

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF STAFF WORKSHOP

TO

WATER AND WASTEWATER UTILITIES

AND

ALL INTERESTED PERSONS

RE: UNDOCKETED

WORKSHOP ON REUSE OF RECLAIMED WATER

ISSUED: June 19, 1998

NOTICE is hereby given that the Staff of the Florida Public Service Commission will conduct a workshop, in the above-referenced matter, to which all persons are invited, at the following time and place:

July 7 and 8, 1998, 9:30 a.m.  
Betty Easley Conference Center, Room 152  
4075 Esplanade Way  
Tallahassee, Florida

PURPOSE

The purpose of this workshop is to discuss the regulatory and ratemaking issues involved in the provision of reuse service by water and wastewater utilities regulated by the Florida Public Service Commission. The workshop will explore the need for future statutory and/or rulemaking changes to effect regulatory policy.

Parties who wish to comment but cannot attend the workshop, are encouraged to file comments with the Division of Records and Reporting, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. on or before July 2, 1998, specifically referencing "Undocketed Workshop on Reuse Reclaimed Water."

A copy of the agenda for this workshop may be obtained by writing to the Director, Division of Records and Reporting, at the address previously noted.

DOCUMENT NUMBER-DATE

06533 JUN 19 98

FPSC-RECORDS/REPORTING

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the workshop. Any person who is hearing or speech impaired, should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1 (800) 955-8771 (TDD).

#### General Information

The purpose of this workshop is to discuss the regulatory and ratemaking issues involved in the provision of reuse service by water and wastewater utilities regulated by the Florida Public Service Commission. The workshop will explore the need for future statutory and/or rulemaking changes to effect regulatory policy. Participants are encouraged to share their ideas and concerns about the current method of treatment afforded the utilities and to discuss alternatives to the current treatment. The following questions are posed in order to focus the direction of the workshop in an organized manner.

#### Topics for Discussion

##### REUSE TERRITORY

1. Under what conditions should a utility have the exclusive right to provide reuse service within its water or wastewater certificated territory?
2. Should a utility be permitted to provide reuse service outside of its water or wastewater certificated territory?
3. Should reuse be considered a separate service apart from the provision of water and wastewater service?
  - a. If so, should there be a separate reuse territory established?
  - b. If so, should there be a separate reuse certificate issued?
4. In what forum should reuse territorial disputes between PSC regulated utilities and non-regulated utilities be resolved?

5. What legislative changes are needed to address the reuse territory topics?
6. What noticing requirements and filing requirements would be appropriate if separate reuse service territories are established?

REVENUE REQUIREMENT/RATES

7. Should a separate revenue requirement (including plant investment and expenses) be established for reuse service in ratemaking proceedings under Sections 367.081 and 367.0814, Florida Statutes?
  - a. If so, what additional filing requirements would be appropriate?
  - b. Should reuse rates be cost-based?
8. In evaluating a reuse project plan submitted pursuant to Section 367.0817, Florida Statutes, should the Commission consider the earnings posture of the utility's water and/or wastewater systems?
9. What rulemaking is necessary in order to implement Section 367.0817, Florida Statutes, including but not limited to filing requirements, noticing requirements, and case synopses?
10. In determining a revenue requirement associated with reuse, should the applicable rate of return be based on the utility's overall capital structure or the incremental capital costs associated with the reuse facilities?
  - a. If the incremental capital structure should be used, how should this be treated in the utility's next rate proceeding filed pursuant to Sections 367.081 or 367.0814, Florida Statutes?
  - b. Should Chapter 367, Florida Statutes, be amended to clarify whether a utility's overall capital structure or incremental capital structure should be used in determining a revenue requirement associated with reuse?

11. Should Chapter 367, Florida Statutes, be amended to specify that the Commission may approve a reuse availability fee, which is a fee applicable to all potential reuse customers who choose not to take it?
  - a. If so, how do you determine when reuse is available and when the reuse availability fee is applicable?
12. Should Chapter 367, Florida Statutes, be amended to specify that the Commission may approve reuse service availability charges?
13. Should the Commission have the statutory authority to by rule establish standards and procedures whereby rates and charges for the provision of reuse service may be set using criteria other than those set forth under traditional rate base/rate of return regulation?

ANNUAL REPORT

14. How should revenue from reuse service be reported in a utility's annual report and accounted for in a utility's earnings review?
15. Is there any additional information about the reuse system that should be contained in the utility's wastewater annual report?
16. Should there be separate reporting requirements and earnings reviews for reuse service?

USED AND USEFUL

17. Should the Commission use the definition of reuse contained in the rules of the Department of Environmental Protection, or should there be a separate definition of reuse for ratemaking purposes?
  - a. If so, what should be the definition of reuse for ratemaking purposes?
18. Should reuse facilities be considered 100% used and useful in order to encourage the reuse of reclaimed water?

NOTICE OF WORKSHOP  
UNDOCKETED  
PAGE 5

19. Under what circumstances should wastewater treatment plant be considered part of the reuse facilities for purposes of determining the used and useful plant?
20. Under what circumstances should the effluent disposal system be considered part of the reuse facilities for purposes of determining the used and useful plant?
21. Should utilities be required to submit a reuse project plan to the Commission prior to permitting to determine prudency, and if so, what legislative changes are necessary?
22. What legislative changes or rulemaking are necessary in order to address the used and useful analysis for reuse facilities?

JURISDICTION

Jurisdiction is vested in this Commission pursuant to Chapters 350 and 367, Florida Statutes. The workshop will be governed by the provisions of those Chapters and Rules 25-22, 25-9 and 25-30, Florida Administrative Code.

By DIRECTION of the Florida Public Service Commission, this 19th day of June, 1998.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records

( S E A L )

RG