

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Proposed adoption of Rule 25-30.4325, F.A.C., Water Treatment Plant Used and Useful Calculations.      DOCKET NO. 070183-WS  
ORDER NO. PSC-07-0469-NOR-WS  
ISSUED: May 31, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

NOTICE OF RULEMAKING

BY THE COMMISSION:

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt new Rule 25-30.4325, Florida Administrative Code, relating to water treatment plant used and useful calculations.

The attached Notice of Rulemaking will appear in the June 8, 2007 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 rule must be received by the Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than June 29, 2007.

By ORDER of the Florida Public Service Commission this 31st day of May, 2007.



ANN COLE  
Commission Clerk

(SEAL)

MA

DOCUMENT NUMBER-DATE  
04438 MAY 31 5  
FPSC-COMMISSION CLERK

Notice of Proposed Rule

**PUBLIC SERVICE COMMISSION**

RULE NO: RULE TITLE

25-30.4325: Water Treatment Plant Used and Useful Calculation

PURPOSE AND EFFECT: Docket No. 070183-WS - The purpose of this rule is to provide uniform standards for the calculation of the used and useful calculation for water treatment systems and storage facilities.

SUMMARY: The rule will formalize the Commission's practice in calculating used and useful percentages for water treatment plants and storage facilities in rate proceedings.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS: The SERC concluded that there should be no negative impact on other state and local government entities and no impact on small businesses. It also found that the rule will benefit water utilities and customers.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or 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), 367.121(1)(f), FS

LAW IMPLEMENTED: 367.081(2), (3), FS

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

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Manuel Arisso, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850 (850) 413-6028.

THE FULL TEXT OF THE PROPOSED RULE IS:

**25-30.4325 Water Treatment and Storage Used and Useful Calculations**

(1) Definitions.

(a) A water treatment system includes all facilities, such as wells and treatment facilities, excluding storage, necessary to produce, treat, and deliver potable water to a transmission and distribution system.

(b) Storage facilities include ground or elevated storage tanks and high service pumps.

(c) Peak demand for a water treatment system includes the utility's maximum hour or day demand, excluding excessive unaccounted for water, plus a growth allowance based on the requirements of Rule 25-30.431, Florida Administrative Code, and, where fire flow is provided, a minimum of either the fire flow required by the local governmental authority or 2 hours at 500 gallons per minute.

(d) Peak demand for storage includes the utility's maximum day demand, excluding excessive unaccounted for water, plus a growth allowance based on the requirements of Rule 25-30.431, Florida Administrative Code, and, where provided, a minimum of either the fire flow required by the local governmental authority or 2 hours at 500 gallons per minute.

(e) Excessive unaccounted for water (EUW) is finished potable water produced in excess of 110 percent of the accounted for usage, including water sold; other water used, such as for flushing or fire fighting; and water lost through line breaks.

(2) The Commission's used and useful evaluation of water treatment system and storage facilities shall include a determination as to the prudence of the investment and consideration of economies of scale.

(3) Separate used and useful calculations shall be made for the water treatment system and storage facilities. However, if the utility believes an alternative calculation is appropriate, such calculation may also be provided, along with supporting documentation.

(4) A water treatment system is considered 100 percent used and useful if:

(a) The system is the minimum size necessary to adequately serve existing customers plus an allowance for growth and fire flow; or

(b) The service territory the system is designed to serve is mature or built out and there is no potential for expansion of the service territory; or

(c) The system is served by a single well.

(5) The used and useful calculation of a water treatment system is made by dividing the peak demand by the firm reliable capacity of the water treatment system.

(6) The firm reliable capacity of a water treatment system is equivalent to the pumping capacity of the wells, excluding the largest well for those systems with more than one well. However, if the pumping capacity is restricted by a limiting factor such as the treatment capacity or draw down limitations, then the firm reliable capacity is the capacity of the limiting component or restriction of the water treatment system. In a system with multiple wells, if a utility believes there is justification to consider more than one well out of service in determining firm reliable capacity, such circumstance will be considered. The utility must provide support for its position, in addition to the analysis excluding only the largest well.

(a) Firm reliable capacity is expressed in gallons per minute for systems with no storage capacity.

(b) Firm reliable capacity is expressed in gallons per day, based on 12 hours of pumping, for systems with storage capacity.

(7) Peak demand is based on a peak hour for a water treatment system with no storage capacity and a peak day for a water treatment system with storage capacity.

(a) Peak hour demand, expressed in gallons per minute, shall be calculated as follows:

1. The single maximum day (SMD) in the test year unless there is an unusual occurrence on that day, such as a fire or line break, less excessive unaccounted for water, divided by 1440 minutes in a day, times 2 [((SMD-EUW)/1,440) x 2], or

2. The average of the 5 highest days (AFD) within a 30-day period in the test year, excluding any day with an unusual occurrence, less excessive unaccounted for water, divided by 1440 minutes in a day, times 2 [((AFD-EUW)/1,440) x 2], or

3. If the actual maximum day flow data is not available, 1.1 gallons per minute per equivalent residential connection (1.1 x ERC).

(b) Peak day demand, expressed in gallons per day, shall be calculated as follows:

1. The single maximum day in the test year, if there is no unusual occurrence on that day, such as a fire or line break, less excessive unaccounted for water (SMD-EUW), or

2. The average of the 5 highest days within a 30-day period in the test year, excluding any day with an unusual occurrence, less excessive unaccounted for water (AFD-EUW), or

3. If the actual maximum day flow data is not available, 787.5 gallons per day per equivalent residential connection (787.5 x ERC).

(8) The used and useful calculation of storage is made by dividing the peak demand by the usable storage of the storage tank. Usable storage capacity less than or equal to the peak day demand shall be considered 100 percent used and useful. A hydropneumatic tank is not considered usable storage.

(9) Usable storage determination shall be as follows:

(a) An elevated storage tank shall be considered 100 percent usable.

(b) A ground storage tank shall be considered 90 percent usable if the bottom of the tank is below the centerline of the pumping unit.

(c) A ground storage tank constructed with a bottom drain shall be considered 100 percent usable, unless there is a limiting factor, in which case the limiting factor will be taken into consideration.

(10) To determine whether an adjustment to plant and operating expenses for excessive unaccounted for water will be included in the used and useful calculation, the Commission will consider all relevant factors, including whether the reason for excessive unaccounted for water during the test period has been identified, whether a solution to correct the problem has been implemented, or whether a proposed solution is economically feasible.

(11) In its used and useful evaluation, the Commission will consider other relevant factors, such as whether flows have decreased due to conservation or a reduction in the number of customers.

Specific Authority: 350.127(2), 367.121(1)(f) FS.

Law Implemented: 367.081(2), (3) FS.

History: New \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Troy Rendell

NAME OF SUPERVISOR OR PERSON WHO APPROVED THE PROPOSED RULE: Florida Public Service  
Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: May 22, 2007

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 32, Number 25, June  
23, 2006