, 2004, edition of the Florida Administrative Weekly. A rule development workshop will be held at the following time and place:

10:00 a.m. - 2:00 - p.m. - February 12, 2004
Florida Department of Environmental Protection
Central District Office
3319 Maguire Boulevard
Suite 232, Conference Rooms A & B
Orlando, FL

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

DOCUMENT NUMBER-DATE

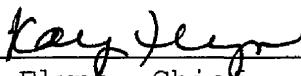
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FPSC-COMMISSION CLERK

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By Direction of the Florida Public Service Commission, this
22nd day of January, 2004.

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

By: 
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)

CTM

4 25-30.457 Limited Alternative Rate Increase

5 (1) As an alternative to a staff assisted rate case as
6 described in Rules 25-30.455 and 25-30.456, F.A.C., water and
7 wastewater utilities whose total gross annual operating revenues
8 are \$150,000 or less for water service or \$150,000 or less for
9 wastewater service, or \$300,000 or less on a combined basis, may
10 petition the Commission for a limited alternative rate increase by
11 submitting a completed application that includes the information
12 required by sections (9) and (10).

13 (2) Upon filing a petition for limited alternative rate
14 increase, the utility shall mail a copy of the petition to the
15 chief executive officer of the governing body of each municipality
16 and county within the service areas included in the rate request.

17 (3) Within 30 days of receipt of the completed application,
18 the Division of Economic Regulation shall evaluate the application
19 and determine the petitioner's eligibility for a limited
20 alternative rate increase.

21 (4) Upon reaching a decision to officially accept or deny the
22 application, the Director of the Division of Economic Regulation
23 shall notify the applicant by letter. If the application is
24 accepted, the Director will initiate limited alternative rate
25 setting. If the application is denied, the letter shall state the

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3 reasons for denial.

4 (5) The official date of filing will be 30 days after
5 official acceptance of the application by the Commission.

6 (6) A utility described in section (1) will qualify for
7 limited alternative rate setting if it satisfies the following
8 criteria:

9 (a) The applicant has filed annual reports as required by
10 Rule 25-30.110(3), F. A. C., for the historical test year;

11 (b) The applicant has paid applicable regulatory assessment
12 fees;

13 (c) The applicant has at least 1 year's actual experience in
14 utility operation;

15 (d) The applicant has complied in a timely manner with all
16 Commission decisions and requests affecting water and wastewater
17 utilities for 2 years prior to the filing of the application under
18 review;

19 (e) The utility has not been granted a staff assisted rate
20 case or alternative rate setting within the 2-year period prior to
21 the receipt of the application under review.

22 (g) The utility has not been granted a limited alternative
23 rate increase within the 3-year period prior to the receipt of the
24 application under review.

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4 (h) A final order in a rate proceeding has not been issued
5 for the utility within the 7-year period prior to the receipt of
6 the application under review

7 (7) Any increase in operating revenues approved pursuant to
8 this rule shall be limited to a maximum of 20 percent applied to
9 metered or flat recurring rates of all classes of service.

10 (8) The Commission shall deny the application if a utility
11 does not remit the fee, as provided by section 367.145, F.S., and
12 Rule 25-30.020(2)(f), F.A.C., within 30 days after official
13 acceptance of the application.

14 (9) Each applicant for limited alternative rate increase
15 shall provide the following general information to the Commission:

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

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

24 (c) A proposed customer notice that includes the following:

25 1. A statement that the utility has applied for a rate

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3 change with the Commission;

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

6 3. A comparison of current rates and the proposed new rates;

7 4. A statement that written protests regarding the utility's
8 proposed rates must be addressed to the Director, Division of
9 Commission Clerk and Administrative Services, 2540 Shumard Oak
10 Boulevard, Tallahassee, Florida 32399-0870, and that such protest
11 should identify the docket number assigned to the proceeding and
12 must be received prior to the expiration of the protest period;

13 (d) The original and five copies shall be filed with the
14 Division of the Commission Clerk and Administrative Services.

15 (10) The utility shall provide a schedule showing:

16 (a) Annualized revenues by customer class and meter size for
17 the most recent 12-month period using the rates in effect at the
18 time the utility files its application.

19 (b) Current and proposed rates for all classes of customers.

20 (11) The utility shall provide an affirmation stating that the
21 figures and calculations upon which the change in rates is based
22 are accurate and that the change will not cause the utility to
23 exceed its last authorized rate of return on equity.

24 (12) The Commission shall not perform a financial or
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4 engineering audit of the utility's financial or engineering books
5 and records in conjunction with the utility's application under
6 review.

7 (13) The Commission shall not conduct a customer meeting about
8 the utility's application under review.

9 (14) The Commission shall vote to approve, deny, or approve
10 with modifications a recommendation establishing rates no later
11 than 90 days from the official filing date as established in (5)
12 above.

13 (15) In consideration of subsections (12), (13) and (14), the
14 utility agrees to hold any revenue increase granted under the
15 provisions of this rule subject to refund for a period of 15 months
16 after the filing of the utility's annual report required by s.
17 367.121, F.S., for the year the adjustment in rates was
18 implemented.

19 (16) If the Commission issues a proposed agency action (PAA)
20 order granting a limited alternative rate increase, the utility
21 shall notify its customers of the order and revised rates. The
22 customer notification shall be approved by Commission staff and be
23 distributed no later than 7 days from the issuance date of the
24 order.

25 (17) The customer notice shall be provided to all customers

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3 within the service areas included in the rate request and to all
4 persons in the same service area who have a filed written request
5 for service within the 12 calendar months prior to the month the
6 application was filed.

7 (18) In the event of a protest of the PAA Order pursuant to
8 Rule 28-106.201, F.A.C., by a substantially affected party, the
9 utility may implement the rates established in the PAA Order on a
10 temporary basis upon the utility filing a staff assisted rate case
11 application pursuant to Rule 25-30.455, F.A.C., within 14 days of
12 the date the protest is filed.

13 (19) If the utility fails to file a staff assisted rate case
14 application within 14 days, the application for a limited
15 alternative rate increase will be deemed withdrawn.

16 Specific Authority: 350.127(2), 367.0814(9), 367.121(1)(a), F.S.

17 Law Implemented: 367.0814(9), 367.121, 350.123, 367.145(2), F.S.

18 History: New XX/XX/XX.

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| | |
|-----------------------------------|-----------|
| RULE TITLE: | RULE NO.: |
| Limited Alternative Rate Increase | 25-30.457 |

PURPOSE AND EFFECT: To provide an alternative for small water or wastewater utilities to a staff-assisted rate case on a limited basis. It provides filing instructions and support documentation required for a limited alternative rate increase. Provides when a limited alternative rate increase application is not appropriate.

SUBJECT AREA TO BE ADDRESSED: Limited alternative rate increase proceedings and filing requirements.

SPECIFIC AUTHORITY: 350.127(2), 367.0814(9), 367.121(1)(a)

LAW IMPLEMENTED: 350.123, 367.0814(9), 367.121, 367.145(2)

A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 10:00 a.m. - 2:00 -p.m. - February 12, 2004

PLACE: Florida Department of Environmental Protection Central District Office, 3319 Maguire Boulevard, Suite 232, Conference Rooms A & B, Orlando, FL.

Any person requiring some accommodation at this workshop

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THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS: Troy Rendell, Division of Economic Regulation, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, 850-413-6934.

THE PRELIMINARY TEXT OF THE PROPOSED IS RULE NOT AVAILABLE.