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DEPARTMENT OF STATE
TALLAHASSEE, FLORIDA

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960258-WS

RULE NO:

RULE TITLE:

25-30.431

Margin Reserve

NOTICE OF CHANGE

Notice is hereby given that the following changes have been made to the proposed rule in accordance with subparagraph 120.54(3)(d)1., F.S., published in Volume 22, No. 31, August 2, 1996, issue of the Florida Administrative Weekly:

25-30.431 Margin Reserve

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

ACK _____
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OBI _____

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

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

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REG. DIV. OF REG. & CERTIFIC.

(4) Unless otherwise justified, the margin reserve period for water source and treatment facilities and wastewater treatment and effluent disposal facilities will be 18 months. ~~Unless otherwise justified, the margin reserve period for water transmission and distribution lines and the wastewater collection system will be 12 months.~~ In determining whether another margin reserve period is justified, the Commission shall consider the rate of growth in the number of equivalent residential connections (ERCs); the time needed to meet the guidelines of the Department of Environmental Protection (DEP) for planning, designing, and construction ~~constructing~~ of plant expansion; and the technical and economic options available for sizing increments of plant expansion.

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

$$EG \times MP \times D = MR$$

where:

EG = Equivalent Annual Growth in ERCs determined pursuant to (b) or (c) below

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

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

MR = Margin reserve expressed in gallons per day

(GPD)

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

$$\text{EG} \times \text{MP} = \text{MR}$$

~~where:~~

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

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

~~MR = Margin reserve expressed in ERCs~~

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

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

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

(7) Contributions-in-aid-of-construction (CIAC) shall be imputed when a margin reserve is authorized. The amount of imputed CIAC shall be determined based on 50 percent of the number of ERCs

included in the margin reserve period and the projected CIAC that will be collected from those ERCs. However, the imputed CIAC shall not exceed the rate base component associated with margin reserve.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New _____.

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.

8 (2) "Margin reserve period" is defined as the time period
9 needed to install the next economically feasible increment of plant
10 capacity.

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

15 (4) Unless otherwise justified, the margin reserve period for
16 water source and treatment facilities and wastewater treatment and
17 effluent disposal facilities will be 18 months. In determining
18 whether another margin reserve period is justified, the Commission
19 shall consider the rate of growth in the number of equivalent
20 residential connections (ERCs); the time needed to meet the
21 guidelines of the Department of Environmental Protection (DEP) for
22 planning, designing, and construction of plant expansion; and the
23 technical and economic options available for sizing increments of
24 plant expansion.

25 (5)(a) Margin reserve for water source and treatment

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~~struck-through~~ type are deletions from existing law.

1 facilities and wastewater treatment and effluent disposal
2 facilities shall be calculated as follows:

3 EG x MP x D = MR

4 where:

5 EG = Equivalent Annual Growth in ERCs
6 determined pursuant to (b) or (c)
7 below

8 MP = Margin Reserve Period determined
9 pursuant to subsection (4)

10 D = Demand per ERC (customer demand
11 applied in the used and useful
12 calculations for water and
13 wastewater facilities)

14 MR = Margin reserve expressed in gallons
15 per day (GPD)

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

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

24 (6) As part of its application filed pursuant to Rule 25-
25 30.437, the utility shall submit its most recent wastewater

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1 capacity analysis report, if any, filed with DEP.

2 (7) Contributions-in-aid-of-construction (CIAC) shall be
3 imputed when a margin reserve is authorized. The amount of imputed
4 CIAC shall be determined based on 50 percent of the number of ERCs
5 included in the margin reserve period and the projected CIAC that
6 will be collected from those ERCs. However, the imputed CIAC shall
7 not exceed the rate base component associated with margin reserve.

8 Specific Authority: 367.121, F.S.

9 Law Implemented: 367.081, F.S.

10 History: New.

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