

# ORIGINAL

DOCKET NO. 030697-WS

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CERTIFICATION OF

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PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES

COMMISSION CLERK

FILED WITH THE

DEPARTMENT OF STATE

I do hereby certify:

(1) That all statutory rulemaking requirements of Chapter 120, F.S., have been complied with; and

(2) There is no administrative determination under subsection 120.56(2), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(3)(e), F.S. They are filed not less than 28 days after the notice required by paragraph 120.54(3)(a), F.S., and;

(a) Are filed not more than 90 days after the notice; or

(b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

(c) Are filed more than 90 days after the notice, but not less than 21 days nor more than 45 days from the date of publication of the notice of change; or

(d) Are filed more than 90 days after the notice, but

XUS	_____
CAF	_____
CMP	_____
COM	_____
CTR	_____
ECR	_____
GCL	_____
OPC	_____
NMS	_____
SEC	_____
OTH	_____

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not less than 14 nor more than 45 days after the adjournment of the final public hearing on the rule; or

  / (e) Are filed more than 90 days after the notice, but within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

  / (f) Are filed more than 90 days after the notice, but within 21 days after the date the transcript was received by this agency; or

  / (g) Are filed not more than 90 days after the notice, not including days the adoption of the rule was postponed following notification from the Joint Administrative Procedures Committee that an objection to the rule was being considered; or

  / (h) Are filed more than 90 days after the notice, but within 21 days after a good faith written proposal for a lower cost regulatory alternative to a proposed rule is submitted which substantially accomplishes the objectives of the law being implemented; or

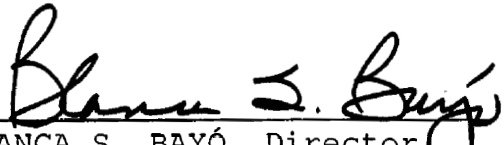
  / (i) Are filed more than 90 days after the notice, but within 21 days after a regulatory alternative is offered by the small business ombudsman.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

Rule Nos.  
25-30.445  
25-30.446

Under the provision of subparagraph 120.54(3)(e)6., F.S.,  
the rules take effect 20 days from the date filed with the  
Department of State or a later date as set out below:

Effective: \_\_\_\_\_  
(month) (day) (year)

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

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Number of Pages Certified



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1 | 25-30.445 General Information and Instructions Required of Water  
2 | and Wastewater Utilities in an Application for a Limited  
3 | Proceeding.

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

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

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

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

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

20 |         (e) A statement signed by an officer of the utility that the  
21 | utility will comply with the noticing requirements in Rule 25-  
22 | 30.446, F.A.C.

23 |     (2) In a limited proceeding application:

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

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DIVISION

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

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

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

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

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

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

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

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

24       (c) A schedule that provides the specific rate base  
25 components for which the utility seeks recovery. Supporting detail

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1 shall be provided for each item requested, including:

2 1. The actual or projected cost(s);

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

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

8 4. Any other relevant supporting information.

9 (d) If the utility's application includes a request for  
10 recovery of plant in service, accumulated depreciation and  
11 depreciation expense, supporting detail shall be provided by  
12 primary account as defined by the NARUC Uniform System of Accounts,  
13 in accordance with Rule 25-30.110, F.A.C.

14 (e) A calculation of the weighted average cost of capital  
15 shall be provided for the most recent 12-month period, using the  
16 mid-point of the range of the last authorized rate of return on  
17 equity, the current embedded cost of fixed-rate capital, the actual  
18 cost of short-term debt, the actual cost of variable-cost debt, and  
19 the actual cost of other sources of capital which were used in the  
20 last individual rate proceeding of the utility. If the utility  
21 does not have an authorized rate of return on equity, the utility  
22 shall use the current leverage formula pursuant to s.  
23 367.081(4)(f), F.S.

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

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1       1. A detailed description of the expense(s) requested;  
2       2. The total cost by primary account pursuant to the NARUC  
3 Uniform System of Accounts;

4       3. Supporting documentation or calculations; and  
5       4. Any allocations that are made between systems, affiliates  
6 or related parties. If allocations are made, submit full detail  
7 that shows the total amount allocated, a description of the basis  
8 of the allocation methodology, the allocation percentage applied to  
9 each allocated cost, and the workpapers supporting the calculation  
10 of the allocation percentages.

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

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

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

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

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

25       (l) Schedules for the most recent 12-month period showing

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1 that, without any increased rates, the utility will earn below its  
2 authorized rate of return in accordance with s. 367.082, F.S. The  
3 schedules shall consist of a rate base, net operating income and  
4 cost of capital schedule with adjustments to reflect those  
5 consistent with the utility's last rate proceeding.

6 (m) If the limited proceeding is being requested to change  
7 the current rate structure, provide a copy of all workpapers and  
8 calculations used to calculate requested rates and allocations  
9 between each customer class. The test year should be the most  
10 recent 12-month period. In addition, the following schedules,  
11 which are incorporated herein by reference, from Form PSC/ECR 19  
12 (11/93), entitled "Class A Water and/or Wastewater Utilities  
13 Financial, Rate and Engineering Minimum Filing Requirements",  
14 should be provided. The schedules can be obtained from the  
15 Commission's Division of Economic Regulation.

16 1. Schedule E-2, entitled "Revenue Schedule at Present and  
17 Proposed Rates".

18 2. Schedule E-14, entitled "Billing Analysis Schedules".  
19 Only two copies are required.

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

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

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

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

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

13       1. The actual or projected cost(s);

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

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

20       4. Any other relevant supporting information, if known.

21       (d) If the utility is requesting recovery of operating  
22 expenses, provide an itemized description of the expense(s),  
23 including the cost and any available supporting documentation or  
24 calculations.

25       (e) Provide a description of any known items that will create

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1 | cost savings or revenue impacts from the implementation of the  
2 | requested cost recovery items.

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

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

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

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

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

18 |       (c) Whether the limited proceeding is filed as the result of  
19 | the complete elimination of either the water or wastewater  
20 | treatment process and the requested rate increase exceeds 30  
21 | percent.

22 |       (7) The utility shall provide a statement in its filing to  
23 | the Commission which addresses whether the utility's rate base has  
24 | declined or whether any expense recovery sought by the utility is  
25 | offset by customer growth since its most recent rate proceeding or

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1 | will be offset by future customer growth expected to occur within  
2 | one year of the date new rates are implemented.

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

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

6 | Law Implemented: 367.0822, 367.121(1)(a), 367.081, 367.145(2),

7 | F.S.

8 | History: New XX/XX/XX.

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CERTIFICATION OF  
MATERIALS INCORPORATED BY REFERENCE  
IN RULES FILED WITH THE DEPARTMENT OF STATE

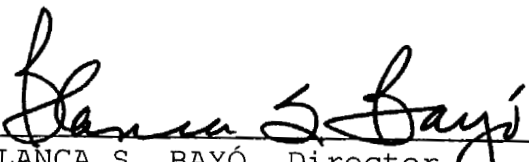
Pursuant to Rule 1S-1.005, Florida Administrative Code, I do hereby certify that the attached are true and correct copies of the following materials incorporated by reference in Rule 25-30.445. Under the provisions of subparagraph 120.54(3)(e)(6), F.S., the attached materials take effect 20 days from the date filed with the Department of State, or a later date as specified in the rule.

Schedule E-2

Schedule E-14.



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BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
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Revenue Schedule at Present and Proposed Rates

Florida Public Service Commission

Company:  
 Docket No.:  
 Test Year Ended:  
 Water [ ] or Sewer [ ]

Schedule: E-2  
 Page \_\_\_ of \_\_\_  
 Preparer:

Explanation: Provide a calculation of revenues at present and proposed rates using the billing analysis. Explain any differences between these revenues and booked revenues. If a rate change occurred during the test year, a revenue calculation must be made for each period.

(1) Class/Meter Size	(2) Number Bills	(3) Consumption in MG	(4) Present Rate	(5) Revenues at Present Rates	(6) Proposed Rate	(7) Revenues at Proposed Rates
Residential 5/8" x 3/4" M Gallons 1" Etc. M Gallons Etc.						
Total Residential						
Average Bill						
General Service 5/8" x 3/4" M Gallons 1" Etc. M Gallons Etc.						
Total Gen. Serv.						
Average Bill						
List Other Classes As Above						
Totals						
Unbilled Revenues						
Other Revenue						
Misc. Serv. Charges						
Total Revenue						
Booked Revenue						
Difference (Explain)						

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Billing Analysis Schedules

Florida Public Service Commission

Company:  
 Docket No.:  
 Test Year Ended:  
 Water [ ] or Sewer [ ]  
 Customer Class:  
 Meter Size:

Schedule: E-14  
 Page \_\_\_ of \_\_\_  
 Preparer:

Explanation: Provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Round consumption to nearest 1,000 gallons & begin at zero. If a rate change occurred during the test year, provide a separate billing analysis which coincides with each period.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Consumpt. Level	Number of Bills	Cumulative Bills	Gallons Consumed (1)x(2)	Cumulative Gallons	Reversed Bills	Consolidated Factor [(1)x(6)]+(5)	Percentage of Total
0							
1							
2							
3							

1 25-30.446 Notice of and Public Information for Application for  
2 Limited Proceeding Rate Increase

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

5 (2) Upon filing a petition for limited proceeding rate  
6 increase, the utility shall mail a copy of the petition to the  
7 chief executive officer of the governing body of each municipality  
8 and county within the service areas included in the rate request.  
9 Each copy of the petition shall be accompanied by a statement that  
10 a copy of the minimum filing requirements (MFRs) set forth in Rule  
11 25-30.445, F.A.C., when accepted by the Commission can be obtained  
12 from the petitioner upon request.

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

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1 require that copies of the petition and MFRs be placed at other  
2 specified locations.

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

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

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

16 1. The date the notice is to be issued;

17 2. A statement that the utility has filed a rate request  
18 with the Commission and a statement of the general reasons for the  
19 request;

20 3. A statement of the locations where copies of the MFRs and  
21 petition are available for public inspection and the hours and days  
22 when inspection may be made;

23 4. A comparison of current rates and charges and the  
24 proposed new rates and charges;

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

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1 hours;

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

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

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

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

16 (6) No less than 14 days and no more than 30 days prior to  
17 the date of a customer meeting conducted by the Commission staff,  
18 the utility shall provide written notice of the date, time,  
19 location, and purpose of the customer meeting to all customers  
20 within the service areas designated by the Commission staff. The  
21 notice must be approved by Commission staff prior to distribution.  
22 The notice shall be mailed to the out-of-town address of all  
23 customers who have provided the utility with an out-of-town  
24 address.

25 (7) If a proposed agency action order issued in the case is

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1 protested and any hearings are subsequently held, the utility shall  
2 give notice no less than 14 days and no more than 30 days prior to  
3 the date of each hearing held in or near a utility service area  
4 included in the rate request. The utility shall also have  
5 published in a newspaper of general circulation in the area in  
6 which such hearing is to be held a display advertisement stating  
7 the date, time, location, and purpose of the hearing. The notice  
8 must be approved by Commission staff prior to publication.

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

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

15 Law Implemented: 367.0822, 367.121(1)(a), F.S.

16 History: New XX/XX/XX.

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**SUMMARY OF RULES**

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

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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.

#### **SUMMARY OF HEARINGS ON THE RULE**

No hearing was requested and none was held.

#### **FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE**

Pursuant to Section 367.0822, Florida Statutes, the Commission may conduct limited proceedings to consider any water and/or wastewater matter within its jurisdiction, including any matter which requires a utility to adjust its rates. Section 367.0822 requires the Commission to determine the issues to be considered in the limited proceeding and allows the Commission, in its discretion, to expand the scope of the proceeding to include other related matters.

Section 367.0822 is currently the only source of direction to utilities on the limited proceeding procedure. Whenever a utility files for a limited proceeding, staff has to inform the utility as to what information should be filed with the

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application and in what form. Also, on numerous occasions utilities have contacted staff concerned as to what should be included in their applications. Staff has also encountered cases where utilities file for a limited proceeding, but the utility was ultimately found to be earning within or above the range of its required rate of return.

There is also no specific rule that informs the utility as to the noticing requirements for a limited proceeding. Limited proceeding increases can sometimes be quite substantial, and customers may not find out about the case until the proposed agency action order is issued. By that time, customer involvement is limited to protesting the order.

Rule 25-30.445 would outline the filing requirements for a limited proceeding request. Rule 25-30.446 would set forth the noticing requirements for a limited proceeding application.