

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL INTERESTED PERSONS

UNDOCKETED

IN RE: INITIATION OF RULEMAKING TO AMEND RULE 25-30.445, F.A.C., GENERAL  
INFORMATION AND INSTRUCTIONS REQUIRED OF WATER AND WASTEWATER  
UTILITIES IN AN APPLICATION FOR A LIMITED PROCEEDING


ISSUED: July 27, 2016

Notice is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated rulemaking to amend Rule 25-30.445, Florida Administrative Code, to require in an application for a limited proceeding that a water utility must provide copies of all customer complaints that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results.

The attached Notice of Development of Rulemaking appeared in the July 27, 2016 edition of the Florida Administrative Register. If requested in writing and not deemed unnecessary by the agency head, a rule development workshop will be scheduled and noticed in the next available Florida Administrative Register. Written requests for a rule development workshop must be submitted to Rosanne Gervasi, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850) 413-6224, [rgervasi@psc.state.fl.us](mailto:rgervasi@psc.state.fl.us), by August 10, 2016. A copy of the preliminary draft rule is attached.

NOTICE OF DEVELOPMENT OF RULEMAKING  
UNDOCKETED  
PAGE 2

By DIRECTION of the Florida Public Service Commission this 27th day of July, 2016.

By:   
\_\_\_\_\_  
Hong Wang  
Chief Deputy Commission Clerk  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

RG

NOTICE OF DEVELOPMENT OF RULEMAKING  
UNDOCKETED  
PAGE 3

Notice of Development of Rulemaking

**PUBLIC SERVICE COMMISSION**

RULE NO.:      RULE TITLE:

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

PURPOSE AND EFFECT: Rule 25-30.445, F.A.C., would be amended to require in an application for a limited proceeding that a water utility must provide copies of all customer complaints that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results.

Undocketed

SUBJECT AREA TO BE ADDRESSED: Consideration of secondary water quality standards in limited proceedings.

RULEMAKING AUTHORITY: 350.127(2), 367.121(a), F.S.

LAW IMPLEMENTED: 367.081, 367.0812, 367.0822, 367.121(1)(a), 367.145(2), F.S.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE REGISTER.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Rosanne Gervasi, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6224, rgervasi@psc.state.fl.us

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.

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

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

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

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

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

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

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

17       (2) In a limited proceeding application:

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

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

21       (c) The original and seven copies shall be filed with the Office of Commission Clerk.

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

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

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

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

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

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

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

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

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

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

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

16 4. Any other relevant supporting information.

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

21 (e) A calculation of the weighted average cost of capital shall be provided for the most  
22 recent 12-month period, using the mid-point of the range of the last authorized rate of return  
23 on equity, the current embedded cost of fixed-rate capital, the actual cost of short-term debt,  
24 the actual cost of variable-cost debt, and the actual cost of other sources of capital which were  
25 used in the last individual rate proceeding of the utility. If the utility does not have an

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

1 authorized rate of return on equity, the utility shall use the current leverage formula pursuant  
2 to Section 367.081(4)(f), F.S.

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

5 1. A detailed description of the expense(s) requested;

6 2. The total cost by primary account pursuant to the NARUC Uniform System of  
7 Accounts;

8 3. Supporting documentation or calculations; and

9 4. Any allocations that are made between systems, affiliates or related parties. If

10 allocations are made, submit full detail that shows the total amount allocated, a description of  
11 the basis of the allocation methodology, the allocation percentage applied to each allocated  
12 cost, and the workpapers supporting the calculation of the allocation percentages.

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

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

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

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

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

23 (l) Schedules for the most recent 12-month period showing that, without any increased  
24 rates, the utility will earn below its authorized rate of return in accordance with Section  
25 367.082, F.S. The schedules shall consist of a rate base, net operating income and cost of

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

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

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

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

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

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

13 (o) A water utility's application for limited proceeding shall also include:

14 1. A copy of all customer complaints that the utility has received regarding DEP secondary  
15 water quality standards during the past five years; and

16 2. A copy of the utility's most recent secondary water quality standards test results.

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

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

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

25 (c) A schedule that provides the specific rate base components for which the utility seeks

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

1 recovery, if known. Supporting detail 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 service;
- 4 3. Any corresponding adjustments, if known, that are required as a result of adding or
- 5 removing the requested component(s) from rate base, which may include retirement entries;
- 6 and

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

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

9 description of the expense(s), including the cost and any available supporting documentation

10 or calculations.

11 (e) Provide a description of any known items that will create cost savings or revenue

12 impacts from the implementation of the requested cost recovery items.

13 (f) A calculation of the revenue increase including regulatory assessment fees and income

14 taxes, if applicable.

15 (g) Annualized revenues for the most recent 12-month period using the rates in effect at

16 the time the utility files its application for limited proceeding and a schedule reflecting this

17 calculation by customer class and meter size.

18 (h) A Class C water utility's application for limited proceeding shall also include:

19 1. A copy of all customer complaints that the utility has received regarding DEP secondary

20 water quality standards during the past five years; and

21 2. A copy of the utility's most recent secondary water quality standards test results.

22 (6) In evaluating whether the utility's request is improper for a limited proceeding, the

23 Commission will consider factors such as:

24 (a) Whether the utility's filing includes more than 4 separate projects for which recovery is

25 sought and the requested rate increase exceeds 30 percent. Corresponding adjustments for a

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



1 given project are not subject to the above limitation;

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

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

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

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

14 *Rulemaking Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.081, 367.0812,*  
15 *367.0822, 367.121(1)(a), 367.145(2) FS. History—New 3-1-04, Amended\_\_\_\_\_.*

16

17

18

19

20

21

22

23

24

25

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