

**PROPOSED NEW AND AMENDED RULES
FOR WATER AND WASTEWATER
DOCKET NUMBER 911082-WS
COMMENTS OF
PATTI DANIEL
ON BEHALF OF THE STAFF**

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FPSC-RECORDS/REPORTING

1 Q. WOULD YOU PLEASE STATE YOUR NAME AND ADDRESS?
2 A. Patti Daniel, 101 E. Gaines Street, Tallahassee, Florida 32399-0850.
3 Q. BY WHOM ARE YOU EMPLOYED?
4 A. The Florida Public Service Commission.
5 Q. HOW LONG HAVE YOU BEEN SO EMPLOYED?
6 A. Since April, 1984.
7 Q. WHAT IS THE PURPOSE OF YOUR COMMENTS?
8 A. The purpose of my comments is to give staff's position on the proposed
9 water and wastewater rules.
10 Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.025, F.A.C.?
11 A. The purpose of this amendment is to clarify within the definition of
12 "official date of filing" that the MFRs must be filed and accepted as
13 complete by the Director of the Division of Water and Wastewater in
14 order to establish the official date of filing. The applicant will then
15 be notified that the date has been established. This is consistent with
16 Section 367.083, F.S., which contains the time frames within which the
17 commission must notify an applicant of deficiencies. The proposed rule
18 also removes the requirement that the commission be notified that the
19 date has been established.
20 Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.030, F.A.C.?
21 A. The proposed changes to this rule are designed to provide significant
22 cost savings to both the commission and the industry, while maintaining
23 the effectiveness of noticing for certification cases. The current rule
24 contains sections on applicability of the rule, the style, content, and
25 frequency of the notice, and the appropriate recipients.

1 The first change will result in cost savings to the commission.
2 One of the reasons a utility is required to give notice of its
3 application for an original certificate, amendment, or transfer is to
4 notify other surrounding utilities and municipalities who may be
5 affected. The current rule specifies that the utilities in a four mile
6 radius should be noticed. In order to provide that information, the
7 Bureau of Certification maintains a database of all water and wastewater
8 utilities certificated by the commission, with the authorized Section,
9 Township, and Range coordinates for each. The database is updated with
10 each new certificate, amendment, or transfer. The proposed change would
11 eliminate the need for this database by requiring that all certificated
12 utilities and each municipality within the county be noticed. If a
13 portion of a proposed territory is within one mile of a county boundary,
14 the utility will also be required to notice all of the certificated
15 utilities within the bordering county. While this will require more
16 noticing to surrounding utilities and municipalities than is currently
17 required, other more costly noticing is reduced in subsequent portions
18 of the proposed rule. I believe that the cost savings to the commission
19 in this area and the other proposed savings to the utilities in other
20 areas of the noticing rule, justify the elimination of the four mile
21 list database and the change in the noticing requirement. This will not
22 affect the maintenance of the commission's directory of water and
23 wastewater utilities.

24 In the notice content portion of the rule, a requirement is added
25 to include the date the notice is given. This will clarify when the 30

1 day protest period begins.

2 The proposed rule removes the requirement that notices be mailed
3 by certified mail and allows the use of regular mail. This will provide
4 cost savings to the utility.

5 A clarification is made that the county to be noticed is the
6 county in which the system or territory proposed to be served is
7 located.

8 The requirement to notice the appropriate offices of the Department
9 of Environmental Regulation and the water management districts was added
10 to the rule. The amendment codifies the currently policy for noticing
11 these entities.

12 The most significant industry cost savings in this rule will be
13 the proposed reduction from three newspaper notices to one. Because of
14 the number of individual notices required, staff recommends that this
15 reduction will not jeopardize the intent of the noticing requirement.

16 The current rule does not require that a copy of the actual notice
17 be filed, only an affidavit that the noticing was completed. A
18 requirement is added to include a copy of the notice and a list of the
19 entities noticed with the affidavit which is filed to confirm compliance
20 with the noticing requirements. The rule requires that the affidavit
21 be filed no later than 15 days after the application. This allows the
22 utility time to obtain documentation from the newspaper that the
23 publishing had been completed.

24 Finally, the rule is amended to clarify that applications for
25 transfers to governmental authorities and name changes do not have to

1 | be noticed. This is current commission policy. Transfers to
2 | governmental authorities are granted as a matter of right pursuant to
3 | Section 367.071(4)(a), F.S. A new rule establishing filing requirements
4 | for an application for a name change will require that customers be
5 | noticed with the next regular billing, advising them of the name change.

6 | Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.032, F.A.C.?

7 | A. In the applicability section of the rule, the two new proposed
8 | applications for name changes and for expedited applications for
9 | acquisition of existing small systems are added.

10 | The requirement for number of copies of the application to be filed
11 | is reduced from fifteen to 12 copies. This will result in cost savings
12 | to the industry and the extra copies are not needed.

13 | The proposed rule clarifies that the official filing date will not
14 | be established until the utility has completed the noticing
15 | requirements. This is current commission policy.

16 | Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.033, F.A.C.?

17 | A. Three new sections are being proposed as additions to this rule on
18 | applications for original certificates. Each of these proposals is
19 | intended to put the utility on notice of certain requirements at the
20 | time it applies for a certificate. The goal is to try to assure a
21 | viable utility from the outset and to establish as close to compensatory
22 | rates as is possible.

23 | One new requirement is that the base facility charge rate
24 | structure be used for metered service unless some other structure can
25 | be justified. In light of the commission's participation in the state's

1 water conservation program, this is a very important step. It is rare
2 for a utility to request flat rates for water or wastewater service,
3 although occasionally a wastewater only utility does. For a brand new
4 utility, this provision should not be a problem to implement in setting
5 initial rates. This provision has been commission policy for many
6 years. The way the rule is worded, it does give the applicant an
7 opportunity to justify why some other structure should be used.

8 The rule also provides that the return on common equity be set
9 using the current equity leverage formula, unless good reason is shown
10 to use something else. This has also been commission policy for many
11 years. For a brand new utility, with no historical financial
12 information, this is intended as a practical solution to what would
13 otherwise be a very complex issue to justify.

14 Another new provision in this rule provides for when and how an
15 allowance for funds used during construction rate (AFUDC) should be
16 authorized in original certificate cases. These provisions are
17 consistent with current commission policy. Pursuant to Rule 25-30.116,
18 F.A.C., a utility may only accrue interest on construction projects
19 under very narrow conditions. That rule also prescribes how the rate
20 is to be established. The proposed rule adopts by reference the type
21 of projects eligible and how the discounted monthly rate is to be
22 calculated. The rate will be based on the utility's projected weighted
23 cost of capital since there will be no historical financial information.
24 The effective date will be the date of certification so that the rate
25 can apply to the initial construction.

1 Other proposed changes to this rule include a qualification on the
2 required statement as to the consistency with a local comprehensive
3 plan. The statement will be "to the best of the applicant's knowledge"
4 and as of the time the application is filed. The utilities requested
5 this amendment to give some assurance that they will not be held as
6 experts on comp plans. The regional planning council is one of the
7 entities noticed in these types of applications, as well as the local
8 municipalities and the county. These entities are probably in the best
9 position to determine whether a proposed utility is consistent with an
10 approved comp plan. Although, certainly before an applicant goes to the
11 time and expense of designing a system and filing an application, it
12 should be aware of whether its proposed service is consistent.

13 A change is also proposed to the requirement for a showing of the
14 proposed financing to include an explanation of how the funding will
15 occur. Currently, the rule only requires the applicant to identify who
16 will provide the funding. A commission goal is to verify, to the extent
17 possible, the financial viability of a new utility. This new
18 requirement will aid in that review by providing the commission with
19 documentation as to how much debt and equity is anticipated and how the
20 utility plans to obtain the funds. It should be noted that the proposed
21 rule does not require the applicant to provide any type of guarantee
22 that the owners will support the utility in the early years. I am aware
23 that other states have rules which require new utilities to obtain bonds
24 or letters of credit. We have looked at this, but I believe that it
25 would be very time consuming and difficult for the commission to have

1 to monitor and maintain such guarantees. I believe that the commission
2 has the discretion to look at the documentation provided by the
3 applicant, and if it appears that there is a serious question as to the
4 long term financial viability of the utility, it can and should deny the
5 application.

6 Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.034, F.A.C.?

7 A. Two additions are being proposed for applications for certificate for
8 existing utilities already charging for service. One is a requirement
9 for a schedule showing the number of existing and projected customers.
10 This is information that staff must currently obtain after the
11 application is filed in order to fully understand the size of the
12 utility. This requirement will allow staff to get that information up
13 front, saving everyone time in the long run.

14 Also, an addition is proposed, in cases where the applicant
15 requests more territory than it is already serving, to require the
16 applicant to identify the need for service and whether that service will
17 be consistent with the local comp plan. This information will provide
18 the commission with documentation to support the applicant's request for
19 territory beyond what it is already serving. This is consistent with
20 the commission's goal of coordinating with other agencies in regulating
21 water and wastewater utilities. The requirement for statements of the
22 need for service and consistency with the local comp plan already exists
23 in applications for original certificates pursuant to Rule 25-30.033,
24 F.A.C.

25 Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.035, F.A.C.?

1 A. As with the prior rule, a requirement is proposed to obtain a schedule
2 showing the number of existing and proposed customers. This information
3 is currently obtained by staff after the application is file to give the
4 commission a better understanding of the size of the utility applying
5 for a certificate. This requirement will allow staff to get that
6 information up front.

7 Q. WHAT IS THE PURPOSE OF THE AMENDMENTS TO RULE 25-30.036, F.A.C.?

8 a. A new style of application is proposed to allow an existing,
9 certificated utility the opportunity to expand its territory with a
10 limited filing, if the proposed territory is small. The goal is to
11 accomodate emergency situations where a well or septic tank has failed,
12 or where the utility receives a request for service by one or a very few
13 customers and the cost of the typical amendment filing makes it not cost
14 effective for the utility. The proposed territory must include a
15 maximum of 25 ERCs and there must not be an existing system in the
16 proposed territory that is willing and capable of serving.

17 We occasionally see situations were a utility is reluctant to
18 apply for an amendment when a single customer requests service outside
19 the utility's existing territory, because the existing amendment process
20 is costly and time consuming. The existing filing requirements make it
21 difficult for a utility to accomodate someone whose well or septic tank
22 has gone bad and needs to connect to an existing system quickly. The
23 goal of this rule is to expedite the utility's application in these
24 types of situations. It will save the utility time and money because
25 of the limited filing requirements.

1 The applicant for this type of amendment will not be required to
2 file those portions of the typical amendment filing requirements related
3 to financial and technical ability, consistency with the local comp
4 plan, a system map, effluent disposal, existing and proposed capacity,
5 description of customers, and impact on rates and charges. For a small
6 amendment, this type of information is not critical to the commission's
7 assessment of the application.

8 The utility will be required to file information that is necessary
9 to properly document the proposed amendment, such as evidence of land
10 ownership, a legal description of the proposed territory, a territory
11 map, a tariff reflecting the proposed territory, and an affidavit that
12 it has tariffs and annual reports on file. The utility will also be
13 required to provide notice pursuant to Rule 25-30.030, F.A.C. If no
14 objection is received, the application will be considered approved.

15 Changes to the existing amendment filing requirements include
16 removing the need for a statement to identify other utilities that could
17 potentially provide service and a qualification (which was also added
18 to original certificate applications) that the statement regarding
19 consistency with the local comp plan is "to the best of the applicant's
20 knowledge, at the time of the application". Two additional requirements
21 include the statutory requirements of information regarding the most
22 recent order setting rates and charges and an affidavit that the utility
23 has tariffs and annual reports on file.

24 Q. WHAT IS THE PURPOSE OF THE PROPOSED RULE 25-30.0371, F.A.C.?

25 A. This new rule was developed to codify existing commission policy related

1 to the definition of net book value and establishing certain criteria
2 for allowing an acquisition adjustment. The importance of a rule to
3 define the commission's policy on acquisition adjustments was
4 highlighted in the 1993 legislative session when two bills were drafted
5 which would have defined when an acquisition adjustment would be
6 allowed.

7 The definition of net book value for transfer purposes is very
8 straight forward. It does not include used and useful adjustments or
9 a working capital allowance. A feature of the proposed rule would
10 require the commission to consider the condition of the assets purchased
11 in determining net book value. This is not currently considered in
12 setting rate base. In order to accomplish this, amendments are proposed
13 to Rule 25-30.037 and .038, F.A.C., to require the buyer to describe the
14 condition of the system. An asset may be removed from rate base if it
15 is deteriorated or obsolete. This is intended to bring the net book
16 value determination closer to a true picture of the value of the assets.

17 Commission policy is codified in requiring the utility to show
18 extraordinary circumstances in order to justify an acquisition
19 adjustment, either positive or negative. In the last five years, the
20 commission has allowed 2 positive acquisition adjustments and no
21 negative adjustments. It is a commission goal to encourage the
22 acquisition of small, nonviable systems by larger utilities,
23 particularly if the small system is poorly run or in need of major plant
24 improvements. One way to accomplish that is to allow positive
25 acquisition adjustments and to disallow negative acquisition adjustments

1 if it can be shown that the customers will benefit in the long run.
2 Generally, a utility will only request an acquisition adjustment if it
3 is seeking a positive adjustment as a result of paying more for a system
4 than the net book value would indicate. A utility would probably pay
5 more than net book value for a system if there is growth potential that
6 will provide a good revenue stream in the future.

7 There is merit to allowing a positive acquisition adjustment when
8 the buyer implements its existing, lower rates through a limited
9 proceeding or in cases where the utility is in an extremely run down
10 condition. In these cases, the customers will benefit from the new
11 ownership.

12 If a utility pays less than book value, it is not required to
13 justify why a negative acquisition is inappropriate. Rate base in this
14 case would remain at the net book value and the buyer will earn a return
15 on a rate base that is higher than the purchase price. Often a large
16 utility will only buy a small existing system under this condition
17 because of the cost associated with acquiring the system and the
18 additional improvements that will have to be made. On one hand, if the
19 customers will see better service or lower rates, this is a good idea.
20 On the other hand, there may be no benefits. Staff has considered, and
21 in the 1993 legislative session a bill was drafted, that would have
22 required the negative acquisition adjustment be split between the
23 customers and stockholders. There may be certain cases where "splitting
24 the baby" would be the best alternative.

25 The new rule also provides that the commission will set rate base

1 if requested by the acquiring utility. The statute provides that the
2 commission may set rate base. In situations that would require an
3 original cost study because there is no original cost information, the
4 commission often waits until the utility applies for a rate case to set
5 rate base. An acquiring utility would likely request that rate base be
6 determined if an acquisition adjustment would affect the final sales
7 price. Some utility sales are conditioned on the commission's
8 established rate base.

9 The new rule also provides that rate base may be established based
10 on competent substantial evidence in the absence of original cost
11 documentation. This will allow the commission to use tax returns or an
12 original cost study to estimate plant in service and CIAC.

13 The bottom line is that when looking at a utility transfer, the
14 commission should look at the current condition of the utility assets
15 and customer service and the anticipated changes that may result from
16 the new owner, either through the investment of additional capital to
17 upgrade the system or through better management and customer service.
18 If the customers will enjoy better service or lower, more stable rates
19 as a result of a new owner, that should be taken into account when
20 setting rate base and considering an acquisition adjustment.

21 Q. DO YOU HAVE ANY OTHER COMMENTS?

22 A. Yes. In the proposed amendments to Rule 25-30.030, F.A.C., the
23 requirement for the utility to provide a description of the territory
24 to be included in its amendment application is removed. This was
25 initially removed because of the proposal to eliminate the four mile

1 list. However, it should be noted that one of the single most
2 frustrating filing requirements for most utilities is a proper legal
3 description. Because of the way the Division maintains maps of approved
4 service territories, the legal descriptions must not only be in section,
5 township, and range format, it must not rely on street names, plat book
6 references, lot numbers, and other points of reference that do not exist
7 on the maps used by the Division. While our application package
8 contains a separate instruction sheet which clearly outlines this
9 information, utilities are often required to renotice because the legal
10 description is improper. This is both frustrating and costly. I
11 recommend that a requirement be added to Rule 25-30.030, F.A.C. for the
12 utility to provide its proposed legal description that will be used in
13 its application at the time it requests the list of utilities for
14 noticing. Staff will then have an opportunity to work with the utility
15 to ensure that it has a proper legal description which it begins
16 noticing, which will save everyone time and money.

17 The utilities are required to notice several governmental entities
18 in paragraph (5) of the rule. Staff has always maintained and provided
19 that information to the utilities even though the utility may have that
20 information. I recommend that those entities be added to the list of
21 entities the utilities will obtain from the commission prior to noticing
22 to ensure that the utility has correct mailing addresses and does not
23 omit any of them. PD 1 contains language to require the legal
24 description at the time the noticing list is requested and adds the
25 other entities to that list to be obtained.

1 In Rule 25-30.033, F.A.C., I have noticed an oversight that needs
2 to be corrected to be consistent with our proposed change to the new
3 noticing requirements. The rule refers to utilities in a four mile
4 radius. PD 2 contains language to correct that reference.

5 Rule 25-30.033, F.A.C., should be modified to be consistent with
6 the language which is referenced in Rule 25-30.437(7), F.A.C., regarding
7 the applicant's opportunity to provide justification for use of a rate
8 structure other than the base facility charge rate structure. Exhibit
9 No. 2 contains language to require that the structure be "adequately
10 supported by the applicant" rather than "supported by the record of the
11 proceeding". The latter implies a record developed in a hearing process
12 rather than simply including justification in the application.

13 The applicability statement in Rule 25-30.036, F.A.C., relating
14 to amendments should also say "or proposes to delete a portion of its
15 service territory". In addition, in the limited amendment, there is no
16 requirement that the applicant provide a statement regarding whether the
17 proposed territory only includes a maximum of 25 ERCs, it is currently
18 only a condition that must exist. It would also be good information to
19 have a description of the type of customers to be served in order to
20 evaluate the number of ERCs that may exist in the proposed territory.
21 That condition also is not clear that it is intended to mean that a
22 maximum of 25 ERCs could be served at the time the territory is fully
23 occupied. A filing requirement should be added to include a statement
24 of the maximum number of ERCs and a description of the anticipated
25 customers. Another filing requirement should be added to provide a

1 deadline for filing the application, such as within 45 days of the
2 completion of the noticing requirements. PD 3 contains language to
3 clarify the applicability statement, to clarify the maximum 25 ERC
4 limitation, to add a requirement to file a statement regarding the 25
5 ERCs, and to add a deadline for filing the application for a limited
6 amendment.

7 In Rule 25-30.0371, F.A.C., which contains the definition of rate
8 base, I recommend that paragraph (3) be removed. This requirement says
9 that if the utility requests it, rate base will be set. Currently,
10 Section 367.071(5), F.S., provides that the commission may set rate base
11 in a transfer. I believe that it is inappropriate to bind the
12 commission beyond this. The problem that the proposed rule was designed
13 to correct is when rate base has never been set for a utility and the
14 original books and records cannot be obtained. In those cases, if the
15 proposed rule is allowed, the commission will be in a position of doing
16 an original cost study in order to set rate base or set rate base at
17 zero or somewhere in between. This is a very time consuming and
18 expensive process and it puts the commission in the position of having
19 to defend the results. If a utility truly desires to have rate base
20 set, certainly the commission will accommodate it under the existing
21 rules and statutes. If the situation requires an original cost study,
22 it should be the utility's burden to perform the work. I recommend that
23 paragraph (3) be removed and remaining paragraph be renumbered.

24 There are other areas of concern related to acquisition
25 adjustments which are not covered by the existing proposed rule. For

1 example, should the cost of acquiring a utility be included in rate
2 base? There are often substantial legal, administrative, and
3 engineering costs incurred when a utility is purchased. If the
4 customers will benefit from the acquisition, there may be merit to
5 allowing these costs in rate base. This would provide an added
6 incentive to utilities to acquire existing small systems. One of the
7 draft bills in the 1993 session would have allowed acquisition expenses
8 in excess of the acquisition price to be capitalized, but only when the
9 acquisition price exceeds the rate base. In the past these costs were
10 viewed as a cost of doing business and were not allowed in rate base.
11 However, from the buyer's point of view, the costs related to
12 investigating and negotiating the purchase of a utility are just as real
13 as the actual contract price. There has been one case in recent years
14 where the acquisition costs were included in the purchase price in
15 considering whether to grant an acquisition adjustment (Jacksonville
16 Suburban/Atlantic - Docket No. 921077-WS) I recommend that the portion
17 of the proposed rule that addresses acquisition adjustments be amended
18 to include a provision that the commission should look at prudently
19 incurred acquisition costs in determining the purchase price of a
20 utility. Those acquisition costs should include, not only the prudently
21 incurred legal and administrative costs and filing fees associated with
22 the acquisition, but also any terms of the sale that are effectively
23 acquisition costs, such as free connections to the utility for future
24 customers. This provision will not limit the commission's decision as
25 to whether to grant or deny an acquisition adjustment. It will merely

1 | define what is included in the purchase price that will be compared to
2 | net book value in determining the amount of a potential acquisition
3 | adjustment. PD 4 contains language to add prudent acquisition costs to
4 | what is considered in looking at a purchase price.

5 | Q. DO YOU HAVE ANY RESPONSES TO OPC'S COMMENTS?

6 | A. Yes. OPC proposed a change to Rule 25-30.0371(1), F.A.C., to require
7 | that construction work in progress will not be included in rate base.
8 | I believe that if construction work in progress exists at the time of
9 | transfer, the commission should recognize it in rate base. Since rate
10 | base which is established at the time of transfer is not used to set
11 | rates, the customers are not harmed by this and it serves to properly
12 | document the assets acquired in the transfer. Similarly, the commission
13 | does not make used and useful adjustments or include an allowance for
14 | working capital in rate base established at the time of transfer.

15 | OPC also provided two alternatives to Rule 25-30.0371(2), F.A.C.,
16 | to which I would like to respond. In the first alternative, they
17 | proposed a requirement that a negative acquisition adjustment should be
18 | split 20/80 between the customers and stockholders. In the second
19 | alternative, they proposed requiring the applicant to prove that a
20 | negative acquisition adjustment should not be included in rate base.
21 | I believe that neither of these is necessary in this rule. In the last
22 | sentence of paragraph (1) of staff's proposed rule the commission shall
23 | consider the condition of the utility assets purchased in deciding if
24 | an asset should be removed from the rate base. In most cases, if a
25 | system is purchased at a discount, it is because of the condition of the

1 | assets. By recognizing and removing from rate base assets which have
2 | deteriorated, we are effectively providing for a negative acquisition
3 | adjustment through the adjustment to plant in service. This also
4 | reflects a truer picture of the assets the acquiring utility is actually
5 | purchasing and removes some of the more subjective decision making out
6 | of the acquisition adjustment issue. If the acquiring utility simply
7 | "made a good deal" and the customers will otherwise remain unaffected,
8 | I believe that no harm will be done by allowing the stockholders to
9 | recover the benefits.

10 | Q. DOES THIS CONCLUDE YOUR COMMENTS?

11 | A. Yes.

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ADDITIONAL RULE REVISIONS RELATED TO NOTICING

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3 Rule 25-30.030(2) Before providing notice in accordance with
4 this section, the utility shall obtain from the Commission a list
5 of the names and addresses of the municipalities, the county or
6 counties, the regional planning council, the office of Public
7 Counsel, the Commission's Director of Records and Reporting, the
8 appropriate regional office of the Department of Environmental
9 Regulation, the appropriate Water Management District, and
10 privately-owned, water utilities, and wastewater utilities that
11 hold a certificate granted by the Public Service Commission and
12 that are located within the county in which the utility or the
13 territory proposed to be served is located within a four-mile
14 radius. In addition, if any portion of the proposed territory is
15 within one mile of a county boundary, the utility shall obtain
16 from the Commission a list of names and addresses of the
17 privately-owned utilities located in the bordering counties and
18 holding a certificate granted by the Commission. The utility's
19 request for the list shall include a complete legal description,
20 in township, range and land sections, of the territory to be
21 requested in the application and in the appropriate format.
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~~struck-through~~ type are deletions from existing law.

ADDITIONAL RULE REVISIONS RELATED TO ORIGINAL CERTIFICATES

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3 Rule 25-30.033(1)(e) a statement showing the financial and
4 technical ability of the applicant to provide service, and the
5 need for service in the proposed area. The statement shall
6 identify any other utilities within a ~~4-mile radius~~ that could
7 potentially provide service, and the steps the applicant took to
8 ascertain whether such service is available;

9
10 Rule 25-30.033(2) The base facility and usage rate structure (as
11 defined in Rule 25-30.437(7), F.A.C.) shall be utilized for
12 metered service, unless an alternative rate structure is
13 supported by the record ~~justified by the applicant~~ and authorized by the
14 Commission.

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ADDITIONAL RULE REVISIONS RELATED TO AMENDMENTS

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3 Rule 25-30.036 (1) This section applies to any certificated
4 water or wastewater utility that proposes to extend its service
5 territory into an area in which there is no existing water or
6 wastewater system ~~or proposes to delete a portion of its service~~
7 territory.

8 (2) A request for service territory expansion and amendment of an
9 existing certificate or issuance of a new certificate shall be
10 considered approved under the following conditions if no protest
11 is timely filed to the notice of application:

12 (a) the utility has provided a written statement of an
13 officer of the utility that the proposed new territory includes
14 a maximum of 25 equivalent residential connections within such
15 territory at the time the territory is at buildout; and

16 (b) the utility has provided the written statement of an
17 officer of the utility that, upon investigation, to the best of
18 his or her knowledge:

19 1. there is no other utility in the area of the proposed
20 territory that is willing and capable of providing reasonably
21 adequate service to the new territory; and

22 2. the person(s) or business(es) requesting water or
23 wastewater service have demonstrated to the utility that service
24 is necessary because (1) a private well has been contaminated or
25 gone dry, (2) a septic tank has failed; or (3) service is

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1 otherwise not available.

2 (c) the utility has filed a completed application
3 consistent with section (2) of this rule within 45 days of the
4 completion of the noticing requirements.

5 ~~(2)~~ (3) Each utility proposing to extend its service area
6 (except applications filed pursuant to section ~~(1)~~ (2) above,
7 shich shall file only (a), (d), (e), (i), (m), (o), (p), (q), and
8 (r) listed below) shall provide the following:

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ADDITIONAL RULE REVISION RELATED TO ACQUISITION ADJUSTMENTS

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3 Rule 25-30.0371 (2) In the absence of extraordinary
4 circumstances, the purchase of a utility system at a premium or
5 a discount shall not affect the rate base calculation. In
6 determining the purchase price of a utility system, the
7 commission may consider the prudently incurred acquisition costs.
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CODING: Words underlined are additions; words in
~~struck-through~~ type are deletions from existing law.