

ORIGINAL
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Adopt Rules) DOCKET NO. 960258-WS
on Margin Reserve and Imputation) FILED: FEBRUARY 13, 1997
of Contributions-In-Aid-Of-)
Construction on Margin Reserve)
Calculation, by Florida)
Waterworks Association)

STAFF'S FINAL RECOMMENDED VERSION
OF RULE 25-30.431, F.A.C.

Florida Public Service Commission staff file the attached proposed final recommended version of Rule 25-30.431, Florida Administrative Code.

Christiana T. Moore

CHRISTIANA T. MOORE
Associate General Counsel
Florida Bar No. 346810

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0862
(904) 413-6098

- ACK _____
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- APP _____
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- SEC 1
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- OTH _____

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail this 13th day of February, 1997, to the following:

Charles Aller, Director
Office of Water Policy
Department of Agriculture
Lower Level 29, The Capitol
Tallahassee, FL 32301

Kenneth Hoffman, Esquire
Rutledge Law Firm
P. O. Box 551
Tallahassee, FL 32302

Janet Llewellyn, Acting Director
Department of Environmental
Protection
Office of Water Policy
3000 Commonwealth Blvd.
Tallahassee, FL 32301

Matthew Feil, Esquire
Florida Water Services Corp.
1000 Color Place
Apopka, FL 32703-7753

Wayne Scheifelbein, Esquire
Gatlin Law Firm
Florida Waterworks Association
1709-D Mahan Drive
Tallahassee, FL 32301

Utilities, Inc.
Mark Kramer
2335 Sanders Road
Northbrook, IL 60062

Harold McLean, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, #812
Tallahassee, FL 32399-1400

Richard Melson, Esquire
Hopping Green Sams & Smith
123 S. Calhoun Street
Tallahassee, FL 32301

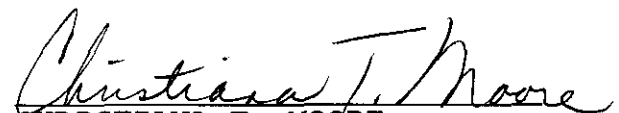
Richard D. Drew, Chief
Bureau of Water Facilities Regulation
Dept. of Environmental Protection
2600 Blair Stone Road
Tallahassee, FL 32399-2400

Henry Dean
St. Johns River Water
Management District
P.O. Box 1429
Palatka, FL 32178-1429

Samuel E. Poole III
S. Florida Water Management District
3301 Gun Club Road
West Palm Beach, Florida

Peter G. Hubbell
Southwest Florida Water
Management District
2379 Broad Street
Brooksville, FL 34609-6899

Jennifer Springfield, Esquire
St. Johns River Water Management District
P. O. Box 1429
Palatka, FL 32178-1429


CHRISTIANA T. MOORE

1 25-30.431 Margin Reserve

2 (1) "Margin reserve" is defined as the amount of plant
3 capacity needed to preserve and protect the ability of utility
4 facilities to serve existing and future customers in an
5 economically feasible manner that will preclude a deterioration in
6 quality of service and prevent adverse environmental and health
7 effects meet the expected demand due to customer growth.

8 (2) "Margin reserve period" is defined as the time period
9 needed to plan, design, and install the next economically feasible
10 increment of plant capacity ~~to that will preclude a deterioration~~
11 in the quality of service.

12 (3) Margin reserve is an acknowledged component of the used
13 and useful rate base determination that when requested and
14 justified shall be included in rate cases filed pursuant to section
15 367.081, Florida Statutes.

16 (4) Unless otherwise justified, the margin reserve period for
17 water source and treatment facilities and wastewater treatment and
18 effluent disposal facilities will be 5 years, however, in no case
19 shall the period be less than 3 years ~~18 months. Unless otherwise~~
20 justified, the margin reserve period for water transmission and
21 distribution lines and the wastewater collection system will be 12
22 months. To determine whether a margin reserve period other than 5
23 years is justified ~~in determining whether another margin reserve~~
24 period is justified, the Commission shall consider the rate of
25 growth in the number of equivalent residential connections (ERCs);

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

1 the time needed to meet the guidelines of the Department of
2 Environmental Protection (DEP) for planning, designing, and
3 construction constructing of plant expansion; and the technical and
4 economic options available for sizing increments of plant
5 expansion.

6 (5)(a) Margin reserve for water source and treatment
7 facilities and wastewater treatment and effluent disposal
8 facilities shall be calculated as follows:

$$9 \quad \quad \quad \underline{EG \times MP \times D = MR}$$

10 where:

11 EG = Equivalent Annual Growth in ERCs
12 determined pursuant to (c) or (d)
13 below

14 MP = Margin Reserve Period determined
15 pursuant to subsection (4)

16 D = Demand per ERC (customer demand
17 applied in the used and useful
18 calculations for water and
19 wastewater facilities)

20 MR = Margin reserve expressed in gallons
21 per day (GPD)

22 ~~(b) Margin reserve for water transmission and distribution~~
23 ~~lines and the wastewater collection system shall be calculated as~~
24 ~~follows:~~

$$25 \quad \quad \quad \underline{\underline{EG \times MP = MR}}$$

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1 where:

2 ~~EG = Equivalent Annual Growth in ERCs~~
3 ~~determined pursuant to (c) or (d)~~
4 ~~below~~

5 ~~MR = Margin Reserve Period determined~~
6 ~~pursuant to subsection (4)~~

7 ~~MR = Margin reserve expressed in ERCs~~

8
9 (b e) The equivalent annual growth in ERCs (EG) is
10 measured in terms of the projected annual growth and shall be
11 calculated in Schedules F-9 and F-10 of Form PSC/WAW 19 for Class
12 A utilities and Form PSC/WAW 20 for Class B utilities, incorporated
13 by reference in Rule 25-30.437.

14 (c d) The utility shall also submit a linear regression
15 analysis using average ERCs for the last 5 years. The utility may
16 submit other information that will affect growth in ERCs.

17 (6) As part of its application filed pursuant to Rule 25-
18 30.437, the utility shall submit its most recent wastewater
19 capacity analysis report, if any, filed with DEP.

20 (7) Contributions-in-aid-of-construction (CIAC) shall not be
21 imputed when a margin reserve is authorized. ~~The amount of imputed~~
22 CIAC shall be determined based on the number of ERCs included in
23 the margin reserve period and the projected CIAC that will be
24 collected from these ERCs. However, the imputed CIAC shall not
25 exceed the rate base component associated with margin reserve.

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1 Specific Authority: 367.121, F.S.

2 Law Implemented: 367.081, F.S.

3 History: New _____.

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