

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation Into) DOCKET NO. 900181-WS
Appropriate Rate Structure With) ORDER NO. PSC-93-1401-FOF-WS
Respect to Water Conservation) ISSUED: September 27, 1993
Policies.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER CLOSING DOCKET

BY THE COMMISSION:

This docket was initiated in March of 1990 with direction to our Staff to evaluate the water conservation effect of our present ratemaking methodology and to consider alternate rate structures.

Workshops were held on May 4, 1990, and December 14, 1990, to gather comments from all regulated utilities. A questionnaire was sent to all utilities in June of 1990 to gather additional information. Additionally, our Staff has received input from the Department of Environmental Protection as well as the Water Management Districts. Our Staff has reviewed materials from the American Waterworks Association, National Regulatory Research Institute and various industry publications. Our Staff has developed a policy statement distilling its findings. As a result of its investigation, our Staff believes rate structure can be a contributing factor to water conservation provided the rates are based upon cost of service and customers are aware of the rates they are being charged. Our Staff also believes that the base facility charge rate structure with a uniform gallonage charge provides a sufficient conservation incentive in most cases. However, Staff would not preclude consideration of alternate conservation rate structures to combat high consumption specifically for utilities within water resource caution areas or those experiencing high per capita usage.

Based upon the diversity of variables which affect utility costs and water usage within the state, Staff believes that any change in rate structure should be done in conjunction with a rate

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proceeding when all variables affecting utility costs and usage can be evaluated. Factors which our Staff believes must be considered for each utility include peak consumption months, average consumption, types of housing, climate, soil type, lot size, customer income level, cost of service, etc. When rate structure is changed in conjunction with a rate proceeding, our Staff states that all variables, including demand elasticity, which affect revenue can be evaluated and rates can be designed specifically for that utility. Additionally, Staff believes the conservation effect of the allocation of revenue derived from either the base facility or gallonage charges and the resultant impact on revenue stability can be evaluated.

Staff also believes that wastewater rates should be evaluated on a case by case basis. Staff believes that basing the rate on water usage as is now done with the base facility charge with a uniform gallonage charge provides an adequate conservation incentive.

Formulation of the Commission's formal policy on such an important issue will require the presentation of our Staff's findings as reflected in its proposed policy statement and the opportunity for questions and discussion by all the Commissioners. We believe a session of our Internal Affairs is the appropriate forum for such a presentation and discussion. Therefore, we find it appropriate to close this docket.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that this docket be closed.

By ORDER of the Florida Public Service Commission this 27th day of September, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.