

**PROPOSED NEW AND AMENDED RULES  
FOR WATER AND WASTEWATER  
DOCKET NUMBER 911082-WS  
COMMENTS OF  
CHARLES H.HILL  
ON BEHALF OF THE STAFF**

DOCUMENT NUMBER-DATE

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FFCC-RECORDS/REPORTING

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.  
2 A. My name is Charles H. Hill and my business address is 101 E. Gaines  
3 Street, Tallahassee, Florida.  
4 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?  
5 A. I am employed by the Florida Public Service Commission, as Director of  
6 the Division of Water and Wastewater.  
7 Q. WHAT IS THE PURPOSE OF YOUR COMMENTS IN THIS DOCKET?  
8 A. I am recommending that the Commission adopt proposed rule 25-30.433(1)  
9 as proposed and adopt proposed rules 25-30.020, 25-30.432, and 25-  
10 30.435, as modified.  
11 Q. WHAT IS THE PURPOSE OF THE PROPOSED CHANGES TO RULE 25-30.020, FLORIDA  
12 ADMINISTRATIVE CODE?  
13 A. Rule 25-30.020, FAC, contains fees that are required in the water and  
14 wastewater industry for many types of filings. These fees are assessed  
15 to help offset the cost of processing the case. The current fee  
16 schedule varies only by size of company for all types of filings that  
17 require a fee. However, some filings are more complex and require much  
18 more time and effort than others to process. The current fee schedule  
19 does not recognize this difference in complexity in any way and is,  
20 therefore, inadequate. The new fee schedule proposed by the Commission  
21 recognizes both size of company and complexity of case and should be  
22 adopted.  
23 Q. DO YOU HAVE ANY COMMENTS REGARDING RULE 25-30.020 AT THIS TIME?  
24 A. Yes. The proposed fees for service availability are based only on  
25 existing capacity and this is in error. In the event the division

1 processes a service availability case, the entire company is looked at,  
2 both existing and proposed customers and capacity. The proposed rule  
3 should be changed to clarify that the fee is based on existing and  
4 proposed capacity. I have provided modified language that includes this  
5 correction as Exhibit CHH 1.

6 Also, I do not believe subsection 2(i) of the rules should be included.  
7 In this section we were trying to codify current policy. Today, and for  
8 the past six years, we determine "capacity" for filing fees by combining  
9 the capacities of all systems included in the application. I believe  
10 we should add language to Section 1 of the rule that simply states our  
11 policy and delete subsection 2(i). I have provided language that does  
12 that as Exhibit CHH 2.

13 Q. WHAT IS THE PURPOSE OF THE PROPOSED NEW RULE 25-30.432, FLORIDA  
14 ADMINISTRATIVE CODE?

15 A. The purpose of rule 25-30.432 is to codify in rule the Commission's  
16 policies with respect to various engineering issues and to provide  
17 specific allowances and default formulas for calculating used and useful  
18 percentages.

19 It should not surprise us to see that this particular rule generates the  
20 most comments and the most criticism. Nor should we be surprised to  
21 find that this issue is the most time consuming and most analyzed in  
22 this proceeding. The issue of used and useful with its sub-issues such  
23 as margin reserve, unaccounted for water, fire flow, etc., is the  
24 biggest issue in this industry. It is the single most time consuming  
25 and expensive issue in nearly every proceeding. It, by itself,

1 represents almost 1/4th of total rate case expense. Any attempt to  
2 eliminate this as an issue or to reduce the evaluation of the sub-issues  
3 and resulting allowances to a rule will result in controversy.  
4 Nevertheless, I believe a rule such as has been proposed by the  
5 Commission should be adopted.

6 In 1988, during an extensive investigation into rate case expense, we  
7 identified used and useful as a major cost component of rate case  
8 expense and recommended it somehow be simplified and placed into rule.  
9 The goal is an easy to use or apply method for determining used and  
10 useful allowances (actually calculated percentages that are applied to  
11 various plant accounts).

12 Most critics of this rule will say that you just cannot have a single  
13 formula to apply to all the diverse companies and circumstances that  
14 make up this industry. They say you cannot have a single formula or  
15 application to use and still be fair, just and reasonable. They will  
16 point out that there are hundreds of companies each with distinct  
17 characteristics that must be taken into consideration when deciding used  
18 and useful allowances.

19 I certainly agree that a single formula approach to this issue will  
20 never work. However, I believe we can develop a combination of formulas  
21 and allowance levels that fairly approximate the used and useful  
22 allowances granted by the Commission. I believe we can and have  
23 developed in these rules a set of formulas that provide a reasonable  
24 estimate of what the Commission would allow.

25 Furthermore, I believe the design of these rules is such that their use

1 | will be widespread and rate case expense will be significantly reduced.  
2 | That is, the rules are relatively easy to understand and follow. I  
3 | believe many of the companies that now employ outside help to evaluate  
4 | and present and defend their used and useful calculations will now  
5 | perform these functions in-house. Also, these rules provide advanced  
6 | knowledge to all parties of how the Commission will be evaluating used  
7 | and useful issues. This will allow parties to better prepare for areas  
8 | that in their opinion must be litigated. Finally, by providing as many  
9 | separate categories as are provided (i.e. source, treatment, storage,  
10 | transmission, distribution, etc.), a company may use the formulas for  
11 | most of the categories and provide evidence on a specific category where  
12 | it is believed that their company has unique characteristics or  
13 | circumstances.

14 | In summary, while I agree we will never and should never have a single  
15 | formula to determine used and useful allowances, I believe a set of  
16 | formulas and allowances can be developed and adopted that provide  
17 | allowances that are fair, just and reasonable. Furthermore, I believe  
18 | the adoption of such a rule will ultimately lead to a reduction in rate  
19 | case expense as a result of companies using these formulas.

20 | Q. DO YOU HAVE ANY COMMENTS REGARDING CHANGES IN RULE 25-30.432, FLORIDA  
21 | ADMINISTRATIVE CODE?

22 | A. Yes. While the provisions of proposed rule 25-30.432 represent a major  
23 | step in the right direction, I believe we can fine tune these provisions  
24 | to obtain a better rule.

25 | The rule, as proposed, contains an inherent bias towards design

1 criteria. This is only natural since we started the process with the  
2 idea of what is correct from both a long run economic perspective and  
3 an engineering design perspective. As a result, the proposed formulas  
4 and allowances yield results that are biased towards these perspectives.  
5 Since the purpose here (or goal of these rules) is to obtain a simple  
6 to understand set of formulas and allowances that fairly approximate  
7 what the Commission would allow, I believe we can modify certain aspects  
8 of the proposed rule and obtain better results and, therefore, a better  
9 rule. I have examined the expected results of the proposed rules,  
10 applied Commission policy and practice as evidenced in previous  
11 decisions and identified several areas where I believe changes should  
12 be made and clarification is needed.

13 Q. WOULD YOU PLEASE IDENTIFY THE AREAS IN QUESTION AND EXPLAIN WHAT CHANGES  
14 AND CLARIFICATIONS YOU RECOMMEND?

15 A. Yes. The first area of clarification and fine tuning is margin reserve.  
16 I believe language should be added that clarifies the current Commission  
17 practice of allowing margin reserve if a utility requests it. In  
18 addition, I believe the allowance of 20% of capacity is too high and  
19 should be reduced to 12%. Also, because utilities like Palm Coast exist  
20 where available capacity is in place to serve more than ten times the  
21 existing customer base, a cap needs to be placed on this allowance. For  
22 these situations, I believe anticipated customer base five years in the  
23 future is a reasonable level of capacity to use for a margin.

24 A second area is the buildout provisions of the rule. Currently the  
25 rule states that if a system is expected to be built out within 36

1 months, the system is considered 100% used and useful. To begin, the  
2 language needs to be cleaned up to clearly state this. In addition, the  
3 period of 36 months should be reduced to 24 months. This shorter period  
4 is a more reasonable planning period to work with. Also, language needs  
5 to be added to provide for a phase-in of the revenue effect of the build  
6 out provisions over the same 24 month period.

7 Third, the automatic 100% used and useful provisions for water  
8 transmission, non-developer related water distribution, non-developer  
9 related wastewater collection system and pumping stations and wastewater  
10 force mains should be replaced with the formulas for developer related  
11 systems. This better reflects the allowances granted by the Commission  
12 and eliminates the distinction between developer related and non-  
13 developer related companies. Finally, the 100% used and useful  
14 provision for other water facilities and other wastewater facilities  
15 should remain.

16 Fourth, the fire flow provisions should be modified to better reflect  
17 Commission practice. Specifically, language should be added that  
18 provides for a fire flow allowance only up to the capacity of the  
19 system. This is current Commission practice. Also, it should be  
20 clarified that the Commission may order a utility to add capacity to  
21 meet fire flow requirements and, if so, may include the additional  
22 investment in rate base. Finally, the inclusion of fire flow in the  
23 used and useful calculations for the distribution system should be  
24 simplified more. The current rule is too involved and implies an  
25 accuracy that I do not believe exists. I believe the fire flow

1 | allowance for the distribution should be calculated by counting each  
2 | working fire hydrant as one ERC.

3 | Fifth, the allowance for inflow should be reduced from 10% to 7% of  
4 | treated flows and the rule language should be clarified to eliminate  
5 | force mains from the from the infiltration provisions. Seven percent  
6 | is a more reasonable amount for this allowance and it is my  
7 | understanding that force mains are sealed and infiltration is not a  
8 | factor.

9 | Sixth, the definition of fill-in lots should be changed. While I agree  
10 | with the concept of a fill-in allowance, I believe the proposed method  
11 | is difficult to administer and apply, very time consuming and creates  
12 | an area of controversy rather than eliminating one. Instead, I believe  
13 | a fill-in allowance of 7% of the actual test year ERCs is appropriate  
14 | and should be used.

15 | Finally, seventh, there are several definitions that should be added to  
16 | the rules. These are gallons per day, gallons per minute, equivalent  
17 | residential connection and single family residence. The addition of  
18 | these definitions will make the rules more easily understood.

19 | In summary, I believe the proposed rule can be modified to better  
20 | reflect the allowances granted by the Commission. I recommend the  
21 | changes I have discussed and have provided language that does this as  
22 | Exhibit CHH 3.

23 | Q. WHAT IS THE PURPOSE OF THE PROPOSED NEW RULE 25-30.433, FLORIDA  
24 | ADMINISTRATIVE CODE?

25 | A. The purpose of Section 1 is to codify Commission practice and policy and



1 to clearly delineate for all parties what is and is not considered by  
2 the Commission in determining whether or not a utility's service is  
3 satisfactory. For many years the issue of quality of service was  
4 considered by the Commission without any standards for what constituted  
5 satisfactory or unsatisfactory service. Over the past six years we have  
6 developed factors to be considered and established standards to be used  
7 in every proceeding to determine quality of service. Since these  
8 factors and standards have been established and are being used  
9 consistently, they should be codified in the rule. I believe Section  
10 (1) does this and should be adopted.

11 Q. DO YOU HAVE ANY COMMENTS REGARDING CHANGES IN RULE 25-30.435, FLORIDA  
12 ADMINISTRATIVE CODE?

13 A. Yes. Mr. Willis has provided comments regarding the Commission's  
14 proposed rule 25-30.435 which I agree with. However, I do not believe  
15 that this rule is broad enough for the industry and it should be  
16 modified. Specifically, I believe the Commission should adopt both the  
17 Commission proposed rule and the alternative rule included in the  
18 recommendation for the March 5th, Special Agenda Conference. The  
19 Commission proposed rules require a company with multiple systems to  
20 file all systems when requesting rate relief. I believe this rule will  
21 work well for many multi-system companies and save both time and money  
22 for all. However, I believe for some companies the alternative rule  
23 would work much better. For example, the alternative rule requires a  
24 company with multiple systems to file all joint and common cost  
25 information necessary for the Commission to determine allocated costs

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and factors for the individual systems. The company may then file for rate relief for a single system without involving the other systems. This rule would work better than the Commission proposed rule, for a company with only a few large systems. I believe we should have both options available in the industry and recommend we adopt both. I have provided language that does this as Exhibit CHH 4.

2. (h) For an application for approval of charges or conditions for service availability filed pursuant to section 367.101, Florida Statutes, the amount of the fee shall be as follows:

1. For utilities with the existing and proposed capacity to serve up to 100 ERCs, \$100;

2. For utilities with the existing and proposed capacity to serve from 101 to 200 ERCs, \$200;

3. For utilities with the existing and proposed capacity to serve from 201 to 500 ERCs, \$500;

4. For utilities with the existing and proposed capacity to serve from 501 to 2,000 ERCs, \$1,000;

5. For utilities with the existing and proposed capacity to serve from 2,001 to 4,000 ERCs, \$1,750;

6. For utilities with the existing and proposed capacity to serve more than 4,000 ERCs, \$2,250.

(1) When a utility files any application for a certificate of authorization certification, extension, transfer pursuant to sections 367.045, 367.071 and 367.171, Florida Statutes, or files any request for a rate change pursuant to sections 367.081, 367.0814 and 367.0822, Florida Statutes, rate change, (except an index or pass-through), or files for authorization to collect or change service availability charges pursuant to section 367.101, Florida Statutes, the utility shall remit a fee. A separate fee shall apply for water service and wastewater service. A separate fee shall also apply for each section listed above. For purposes of this rule, capacity is determined by combining the capacities of all systems included in the application. For purposes of this rule, an equivalent residential connection (ERC) is 350 gallons per day (gpd) for water service and 280 gallons per day (gpd) for wastewater service.

(2) ~~(i) For utilities filing pursuant to Rule 25-30.435, P.A.C. "Application for a Rate Increase by an Applicant that Owns Multiple Systems", or 25-30.565 "Application for Approval of New or Revised Service Availability Policy or Charges", the fees in paragraphs (2)(e), (g), and (h) above, shall be determined by combining the capacity of all systems included in the application.~~

2  
3 25-30.432 Used and Useful in Rate Case Proceedings.

4 (1) The Commission shall allow a utility to recover, through  
5 authorized rates, charges and fees, the costs incurred in meeting  
6 its statutory obligations to provide safe, efficient and sufficient  
7 service. The utility's investment, prudently incurred, in meeting  
8 its statutory obligations shall be considered used and useful.

9 (2) It is the policy of the Commission to encourage utility  
10 planning that recognizes conservation, environmental protection,  
11 economies of scale, and which is economically beneficial to its  
12 customers over the long term.

13 (3) In determining those portions of water and wastewater  
14 systems that are used and useful in serving the public, the  
15 Commission shall consider:

16 (a) the design and construction requirements set forth in  
17 Chapter 17-555, F.A.C., Permitting and Construction of Public Water  
18 Systems and Chapter 17-600, F.A.C., Domestic Wastewater Facilities;

19 (b) the investment in land acquired or facilities constructed  
20 or to be constructed in the public interest within a reasonable  
21 time in the future;

22 (c) the prudence of the investment, taking into consideration  
23 such factors as the treatment process, water storage capacity,  
24 economies of scale, the historical and projected rate of growth in  
25 customers and demand, seasonal demand characteristics, residential

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1 and commercial mix, and the configuration of the service area.

2 (4) To encourage long-term planning and least cost system  
3 design, the Commission, at a minimum, shall consider as used and  
4 useful the level of investment that would have been required had  
5 the utility designed and constructed the system to serve only its  
6 existing customer base.

7 (5) For the purpose of calculating used and useful, the  
8 following specific factors shall apply. When applying these  
9 factors, references to customer demand shall mean the demand per  
10 equivalent residential connection (ERC) used for design or  
11 permitting or the actual historical demand per ERC, whichever is  
12 greater.

13 (a) Margin Reserve

14 1. The Commission recognizes that for a utility to meet its  
15 statutory responsibility, it must have sufficient capacity and  
16 investment to meet the existing and changing demands of present  
17 customers and the demands of potential customers within a  
18 reasonable time. The investment needed to meet the demands of  
19 potential customers and the changing demands of existing customers  
20 is defined as margin reserve. As a matter of policy, the  
21 Commission recognizes margin reserve as a component of used and  
22 useful rate base. ~~The Commission shall include an allowance for~~  
23 ~~margin reserve if requested by the utility.~~

24 2. In determining the allowable investment in margin  
25 reserve, the Commission shall consider, but not be limited to, the

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1 functions of each component of plant (treatment, transmission,  
2 distribution, etc.), the treatment process, regulatory  
3 requirements, including those requiring plant redundancies,  
4 regulatory lag, the rate of growth in customers and demand,  
5 seasonal demand characteristics, the economies of scale, and the  
6 construction time frame.

7 3. As a part of its rate filing, the utility shall submit  
8 historical data for a minimum of five years preceding the test year  
9 for the year-end number of customers by class and meter size; the  
10 annual sales by class; the annual treated or pumped flows for the  
11 system; and monthly system peak day flows.

12 4. Unless otherwise justified, the following margin reserve  
13 allowances shall be used:

14 a. Water source and treatment facilities and wastewater  
15 treatment and disposal facilities: ~~12~~ <sup>20</sup> percent of the permitted  
16 or actual ERC capacity, whichever is greater;

17 b. Prudently constructed water transmission mains and off-  
18 site wastewater force and gravity collector mains and pumping  
19 stations: ~~12 percent of the ERCs capable of being served. shall be~~  
20 ~~considered 100 percent used and useful, and margin reserve shall~~  
21 ~~therefore not be a factor.~~

22 c. Non-contributed on-site water distribution mains and  
23 services and on-site wastewater collection mains, pumping stations  
24 and laterals: ~~12~~ <sup>20</sup> percent of the ERCs capable of being served.

25 ~~a. However, where the utility demonstrates that such portions~~

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1 of the system will likely reach build-out within 24 36 months after  
2 the test year, ~~such portions of~~ the system shall be considered 100  
3 percent used and useful, and margin reserve shall therefore not be  
4 a factor.

5 e. Where the available capacity exceeds test year required  
6 capacity by 500% or more, available capacity shall be the capacity  
7 required to serve the anticipated customer base five years in the  
8 future.

9 (b) Fire Flow

10 1. Fire flow shall be considered in used and useful  
11 calculations for any utility that requests that fire flow be a  
12 consideration it its system requirements.

13 2. An allowance for fire flow shall be included in used and  
14 useful calculations up to the capacity of the system. ~~Insufficient~~  
15 capacity to provide adequate fire flows shall not be grounds to  
16 exclude fire flows as a factor in determining used and useful;  
17 ~~however~~ The Commission may require the utility to take the steps  
18 necessary to provide adequate fire flow capacity. In doing so, the  
19 Commission shall set a reasonable timetable for compliance and may  
20 withhold that portion of the rates associated with the required  
21 additions and fire flow capacity allowed, until the requirements  
22 set by the Commission are met.

23 3. When fire flow requirements are set by a governmental  
24 authority, those requirements shall be the basis for determining  
25 the fire flow component of used and useful. In such cases, as part

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1 of its rate filing, the utility shall identify and file with the  
2 Commission a copy of the applicable governmental fire flow  
3 requirements. In all other cases, unless specific support is  
4 provided, the Commission shall consider a minimum fire flow demand  
5 to be 500 gallons per minute (gpm) for single family and 1,500 gpm  
6 for multiple family and commercial areas for a duration of 2 hours  
7 for needed fire flows up to 2500 gpm, and 3 hours for needed fire  
8 flows of 3000 and 3500 gpm. Such requirements shall be satisfied  
9 without causing deterioration of water pressure below 20 pounds per  
10 square inch (psi).

11 (c) Unaccounted for Water

12 1. The Commission's policy is to recognize conservation of  
13 water as a fundamental and proper concern of water system  
14 operation. The Commission encourages water utilities to exercise  
15 good operational and economic management toward preventing  
16 depletion and wasteful use of this important natural resource.  
17 Good modern water utility practice dictates that, wherever  
18 possible, all customer services and plant output and plant uses be  
19 metered and reasonable records be kept.

20 2. Unaccounted for water is all water produced or purchased  
21 by a water utility that is neither sold, metered nor accounted for  
22 in the records of the utility. Water, other than that sold, that  
23 shall be accounted for includes, but is not limited to, water for  
24 plant operations, line flushing, hydrant testing, hydrant use,  
25 sewer cleaning, street cleaning, line breaks, leakage, theft,

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1 unauthorized use, malfunctions and meter errors.

2       3. The Commission recognizes that some uses of water are  
3 readily measurable and others are not. The Commission encourages  
4 each utility to establish procedures to measure or estimate the  
5 quantity of water used but not sold, by cause, and to maintain  
6 documentation for those measurements and estimates.

7       4. The Commission shall consider the amount of unaccounted  
8 for water in determining used and useful ~~plant percentages expenses~~  
9 and shall allow the American Water Works Association's Standards'  
10 design level of leakage (2-3 percent plus the standard 10 percent  
11 for a maximum of 12.5 percent) without further explanation. The  
12 Commission may impute revenues or reduce purchased power and  
13 chemical expenses where inadequate explanation is given for  
14 unaccounted for water in excess of this amount.

15       (d) Infiltration and Inflow

16       1. The Commission's policy is to consider the impact of  
17 infiltration and inflow on wastewater treatment and collection  
18 systems in determining the appropriate level of operation and  
19 maintenance expenses. Infiltration refers to those extraneous  
20 flows (usually from groundwater sources) that enter the wastewater  
21 system through openings in pipes that may be caused by normal  
22 deterioration, corrosion, or damage from ground movement or  
23 structural overload. Inflow refers to extraneous flows from  
24 sources other than infiltration, such as surface water run-off into  
25 manholes or from unauthorized connections to surface water sources.

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1 Although a utility has little control over the amount of inflow, it  
2 shall provide an estimate, with support, of the annual flows in its  
3 system due to inflow. Without specific support, allowable inflow  
4 will be ~~7.18~~ percent of treated flows.

5 2. The Commission recognizes as reasonable the Infiltration  
6 Specification Allowances set forth in Water Environment Federation  
7 Manual of Practice No. 9. Absent sufficient justification to the  
8 contrary, excess infiltration is defined as flows in excess of 500  
9 gallons per day per inch diameter of pipe per mile (gpd/in.  
10 diam/mile) for all ~~gravity~~ lines, including service laterals.

11 (e) Cost/benefit Analysis - The Commission may order a  
12 utility to perform a cost/benefit analysis to determine the amount  
13 of water losses or wastewater infiltration that may be economically  
14 eliminated. If the cost/benefit analysis is ordered by the  
15 Commission in the course of evaluating a rate application, the  
16 actual or estimated prudent cost of the analysis shall be recovered  
17 through the revenues authorized in that rate proceeding, and the  
18 cost shall be amortized over three years. If the analysis is  
19 ordered outside of a formal rate proceeding, the utility may  
20 request the cost be recovered through a limited proceeding pursuant  
21 to section 367.0822, F.S.

22 (f) Used and Useful Analysis -

23 1. As a part of its rate filing, each utility shall provide  
24 a determination of the used and useful percentage for each primary  
25 plant account along with the supporting formulas and documentation.

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1        2. In lieu of presenting evidence in support of used and  
2 useful percentages, the utility may elect to use the default  
3 formulas in Rule 25-30.432(6), F.A.C., for calculating used and  
4 useful percentages for water supply, treatment, pumping and storage  
5 equipment, water transmission and distribution systems, wastewater  
6 treatment and effluent disposal equipment, and wastewater pumping  
7 and collection systems. The terms used in the default formulas are  
8 defined in Rule 25-30.432(7).

9        (6) Used and useful default formulas. When the utility  
10 demonstrates that the system will likely reach buildout within 24  
11 months after the test year, the system shall be considered 100  
12 percent used and useful. The revenue requirement resulting from  
13 this provision shall be phased in over a period of 24 months with  
14 a minimum of four steps in rates. The level of anticipated growth  
15 must occur for each phase prior to implementation of the respective  
16 approved rates.

17        (a) Small water systems (less than 1 million gallons per day  
18 (MGD) capacity).

19        1. Small water systems (less than 1 MGD capacity) with  
20 adequate reliable finished water storage capacity to meet the local  
21 fire flow ordinances and to meet the peak hour demand of its  
22 customers shall use the following formulas:

23        a. Water source of supply:

24            (Maximum Day Demand + Margin Reserve) / Firm Reliable  
25            Capacity

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- 1 b. Water treatment equipment:  
2 (Maximum Day Demand + Margin Reserve) / Firm Reliable  
3 Capacity
- 4 c. Finished water storage:  
5 (Equalization Volume + Fire Flow Requirement + Emergency  
6 Storage + Margin Reserve) / Firm Reliable Capacity
- 7 d. Water high service pumping:  
8 (Instantaneous Demand + Margin Reserve) / Firm Reliable  
9 Capacity
- 10 or, if the utility chooses:  
11 (Peak Hour Demand + Fire Flow Requirement + Margin  
12 Reserve) / Firm Reliable Capacity
- 13 e. Other water facilities: 100 percent used and useful
- 14 f. Water transmission system and distribution system:  
15 100 percent used and useful
- 16 g. Water distribution system — non-developer related:  
17 100% used and useful
- 18 h. Water distribution system — developer related, single  
19 family developments:  
20 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
21 with Service Available) + Fire Flow Allowance
- 22 g.i. Water transmission and distribution system — developer  
23 related, mixed developments (e.g., single family, multi-family and  
24 commercial):  
25 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC

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1           Capacity) + Fire Flow Allowance

2        2. Small water systems (less than 1 MGD capacity) with no  
3 storage facilities other than hydropneumatic tanks or with  
4 insufficient storage to buffer the instantaneous demands of its  
5 customers shall use the following formulas:

6        a. Water source of supply:

7           (Instantaneous Demand + Margin Reserve) / Firm Reliable  
8 Capacity

9           or, if the utility chooses:

10          (Maximum Day Demand + Fire Flow Requirement + Margin  
11 Reserve) / Firm Reliable Capacity

12        b. Water treatment equipment:

13           (Instantaneous Demand + Margin Reserve) / Firm Reliable  
14 Capacity

15           or, if the utility chooses:

16          (Maximum Day Demand + Fire Flow Requirement + Margin  
17 Reserve) / Firm Reliable Capacity

18        c. Finished water storage: 100 percent used and useful

19        d. Water high service pumping:

20           (Instantaneous Demand + Margin Reserve) / Firm Reliable  
21 Capacity

22           or, if the utility chooses:

23          (Peak Hour Demand + Fire Flow Requirement + Margin  
24 Reserve) / Firm Reliable Capacity

25        e. Other water facilities: 100 percent used and useful

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1 f. Water transmission system and distribution system ~~100~~  
2 ~~percent used and useful~~

3 ~~g. Water distribution system non-developer related:~~  
4 ~~100 percent used and useful~~

5 ~~h. Water distribution system developer related, single~~  
6 family developments:

7 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
8 with Service Available) + Fire Flow Allowance

9 ~~g. Water transmission and distribution system developer~~  
10 ~~related, mixed developments (e.g., single family, multi-family and~~  
11 commercial):

12 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
13 Capacity) + Fire Flow Allowance

14 (b) Medium water systems (1 MGD to 5 MGD Capacity):

15 1. Medium water systems (1 MGD to 5 MGD capacity) with  
16 adequate reliable finished water storage capacity to meet the local  
17 fire flow ordinances and to meet the peak hour demand of its  
18 customers shall use the following formulas:

19 a. Water source of supply:

20 (Maximum Day Demand + Margin Reserve) / Firm Reliable  
21 Capacity

22 b. Water Treatment Equipment:

23 (Maximum Day Demand + Margin Reserve) / Firm Reliable  
24 Capacity

25 c. Finished water storage:

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1 (Equalization Volume + Fire Flow Requirement + Emergency  
2 Storage + Margin Reserve) / Firm Reliable Capacity

3 d. Water high service pumping:

4 (Peak Hour Demand + Margin Reserve) / Firm Reliable  
5 Capacity

6 or, if the utility chooses:

7 (Maximum Day Demand + Fire Flow Requirement + Margin  
8 Reserve) / Firm Reliable Capacity

9 e. Other water facilities: 100 percent used and useful

10 f. Water transmission and distribution system: ~~100 percent~~  
11 ~~used and useful~~

12 ~~g. Water distribution system non-developer related: 100~~  
13 ~~percent used and useful~~

14 ~~h. Water distribution system developer related, single~~  
15 ~~family developments:~~

16 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
17 with Service Available) + Fire Flow Allowance

18 ~~g.i. Water transmission and distribution system developer~~  
19 ~~related, mixed developments (e.g., single family, multi-family and~~  
20 ~~commercial):~~

21 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
22 Capacity) + Fire Flow Allowance

23 2. Medium water systems (1 MGD to 5 MGD capacity) with no  
24 storage facilities other than hydropneumatic tanks or with  
25 insufficient storage to buffer the instantaneous demands of its

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1 customers shall use the following formulas:

2 a. Water source of supply:

3 (Peak Hour Demand + Margin Reserve) / Firm Reliable  
4 Capacity

5 or, if the utility chooses:

6 (Maximum Day Demand + Fire Flow Requirement + Margin  
7 Reserve) / Firm Reliable Capacity

8 b. Water treatment equipment:

9 (Peak Hour Demand + Margin Reserve) / Firm Reliable  
10 Capacity

11 or, if the utility chooses:

12 (Maximum Day Demand + Fire Flow Requirement + Margin  
13 Reserve) / Firm Reliable Capacity

14 c. Finished water storage: 100 percent used and useful

15 d. Water high service pumping:

16 (Peak Hour Demand + Margin Reserve) / Firm Reliable  
17 Capacity

18 or, if the utility chooses:

19 (Maximum Day Demand + Fire Flow Requirement + Margin  
20 Reserve) / Firm Reliable Capacity

21 e. Other water facilities: 100 percent used and useful

22 f. Water transmission and distribution system: 100 percent

23 ~~used and useful;~~

24 ~~a. Water distribution system — non-developer related;~~

25 ~~100 percent used and useful~~

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1 ~~h. Water distribution system developer related, single~~  
2 family developments:

3 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
4 with Service Available) + Fire Flow Allowance

5 ~~g.i. Water transmission and distribution system developer~~  
6 ~~related, mixed developments (e.g., single family, multi-family and~~  
7 commercial):

8 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
9 Capacity) + Fire Flow Allowance

10 (c) Large water systems (over 5 MGD Capacity):

11 1. Large water systems (over 5 MGD capacity) with adequate  
12 reliable finished water storage capacity to meet the local fire  
13 flow ordinances and to meet the peak hour demand of its customers  
14 shall use the following formulas:

15 a. Water source of supply:

16 (Average 5 Maximum Days Demand + Margin Reserve) / Firm  
17 Reliable Capacity

18 b. Water treatment equipment:

19 (Average 5 Maximum Days Demand + Margin Reserve) / Firm  
20 Reliable Capacity

21 c. Finished water storage:

22 (Equalization Volume + Fire Flow Requirement + Emergency  
23 Storage + Margin Reserve) / Firm Reliable Capacity

24 d. Water high service pumping:

25 (Peak Hour Demand + Margin Reserve) / Firm Reliable

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1 Capacity

2 or, if the utility chooses:

3 (Maximum Day Demand + Fire Flow Requirement + Margin  
4 Reserve) / Firm Reliable Capacity

5 e. Other water facilities: 100 percent used and useful

6 f. Water transmission and distribution system: ~~100 percent~~

7 ~~used and useful~~

8 ~~g. Water distribution system non-developer related: 100~~

9 ~~percent used and useful~~

10 ~~h. Water distribution system developer related, single~~

11 family developments:

12 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
13 with Service Available) + Fire Flow Allowance

14 ~~g.i. Water transmission and distribution system developer~~

15 ~~related, mixed developments (e.g., single family, multi-family and~~  
16 commercial):

17 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
18 Capacity) + Fire Flow Allowance

19 2. Large water systems (over 5 MGD capacity) with no storage  
20 facilities other than hydropneumatic tanks or with insufficient  
21 storage to buffer the instantaneous demands of its customers shall  
22 use the following formulas:

23 a. Water source of supply:

24 (Maximum Day Demand + Fire Flow Requirement + Margin  
25 Reserve) / Firm Reliable Capacity

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1 b. Water treatment equipment:

2 (Maximum Day Demand + Fire Flow Requirement + Margin  
3 Reserve) / Firm Reliable Capacity

4 c. Finished water storage: 100 percent used and useful

5 d. Water high service pumping:

6 (Peak Hour Demand + Fire Flow Requirement + Margin  
7 Reserve) / Firm Reliable Capacity

8 e. Other water facilities: 100 percent used and useful

9 f. Water transmission and distribution system ~~100 percent~~

10 ~~used and useful~~

11 ~~g. Water distribution system non developer related: 100~~

12 ~~percent used and useful~~

13 ~~h. Water distribution system developer related, single~~

14 family developments:

15 ((Lots Served + Fill-in Lots + Margin Reserve) / Lots  
16 with Service Available) + Fire Flow Allowance

17 ~~g.i. Water transmission and distribution system developer~~

18 ~~related, mixed developments (e.g., single family, multi-family and~~

19 commercial):

20 ((Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
21 Capacity) + Fire Flow Allowance

22 (d) Wastewater systems:

23 1. Wastewater collection system and pumping stations ~~non~~

24 ~~developer related: 100 percent used and useful~~

25 ~~2. Wastewater collection system and pumping stations~~

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1 ~~Developer related~~, single family developments:

2 (Lots Served + Fill-in Lots + Margin Reserve) / Lots with  
3 Service Available

4 ~~2.3~~ Wastewater collection system and pumping stations

5 ~~Developer related~~, mixed developments (e.g., single family, multi-  
6 family and commercial):

7 (Connected ERCs + Fill-in ERCs + Margin Reserve) / ERC  
8 Capacity

9 ~~4.1~~ Wastewater force main: 100 percent used and useful

10 ~~3.5~~ Wastewater treatment equipment:

11 (Maximum Month Flow + Margin Reserve) / Firm Reliable  
12 Capacity

13 ~~4.6~~ Effluent disposal facilities:

14 (Maximum Month Flow + Margin Reserve) / Firm Reliable  
15 Capacity

16 ~~5.7~~ Other wastewater facilities: 100 percent used and useful

17 (7) Definitions - the following definitions apply to the  
18 default formulas in Rule 25-30.432(6), F.A.C., for determining used  
19 and useful water and wastewater facilities.

20 (a) Average 5 Maximum Days Demand - the average of the 5 days  
21 with the greatest demand attained by a water system during the past  
22 5 years, exclusive of emergency or fire flow events.

23 (b) Effluent Disposal Facilities - this includes, but is not  
24 limited to, the transmission lines, percolation and evaporation  
25 ponds, sprayfields, irrigation systems, and deep wells utilized in

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1 the disposal of effluent or reclaimed water.

2 (c) Emergency Storage - that storage required by a water  
3 system to meet the emergency-like demands of the customers.  
4 Typically, Emergency Storage is made available when it is more cost  
5 effective to provide the storage and pumping facilities than to add  
6 redundancy to the system for emergency conditions. The quantity of  
7 Emergency Storage need is a function of the duration of the  
8 emergency condition and is typically assumed to be approximately  
9 one half of the average annual daily demand.

10 (d) Equalization Volume - the quantity of storage in a water  
11 system necessary to meet the customers' greatest demands which are  
12 beyond the throughput capacity of the source of supply or water  
13 treatment equipment.

14 (e) Fill-in Lots - 7% of actual test year ERCs. The total  
15 number of unoccupied residential lots on isolatable sections of the  
16 distribution system in which at least 25 percent of the lots are  
17 currently, or in the past have been provided active water or  
18 wastewater service, as applicable.

19 (f) Fire Flow Allowance - an allowance for the capacity of a  
20 water distribution system, calculated as one ERC for each working  
21 fire hydrant using the following formula:

22 Fire Flow Allowance = (Fire Flow Requirement / (Fire Flow  
23 Requirement + Maximum Day Demand)) X (1 - ((Average number of  
24 ERCs connected to the distribution system + Margin Reserve in  
25 ERCs) / Capacity of the distribution system in ERCs))

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1       (g) Fire Flow Requirement - as defined in 25-30.432(5)(b),  
2 F.A.C.

3       (h) Firm Reliable Capacity - the capacity of a particular  
4 component of a water or wastewater facility in which at least the  
5 largest unit is assumed to be out of service. If the used and  
6 useful category contains several components, the Firm Reliable  
7 Capacity is assumed to be the limiting component in that category  
8 with the largest unit out of service. For finished water storage,  
9 the Firm Reliable Capacity excludes any unusable or dead storage.

10       (i) Instantaneous Demand - the greatest demand that a water  
11 system attains. It is typically used only as a design criteria for  
12 small water systems with no storage and a small distribution system  
13 that does not have the ability to absorb these instantaneous  
14 demands through depressurization of the distributions system. Rule  
15 25-30.432(8), F.A.C., shall be used to determine the instantaneous  
16 demand unless specific quantitative information indicates greater  
17 demands.

18       (j) Large Water System - a system that has a reliable  
19 capacity of more than 5 million gallons per day. Based upon Rule  
20 17-699.310(4), F.A.C., operation requirements, a Large Water System  
21 would require at least one shift per day of operations for a  
22 Category IV or V system (aeration or chlorination) and at least a  
23 double shift of operations for Category I, II, or III (filtration,  
24 softening or reverse osmosis).

25       (k) Lots Served - the total number of residential lots that

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1 are currently, or in the past have been, provided active water or  
2 wastewater service, as applicable, plus lots occupied but never  
3 connected to the system that are capable of being provided service  
4 by the existing distribution or collection system.

5 (l) Lots with Service Available - the total number of  
6 residential lots that currently have the water distribution or  
7 wastewater collection system, as applicable, immediately available.

8 (m) Margin Reserve - as defined in 25-30.432(5)(a), F.A.C.

9 (n) Maximum Day Demand - the maximum daily demand that a  
10 water system attained during the past 5 years of time, exclusive of  
11 emergency or fire flow events. Typical design criteria allow .55  
12 gpm per ERC.

13 (o) Maximum Month Flow - the average daily flow through a  
14 wastewater treatment facility for the month with the highest total  
15 flow during the past five years.

16 (p) Medium Water System - a system that has a reliable  
17 capacity of between 1 million gallons per day and 5 million gallons  
18 per day. Based upon Rule 17-699.310(4), F.A.C., operation  
19 requirements, a Medium Water System would require less than 24  
20 hours per day operation but greater operational requirements than  
21 a small system.

22 (q) Other Wastewater Facilities - this includes, but is not  
23 limited to, disinfection units, emergency generators, auxiliary  
24 engines, customer service laterals, laboratory equipment, utility  
25 office and other general plant and equipment used in the operation

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1 of a wastewater system.

2 (r) Other Water Facilities - this includes, but is not  
3 limited to, disinfection facilities, emergency generators,  
4 auxiliary engines, customer service lines and meters, laboratory  
5 equipment, utility office and other general plant used in the  
6 operation of a water system.

7 (s) Peak Hour Demand - the greatest demand attained by a  
8 water system over a sustained period of 60 minutes. Typical design  
9 criteria allows for a Peak Hour Demand of 2 times the maximum day  
10 demand or 1.1 gpm per ERC.

11 (t) Small Water System - a system that has a reliable  
12 capacity of less than 1 million gallons per day. Based upon Rule  
13 17-699.310(4), F.A.C., operation requirements, a Small Water System  
14 would require less than 1 hour per day visit for a Category IV or  
15 V system (aeration and chlorination) and less than 8 hours of  
16 operation for a Category I, II or III system (filtration, softening  
17 or reverse osmosis).

18 (u) Wastewater Collection System and Pumping Stations - this  
19 includes, but is not limited to, all the gravity collection lines  
20 from the customer sewer lateral to and including the wastewater  
21 pumping stations.

22 (v) Wastewater Force Mains - this includes, but is not  
23 limited to, the force mains from the discharge of the pumping  
24 stations to the influent structure at the wastewater treatment  
25 facilities.

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1        (w) Wastewater Treatment Equipment - this includes, but is  
2 not limited to, the influent structure, pretreatment facilities,  
3 pumping, aeration, clarification, filtration, chlorine contact and  
4 effluent pumping equipment.

5        (x) GPD - Gallons per day.

6        (y) GPM - Gallons per minute.

7        (z) ERC - Equivalent residential connection.

8        (aa) SFR - Single family residence. see ERC.

9        (8) Unless specific quantitative information indicates  
10 greater demands, a water system's Instantaneous Demand, for  
11 purposes of determining used and useful, will be calculated from  
12 the following table:

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INSTANTANEOUS DEMANDS PER ERC

	<u>No.</u> <u>of</u> <u>ERCs</u>	<u>Instantaneous</u> <u>Demand</u> <u>(GPM)</u>	<u>No.</u> <u>of</u> <u>ERCs</u>	<u>Instantaneous</u> <u>Demand</u> <u>(GPM)</u>	<u>No.</u> <u>of</u> <u>ERCs</u>	<u>Instantaneous</u> <u>Demand</u> <u>(GPM)</u>	<u>No.</u> <u>of</u> <u>ERCs</u>	<u>Instantaneous</u> <u>Demand</u> <u>(GPM)</u>
1								
2								
3								
4								
5	<u>1</u>	<u>15</u>	<u>26</u>	<u>124</u>	<u>51</u>	<u>203</u>	<u>76</u>	<u>279</u>
6	<u>2</u>	<u>20</u>	<u>27</u>	<u>128</u>	<u>52</u>	<u>206</u>	<u>77</u>	<u>282</u>
7	<u>3</u>	<u>25</u>	<u>28</u>	<u>132</u>	<u>53</u>	<u>209</u>	<u>78</u>	<u>285</u>
8	<u>4</u>	<u>30</u>	<u>29</u>	<u>136</u>	<u>54</u>	<u>212</u>	<u>79</u>	<u>288</u>
9	<u>5</u>	<u>35</u>	<u>30</u>	<u>140</u>	<u>55</u>	<u>215</u>	<u>80</u>	<u>291</u>
10	<u>6</u>	<u>40</u>	<u>31</u>	<u>143</u>	<u>56</u>	<u>218</u>	<u>81</u>	<u>294</u>
11	<u>7</u>	<u>45</u>	<u>32</u>	<u>146</u>	<u>57</u>	<u>221</u>	<u>82</u>	<u>297</u>
12	<u>8</u>	<u>50</u>	<u>33</u>	<u>149</u>	<u>58</u>	<u>224</u>	<u>83</u>	<u>300</u>
13	<u>9</u>	<u>55</u>	<u>34</u>	<u>152</u>	<u>59</u>	<u>227</u>	<u>84</u>	<u>303</u>
14	<u>10</u>	<u>60</u>	<u>35</u>	<u>155</u>	<u>60</u>	<u>230</u>	<u>85</u>	<u>306</u>
15	<u>11</u>	<u>64</u>	<u>36</u>	<u>158</u>	<u>61</u>	<u>233</u>	<u>86</u>	<u>309</u>
16	<u>12</u>	<u>68</u>	<u>37</u>	<u>161</u>	<u>62</u>	<u>237</u>	<u>87</u>	<u>312</u>
17	<u>13</u>	<u>72</u>	<u>38</u>	<u>164</u>	<u>63</u>	<u>240</u>	<u>88</u>	<u>315</u>
18	<u>14</u>	<u>76</u>	<u>39</u>	<u>167</u>	<u>64</u>	<u>243</u>	<u>89</u>	<u>318</u>
19	<u>15</u>	<u>80</u>	<u>40</u>	<u>170</u>	<u>65</u>	<u>246</u>	<u>90</u>	<u>321</u>
20	<u>16</u>	<u>84</u>	<u>41</u>	<u>173</u>	<u>66</u>	<u>249</u>	<u>91</u>	<u>324</u>
21	<u>17</u>	<u>88</u>	<u>42</u>	<u>176</u>	<u>67</u>	<u>252</u>	<u>92</u>	<u>327</u>
22	<u>18</u>	<u>92</u>	<u>43</u>	<u>179</u>	<u>68</u>	<u>255</u>	<u>93</u>	<u>330</u>
23	<u>19</u>	<u>96</u>	<u>44</u>	<u>182</u>	<u>69</u>	<u>258</u>	<u>94</u>	<u>333</u>
24	<u>20</u>	<u>100</u>	<u>45</u>	<u>185</u>	<u>70</u>	<u>261</u>	<u>95</u>	<u>336</u>
25	<u>21</u>	<u>104</u>	<u>46</u>	<u>188</u>	<u>71</u>	<u>264</u>	<u>96</u>	<u>339</u>
	<u>22</u>	<u>108</u>	<u>47</u>	<u>191</u>	<u>72</u>	<u>267</u>	<u>97</u>	<u>342</u>
	<u>23</u>	<u>112</u>	<u>48</u>	<u>194</u>	<u>73</u>	<u>270</u>	<u>98</u>	<u>345</u>
	<u>24</u>	<u>116</u>	<u>49</u>	<u>197</u>	<u>74</u>	<u>273</u>	<u>99</u>	<u>348</u>
	<u>25</u>	<u>120</u>	<u>50</u>	<u>200</u>	<u>75</u>	<u>276</u>	<u>100</u>	<u>351</u>

For systems greater than 100 ERCs. ID = 351 x ERCs/100 in GPM

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25-30.435 Application for a Rate Increase by an Applicant that Owns Multiple Systems.

This section applies to any applicant filing under Chapters 367.081 or 367.082, F.S., that owns more than one regulated system, either water or wastewater, regardless of county boundaries. This section does not apply to an applicant filing under Chapter 367.0814. In any rate proceeding involving utilities with multiple systems, only those allocated costs established by the commission pursuant to this rule shall be allowed. An applicant must file pursuant to either subsection (1) or subsection (2). A waiver of the provisions in this rule may be granted by the Commission for good cause shown.

(1) The applicant shall include and file in a single application for a rate increase, the Minimum Filing Requirements as specified in 25-30.432, 433, 436, 437, 4385, 4415, and 443 for all jurisdictional systems owned.

(1) The applicant shall include and file the required information on all jurisdictional systems owned in the application for a rate increase regardless of whether or not the applicant is seeking a rate increase for all systems.

(a) (2) The determination of the need for a rate increase shall be made based upon the total earnings of all jurisdictional water and wastewater systems owned by the applicant.

(b) (3) After an applicant has filed an application under

this subsection rate, any need for a rate decrease shall be based on the total earnings of all jurisdictional systems owned by the applicant.

(c) (4) The applicant shall file sufficient data for non-jurisdictional systems to demonstrate that the allocation of joint and common costs to the jurisdictional systems is appropriate.

(d) (5) One capital structure shall be used and is to be calculated based on all jurisdictional and nonjurisdictional systems.

~~(6) A waiver of the provisions in this rule may be granted by the Commission for good cause shown.~~

(2) The applicant shall include and file the Minimum Filing Requirements as specified in 25-30.432, 433, 436, 437, 4385, 4415, and 443 for the jurisdictional system(s) included in the application for a rate increase.

(a) The determination of the need for a rate increase shall be made based upon the earnings of the system(s) included in the application.

(b) The amount of allocated cost allowed in the application for a rate increase shall be the amount determined by the Commission pursuant to subsection (d) of this rule.

(c) The applicant shall file the following cost information no later than March 31st of each year;

(1) The total costs being allocated prior to any allocation as well as the source of the allocation.

(2) A detailed description of the costs being allocated.

(3) The allocation method used and the basis for using that method.

(4) Sufficient data for non-jurisdictional systems to demonstrate that the allocation of joint and common costs to the jurisdictional systems is appropriate.

(d) The Commission shall enter its vote, before July 1st of each year to:

(1) Determine the prudence of the total costs filed pursuant to (c) (1) above;

(2) Establish the appropriate method for allocating the prudent costs, and;

(3) Establish the specific amount of total cost to be allocated to each system.

(4) In the event of a protest, the Commission shall hold an evidentiary hearing pursuant to 120.57 F. S.