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STATE OF FLORIDA



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COMMISSION CLERK

# Public Service Commission

August 31, 2004

HAND DELIVER

Mr. Scott Boyd, Executive Director  
Joint Administrative Procedures Committee  
Room 120 Holland Building  
Tallahassee, FL 32399-1300

RE: Docket No. 040246-WS – Proposed adoption of Rule 25-30.457, F.A.C.,  
Limited Alternative Rate Increase, and Rule 25-30.458, F.A.C., Notice of and  
Public Information for Application for Limited Alternative Rate Increase

Dear Mr. Boyd:

The Commission has approved the adoption of Rules 25-30.457 and 25-30.458, without changes.

We plan to file the rules for adoption on September 8, 2004.

Sincerely,

Christiana T. Moore  
Associate General Counsel

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_ 040246Webb2.ctm.doc
- ECR \_\_\_\_\_ Enclosure
- GCL \_\_\_\_\_ c: Division of the Commission Clerk and Administrative Services
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- RCA \_\_\_\_\_
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- SEC   1
- OTH \_\_\_\_\_

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FPSC-COMMISSION CLERK

1 25-30.457 Limited Alternative Rate Increase.

2       (1) As an alternative to a staff assisted rate case as described in Rules 25-30.455  
3 and 25-30.456, F.A.C., water and wastewater utilities whose total gross annual operating  
4 revenues are \$150,000 or less for water service or \$150,000 or less for wastewater service, or  
5 \$300,000 or less on a combined basis, may petition the Commission for a limited alternative  
6 rate increase by submitting a completed application that includes the information required by  
7 sections (9) and (10). In accordance with section 367.0814(6), F.S., a utility that requests staff  
8 assistance waives its right to protest by agreeing to accept the final rates and charges approved  
9 by the Commission unless the final rates and charges would produce less revenue than the  
10 existing rates and charges. The original and five copies of the application shall be filed with  
11 the Division of the Commission Clerk and Administrative Services.

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

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

19       (4) Upon reaching a decision to officially accept or deny the application, the  
20 Director of the Division of Economic Regulation shall notify the petitioner by letter. If the  
21 application is accepted, the Director will initiate limited alternative rate setting. If the  
22 application is denied, the letter shall state the reasons for denial.

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

25       (6) A utility described in section (1) will qualify for limited alternative rate setting

- 1 if it satisfies the following criteria:
- 2 (a) The petitioner has filed all annual reports required by Rule 25-30.110(3),  
3 F.A.C.;
- 4 (b) The petitioner has paid applicable regulatory assessment fees as required by  
5 Rule 25-30.120, F.A.C.;
- 6 (c) The petitioner has at least 1 year's actual experience in utility operation;
- 7 (d) The petitioner has complied in a timely manner with all Commission decisions  
8 affecting water and wastewater utilities for 2 years prior to the filing of the application under  
9 review;
- 10 (e) The utility has not been granted a staff assisted rate case pursuant to Rule 25-  
11 30.455, F.A.C., or a staff assisted alternative rate setting pursuant to Rule 25-30.456, F.A.C.,  
12 within the 2-year period prior to the receipt of the application under review;
- 13 (f) The utility has not been granted a limited alternative rate increase pursuant to  
14 this rule within the 3-year period prior to the receipt of the application under review;
- 15 (g) The utility is currently in compliance with any applicable water management  
16 district permit conditions concerning rate structure; and
- 17 (h) A final order in a rate proceeding that established the utility's rate base, capital  
18 structure, annual operating expenses and revenues has been issued for the utility within the 7-  
19 year period prior to the receipt of the application under review.
- 20 (7) Any increase in operating revenues approved pursuant to this rule shall be  
21 limited to a maximum of 20 percent applied to metered or flat recurring rates of all classes of  
22 service.
- 23 (8) The Commission shall deny the application if a petitioner does not remit the  
24 fee, as provided by section 367.145, F.S., and Rule 25-30.020(2)(f), F.A.C., within 30 days  
25 after official acceptance of the application.

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

1           (9) Each petitioner for limited alternative rate increase shall provide the following  
2 general information to the Commission:

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

5           (b) The type of business organization under which the utility's operations are  
6 conducted: If the petitioner is a corporation, the date of incorporation and the names and  
7 addresses of all persons who own 5 percent or more of the petitioner's stock; if the petitioner is  
8 not a corporation, the names and addresses of the owners of the business.

9           (10) The petitioner shall provide a schedule showing:

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

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

13           (11) The petitioner shall provide a statement that the figures and calculations upon  
14 which the change in rates is based are accurate and that the change will not cause the utility to  
15 exceed its last authorized rate of return on equity.

16           (12) A financial or engineering audit of the utility's financial or engineering books  
17 and records shall not be required in conjunction with the application under review.

18           (13) The application will be approved, denied, or approved with modifications  
19 within 90 days from the official filing date as established in subsection (5) above.

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

24           (15) To insure overearnings will not occur due to the implementation of this rate  
25 increase, the Commission will conduct an earnings review of the utility's annual report to

1 . determine any potential overearnings for the year the adjustment in rates was implemented.

2       (16) If, within 15 months after the filing of a utility's annual report required by  
3 section 367.121, F.S., the Commission finds that the utility exceeded the range of its last  
4 authorized rate of return on equity after an adjustment in rates as authorized by this rule was  
5 implemented within the year for which the report was filed, the Commission may order the  
6 utility to refund, with interest, the difference to the ratepayers and adjust rates accordingly.

7       (17) In the event of a protest of the proposed agency action (PAA) order pursuant to  
8 Rule 28-106.201, F.A.C., by a substantially affected person other than the utility, unless the  
9 PAA Order proposes a rate reduction, the utility may implement the rates established in the  
10 PAA Order on a temporary basis upon the utility filing a staff assisted rate case application  
11 pursuant to Rule 25-30.455, F.A.C., within 21 days of the date the protest is filed.

12       (18) In the event of a protest, the limit on the maximum increase provided in (7)  
13 above shall no longer apply.

14       (19) If the utility fails to file a staff assisted rate case application within 21 days in  
15 the event there is a protest, the application for a limited alternative rate increase will be  
16 deemed withdrawn.

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

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

19 . History: New XX/XX/XX.

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1 25-30.458 Notice of and Public Information for Application for Limited Alternative Rate  
2 Increase.

3 (1) This rule applies to all requests for a limited alternative rate increase.

4 (2) No less than 14 days and no more than 30 days prior to the date of a customer  
5 meeting, the utility shall provide, in writing, a customer meeting notice to all customers within  
6 its service area and to all persons in the same service area who have filed a written request for  
7 service or who have been provided a written estimate for service within the 12 calendar  
8 months prior to the month the petition is filed. The customer meeting will be conducted by  
9 the Commission staff no less than 21 days prior to Commission action on the application.

10 (3) The customer meeting notice shall be approved by Commission staff prior to  
11 distribution and shall include the following:

12 a. The date the notice was issued;

13 b. The time, date, location, and purpose of the customer meeting;

14 c. A statement that the utility has applied for a limited alternative rate increase  
15 and the general reason for doing so;

16 d. A statement of the location where copies of the application are available for  
17 public inspection during the utility's regular business hours;

18 e. A comparison of current rates and charges and the proposed new rates and  
19 charges;

20 f. The utility's address, telephone number, and regular business hours;

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

25 h. A statement that complaints regarding service may be made to the

1 Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-  
2 3552;

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

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

7 (5) If the Commission issues a proposed agency action (PAA) order granting a  
8 limited alternative rate increase, the utility shall notify its customers of the order and any  
9 revised rates. The customer notification shall be approved by Commission staff and be  
10 distributed no later than with the first bill containing any revised rates.

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

12 Law Implemented: 367.0814, 367.121, 350.123, F.S.

13 History: New XX/XX/XX.

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