

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

DOCKET NO. 010005-WS
ORDER NO. PSC-01-0156-PAA-WS
ISSUED: January 19, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING 2001 PRICE INDEX FOR
WATER AND WASTEWATER UTILITIES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

Since March 31, 1981, pursuant to Section 367.081(4)(a), Florida Statutes, we have been required to establish a price index increase or decrease for major categories of operating costs for water and wastewater utilities on or before March 31 of each year. We have jurisdiction over this matter pursuant to Section 367.081(4)(a), Florida Statutes.

By Order No. PSC-00-0206-PAA-WS, issued February 1, 2000, in Docket No. 000005-WS, we established the Gross Domestic Product Implicit Price Deflator Index (GDP Index) as the appropriate method of determining the year 2000 water and wastewater price index and

DOCUMENT NUMBER-DATE

00787 JAN 19 2001

FPSC-RECORDS/REPORTING

established the four quarter fiscal year comparison as the means to accomplish it. By Order No. PSC-93-0195-FOF-WS, issued February 9, 1993, in Docket No. 930005-WS, we determined that the GDP Index was the most appropriate indicator to use in determining the water and wastewater index. The GDP Index is prepared by the U.S. Department of Commerce. Prior to 1993, the Gross National Product Implicit Price Deflator Index (GNP Index) was used as the indexing factor for water and wastewater utilities. The Department of Commerce switched its emphasis from the GNP Index to the GDP Index as the primary measure of U.S. production.

Prior to 1995, the price index was determined by using a four quarter comparison of the GDP Index ending with the fourth quarter ending December 31. However, by Order No. PSC-95-0202-FOF-WS, issued February 10, 1995, in Docket No. 950005-WS, the price index was determined by comparing the change in the GDP Index using the four quarter fiscal year comparison ending with September 30. We have used this method consistently since 1995 to determine the price index.

Since March 31, 1981, we have received and processed approximately 2,493 index applications. Attached as Appendix "B" of Attachment 1 of this Order, which by reference is incorporated herein, is a review of the price index program for water and wastewater utilities.

APPROPRIATE INDEX

In keeping with past practice, we have explored a number of alternatives which could be used to calculate the indexing of utility revenues. The major utility concerns, as summarized from utility input in previous hearings, are that:

- 1) Inflation should be a major factor in determining the index;
- 2) Nationally published indices should be vital to this determination;
- 3) Major categories of expenses are labor, chemicals, sludge-hauling, materials and supplies, maintenance, transportation, and treatment expense;

- 4) An area wage survey, Dodge Building Cost Index, Consumers Price Index, and the GDP Index should be considered;
- 5) A broad measure index should be used;
- 6) The index procedure should be easy to administer.

Based upon this information, we explored a number of alternatives for indexing:

- 1) Survey of Regulated Water and Wastewater Utilities;
- 2) Consumer Price Index;
- 3) Florida Price Index;
- 4) Producer's Price Index (previously the Wholesale Price Index);
- 5) GDP Index (replacing the GNP Index).

The following table includes an analysis of all of the major indices selected for review:

Historical Results of U.S. Government Indicators						
	1996	1997	1998	1999	2000	Average
GDP Implicit Price Deflator	2.49	2.13	2.10	1.21	2.60	2.11
Consumer Price Index	3.00	2.20	1.50	2.70	3.40	2.56
Producers Price Index	2.00	(0.90)	(2.97)	3.88	3.7	1.14
Producers Index for Hardware	1.60	1.50	0.75	1.83	1.3	1.40
Producers Index for Chemical	(1.20)	0.02	(6.48)	5.78	5.5	0.72

The Survey of Regulated Water and Wastewater Utilities was rejected because using the results of a survey would allow utilities to pass on to customers all cost increases, thereby reducing the incentives of promoting efficiency and productivity.

The Consumer Price Index and the Florida Price Level Index were rejected because of their limited degree of applicability to the water and wastewater industry. Both of these price indices are based upon comparing the advance in prices of a limited number of general goods, and therefore, appear to have limited application to water and wastewater utilities.

The Producers Price Index (PPI) is a family of indices that measures the average change over time in selling prices received by domestic producers of goods and services. The PPI measures price change from the prospective of the seller, not the purchaser, and therefore, was rejected.

Based on our analysis, we find that the GDP Index is still the best indicator to use for determining the price index. Therefore, we shall continue to use the GDP Index to calculate water and wastewater price level adjustments.

THE PRICE INDEX

The U.S. Department of Commerce, Bureau of Economic Analysis, released the final third quarter 2000 figures on December 21, 2000. The percentage change in the GDP Index using the four quarter fiscal year comparison ending with the third quarter is 2.50%. Thus, the 2001 price index for water and wastewater utilities shall be 2.50%. This number was calculated as follows:

Four quarter GDP Index average ending 9/30/00	106.30
Four quarter GDP Index average ending 9/30/99	<u>103.71</u>
Difference	2.59
Divided by 9/30/99 GDP Index average	<u>103.71</u>
2001 Price Index	<u>2.50%</u>

PROPER FILING PROCEDURES

Utilities must annualize their revenues to comply with Rule 25-30.420(2)(f), Florida Administrative Code. The format and instructions for annualizing revenues are included in the 2001 Price Index Application, Form PSC/WAW 15 (4/99), attached to this Order as Attachment 1, which by reference is incorporated herein. The 2001 Price Index Application, Form PSC/WAW 15 (4/99), shall be used by the utilities to calculate annualized revenues for indexing purposes. Our Division of Records and Reporting shall mail each regulated water and wastewater utility this Order and the package presented in Form PSC/WAW 15 (4/99) and Appendix A.

Our experience has shown that some water and wastewater utilities have not taken the time to read the annual price index order which is sent to them. Therefore, in an effort to increase the number of water and wastewater utilities that take advantage of the annual price index and pass-through increases, a cover letter from the Director of the Division of Economic Regulation shall be included with the mailing of this Order. The cover letter explains the purpose of the index and pass-through application and that Commission staff is available to assist the utilities.

PROPOSED AGENCY ACTION PROTEST PERIOD

Rule 25-22.029(1), Florida Administrative Code, states that, "[t]he time for requesting a Section 120.569 or 120.57 hearing shall be 14 days from issuance of the notice for PAA orders establishing a price index pursuant to Section 367.081(4)(a), Florida Statutes." Therefore, any protest to this Order shall be filed within 14 days of the issuance date of this Order and any substantially affected person who files a protest shall prefile direct testimony with the protest.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Gross Domestic Product Implicit Price Deflator Index shall continue to be used to calculate water and wastewater price level adjustments. It is further

ORDER NO. PSC-01-0156-PAA-WS
DOCKET NO. 010005-WS
PAGE 6

ORDERED that the 2001 price index is 2.50%, as set forth in the body of this Order. It is further

ORDERED that the 2001 Price Index Application, Form PSC/WAW 15 (4/99), shall be used by Commission regulated water and wastewater utilities to calculate annualized revenues for indexing purposes. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that any substantially affected person filing a protest to this Order shall do so within 14 days of the issuance date of this Order. It is further

ORDERED that any substantially affected person filing a protest to this Order shall prefile direct testimony with the protest. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 19th day of January, 2001.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

SMC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 2, 2001.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

FLORIDA PUBLIC SERVICE COMMISSION
 2001 PRICE INDEX APPLICATION
 TEST YEAR ENDED DECEMBER 31, 2000

DEP PWS ID NO. _____	WATER	WASTEWATER
DEP WWTP ID NO. _____		
*2000 Operation and Maintenance Expenses	\$	\$
LESS:		
(a) Pass-through Items:		
(1) Purchased Power		
(2) Purchased Water		
(3) Purchased Wastewater Treatment		
** (4) DEP Required Water Testing		
*** (5) DEP Required Wastewater Testing		
(6) NPDES Fees		
(b) Rate Case Expense Included in 2000 Expenses		
(c) Adjustments to O & M Expenses from last rate case, if applicable:		
(1)		
(2)		
	_____	_____
Costs to be Indexed	\$	\$
Multiply by change in GDP Implicit Price Deflator Index		
	<u>.0250</u>	<u>.0250</u>
Indexed Costs	\$	\$
****Add Pass-Through Items:		
(1)		
(2)		
Divide Index and Pass-Through Sum by Expansion Factor for Regulatory Assessment Fees		
	<u>.955</u>	<u>.955</u>
Increase in Revenue	\$	\$
*****Divide by 2000 Revenue		
Percentage Increase in Rates	%	%
	=====	=====

EXPLANATORY NOTES APPEAR ON THE FOLLOWING PAGE

PAGE 1 NOTES

- * This amount must match 2000 annual report.
- ** Testing for volatile organic and unregulated contaminants pursuant to DEP Rule 62-550.590, F.A.C., and lead and copper testing pursuant to DEP Rule 62-551.450, F.A.C.
- *** Routine daily, weekly, or monthly testing required by the Department of Environmental Protection (DEP) not currently included in the utility's rates.
- **** This may include an increase in purchased power, purchased water, purchased wastewater treatment, required DEP testing, and ad valorem taxes, providing that those increases have been incurred within the 12 month period prior to the submission of the pass-through application. Pass-through NPDES fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. DEP water and wastewater testing pass-throughs require invoices. See Rule 25-30.425, F.A.C. for more information.
- ***** If rates changed after January 1, 2000, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

ANNUALIZED REVENUE WORKSHEET

Have the rates charged for customer services changed since January 1,2000?

() If no, the utility should use actual revenues. This form may be disregarded.

() If yes, the utility must annualize its revenues. Read the remainder of this form.

Annualizing calculates the revenues the utility would have earned based upon 2000 customer consumption at the most current rates in effect. To complete this calculation, the utility will need consumption data for 2000 to apply to the existing rate schedule. Below is a sample format which may be used.

CALCULATION OF ANNUALIZED REVENUES*
 Consumption Data for 2000

	Number of Bill/Gal. Sold	X Current Rates	Annualized Revenues
Residential Service:			
Bills: 5/8"x3/4" meters
1" meters
1 1/2" meters
2" meters
Gallons Sold
General Service:			
Bills: 5/8"x3/4" meters
1" meters
1 1/2" meters
2" meters
3" meters
4" meters
6" meters
Gallons Sold
Total Annualized Revenues for 2000			<u> </u>

* Annualized revenues must be calculated separately if the utility consists of both a water system and a wastewater system. This form is designed specifically for utilities using a base facility charge rate structure. If annualized revenues must be calculated and further assistance is needed, contact the Commission Staff at (850)413-6900.

ORDER NO. PSC-01-0156-PAA-WS
DOCKET NO. 010005-WS
PAGE 11

Attachment 1
Page 4 of 21

I, the undersigned owner/officer of the above-named utility, have read the foregoing and declare that, to the best of my knowledge and belief, the information contained in this application is true and correct.

I am aware that pursuant to section 837.06, F.S., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Utility Official _____ Title _____
(Signature)

_____ Date _____
(Name-Please Print)

Telephone Number _____

Fax Number _____

APPENDIX 'A'

PRICE INDEX ADJUSTMENTS IN RATES

Section 367.081(4)(a), (c), (d), and (e), Florida Statutes
Rule 25-30.420, Florida Administrative Code
Sample Affirmation Affidavit
Notice to Customers

Sections 367.081(4)(a), (c), (d), and (e), Florida Statutes

(4) (a) On or before March 31 of each year, the commission by order shall establish a price increase or decrease index for major categories of operating costs incurred by utilities subject to its jurisdiction reflecting the percentage of increase or decrease in such costs from the most recent 12-month historical data available. The commission by rule shall establish the procedure to be used in determining such indices and a procedure by which a utility, without further action by the commission, or the commission on its own motion, may implement an increase or decrease in its rates based upon the application of the indices to the amount of the major categories of operating costs incurred by the utility during the immediately preceding calendar year, except to the extent of any disallowances or adjustments for those expenses of that utility in its most recent rate proceeding before the commission. The rules shall provide that, upon a finding of good cause, including inadequate service, the commission may order a utility to refrain from implementing a rate increase hereunder unless implemented under a bond or corporate undertaking in the same manner as interim rates may be implemented under s. 367.082. A utility may not use this procedure between the official filing date of the rate proceeding and 1 year thereafter, unless the case is completed or terminated at an earlier date. A utility may not use this procedure to increase any operating cost for which an adjustment has been or could be made under paragraph (b), or to increase its rates by application of a price index other than the most recent price index authorized by the commission at the time of filing.

(c) Before implementing a change in rates under this subsection, the utility shall file an affirmation under oath as to the accuracy of the figures and calculations upon which the change in rates is based, stating that the change will not cause the utility to exceed the range of its last authorized rate of return on equity. Whoever makes a false statement in the affirmation required hereunder, which statement he does not believe to be true in regard to any material matter, is guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(d) If, within 15 months after the filing of a utility's annual report required by s. 367.121, the commission finds that the utility exceeded the range of its last authorized rate of return on equity after an adjustment in rates as authorized by this subsection was implemented within the year for which the report was filed or was implemented in the preceding year, the commission may order the utility to refund, with interest, the difference to the ratepayers and adjust rates accordingly. This provision shall not be construed to require a bond or corporate undertaking not otherwise required.

(e) Notwithstanding anything herein to the contrary, a utility may not adjust its rates under this subsection more than two times in any 12-month period. For the purpose of this paragraph, a combined application or simultaneously filed applications that were filed under the provisions of paragraphs (a) and (b) shall be considered one rate adjustment.

25-30.420 Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers.

(1) The Commission shall, on or before March 31 of each year, establish a price increase or decrease index as required by section 367.081(4)(a), F.S. The Division of Records and Reporting shall mail each regulated water and wastewater utility a copy of the proposed agency action order establishing the index for the year and a copy of the application. Form PSC/WAW 15 (4/99), entitled "Index Application", is incorporated into this rule by reference and may be obtained from the Commission's Division of Water and Wastewater. Applications for the newly established price index will be accepted from April 1 of the year the index is established through March 31 of the following year.

(a) The index shall be applied to all operation and maintenance expenses, except for amortization of rate case expense, costs subject to pass-through adjustments pursuant to section 367.081(4)(b), F.S., and adjustments or disallowances made in a utility's most recent rate proceeding.

(b) In establishing the price index, the Commission will consider cost statistics compiled by government agencies or bodies, cost data supplied by utility companies or other interested parties, and applicable wage and price guidelines.

(2) Any utility seeking to increase or decrease its rates based upon the application of the index established pursuant to subsection (1) and as authorized by section 367.081(4)(a), F.S., shall file an original and five copies of a notice of intention and the materials listed in (a) through (g) below with the Commission's Division of Water and Wastewater at least 60 days prior to the effective date of the increase or decrease. The adjustment in rates shall take effect on the date specified in the notice of intention unless the Commission finds that the notice of intention or accompanying materials do not comply with the law, or the rules or orders of the Commission. The notice shall be accompanied by:

(a) Revised tariff sheets;

(b) A computation schedule showing the increase or decrease in annual revenue that will result when the index is applied;

(c) The affirmation required by section 367.081(4)(c), F.S.;

(d) A copy of the notice to customers required by subsection (6);

(e) The rate of return on equity that the utility is affirming it will not exceed pursuant to section 367.081(4)(c), F.S.;

(f) An annualized revenue figure for the test year used in the index calculation reflecting the rate change, along with an explanation of the calculation, if there has been any change in the utility's rates during or subsequent to the test year;

(g) The utility's Department of Environmental Protection Public Water System identification number and Wastewater Treatment Plant Operating Permit number.

(3) If the Commission, upon its own motion, implements an increase or decrease in the rates of a utility based upon the application of the index established pursuant to subsection (1) and as authorized by section 367.081(4)(a), F.S., the Commission will require a utility to file the information required in subsection (2).

(4) Upon a finding of good cause, the Commission may require that a rate increase pursuant to section 367.081(4)(a), F.S., be implemented under a bond or

corporate undertaking in the same manner as interim rates. For purposes of this subsection, "good cause" shall include:

(a) Inadequate service by the utility;
(b) Inadequate record-keeping by the utility such that the Commission is unable to determine whether the utility is entitled to implement the rate increase or decrease under this rule.

(5) Prior to the time a customer begins consumption at the rates established by application of the index, the utility shall notify each customer of the increase or decrease authorized and explain the reasons therefor.

(6) No utility shall file a notice of intention pursuant to this rule unless the utility has on file with the Commission an annual report as required by Rule 25-30.110(3), F.A.C., for the test year specified in the order establishing the index for the year.

(7) No utility shall implement a rate increase pursuant to this rule within one year of the official date that it filed a rate proceeding, unless the rate proceeding has been completed or terminated.

Specific Authority 350.127(2), 367.081(4)(a), 367.121(1)(c), 367.121(1)(f) FS.
Law Implemented 367.081(4), 367.121(1)(c), 367.121(1)(g) F.S.
History--New 4-5-81, Amended 9-16-82, Formerly 25-10.185, Amended 11-10-86,
6-5-91, 4-18-99.

AFFIRMATION

I, _____, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause _____ to exceed the range of its last authorized rate of return, which is _____.

This affirmation is made pursuant to my request for a 2001 price index and/or pass-through rate increase, in conformance with Section 367.081(4)(c), Florida Statutes.

Signature: _____

Title: _____

Sworn to and subscribed before me this _____ day of _____, 20____.

My Commission expires:

(SEAL)

Notary Public
State of Florida

NOTICE TO CUSTOMERS

Pursuant to Section 367.081 (4) (a), Florida Statutes, water and wastewater utilities are permitted to adjust, twice a year, the rates and charges to its customers without those customers bearing the additional expense of a public hearing. These adjustments in rates would depend on increases or decreases in noncontrollable expenses subject to inflationary pressures such as chemicals, and other general operation and maintenance costs.

On _____, _____
(date) (name of company)

filed its notice of intention with the Florida Public Service Commission to increase water and wastewater rates in County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. If acknowledged by the Commission, water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected on your _____ bill.

(date)

If you should have any questions, please contact your local utility office. Be sure to have your account number handy for quick reference.

PASS-THROUGH RATE ADJUSTMENTS

Section 367.081(4)(b), Florida Statutes
Rule 25-30.425, Florida Administrative Code
Waiver Form
Sample Affirmation Affidavit
Notice to Customers

Section 367.081(4)(b), Florida Statutes

(b) The approved rates of any utility which receives all or any portion of its utility service from a governmental authority or from a water or wastewater utility regulated by the commission and which redistributes that service to its utility customers shall be automatically increased or decreased without hearing, upon verified notice to the commission 45 days prior to its implementation of the increase or decrease that the rates charged by the governmental authority or other utility have changed. The approved rates of any utility which is subject to an increase or decrease in the rates or fees that it is charged for electric power, the amount of ad valorem taxes assessed against its used and useful property, the fees charged by the Department of Environmental Protection in connection with the National Pollutant Discharge Elimination System Program, or the regulatory assessment fees imposed upon it by the commission shall be increased or decreased by the utility, without action by the commission, upon verified notice to the commission 45 days prior to its implementation of the increase or decrease that the rates charged by the supplier of the electric power or the taxes imposed by the governmental authority, or the regulatory assessment fees imposed upon it by the commission have changed. The new rates authorized shall reflect the amount of the change of the ad valorem taxes or rates imposed upon the utility by the governmental authority, other utility, or supplier of electric power, or the regulatory assessment fees imposed upon it by the commission. The approved rates of any utility shall be automatically increased, without hearing, upon verified notice to the commission 45 days prior to implementation of the increase that costs have been incurred for water quality or wastewater quality testing required by the Department of Environmental Protection. The new rates authorized shall reflect, on an amortized basis, the cost of, or the amount of change in the cost of, required water quality or wastewater quality testing performed by laboratories approved by the Department of Environmental Protection for that purpose. The new rates, however, shall not reflect the costs of any required water quality or wastewater quality testing already included in a utility's rates. A utility may not use this procedure to increase its rates as a result of water quality or wastewater quality

ORDER NO. PSC-01-0156-PAA-WS
DOCKET NO. 010005-WS
PAGE 18

Attachment 1
Page 11 of 21

testing or an increase in the cost of purchased water services, sewer services, or electric power or in assessed ad valorem taxes, which increase was initiated more than 12 months before the filing by the utility. The provisions of this subsection do not prevent a utility from seeking a change in rates pursuant to the provisions of subsection (2).

25-30.425 Pass Through Rate Adjustment.

The verified notice to the Commission of an adjustment of rates under the provisions of section 367.081(4)(b), F.S., shall be made in the following manner:

(1) Prior to an adjustment in rates because of an increase or decrease in purchased utility service, the utility shall file:

(a) A certified copy of the order, ordinance or other evidence whereby the rates for utility service are increased or decreased by the governmental agency or by a water or wastewater utility regulated by the Commission, along with evidence of the utility service rates of that governmental agency or water or wastewater utility in effect on January 1 of each of the three preceding years.

(b) A statement setting out by month the charges for utility services purchased from the governmental agency or regulated utility for the most recent 12-month period.

(c) 1. A statement setting out by month the gallons of water or wastewater treatment purchased from the governmental agency or regulated utility for the most recent 12-month period. If wastewater treatment service is not based on a metered flow, the number of units by which the service is measured shall be stated.

2. A statement setting out by month gallons of water and units of wastewater service sold by the utility for the most recent 12-month period.

(d) A statement setting out by month the gallons of water or wastewater treatment purchased from any other government entity or utility company.

(e) A statement setting out by month the gallons of water pumped or wastewater treated by the utility filing the verified notice.

(f) If the total water available for sale is in excess of 110% of the water sold, a statement explaining the unaccounted for water.

(2) Prior to an adjustment in rates because of an increase or decrease in the charge for electric power the utility shall file with the Commission:

(a) A certified copy of the order, ordinance or other evidence which establishes that the rates for electric power have been increased or decreased by the supplier, along with evidence of the electric power rates of the supplier in effect on January 1 of each of the three preceding years.

(b) A schedule showing, by month, the charges for electric power and consumption for the most recent 12 month period, the charges that would have resulted had the new electric rates been applied, and the difference between the charges under the old rates and the charges under the new rates.

(c) A statement outlining the measures taken by the utility to conserve electricity.

(3) Prior to an adjustment in rates because of an increase or decrease in ad valorem taxes the utility shall file with the Commission:

(a) A copy of the ad valorem tax bills which increased or decreased and copies of the previous three years' bills; if copies have been submitted previously, a schedule showing the tax total only is acceptable; and

(b) A calculation of the amount of the ad valorem taxes related to that portion of the water or wastewater plant not used and useful in providing utility service.

(4) Prior to an adjustment in rates because of an increase or decrease in the costs of water quality or wastewater quality testing required by the Department of Environmental Protection (DEP), or because of an increase or decrease in the fees charged by DEP in connection with the National Pollutant Discharge Elimination System Program, the utility shall file with the Commission:

(a) A copy of the invoice for testing;

(b) Calculation of the amortized amount.

(5) In addition to (1), (2), (3), and (4) above, the utility shall also file:

(a) A schedule of proposed rates which will pass the increased or decreased costs on to the customers in a fair and nondiscriminatory manner and on the basis of current customers, and a calculation showing how the rates were determined;

(b) A statement, by class of customer and meter size, setting out by month the gallons of water and units of wastewater service sold by the utility for the most recent 12 month period. This statement shall not be required in filings for the pass through of increased regulatory assessment fees or ad valorem taxes;

(c) The affirmation reflecting the authorized rate of return on equity required by section 367.081(4)(c), F.S.;

(d) A copy of the notice to customers required by subsection (7) of this rule;

(e) Revised tariff sheets reflecting the increased rates;

(f) The rate of return on equity that the utility is affirming it will not exceed pursuant to section 367.081(4)(c), F.S.; and

(g) The utility's DEP Public Water System identification number and Wastewater Treatment Plant Operating Permit number.

(6) The amount authorized for pass through rate adjustments shall not exceed the actual cost incurred and shall not exceed the incremental increase or decrease for the 12-month period. Foregone pass through decreases shall not be used to adjust a pass through increase below the actual cost incurred.

(7) In order for the Commission to determine whether a utility which had adjusted its rates pursuant to section 367.081(4)(b), F.S., has thereby exceeded the range of its last authorized rate of return, the Commission may require a utility to file the information required in Rule 25-30.437, F.A.C., for the test year specified.

(8) Prior to the time a customer begins consumption at the adjusted rates, the utility shall notify each customer of the increase authorized and explain the reasons for the increase.

ORDER NO. PSC-01-0156-PAA-WS
DOCKET NO. 010005-WS
PAGE 21

Attachment 1
Page 14 of 21

(9) The utility shall file an original and five copies of the verified notice and supporting documents with the Division of Water and Wastewater. The rates shall become effective 45 days after the official date of filing. The official date of filing for the verified notice to the Commission of adjustment in rates shall be at least 45 days before the new rates are implemented.

Specific Authority 350.127(2), 367.121(1)(c), 367.121(1)(f) FS.

Law Implemented 367.081(4), 367.121(1)(c), 367.121(1)(g) FS.

History--New 6-10-75, Amended 4-5-79, 4-5-81, 10-21-82, Formerly 25-10.179, Amended 11-10-86, 6-5-91, 4-18-99.

WAIVER

_____ hereby waives the right to implement a pass-through rate increase within 45 days of filing, as provided by Section 367.081(4)(b), Florida Statutes, in order that the pass-through and index rate increase may both be implemented together 60 days after the official filing date of this notice of intention.

Signature: _____

Title: _____

(To be used if an index and pass-through rate increase are requested jointly.)

AFFIRMATION

I, _____, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause _____ to exceed the range of its last authorized rate of return, which is _____.

This affirmation is made pursuant to my request for a 2001 price index and/or pass-through rate increase, in conformance with Section 367.081(4)(c), Florida Statutes.

Signature: _____

Title: _____

Sworn to and subscribed before me this _____ day of _____, 20____.

My Commission expires:

(SEAL)

Notary Public
State of Florida

NOTICE TO CUSTOMERS

Pursuant to Section 367.081 (4) (b), Florida Statutes, water and wastewater utilities are permitted to pass through, without a public hearing, a change in rates resulting from: an increase or decrease in rates charged for utility services received from a governmental agency or another regulated utility and which services were redistributed by the utility to its customers; an increase or decrease in the rates that it is charged for electric power, the amount of ad valorem taxes assessed against its used and useful property, the fees charged by the Department of Environmental Protection in connection with the National Pollutant Discharge Elimination System Program, or the regulatory assessment fees imposed upon it by the Commission; and costs incurred for water quality or wastewater quality testing required by the Department of Environmental Protection.

On _____, _____

(date)

(name of company)

filed its notice of intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. If acknowledged by the Commission, water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected on your _____ bill.

(date)

If you should have any questions, please contact your local utility office. Be sure to have your account number handy for quick reference.

APPENDIX "B"

Review of the Price Index Program for
Water and Wastewater Utilities

Since March 31, 1981, the Commission has received and processed approximately 2,493 index applications. Overall results of these filings are broken down by type of service rendered, index period, and company size.

Water Systems - 1981

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	40	\$ 542,707
C	9	49,816
D	3	1,254
Totals	<u>52</u>	<u>\$ 612,547</u>

Wastewater Systems - 1981

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	12	\$ 379,777
C	10	55,211
D	3	5,485
Totals	<u>25</u>	<u>\$ 440,473</u>

Water Systems - 1982

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	28	\$ 790,855
C	19	113,095
D	21	49,465
Totals	<u>68</u>	<u>\$ 953,415</u>

Wastewater Systems - 1982

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	24	\$ 685,180
C	20	115,129
D	2	32,460
Totals	<u>46</u>	<u>\$ 832,769</u>

Water Systems - 1983

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	26	\$ 496,045
C	23	110,984
D	21	34,762
Totals	<u>70</u>	<u>\$ 642,350</u>

Wastewater Systems - 1983

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	24	\$ 450,787
C	16	67,981
D	17	35,926
Totals	<u>57</u>	<u>\$ 554,694</u>

Water Systems - 1984

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	27	\$ 409,714
C	29	107,012
D	17	10,747
Totals	<u>73</u>	<u>\$ 527,473</u>

Wastewater Systems - 1984

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A & B	23	\$ 410,854
C	26	88,248
D	14	12,255
Totals	<u>63</u>	<u>\$ 509,462</u>

Water Systems - 1985

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A & B	27	\$ 466,923
C	20	74,136
D	21	14,479
Totals	<u>68</u>	<u>\$ 555,538</u>

Wastewater Systems - 1985

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	19	\$ 336,637
B	23	86,854
C	18	17,621
Totals	<u>60</u>	<u>\$ 441,112</u>

Water Systems - 1986

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A & B	22	\$ 298,015
C	23	84,466
D	25	15,555
Totals	<u>70</u>	<u>\$ 398,036</u>

Wastewater Systems - 1986

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	18	\$ 284,479
B	20	64,471
C	23	19,561
Totals	<u>61</u>	<u>\$ 368,511</u>

Water Systems - 1987

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A & B	11	\$ 260,369
C	22	103,815
D	36	34,468
Totals	<u>69</u>	<u>\$ 398,652</u>

Wastewater Systems - 1987

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	11	\$ 275,390
B	22	97,196
C	27	34,458
Totals	<u>60</u>	<u>\$ 407,044</u>

Water Systems - 1988

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A & B	10	\$ 305,437
C	17	106,132
D	39	41,027
Totals	<u>66</u>	<u>\$ 452,596</u>

Wastewater Systems - 1988

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	8	\$ 303,609
B	19	123,431
C	28	35,121
Totals	<u>55</u>	<u>\$ 462,161</u>

Water Systems - 1989

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	8	\$ 282,253
B	17	72,676
C	39	80,493
Totals	<u>53</u>	<u>\$ 355,003</u>

Wastewater Systems - 1989

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	9	\$ 355,003
B	12	123,527
C	28	92,755
Totals	<u>61</u>	<u>\$ 571,285</u>

Water Systems - 1990

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	11	\$ 245,164
B	23	163,080
C	55	95,873
Totals	<u>89</u>	<u>\$ 504,117</u>

Wastewater Systems - 1990

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	11	\$ 471,550
B	31	230,586
C	40	67,878
Totals	<u>82</u>	<u>\$ 770,014</u>

Water Systems - 1991

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	6	\$ 237,386
B	18	181,907
C	52	148,111
Totals	<u>76</u>	<u>\$ 567,404</u>

Wastewater Systems - 1991

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	6	\$ 304,794
B	20	251,882
C	43	166,581
Totals	<u>69</u>	<u>\$ 732,257</u>

Water Systems - 1992

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	8	\$ 243,176
B	19	146,353
C	51	97,810
Totals	<u>78</u>	<u>\$ 487,339</u>

Wastewater Systems - 1992

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	7	\$ 348,010
B	27	247,519
C	38	78,110
Totals	<u>72</u>	<u>\$ 673,639</u>

Water Systems - 1993

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	15	\$ 676,146
B	24	149,809
C	60	92,729
Totals	<u>99</u>	<u>\$ 918,684</u>

Wastewater Systems - 1993

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	13	\$ 589,278
B	30	229,288
C	31	56,811
Totals	<u>74</u>	<u>\$ 875,377</u>

Water Systems - 1994

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	19	\$ 474,857
B	18	93,007
C	50	59,841
Totals	<u>87</u>	<u>\$ 627,705</u>

Wastewater Systems - 1994

	Number of	Index
<u>Class</u>	<u>Filings</u>	<u>Revenue</u>
A	16	\$ 477,564
B	22	128,496
C	39	45,879
Totals	<u>77</u>	<u>\$ 651,939</u>

Water Systems - 1995

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	16	\$ 321,193
B	15	73,916
C	41	42,334
Totals	<u>72</u>	<u>\$ 437,443</u>

Wastewater Systems - 1995

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	15	\$ 550,681
B	22	129,899
C	25	29,816
Totals	<u>62</u>	<u>\$ 710,396</u>

Water Systems - 1996

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	10	\$ 190,291
B	21	133,363
C	40	48,422
Totals	<u>71</u>	<u>\$ 372,076</u>

Wastewater Systems - 1996

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	7	\$ 236,795
B	29	225,293
C	21	28,695
Totals	<u>57</u>	<u>\$ 490,783</u>

Water Systems - 1997

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	6	\$ 292,453
B	9	60,990
C	56	86,588
Totals	<u>71</u>	<u>\$ 440,031</u>

Wastewater Systems - 1997

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	7	\$ 267,489
B	11	69,793
C	39	75,530
Totals	<u>57</u>	<u>412,812</u>

Water Systems - 1998

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	7	\$ 302,637
B	9	36,037
C	30	36,659
Totals	<u>46</u>	<u>\$ 375,333</u>

Wastewater Systems - 1998

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	4	\$ 165,528
B	15	72,271
C	21	22,666
Totals	<u>40</u>	<u>\$ 260,465</u>

Water Systems - 1999

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	14	\$ 174,049
B	12	37,046
C	34	29,442
Totals	<u>60</u>	<u>\$ 240,537</u>

Wastewater Systems - 1999

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	8	\$ 122,634
B	18	45,453
C	25	26,433
Totals	<u>51</u>	<u>\$ 194,520</u>

Water Systems - 2000 (To Date)

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	6	\$ 64,710
B	11	44,285
C	22	19,171
Totals	<u>39</u>	<u>\$ 128,166</u>

Wastewater Systems - 2000 (To Date)

<u>Class</u>	<u>Number of Filings</u>	<u>Index Revenue</u>
A	5	\$ 89,122
B	11	33,033
C	14	27,742
Totals	<u>30</u>	<u>\$ 149,897</u>