



Lake Merial Development Company, Inc.

ORIGINAL

13100 Highway 77
Lake Merial, Florida 32409
Toll Free: 1(877) 888-LAKE
Tel: (850) 271- 4848
Fax: (850) 271- 4850
Email: lakemerial@panacom.com
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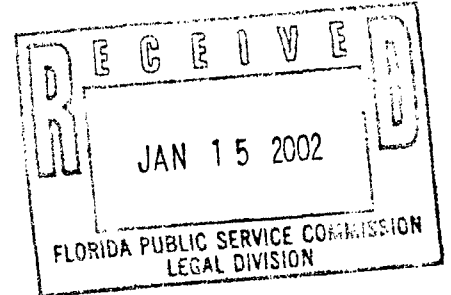
ADDRESS FOR CORRESPONDENCE

Lake Merial Development Co., Inc
1, Irmar House
59, Cookham Road
Maidenhead
Berkshire SL6 7EP
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Wednesday, 09 January 2002

Director, Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850



Dear Sirs,

Dana Utility Corporation
Docket Number 991632-WS

We are in receipt of your letter dated December 12, 2001 addressed to Richard Melson of Hopping, Green & Sams.

Although we are not, as suggested in your letter, seeking to sell the property, we are in the process of changing the entire plan of the development following the entering into of a new Development Agreement with the County.

Under the circumstances, we may expect it to be some time before construction commences and existing plans for water and wastewater treatment plants will need to be revised. Therefore, you are correct in assuming that the basis for granting Dana's certificates no longer exists and we are, therefore, tendering them for cancellation at this time. To this end we are returning herewith the original certificates together with the bundle of documents received with them in October 2001.

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letter only

Page 2/...

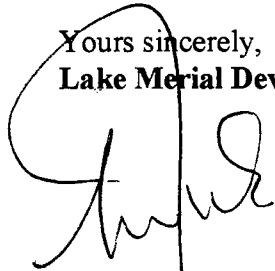


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FPSC-COMMISSION CLERK

Florida Public Service Commission
Wednesday, 09 January 2002
Page 2

We will, of course, refile when our plans are completed and we are ready to commence construction. In the meantime, if we have omitted anything or if you have any queries, please do not hesitate to contact us. All mail sent to our Florida address will be forwarded to the UK office of the undersigned, but should you require to contact us urgently or require an immediate response, you may always contact the undersigned by e-mail on: steve@pearlglobe.co.uk

Yours sincerely,
Lake Merial Development Co., Inc.

A handwritten signature in black ink, appearing to read 'S. G. Dumbrell', written over a large, stylized circular flourish.

S. G. Dumbrell
President

HOPPING GREEN SAMS & SMITH

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET

POST OFFICE BOX 6526

TALLAHASSEE, FLORIDA 32314

(850) 222-7500

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OF COUNSEL

ELIZABETH C. BOWMAN

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BRIAN H. BIBEAU
RICHARD S. BRIGHTMAN
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KEVIN B. COVINGTON
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PETER C. CUNNINGHAM
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RICHARD D. MELSON
KYLE V. MITCHELL
ANGELA R. MORRISON

Writer's Direct Dial No.

(850) 425-2313

October 10, 2001

BY FEDERAL EXPRESS

S.G. Dumbrell, President
Lake Merial Development Company, Inc.
1, Irmar House
59, Cookham Road
Maidenhead
Berkshire SL 6 7EP
United Kingdom

Re: Lake Merial / Dana Utility Company

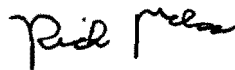
Dear Mr. Dumbrell:

Enclosed are the original water and wastewater certificates for Dana Utilities. Please keep these documents in a safe place, since they must be returned to the Commission whenever Dana's certificated territory is amended or if the certificates are ever tendered for cancellation.

Also enclosed is a letter the Public Service Commission staff wrote to me outlining the various regulatory requirements applicable to Dana Utilities, together with a number of attachments.

Per your earlier request, we will not provide any further services in connection with your application (other than forwarding any documents we receive) unless we receive further instructions from you and reach an appropriate fee agreement.

Very truly yours,



Richard D. Melson

RDM/mec
Enclosures

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

614 - W

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

DANA UTILITY CORPORATION

Whose principal address is:

13100 State Road 77
Southport, FL 32409 (Bay County)

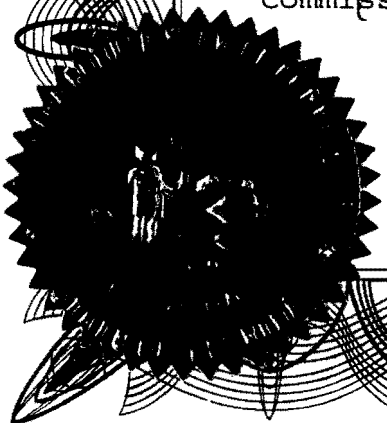
to provide water service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	PSC-00-0227-FOF-WS	DOCKET	991632-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION


Commission Clerk and Administrative Services Director



FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

529 - S

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

DANA UTILITY CORPORATION

Whose principal address is:

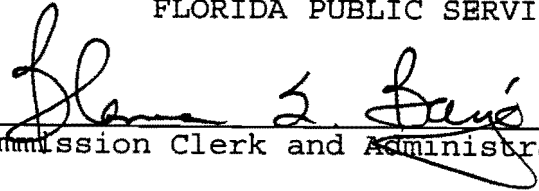
13100 State Road 77
Southport, FL 32409 (Bay County)

to provide wastewater service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	PSC-00-0227-FOF-WS	DOCKET	991632-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION


Commission Clerk and Administrative Services Director



STATE OF FLORIDA

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



DIVISION OF REGULATORY OVERSIGHT
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

RECEIVED

OCT 10 2001

Hopping, Green, Sams & Smith

October 4, 2001

Mr. Richard D. Melson, Attorney
Hopping Boyd Green & Sams
P.O. Box 6526
Tallahassee, FL 32314

Re: Docket No. 991632-WS, Application for original certificate to operate water and wastewater utility in Bay County by Dana Utility Corporation.

Dear Mr. Melson:

Enclosed please find Certificates Nos. 614-W and 529-S which have been issued for Dana Utility Corporation. Please forward these certificates to the utility. These certificates should be retained in the utility's office. The certificates will have to be returned to the Commission along with any application the utility may file in the future requesting an amendment of certificated territory, transfer of ownership, or change in name of the utility. The utility's tariffs will be sent under separate cover.

Enclosed with this letter are the following documents:

1. **Chapter 367, Florida Statutes, (F.S.)**, which details the Commission's jurisdiction over private water and wastewater utilities;
2. **Chapter 25-9, Florida Administrative Code (F.A.C.)**, which details the rules governing the filing of utility tariffs;
3. **Chapter 25-22, Florida Administrative Code (F.A.C.)**, which details rules governing general Commission practices such as the procedures for conducting meetings, rule-making, hearings and the issuance of orders;
4. **Chapter 25-30, Florida Administrative Code (F.A.C.)**, which details the specific rules promulgated to carry out the jurisdiction of the Commission over private water and wastewater utilities;

Mr. Melson
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5. **Uniform System of Accounts for Class C Water and/or Wastewater Utilities**, which is the system of record keeping required pursuant to Rule 25-30.110, Florida Administrative Code.

Be advised that Section 367.161, F.S., provides that violation of any Commission rule, statute, or order could result in penalties of up to \$5,000 per day. Therefore, it is important that you review this material and make yourself aware of your responsibilities as a regulated utility. These documents should be placed in a binder and kept in a safe place for easy referral by utility staff and owners. Also, Rule 25-30.135, F.A.C., requires all utilities to maintain for customer inspection in the utility office a current copy of Chapters 25-9, 25-22 and 25-30, Florida Administrative Code, and Chapter 367, Florida Statutes, as well as a current copy of the utility's tariffs and developer agreements.

From time to time, the rules and statutes will change. You need to be aware of these changes in order to stay current on your responsibilities and to maintain a current copy of the rules and statutes in the utility office. When the Commission proposes to revise any of its existing rules affecting the water and wastewater industry (Chapters 25-9, 25-22 and 25-30, F.A.C.), a notice of proposed rulemaking will be sent to you. After rulemaking is completed, a final Commission order adopting the new or revised rule will also be sent to you. This new or revised rule should be incorporated into your copy of the Commission rules. The Commission does not furnish utilities with changes enacted by the Florida Legislature relating to Chapter 367, F.S. However, changes to the Florida Statutes are published annually and copies may be obtained by visiting your local public library. You may also obtain the latest copy of the rules and statutes on-line at the Commission web site, www.psc.state.fl.us.

In addition to the above, periodically the Commission will be sending you copies of Commission orders which relate to the water and wastewater industry, in general, and notices of hearings in dockets of related utilities. These are sent for your information. Whenever you have any questions concerning material you receive from the Commission, you may contact the Division of Economic Regulation - Rates and Charges Bureau at (850) 413-6900 and/or the Division of Regulatory Oversight - Certification Bureau at (850) 413-6480.

I would like to direct you to certain areas within the rules and statute which will affect your day to day operations as a utility:

1. As you should be aware, you were granted certain specific territory in the certificate process you just completed. It is a violation of Section 367.045, F.S., for a utility to serve outside this territory. If, in the future, you want to serve additional territory, you must file an application for amendment of your certificated territory. See Rule 25-30.036, F.A.C., for the current filing requirements for an application for amendment.

Mr. Melson
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2. The utility's approved rates and charges and service availability policy are contained in its approved tariff. Please note that your approved tariff will be sent under a separate cover letter. When you receive this document, it should also be placed in a binder and retained in the utility office for referral and review by utility personnel and customers. A utility may not charge customers any rates or charges not included in its approved tariff. If you find you need to revise any rates or charges, you should refer to Part V of Chapter 25-30, F.A.C., which contains the necessary steps for rate adjustment changes. Part VI of Chapter 25-30, F.A.C., contains the steps necessary to change service availability charges or policies. In addition, you may contact the Division of Economic Regulation for guidance related to tariffs.
3. To help keep up with inflation and to avoid the costly expense of filing a full rate case, the Commission establishes a price index for major categories of operating costs on or before March 31 each year and utilities are allowed to increase rates using this price index mechanism. In addition, utilities are allowed to increase rates as a result of increases in certain expenses, such as purchased power and property tax using a pass through mechanism. Rules 25-30.420 and 25-30.425, F.A.C., contain the criterion for water and wastewater utilities to follow in order to increase rates based upon the application of the price index or pass through rate adjustments. **The Commission strongly encourages all regulated water and wastewater utilities under its jurisdiction to utilize these options which are available to them.**
4. I encourage you to review carefully Part IV of Chapter 25-30, F.A.C. This part of the water and wastewater rules describes the utility's responsibilities to its customers. They include customer deposits, termination of service, customer billing, refusal or discontinuance of service, backbilling, complaints, and refunds.
5. Each utility shall maintain its records in accordance with the National Association of Regulatory Utility Commissioners' (NARUC) uniform system of accounts (see Rule 25-30.110, F.A.C.). A copy of this system of accounts is enclosed for Class C utilities. However, should your utility be Class A or B or should you need additional copies please contact NARUC, Post Office Box 684, Washington, D.C. 20044. For further information or telephone orders, please call (202) 898-2200 in Washington, D.C.
6. Regulated water and wastewater utilities are also required to file two related reports with the Commission on an annual basis:
 - A. **Annual Report.** Each utility is required to submit an annual report which contains certain financial and operational data relating to the utility. (See Rule 25-30.110, F.A.C.)

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- B. **Regulatory Assessment Fee form.** Each utility is required to remit an annual regulatory assessment fee (RAF). RAFs are currently 4-1/2% of gross operating revenue and are designed to cover the Commission's costs of regulating water and wastewater utilities. (See Rule 25-30.120, F.A.C.)

The annual report and RAF forms, as well as the payment for RAFs, are due to the Commission by March 31st of each year for the previous calendar year. For your convenience, the Commission will send the two report forms by January 15th of each year. However, failure to receive the forms does not abrogate the utility of its responsibility to timely file an annual report and remit the appropriate amount of RAFs.

There are two technical divisions within the Commission that are primarily responsible for matters pertaining to water and wastewater utilities:

The **Division of Regulatory Oversight - Bureau of Certification**, as you already know, is responsible for the certification of water and wastewater utilities, as well as any amendments or transfers thereof. Any questions relating to your certificated territory or the possible sale of the utility should be directed to Patti Daniel, Bureau Chief, Bureau of Certification.

The **Division of Economic Regulation - Bureau of Rate Cases** is responsible for accounting, engineering and rates concerns for all filings involving file and suspend rate cases (MFR's), staff assisted rate cases (SARC's), limited proceedings, allowance for funds prudently invested and service availability. Any questions concerning the filing of a rate case, a staff assisted rate case, limited proceeding, tariff or engineering related matters, should be directed to Marshall Willis, Bureau Chief, Bureau of Rate Cases.

The **Division of Economic Regulation - Bureau of Monitoring, Compliance and Enforcement** is responsible for Annual Report review, RAF compliance, and processing of index and pass through applications. Any questions relating to Annual Reports, RAF's, or index or pass through applications should be directed to Dale Mailhot, Bureau Chief, Bureau of Monitoring, Compliance and Enforcement.

We welcome and encourage regulated water and wastewater utilities under the Commission's jurisdiction to contact our staff and maintain working liaisons with us. This accomplishes better relations between the Commission staff and utilities and provides for faster and more efficient completion of regulatory requirements.

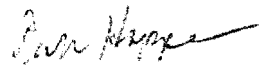
With the goal of accessibility and efficiency, the Commission now has application packages as well as model tariffs available on-line at the Commission web site, www.psc.state.fl.us. The packages available include: amendment, original utility in existence, grandfather, true original, transfer, transfer to a governmental authority, and transfer of majority organizational control. Just

Mr. Melson
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click on the Water and Wastewater icon shown on the home page, then click on the Water and Wastewater Application Packages line, then the various packages will appear on a list of available documents.

If we can be of any assistance to you and your utility, please do not hesitate to contact Ms. Pat Brady at (850) 413-6686.

Sincerely,



Daniel M. Hoppe
Director

DMH/RPR
Enclosures

cc: Division of Regulatory Oversight (Iowe, Brady, Redemann)
Division of Legal Services (Christensen)
Division of Economic Regulation (Mailhot)
Division of Commission Clerk and Fiscal Services (Knight, Docket File, Security File)

CHAPTER 367
WATER AND WASTEWATER SYSTEMS

- 367.011 Jurisdiction; legislative intent.
- 367.021 Definitions.
- 367.022 Exemptions.
- 367.031 Original certificate.
- 367.045 Certificate of authorization; application and amendment procedures.
- 367.071 Sale, assignment, or transfer of certificate of authorization, facilities, or control.
- 367.081 Rates; procedure for fixing and changing.
- 367.0814 Staff assistance in changing rates and charges; interim rates.
- 367.0816 Recovery of rate case expenses.
- 367.0817 Reuse projects.
- 367.082 Interim rates; procedure.
- 367.0822 Limited proceedings.
- 367.083 Determination of official date of filing.
- 367.084 Rate adjustment orders.
- 367.091 Rates, tariffs; new class of service.
- 367.101 Charges for service availability.
- 367.111 Service.
- 367.121 Powers of commission.
- 367.1213 Adequate land ownership; commission rulemaking authority.
- 367.1214 Utility name change; notification; commission rulemaking authority.
- 367.122 Examination and testing of meters.
- 367.123 Service for resale.
- 367.145 Regulatory assessment and application fees.
- 367.156 Public utility records; confidentiality.
- 367.161 Penalties.
- 367.165 Abandonment.
- 367.171 Effectiveness of this chapter.
- 367.182 Saving clause.

367.011 Jurisdiction; legislative intent.--

- (1) This chapter may be cited as the "Water and Wastewater System Regulatory Law."
- (2) The Florida Public Service Commission shall have exclusive jurisdiction over each utility with respect to its authority, service, and rates.

(3) The regulation of utilities is declared to be in the public interest, and this law is an exercise of the police power of the state for the protection of the public health, safety, and welfare. The provisions of this chapter shall be liberally construed for the accomplishment of this purpose.

(4) This chapter shall supersede all other laws on the same subject, and subsequent inconsistent laws shall supersede this chapter only to the extent that they do so by express reference. This chapter shall not impair or take away vested rights other than procedural rights or benefits.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 1, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 6, 15, ch. 82-25; ss. 1, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.021 Definitions.--As used in this chapter, the following words or terms shall have the meanings indicated:

(1) "Certificate of authorization" means a document issued by the commission authorizing a utility to provide service in a specific service area.

(2) "Commission" means the Florida Public Service Commission.

(3) "Contribution-in-aid-of-construction" means any amount or item of money, services, or property received by a utility, from any person or governmental authority, any portion of which is provided at no cost to the utility, which represents a donation or contribution to the capital of the utility, and which is used to offset the acquisition, improvement, or construction costs of the utility property, facilities, or equipment used to provide utility services.

(4) "Corporate undertaking" means the unqualified guarantee of a utility to pay a refund and pay interest connected therewith which may be ordered by the commission at such time as the obligation becomes fixed and final.

(5) "Domestic wastewater" means wastewater principally from dwellings, business buildings, institutions, and sanitary wastewater or sewage treatment plants.

(6) "Effluent reuse" means the use of wastewater after the treatment process, generally for reuse as irrigation water or for in-plant use.

(7) "Governmental authority" means a political subdivision, as defined by s. 1.01(8), a regional water supply authority created pursuant to s. 373.1962, or a nonprofit corporation formed for the purpose of acting on behalf of a political subdivision with respect to a water or wastewater facility.

(8) "Industrial wastewater" means wastewater not otherwise defined as domestic wastewater, including runoff and leachate from areas that receive pollutants associated with industrial or commercial storage, handling, or processing.

(9) "Official date of filing" means the date upon which it has been determined, pursuant to s. 367.083, by the commission that the utility has filed with the clerk the minimum filing requirements as established by rule of the commission.

(10) "Service area" means the geographical area described in a certificate of authorization, which may be within or without the boundaries of an incorporated municipality and may include areas in more than one county.

(11) "System" means facilities and land used or useful in providing service and, upon a finding by the commission, may include a combination of functionally related facilities and land.

(12) "Utility" means a water or wastewater utility and, except as provided in s. 367.022, includes every person, lessee, trustee, or receiver owning, operating, managing, or controlling a system, or proposing construction of a system, who is providing, or proposes to provide, water or wastewater service to the public for compensation.

(13) "Wastewater" means the combination of the liquid and water-carried pollutants from a residence, commercial building, industrial plant, or institution, together with any groundwater, surface runoff, or leachate that may be present.

History--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 2, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 2, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 3, ch. 99-319.

367.022 Exemptions--The following are not subject to regulation by the commission as a utility nor are they subject to the provisions of this chapter, except as expressly provided:

- (1) The sale, distribution, or furnishing of bottled water.
- (2) Systems owned, operated, managed, or controlled by governmental authorities, including water or wastewater facilities operated by private firms under water or wastewater facility privatization contracts as defined in s. 153.91, and nonprofit corporations formed for the purpose of acting on behalf of a political subdivision with respect to a water or wastewater facility.
- (3) Manufacturers providing service solely in connection with their operations.
- (4) Public lodging establishments providing service solely in connection with service to their guests.
- (5) Landlords providing service to their tenants without specific compensation for the service.
- (6) Systems with the capacity or proposed capacity to serve 100 or fewer persons.
- (7) Nonprofit corporations, associations, or cooperatives providing service solely to members who own and control such nonprofit corporations, associations, or cooperatives.
- (8) Any person who resells water or wastewater service at a rate or charge which does not exceed the actual purchase price of the water or wastewater.
- (9) Wastewater treatment plants operated exclusively for disposing of industrial wastewater.
- (10) The sale of bulk supplies of desalinated water to a governmental authority.
- (11) Any person providing only nonpotable water for irrigation purposes in a geographic area where potable water service is available from a governmentally or privately owned utility or a private well.
- (12) The sale for resale of bulk supplies of water or the sale or resale of wastewater services to a governmental authority or to a utility regulated pursuant to this chapter either by the commission or the county.

History--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 3, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 3, 26, 27, ch. 89-353; s. 1, ch. 90-166; s. 4, ch. 91-429; s. 1, ch. 96-107; s. 10, ch. 96-202; s. 24, ch. 97-236; s. 4, ch. 99-319.

367.031 Original certificate--Each utility subject to the jurisdiction of the commission must obtain from the commission a certificate of authorization to provide water or wastewater service. A utility must obtain a certificate of authorization from the commission prior to being issued a permit by the Department of Environmental Protection for the construction of a new water or wastewater facility or prior to being issued a consumptive use or drilling permit by a water management district. The commission shall grant or deny an application for a certificate of authorization within 90 days after the

official filing date of the completed application, unless an objection is filed pursuant to ss. 120.569 and 120.57, or the application will be deemed granted.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 5, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; s. 1, ch. 85-85; ss. 4, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 8, ch. 93-35; s. 183, ch. 94-356; s. 3, ch. 96-407; s. 94, ch. 96-410.

367.045 Certificate of authorization; application and amendment procedures.--

(1) When a utility applies for an initial certificate of authorization from the commission, it shall:

(a) Provide notice of the actual application filed by mail or personal delivery to the governing body of the county or city affected, to the Public Counsel, to the commission, and to such other persons and in such other manner as may be prescribed by commission rule;

(b) Provide all information required by rule or order of the commission, which information may include a detailed inquiry into the ability of the applicant to provide service, the area and facilities involved, the need for service in the area involved, and the existence or nonexistence of service from other sources within geographical proximity to the area in which the applicant seeks to provide service;

(c) File with the commission schedules showing all rates, classifications, and charges for service of every kind proposed by it and all rules, regulations, and contracts relating thereto;

(d) File the application fee required by s. 367.145; and

(e) Submit an affidavit that the applicant has provided notice of its actual application pursuant to this section.

(2) A utility may not delete or extend its service outside the area described in its certificate of authorization until it has obtained an amended certificate of authorization from the commission. When a utility applies for an amended certificate of authorization from the commission, it shall:

(a) Provide notice of the actual application filed by mail or personal delivery to the governing body of the county or municipality affected, to the Public Counsel, to the commission, and to such other persons and in such other manner as may be prescribed by commission rule;

(b) Provide all information required by rule or order of the commission, which information may include a detailed inquiry into the ability or inability of the applicant to provide service, the need or lack of need for service in the area that the applicant seeks to delete or add; the existence or nonexistence of service from other sources within geographical proximity to the area that the applicant seeks to delete or add, and a description of the area sought to be deleted or added to the area described in the applicant's current certificate of authorization;

(c) Provide a reference to the number of the most recent order of the commission establishing or amending the applicant's rates and charges;

(d) Submit an affidavit that the utility has tariffs and annual reports on file with the commission;

(e) File the application fee required by s. 367.145; and

(f) Submit an affidavit that the applicant has provided notice of its actual application pursuant to this section.

(3) If, within 30 days after the last day that notice was mailed or published by the applicant, whichever is later, the commission does not receive written objection to the notice, the commission may dispose of the application without hearing. If the applicant is dissatisfied with the disposition, it may bring a proceeding under ss. 120.569 and 120.57.

(4) If, within 30 days after the last day that notice was mailed or published by the applicant, whichever is later, the commission receives from the Public Counsel, a governmental authority, or a utility or consumer who would be substantially affected by the requested certification or amendment a written objection requesting a proceeding pursuant to ss. 120.569 and 120.57, the commission shall order such proceeding conducted in or near the area for which application is made, if feasible. Notwithstanding the ability to object on any other ground, a county or municipality has standing to object on the ground that the issuance or amendment of the certificate of authorization violates established local comprehensive plans developed pursuant to ss. 163.3161-163.3211. If a consumer, utility, or governmental authority or the Public Counsel requests a public hearing on the application, such hearing must, if feasible, be held in or near the area for which application is made; and the transcript of such hearing and any material submitted at or before the hearing must be considered as part of the record of the application and any proceeding related thereto.

(5)(a) The commission may grant or amend a certificate of authorization, in whole or in part or with modifications in the public interest, but may not grant authority greater than that requested in the application or amendment thereto and noticed under this section; or it may deny a certificate of authorization or an amendment to a certificate of authorization, if in the public interest. The commission may deny an application for a certificate of authorization for any new Class C wastewater system, as defined by commission rule, if the public can be adequately served by modifying or extending a current wastewater system. The commission may not grant a certificate of authorization for a proposed system, or an amendment to a certificate of authorization for the extension of an existing system, which will be in competition with, or a duplication of, any other system or portion of a system, unless it first determines that such other system or portion thereof is inadequate to meet the reasonable needs of the public or that the person operating the system is unable, refuses, or neglects to provide reasonably adequate service.

(b) When granting or amending a certificate of authorization, the commission need not consider whether the issuance or amendment of the certificate of authorization is inconsistent with the local comprehensive plan of a county or municipality unless a timely objection to the notice required by this section has been made by an appropriate motion or application. If such an objection has been timely made, the commission shall consider, but is not bound by, the local comprehensive plan of the county or municipality.

(6) The revocation, suspension, transfer, or amendment of a certificate of authorization is subject to the provisions of this section. The commission shall give 30 days' notice before it initiates any such action.

History.—ss. 5, 27, ch. 89-353; s. 4, ch. 91-429; s. 95, ch. 96-410.

367.071 Sale, assignment, or transfer of certificate of authorization, facilities, or control.--

(1) No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee, or transferee will fulfill the commitments, obligations, and representations of the utility. However, a sale, assignment, or transfer of its certificate of authorization, facilities or any portion thereof, or majority organizational control may occur prior to commission approval if the contract for sale, assignment, or transfer is made contingent upon commission approval.

(2) The commission may impose a penalty pursuant to s. 367.161 when a transfer occurs prior to approval by the commission. The transferor remains liable for any outstanding regulatory assessment fees, fines, or refunds of the utility.

(3) An application for proposed sale, assignment, or transfer shall be accompanied by a fee as provided by s. 367.145. No fee is required to be paid by a governmental authority that is the buyer, assignee, or transferee.

(4) An application shall be disposed of as provided in s. 367.045, except that:

(a) The sale of facilities, in whole or part, to a governmental authority shall be approved as a matter of right; however, the governmental authority shall, prior to taking any official action, obtain from the utility or commission with respect to the facilities to be sold the most recent available income and expense statement, balance sheet, and statement of rate base for regulatory purposes and contributions-in-aid-of-construction. Any request for rate relief pending before the commission at the time of sale is deemed to have been withdrawn. Interim rates, if previously approved by the commission, must be discontinued, and any money collected pursuant to interim rate relief must be refunded to the customers of the utility with interest.

(b) When paragraph (a) does not apply, the commission shall amend the certificate of authorization as necessary to reflect the change resulting from the sale, assignment, or transfer.

(5) The commission by order may establish the rate base for a utility or its facilities or property when the commission approves a sale, assignment, or transfer thereof, except for any sale, assignment, or transfer to a governmental authority.

(6) Any person, company, or organization that obtains ownership or control over any system, or part thereof, through foreclosure of a mortgage or other encumbrance, shall continue service without interruption and may not remove or dismantle any portion of the system previously dedicated to public use which would impair the ability to provide service, without the express approval of the commission. This provision may be enforced by an injunction issued by a court of competent jurisdiction.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 9, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 7, 15, ch. 82-25; ss. 6, 26, 27, ch. 89-353; s. 2, ch. 90-166; s. 4, ch. 91-429; s. 5, ch. 99-319.

367.081 Rates; procedure for fixing and changing.--

(1) Except as provided in subsection (4) or subsection (6), a utility may only charge rates and charges that have been approved by the commission.

(2)(a)1. The commission shall, either upon request or upon its own motion, fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the commission shall consider the value and quality of the service and the cost of providing the service, which shall include, but not be limited to, debt interest; the requirements of the utility for working capital; maintenance, depreciation, tax, and operating expenses incurred in the operation of all property used and useful in the public service; and a fair return on the investment of the utility in property used and useful in the public service. However, the commission shall not allow the inclusion of contributions-in-aid-of-construction in the rate base of any utility during a rate proceeding, nor shall the commission impute prospective future contributions-in-aid-of-construction against the utility's investment in property used and useful in the public service; and accumulated depreciation on such contributions-in-aid-of-construction shall not be used to reduce the rate base, nor shall depreciation on such contributed assets be considered a cost of providing utility service.

2. For purposes of such proceedings, the commission shall consider utility property, including land acquired or facilities constructed or to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year used to set final rates unless a longer period is approved by the commission, to be used and useful in the public service, if:

- a. Such property is needed to serve current customers;
- b. Such property is needed to serve customers 5 years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) at a growth rate for equivalent residential connections not to exceed 5 percent per year; or
- c. Such property is needed to serve customers more than 5 full years after the end of the test year used in the commission's final order on a rate request as provided in subsection (6) only to the extent that the utility presents clear and convincing evidence to justify such consideration.

Notwithstanding the provisions of this paragraph, the commission shall approve rates for service which allow a utility to recover from customers the full amount of environmental compliance costs. Such rates may not include charges for allowances for funds prudently invested or similar charges. For purposes of this requirement, the term "environmental compliance costs" includes all reasonable expenses and fair return on any prudent investment incurred by a utility in complying with the requirements or conditions contained in any permitting, enforcement, or similar decisions of the United States Environmental Protection Agency, the Department of Environmental Protection, a water management district, or any other governmental entity with similar regulatory jurisdiction.

(b) In establishing initial rates for a utility, the commission may project the financial and operational data as set out in paragraph (a) to a point in time when the utility is expected to be operating at a reasonable level of capacity.

(3) The commission, in fixing rates, may determine the prudent cost of providing service during the period of time the rates will be in effect following the entry of a final order relating to the rate request of the utility and may use such costs to determine the revenue requirements that will allow the utility to earn a fair rate of return on its rate base.

(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.

(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 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).

(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 or she 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.

(f) The commission may regularly, not less often than once each year, establish by order a leverage formula or formulae that reasonably reflect the range of returns on common equity for an average water or wastewater utility and which, for purposes of this section, shall be used to calculate the last authorized rate of return on equity for any utility which otherwise would have no established rate of return on equity. In any other proceeding in which an authorized rate of return on equity is to be established, a utility, in lieu of presenting evidence on its rate of return on common equity, may move the commission to adopt the range of rates of return on common equity that has been established under this paragraph.

(5) An application for a rate change must be accompanied by a fee as provided by s. 367.145, except that no fee shall be required for an application for a rate change made pursuant to subsection (4).

(6) The commission may withhold consent to the operation of any rate request or any portion thereof by a vote to that effect within 60 days after the date of filing of the rate request, or within a shorter period established by rule of the commission. The order shall state a reason or statement of good cause for the withholding of consent. The commission shall provide a copy of the order to the utility and all interested persons who have requested notice. Such consent shall not be withheld for a period longer than 8 months following the date of filing. The new rates or all or any portion thereof not consented to may be placed into effect by the utility under a bond, escrow, or corporate undertaking subject to refund at the expiration of such period upon notice to the commission and upon filing the appropriate tariffs. The commission shall determine whether the corporate undertaking may be filed in lieu of the bond or escrow. The utility shall keep accurate, detailed accounts of all amounts received because of such rates becoming effective under bond, escrow, or corporate undertaking subject to refund, specifying by whom and in whose behalf such amounts were paid. In its final order relating to such rate request, the commission shall direct the utility to refund, with interest at a fair rate to be determined by the commission in such manner as it may direct, such portion of the increased rates which are found not to be justified and which are collected during the periods specified. The commission shall provide by rule for the disposition of any funds not refunded, but in no event shall such funds accrue to the benefit of the utility. The commission shall take final action on the docket and enter its final order within 12 months of the official date of filing.

(7) The commission shall determine the reasonableness of rate case expenses and shall disallow all rate case expenses determined to be unreasonable. No rate case expense determined to be unreasonable shall be paid by a consumer. In determining the reasonable level of rate case expense the commission shall consider the extent to which a utility has utilized or failed to utilize the provisions of paragraph (4)(a) or paragraph (4)(b) and such other criteria as it may establish by rule.

(8) A utility may specifically request the commission to process its petition for rate relief using the agency's proposed agency action procedure, as prescribed by commission rule. The commission shall enter its vote on the proposed agency action within 5 months of the official filing date. If the commission's proposed action is protested, the final decision shall be rendered by the commission within 8 months of the date the protest is filed. At the expiration of 5 months following the official filing date, if the commission has not taken action or, if the commission's action is protested by a party other than the utility, the utility may place its requested rates into effect under bond, escrow, or corporate undertaking subject to refund, upon notice to the commission and upon filing the appropriate tariffs. The utility shall keep accurate records of amounts received as provided by subsection (6).

History.--s. 1, ch. 71-278; s. 5, ch. 74-195; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 10, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 8, 15, ch. 82-25; s. 26, ch. 83-218; s. 3, ch. 84-149; s. 3, ch. 85-85; s. 25, ch. 87-225; ss. 7, 26, 27, ch. 89-353; s. 3, ch. 90-166; s. 4, ch. 91-429; s. 85, ch. 93-213; s. 184, ch. 94-356; s. 978, ch. 95-148; s. 1, ch. 99-319.

367.0814 Staff assistance in changing rates and charges; interim rates.--

(1) The commission may establish rules by which a water or wastewater utility whose gross annual revenues are \$150,000 or less may request and obtain staff assistance for the purpose of changing its rates and charges. A utility may request staff assistance by filing an application with the commission.

(2) The official date of filing is established as 30 days after official acceptance by the commission of the application. If a utility does not remit a fee, as provided by s. 367.145, within 30 days after acceptance, the commission may deny the application. The commission has 15 months after the official date of filing within which to issue a final order.

(3) The provisions of s. 367.081(1), (2)(a), and (3) shall apply in determining the utility's rates and charges.

(4) The commission may, upon its own motion, or upon petition from the regulated utility, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. To establish interim relief, there must be a demonstration that the operation and maintenance expenses exceed the revenues of the regulated utility, and interim rates shall not exceed the level necessary to cover operation and maintenance expenses as defined by the Uniform System of Accounts for Class C Water and Wastewater Utilities (1996) of the National Association of Regulatory Utility Commissioners.

(5) The commission may require that the difference between the interim rates and the previously authorized rates be collected under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the commission.

(6) The utility, in requesting staff assistance, shall agree to accept the final rates and charges approved by the commission unless the final rates and charges produce less revenue than the existing rates and charges.

(7) In the event of a protest or appeal by a party other than the utility, the commission may provide for temporary rates subject to refund with interest.

(8) If a utility becomes exempt from commission regulation or jurisdiction during the pendency of a staff-assisted rate case, the request for rate relief is deemed to have been withdrawn. Interim rates, if previously approved, shall become final. Temporary rates, if previously approved, must be discontinued, and any money collected pursuant to the temporary rates, or the difference between temporary and interim rates, if previously approved, must be refunded to the customers of the utility with interest.

(9) The commission may by rule establish standards and procedures whereby rates and charges of small utilities may be set using criteria other than those set forth in s. 367.081(1), (2)(a), and (3).

History.--ss. 8, 27, ch. 89-353; s. 4, ch. 91-429; s. 7, ch. 99-319.

367.0816 Recovery of rate case expenses.--The amount of rate case expense determined by the commission pursuant to the provisions of this chapter to be recovered through a public utilities rate shall be apportioned for recovery over a period of 4 years.

History.--s. 9, ch. 89-353; s. 1, ch. 90-192; s. 4, ch. 91-429; s. 6, ch. 99-319.

367.0817 Reuse projects.--

(1) A utility may submit a reuse project plan for commission approval. A reuse project plan shall include:

(a) A description of the project and other effluent disposal options considered by the utility.

(b) Copies of the pertinent Department of Environmental Protection and water management district permit applications filed or, in lieu thereof, a statement of the project's permit status.

(c) A statement that the reuse project is required or recommended pursuant to s. 403.064 or other relevant authority.

(d) The number and identity of the project's proposed reuse customer(s) and copies of written agreements, if any, between the utility and the customer(s) regarding the project.

(e) The projected costs associated with the reuse project. As used in this section, the term "costs" includes, but is not limited to, all capital investments, including a rate of return, any applicable taxes, and all expenses related to or resulting from the reuse project which were not considered in the utility's last rate proceeding.

(f) The utility's proposal for recovering the project's costs through rates.

(g) A proposed inservice schedule for the project.

(h) Any other information the commission may require pursuant to rule.

(2) The commission shall review the utility's reuse project plan and shall determine whether the projected costs are prudent and the proposed rates are reasonable and in the public interest. The commission shall issue a proposed agency action order to approve or disapprove the utility's reuse project plan. The commission shall enter its vote on the proposed agency action within 5 months of the date of filing. If the commission's proposed action is protested, the final decision shall be rendered by the commission within 8 months of the date the protest is filed.

(3) All prudent costs of a reuse project shall be recovered in rates. The Legislature finds that reuse benefits water, wastewater, and reuse customers. The commission shall allow a utility to recover the costs of a reuse project from the utility's water, wastewater, or reuse customers or any combination thereof as deemed appropriate by the commission.

(4) The commission's order approving the reuse project plan shall approve rates based on projected costs and shall provide for the implementation of rates without the need for a subsequent proceeding. The commission shall allow the approved rates to be implemented when the reuse project plan is approved or when the project is placed in service. If the commission allows the rates to be implemented when the plan is approved, the commission may order the utility to escrow the resulting revenues until the project is placed in service. Escrowed revenues shall be used exclusively for the reuse project.

(5) If the commission allows the rates to be implemented when the plan is approved, the utility may place its proposed rates into effect on a temporary basis, subject to refund, in the event of a protest by a party other than the utility. If the utility has requested rate implementation upon approval of the plan and the commission has exceeded the time allowed in subsection (2), the utility may place its proposed rates into effect on a temporary basis, subject to refund.

(6) After the reuse project is placed in service, the commission, by petition or on its own motion, may initiate a proceeding to true-up the costs of the reuse project and the resulting rates.

History.--s. 1, ch. 94-243.

367.082 Interim rates; procedure.--

(1) The commission may, during any proceeding for a change of rates, upon its own motion, upon petition from any party, or by a tariff filing of a utility or a regulated company, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. Upon application by a utility, the commission may use the projected test-year rate base when determining the interim rates or revenues subject to refund. To establish a prima facie entitlement for interim relief, the commission, the petitioning

party, the utility, or the regulated company shall demonstrate that the utility or the regulated company is earning outside the range of reasonableness on rate of return calculated in accordance with subsection (5).

(2)(a) In a proceeding for an interim increase in rates, the commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return calculated in accordance with subparagraph (5)(b)2. The difference between the interim rates and the previously authorized rates shall be collected under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the commission.

(b) In a proceeding for an interim decrease in rates, the commission shall authorize, within 60 days of the filing for such relief, the continued collection of the previously authorized rates; however, revenues collected under those rates sufficient to reduce the achieved rate of return to the maximum of the rate of return calculated in accordance with subsection (5) shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the commission.

(c) The commission shall determine whether escrow, letter of credit, or corporate undertaking may be filed in lieu of the bond.

(3) In granting such relief, the commission may, in an expedited hearing but within 60 days of the commencement of the proceeding, upon petition or upon its own motion, preclude the recovery of any extraordinary or imprudently incurred expenditures or, for good cause shown, increase the amount of the bond, escrow, letter of credit, or corporate undertaking.

(4) Any refund ordered by the commission shall be calculated to reduce the rate of return of the utility or regulated company during the pendency of the proceeding to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis, but the refund shall not be in excess of the amount of the revenues collected subject to refund and in accordance with paragraph (2)(b). In addition, the commission may require interest on the refund at a rate established by the commission.

(5)(a) In setting interim rates or setting revenues subject to refund, the commission shall determine the revenue deficiency or excess by calculating the difference between the achieved rate of return of a utility or regulated company and its required rate of return applied to an average investment rate base or an end-of-period investment rate base.

(b) For purposes of this subsection:

1. "Achieved rate of return" means the rate of return earned by the company for the most recent 12-month period. The achieved rate of return shall be calculated by applying appropriate adjustments consistent with those which were used in the most recent individual rate proceeding of the utility or regulated company and annualizing any rate changes occurring during such period.

2. "Required rate of return" shall be calculated as the weighted average cost of capital for the most recent 12-month period, using the last authorized rate of return on equity of the utility or regulated company, the current embedded cost of fixed-rate capital, the actual cost of short-term debt, the actual cost of variable-cost debt, and the actual cost of other sources of capital which were used in the last individual rate proceeding of the utility or regulated company.

3. In a proceeding for an interim increase, the term "last authorized rate of return on equity" used in subparagraph 2. means the minimum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility or regulated company. In a proceeding for an interim decrease, the term "last authorized rate of return on equity" used in

subparagraph 2. means the maximum of the range of the last authorized rate of return on equity established in the most recent individual rate proceeding of the utility or regulated company. The last authorized return on equity for purposes of this subsection shall be established only: in the most recent rate case of the utility; in a limited scope proceeding for the individual utility; by voluntary stipulation of the utility approved by the commission; or pursuant to s. 367.081(4)(f).

(6) Nothing in this section shall be construed to prohibit the commission from authorizing interim rates for a utility which does not have an authorized rate of return previously established by the commission.

(7) If a utility becomes exempt from commission regulation during the pendency of a rate case, the request for rate relief pending before the commission is deemed to have been withdrawn. Interim rates, if previously approved, must be discontinued, and any money collected pursuant to interim rate relief must be refunded to the customers of the utility with interest.

History.--ss. 11, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 9, 15, ch. 82-25; ss. 10, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 9, ch. 93-35; s. 8, ch. 99-319.

367.0822 Limited proceedings.--

(1) Upon petition or by its own motion, the commission may conduct limited proceedings to consider, and act upon, any matter within its jurisdiction, including any matter the resolution of which requires a utility to adjust its rates. The commission shall determine the issues to be considered during such a proceeding and may grant or deny any request to expand the scope of the proceeding to include other related matters. However, unless the issue of rate of return is specifically addressed in the limited proceeding, the commission shall not adjust rates if the effect of the adjustment would be to change the last authorized rate of return.

(2) An application for a limited proceeding must be accompanied by a fee as provided by s. 367.145.

History.--ss. 4, 8, ch. 84-149; ss. 26, 27, ch. 89-353; s. 4, ch. 90-166; s. 4, ch. 91-429.

367.083 Determination of official date of filing.--Within 30 days after receipt of an application, rate request, or other written document for which an official date of filing is to be established, the commission or its designee shall either determine the official date of filing or issue a statement of deficiencies to the applicant, specifically listing why said applicant has failed to meet the minimum filing requirements. Such statement of deficiencies shall be binding upon the commission to the extent that, once the deficiencies in the statement are satisfied, the official date of filing shall be promptly established as provided herein. Thereafter, within 20 days after the applicant indicates to the commission that it believes that it has met the minimum filing requirements, the commission or its designee shall either determine the official date of filing or issue another statement of deficiencies, specifically listing why the requirements have not been met, in which case this procedure shall be repeated until the applicant meets the minimum filing requirements and the official date of filing is established. When the commission initiates a proceeding, the official date of filing shall be the date upon which the order initiating the proceeding is issued.

History.--ss. 4, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 11, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.084 Rate adjustment orders.--Any order issued by the commission adjusting general increases or reductions of the rates and charges of any utility or regulated company must be reduced to writing including any dissenting or concurring opinions within 20 days after the official vote of the commission. Within such 20-day period, the commission shall also mail a copy to the clerk of the circuit

court of each county in which customers of the utility or regulated company are served who are affected by the rate adjustment, which copy must be kept on file and made available to the public. The commission shall notify all parties of record in the proceeding of the date of such mailing. Such an order is not considered rendered for purposes of appeal, rehearing, or judicial review until the date the copies are mailed as required by this section. This provision does not delay the effective date of the order. Such an order is considered rendered on the date of the official vote for the purposes of s. 367.081(6).

History.--ss. 12, 27, ch. 89-353; s. 4, ch. 91-429.

367.091 Rates, tariffs; new class of service.--

(1) All applications for new rates or changes in rates must be made to the commission in writing as prescribed by rule.

(2) Upon filing an application for new rates, the utility shall mail a copy of the application to the chief executive officer of the governing body of each county within the service areas included in the rate request. The governing body may petition the commission for leave to intervene in the rate change proceeding, and the commission shall grant intervenor status to any governing body that files a petition.

(3) Each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the commission.

(4) A utility may only impose and collect those rates and charges approved by the commission for the particular class of service involved. A change in any rate schedule may not be made without commission approval.

(5) If any request for service of a utility shall be for a new class of service not previously approved, the utility may furnish the new class of service and fix and charge just, reasonable, and compensatory rates or charges therefor. A schedule of rates or charges so fixed shall be filed with the commission within 10 days after the service is furnished. The commission may approve such rates or charges as filed or may approve such other rates or charges for the new class of service which it finds are just, reasonable, and compensatory.

(6) An application to establish, increase, or change a rate or charge other than the monthly rates for service pursuant to s. 367.081 or service availability charges pursuant to s. 367.101 must be accompanied by a cost justification. The commission may withhold consent to the operation of any or all portions of the new rate schedules, by a vote to that effect within 60 days giving a reason or statement of good cause for withholding its consent. The commission shall render its final decision on the application within 8 months after the official date of filing.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 12, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 13, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 10, ch. 99-319.

367.101 Charges for service availability.--

(1) The commission shall set just and reasonable charges and conditions for service availability. The commission by rule may set standards for and levels of service-availability charges and service-availability conditions. Such charges and conditions shall be just and reasonable. The commission shall, upon request or upon its own motion, investigate agreements or proposals for charges and conditions for service availability.

(2) An application for approval of charges and conditions for service availability shall be accompanied by a fee as provided by s. 367.145.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 13, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 14, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.111 Service.--

(1) Each utility shall provide service to the area described in its certificate of authorization within a reasonable time. If the commission finds that any utility has failed to provide service to any person reasonably entitled thereto, or finds that extension of service to any such person could be accomplished only at an unreasonable cost and that addition of the deleted area to that of another utility company is economical and feasible, it may amend the certificate of authorization to delete the area not served or not properly served by the utility, or it may rescind the certificate of authorization. If utility service has not been provided to any part of the area which a utility is authorized to serve, whether or not there has been a demand for such service, within 5 years after the date of authorization for service to such part, such authorization may be reviewed and amended or revoked by the commission.

(2) Each utility shall provide to each person reasonably entitled thereto such safe, efficient, and sufficient service as is prescribed by part VI of chapter 403 and parts I and II of chapter 373, or rules adopted pursuant thereto; but such service shall not be less safe, less efficient, or less sufficient than is consistent with the approved engineering design of the system and the reasonable and proper operation of the utility in the public interest. If the commission finds that a utility has failed to provide its customers with water or wastewater service that meets the standards promulgated by the Department of Environmental Protection or the water management districts, the commission may reduce the utility's return on equity until the standards are met.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 1, 2, ch. 79-49; ss. 14, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 15, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 10, ch. 93-35; s. 185, ch. 94-356.

367.121 Powers of commission.--

(1) In the exercise of its jurisdiction, the commission shall have power:

(a) To prescribe fair and reasonable rates and charges, classifications, standards of quality and measurements, and to prescribe service rules to be observed by each utility, except to the extent such authority is expressly given to another state agency.

(b) To prescribe, by rule, a uniform system and classification of accounts for all utilities, which rules, among other things, shall establish adequate, fair, and reasonable depreciation rates and charges.

(c) To require such regular or emergency reports from a utility, including, but not limited to, financial reports, as the commission deems necessary and, if the commission finds a financial report to be incomplete, incorrect, or inconsistent with the uniform system and classification of accounts, to require a new report or a supplemental report, either of which the commission may require to be certified by an independent certified public accountant licensed under chapter 473.

(d) To require repairs, improvements, additions, and extensions to any facility, or to require the construction of a new facility, if reasonably necessary to provide adequate and proper service to any person entitled to service or if reasonably necessary to provide any prescribed quality of service, except that no utility shall be required to extend its service outside the geographic area described in its certificate of authorization, or make additions to its plant or equipment to serve outside such area, unless the commission first finds that the utility is financially able to make such additional investment without impairing its capacity to serve its existing customers.

(e) To employ and fix the compensation for such examiners and technical, legal, and clerical employees as it deems necessary to carry out the provisions of this chapter.

(f) To adopt, by affirmative vote of a majority of the commission, rules pursuant to ss. 120.536(1) and 120.54 to implement and enforce the provisions of this chapter.

(g) To exercise all judicial powers, issue all writs, and do all things necessary or convenient to the full and complete exercise of its jurisdiction and the enforcement of its orders and requirements.

(h) To order interconnections of service or facilities between utilities, and to approve any plant capacity charges or wholesale service charges or rates related thereto, provided the commission first finds that the utility is financially able to make such additional investment as is required without impairing its capacity to serve its existing customers.

(i) To require the filing of reports and other data by a public utility or its affiliated companies, including its parent company, regarding transactions or allocations of common costs, among the utility and such affiliated companies. The commission may also require such reports or other data necessary to ensure that a utility's ratepayers do not subsidize nonutility activities.

(j) To seek relief in circuit court including temporary and permanent injunctions, restraining orders, or any other appropriate order, because the Legislature finds that violations of commission orders or rules, in connection with the impairment of a utility's operations or service, constitute irreparable harm for which there is no adequate remedy at law. Such remedies shall be in addition to and supplementary to any other remedies available for enforcement of agency action under s. 120.69 or the provisions of this chapter. The commission shall establish procedures implementing this section by rule.

(k) To assess a utility for reasonable travel costs associated with reviewing the records of the utility and its affiliates when such records are kept out of state. The utility may bring the records back into the state for review.

(2) The commission or its duly authorized representatives may, during all reasonable hours, enter upon any premises occupied by any utility and set up and use thereon any necessary apparatus and appliance for the purpose of making investigations, inspections, examinations, and tests and exercising any power conferred by this chapter. Such utility shall have the right to be notified of and be represented at the making of such investigations, inspections, examinations, and tests.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 15, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 16, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 11, ch. 93-35; s. 73, ch. 98-200.

367.1213 Adequate land ownership; commission rulemaking authority.--A utility under the Water and Wastewater System Regulatory Law must own the land or possess the right to continued use of the land upon which treatment facilities are located. The commission shall adopt rules in accordance with this section.

History.--s. 2, ch. 98-42.

367.1214 Utility name change; notification; commission rulemaking authority.--A water and wastewater utility shall notify the commission and its customers before changing its name. The commission may adopt rules that a water and wastewater utility must follow when giving this notice to its customers.

History.--s. 3, ch. 98-42.

367.122 Examination and testing of meters.--

(1) The commission may provide for the examination and testing of all meters used for measuring any product or service of a utility.

(2) Any customer or user may have any such meter tested by the utility upon payment of the fee fixed by the commission.

(3) The commission shall establish reasonable fees to be paid for testing such meters on the request of the customers. Current utility customers or users may, at their discretion, pay the fee fixed by the commission at the time of the request or have the utility include the fee with their next regularly scheduled statement. However, the fee shall be paid by the utility and repaid to the customer or user if the meter is found defective or incorrect to the disadvantage of the customer or user in excess of the degree or amount of tolerance customarily allowed for such meters, or as may be provided for in rules and regulations of the commission. No fee may be charged for any such testing done by the commission or its representatives.

(4) The commission may purchase materials, apparatus, and standard measuring instruments for such examinations and tests.

History.--s. 1, ch. 71-278; s. 100, ch. 73-333; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 16, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 17, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.123 Service for resale.--The commission may require a utility to provide service for resale. However, before requiring the provision of service, the commission shall first find that the utility is financially able to make such additional investment as is required without impairing its capacity to serve its existing customers. Any utility which provides service for resale shall provide such service upon terms and conditions established by the commission, and no utility shall discontinue such service without the approval of the commission. In the event a governmental authority voluntarily enters into an agreement for resale, such agreement shall provide that the service will not be discontinued without 90 days' notice being given to the purchaser prior to discontinuing such service. Nothing contained herein shall be construed to prohibit the governmental authority from requiring adequate security being given to such authority to ensure payments required in the agreement.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 17, 25, 26, ch. 80-99; s. 218, ch. 81-259; ss. 2, 3, ch. 81-318; ss. 18, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.145 Regulatory assessment and application fees.--

(1) The commission shall set by rule a regulatory assessment fee that each utility must pay once a year in conjunction with filing its annual financial report required by commission rule. Notwithstanding any provision of law to the contrary, the amount of the regulatory assessment fee shall not exceed 4.5 percent of the gross revenues of the utility derived from intrastate business, excluding sales for resale made to a regulated company.

(a) A governmental authority to which ownership or control of a utility is transferred is not liable for any fees owed the commission by the utility as of the date of transfer. However, whenever a purchase at wholesale is made of any water or wastewater service and a fee is paid or payable thereon by the selling utility and the utility purchasing such water or wastewater service resells the same directly to customers, the purchasing utility is entitled to, and must receive, credit on such fees as may be due by it under this section to the extent of the fee paid or payable upon such water or wastewater service by the utility from which such purchase was made. All such fee payments and penalties must be deposited in accordance with s. 350.113.

(b) In addition to the penalties and interest otherwise provided, the commission may impose a penalty upon a utility for failure to pay regulatory assessment fees in a timely manner in accordance with s. 367.161.

(2) Each utility shall pay an application fee, established by the commission, for an original certificate of authorization; an amendment to an existing certificate of authorization; a request for rate relief in accordance with s. 367.081 or s. 367.0814; a proceeding pursuant to s. 367.0822; service availability charges filed in accordance with s. 367.101; and when this chapter becomes applicable to a county in accordance with s. 367.171. The amount of the application fee determined by the commission may not exceed \$4,500 and must be based upon the existing or proposed capacity of the system, extension, or deletion. All such fee payments must be deposited in accordance with s. 350.113.

(3) Fees collected by the commission pursuant to this section may only be used to cover the cost of regulating water and wastewater systems. Fees collected by the commission pursuant to chapters 364 and 366 may not be used to pay the cost of regulating water and wastewater systems.

History.--ss. 19, 27, ch. 89-353; s. 5, ch. 90-166; s. 4, ch. 91-429.

367.156 Public utility records; confidentiality.--

(1) The commission shall continue to have reasonable access to all utility records and records of affiliated companies, including its parent company, regarding transactions or cost allocations among the utility and such affiliated companies, and such records necessary to ensure that a utility's ratepayers do not subsidize nonutility activities. Upon request of the utility or any other person, any records received by the commission which are shown and found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1).

(2) Discovery in any docket or proceeding before the commission shall be in the manner provided for in Rule 1.280 of the Florida Rules of Civil Procedure. Information which affects a utility's rates or cost of service shall be considered relevant for purposes of discovery in any docket or proceeding where the utility's rates or cost of service are at issue. The commission shall determine whether information requested in discovery affects a utility's rates or cost of service. Upon showing by a utility or other person and a finding by the commission that discovery will require the disclosure of proprietary confidential business information, the commission shall issue appropriate protective orders designating the manner for handling such information during the course of the proceeding and for protecting such information from disclosure outside the proceeding. Such proprietary confidential business information shall be exempt from s. 119.07(1). Any records provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the commission and the office of the Public Counsel and any other party subject to the public records act as confidential and shall be exempt from s. 119.07(1), pending a formal ruling on such request by the commission or the return of the records to the person providing the records. Any record which has been determined to be proprietary confidential business information and is not entered into the official record of the proceeding must be returned to the person providing the record within 60 days after the final order, unless the final order is appealed. If the final order is appealed, any such record must be returned within 30 days after the decision on appeal. The commission shall adopt the necessary rules to implement this provision.

(3) Proprietary confidential business information means information, regardless of form or characteristics, which is owned or controlled by the person or company, is intended to be and is treated by the person or company as private in that the disclosure of the information would cause harm to the ratepayers or the person's or company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or a private agreement that provides that the information will not be released to the public. Proprietary business information includes, but is not limited to:

- (a) Trade secrets.
- (b) Internal auditing controls and reports of internal auditors.
- (c) Security measures, systems, or procedures.
- (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the utility or its affiliates to contract for goods or services on favorable terms.
- (e) Information relating to competitive interests, the disclosure of which would impair the competitive businesses of the provider of the information.
- (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

(4) Any finding by the commission that records contain proprietary confidential business information is effective for a period set by the commission not exceeding 18 months, unless the commission finds, for good cause, that the protection from disclosure shall be for a specified longer period. The commission shall order the return of records containing proprietary confidential business information when such records are no longer necessary for the commission to conduct its business. At that time, the commission shall order any other person holding such records to return them to the person providing the records. Records containing proprietary confidential business information which have not been returned at the conclusion of the period set pursuant to this subsection shall no longer be exempt from s. 119.07(1), unless the public utility or affected person shows, and the commission finds, that the records continue to contain proprietary confidential business information. Upon such finding, the commission may extend the period for confidential treatment for a period not to exceed 18 months, unless the commission finds, for good cause, that the protection from disclosure shall be for a specified longer period. During commission consideration of an extension, the records in question will remain exempt from s. 119.07(1). The commission shall adopt rules to implement this provision which shall include notice to the public utility or affected person regarding the expiration of confidential treatment.

History.--ss. 10, 15, ch. 82-25; ss. 20, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 169, ch. 96-406.

367.161 Penalties.--

(1) If any utility, by any authorized officer, agent, or employee, knowingly refuses to comply with, or willfully violates, any provision of this chapter or any lawful rule or order of the commission, such utility shall incur a penalty for each such offense of not more than \$5,000, to be fixed, imposed, and collected by the commission. However, any penalty assessed by the commission for a violation of s. 367.111(2) shall be reduced by any penalty assessed by any other state agency for the same violation. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the utility, enforceable by the commission as statutory liens under chapter 85. The proceeds from the enforcement of any such lien shall be deposited into the General Revenue Fund.

(2) The commission has the power to impose upon any entity that is subject to its jurisdiction under this chapter and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the commission or any provision of this chapter a penalty for each offense of not more than \$5,000, which penalty shall be fixed, imposed, and collected by the commission; or the commission may, for any such violation, amend, suspend, or revoke any certificate of authorization issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the entity, enforceable by the commission as a statutory lien under chapter 85. The collected penalties shall be deposited into the General Revenue Fund unallocated.

History.--s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 21, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 6, 8, ch. 84-149; ss. 21, 26, 27, ch. 89-353; s. 4, ch. 91-429.

367.165 Abandonment.--It is the intent of the Legislature that water or wastewater service to the customers of a utility not be interrupted by the abandonment or placement into receivership of the utility. To that end:

(1) No person, lessee, trustee, or receiver owning, operating, managing, or controlling a utility shall abandon the utility without giving 60 days' notice to the county or counties in which the utility is located and to the commission. Anyone who violates the provisions of this subsection is guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083. Each day of such abandonment constitutes a separate offense. In addition, such act is a violation of this chapter, and the commission may impose upon the utility a penalty for each such offense of not more than \$5,000 or may amend, suspend, or revoke its certificate of authorization; each day of such abandonment without prior notice constitutes a separate offense.

(2) After receiving such notice, the county, or counties acting jointly if more than one county is affected, shall petition the circuit court of the judicial circuit in which such utility is domiciled to appoint a receiver, which may be the governing body of a political subdivision or any other person deemed appropriate. The receiver shall operate the utility from the date of abandonment until such time as the receiver disposes of the property of the utility in a manner designed to continue the efficient and effective operation of utility service.

(3) The notification to the commission under subsection (1) is sufficient cause for revocation, suspension, or amendment of the certificate of authorization of the utility as of the date of abandonment. The receiver operating such utility shall be considered to hold a temporary authorization from the commission, and the approved rates of the utility shall be deemed to be the interim rates of the receiver until modified by the commission.

History.--ss. 23, 26, ch. 80-99; ss. 2, 3, ch. 81-318; s. 7, ch. 84-149; ss. 22, 26, 27, ch. 89-353; s. 51, ch. 91-224; s. 4, ch. 91-429.

367.171 Effectiveness of this chapter.--

(1) The provisions of this chapter shall become effective in a county of this state upon the adoption of a resolution by the board of county commissioners of such county, or, in counties operating under a countywide charter, by the appropriate board, declaring that such county is subject to the provisions of this chapter. Any board of county commissioners which adopts such a resolution shall immediately notify the commission of its adoption and submit the resolution to the commission. A county, after 10 continuous years under the jurisdiction of the commission, may by resolution or ordinance rescind any prior resolution or ordinance imposing commission jurisdiction and thereby exclude itself from the provisions of this chapter, except that the county may not exclude itself from the provisions of this section.

(2)(a) Within 30 days after this chapter becomes applicable to a county, each utility shall register by filing with the commission a written statement setting forth the full legal name of the utility, its mailing address, and a brief description of its service area.

(b) On the day this chapter becomes applicable to any county, any utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day this chapter becomes applicable to it. Within 90 days after the day this chapter becomes applicable to it, the utility shall make application for a certificate by filing with the commission:

1. A map of its existing system or system under construction;

2. A description of the area served by the system; and

3. A tariff listing all rates and charges and such other financial information as may be required by the commission. Such application shall be accompanied by a fee as provided by s. 367.145. If a utility fails to register with the commission within the prescribed time, the commission may require that the utility apply for an original certificate of authorization in accordance with s. 367.045.

(c) Before the commission issues a certificate of authorization under paragraph (b), it may establish the amount of money prudently invested in property of the utility, which property is used and useful in the public service; may establish other elements of the rate base; and may set and approve rates pursuant to s. 367.081.

(3) In consideration of the variance of powers, duties, responsibilities, population, and size of municipalities of the several counties and in consideration of the fact that every county varies from every other county and thereby affects the functions, duties, and responsibilities required of its county officers and the scope of responsibilities which each county may, at this time, undertake, the Counties of Alachua, Baker, Bradford, Calhoun, Charlotte, Collier, Dade, Dixie, Escambia, Flagler, Gadsden, Gilchrist, Glades, Hamilton, Hardee, Hendry, Hernando, Hillsborough, Holmes, Indian River, Jefferson, Lafayette, Leon, Liberty, Madison, Manatee, Okaloosa, Okeechobee, Polk, St. Lucie, Santa Rosa, Sarasota, Suwannee, Taylor, Union, Wakulla, and Walton are excluded from the provisions of this chapter until such time as the board of county commissioners of any such county, acting pursuant to the provisions of subsection (1), makes this chapter applicable to such county or until the Legislature, by appropriate act, removes one or more of such counties from this exclusion.

(4) As of the day a utility is no longer regulated by the commission under this chapter, each such utility which is engaged in the operation or construction of a system shall be entitled to receive from the county in which it is located and operating a certificate of authorization for each area for which such utility held a certificate of authorization from the commission on the day the utility became subject to regulation by the county. The utility will make application by filing with the governing body of the county:

(a) A map of its existing system or system under construction;

(b) A certified copy of the certificate of authorization issued by the commission, including a legal description of the service area for which the certificate of authorization was issued;

(c) A tariff, listing all rates and charges then in effect, which shall remain in effect until thereafter lawfully changed;

(d) A copy of the operating regulations and procedures of the utility then in effect, which shall remain in effect until thereafter lawfully changed; and

(e) The then-current rate base of the utility, which shall then continue to be the rate base of the utility until thereafter lawfully changed.

(5) When a utility becomes subject to regulation by a county, all cases in which the utility is a party then pending before the commission, or in any court by appeal from any order of the commission, shall remain within the jurisdiction of the commission or court until disposed of in accordance with the law in effect on the day such case was filed by any party with the commission or initiated by the commission, whether or not the parties or the subject of any such case relates to a utility in a county wherein this chapter no longer applies.

(6) Any county in which utilities as herein defined were regulated by the commission on or after January 1, 1980, which subsequently cease to be so regulated, shall, within 90 days of the cessation of

commission regulation, adopt and follow as minimum standards of regulation the provisions of s. 367.081, except for paragraph (4)(a), and s. 367.082, except that the word "commission" shall be read as "the governing body of such county" when the context implies or admits. The authorized rate of return shall be no less than the weighted cost of the capital of the utility, including debt and equity.

(7) Notwithstanding anything in this section to the contrary, the commission shall have exclusive jurisdiction over all utility systems whose service transverses county boundaries, whether the counties involved are jurisdictional or nonjurisdictional, except for utility systems that are subject to, and remain subject to, interlocal utility agreements in effect as of January 1, 1991, that create a single governmental authority to regulate the utility systems whose service transverses county boundaries, provided that no such interlocal agreement shall divest commission jurisdiction over such systems, any portion of which provides service within a county that is subject to commission jurisdiction under this section.

(8) Each county which is excluded from the provisions of this chapter shall regulate the rates of all utilities in that county which would otherwise be subject to regulation by the commission pursuant to s. 367.081(1), (2), (3), and (6). The county shall not regulate the rates or charges of any system or facility which would otherwise be exempt from commission regulation pursuant to s. 367.022(2). For this purpose the county or its agency shall proceed as though the county or agency is the commission. In all proceedings conducted by a county or its agency under the authority of this chapter, the provisions of ss. 120.569 and 120.57 shall apply.

History.--s. 1, ch. 71-278; s. 1, ch. 73-193; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 22, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 12, 15, ch. 82-25; s. 4, ch. 85-85; ss. 23, 26, 27, ch. 89-353; s. 6, ch. 90-166; s. 1, ch. 90-350; s. 4, ch. 91-429; s. 11, ch. 96-202; s. 1, ch. 97-24; s. 13, ch. 2000-350.

367.182 Saving clause.--All certificates and authorizations valid on the effective date of chapter 80-99, Laws of Florida, shall remain in full force and effect. Henceforth, all certificates and authorizations shall be applied for in accordance with this act.

History.--s. 24, ch. 80-99; s. 2, ch. 81-318; ss. 24, 26, 27, ch. 89-353; s. 4, ch. 91-429.

RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

CHAPTER 25-9

CONSTRUCTION AND FILING OF
TARIFFS BY PUBLIC UTILITIES

PART I - GENERAL

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25-9.001 Application and Scope.

(1) The provisions of Parts I, II and III of these rules shall only apply to public utilities as defined in Rule 25-9.02(2) and Parts IV and V of these rules shall only apply to municipalities and cooperatives as defined in Rule 25-9.51(2). Except as provided by Parts X through XIV, Chapter 25-24, Florida Administrative Code, the provisions of this Chapter shall not apply to Interexchange Companies, Pay Telephone Service Companies, Shared Tenant Service Companies, Operator Service Provider Companies or Alternative Access Vendor Service Providers.

(2) The following shall prescribe the procedures to be used by public utilities in filing:

- (a) Rules and Regulations
- (b) Rate Schedules
- (c) Standard Forms and Riders
- (d) Contracts and Agreements
- (e) Tariffs

(3) No rules and regulations, or schedules of rates and charges, or modifications or revisions of the same, shall be effective until filed with and approved by the Commission as provided by law.

(4) Upon acceptable showing by any utility, the Commission may waive or modify, as to that utility, the provisions of any rule herein contained, except when such provisions are fixed by Statute.

(5) No deviation from these rules shall be permitted unless authorized in writing by the Commission.

Specific Authority: 350.127(2), 366.05(1), 367.121, F.S.

Law Implemented: 364.03, 364.04, 364.05, 364.08, 364.337, 366.04(2)(b), 366.05(1), 367.041(2), 367.091, 367.101, F.S.

History: Repromulgated 1/8/75, 10/22/75, Amended 8/9/79, formerly 25-9.01, Amended 2/23/87, 1/8/95.

25-9.002 Definitions. For the purposes of these regulations the following definitions shall apply:

- (1) The word "Commission" refers to the Florida Public Service Commission.

(2) Except where a different meaning clearly appears from the context, the word or words "utility" or "public utility" as used in these rules shall mean and include all electric and gas utilities, water systems, wastewater systems, telephone companies and telegraph companies which are, or may hereafter be, subject to the jurisdiction of this Commission.

(3) The term "rules" and/or "regulations" refers to the general practices followed by the utility in carrying on its business with its customers and includes the rules, practices, classifications, exceptions and conditions observed by the utility in supplying service.

(4) The term "rate" refers to the price or charge for utility service.

(5) The term "rate schedule" refers to the rate or charge for the particular classification of service plus the several provisions necessary for billing, including all special terms and conditions under which service shall be furnished at such rate or charge.

(6) The term "standard forms" means and includes all standard contract or agreement forms for execution between the utility and its customers.

(7) "Contracts and Agreements" shall refer to special contracts entered into by the utility for the sale of commodity or services in a manner or subject to provisions not specifically covered by its filed standard rate schedules.

(8) The term "tariff" shall refer to the assembled volume containing the "rules," "regulations," "rate schedules," "standard forms," "contracts," and other material required by these regulations as filed with the Commission.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.20, 366.05(1), 367.021, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.02.

25-9.003 Information to Public.

(1) Each utility shall maintain for public inspection, in each office where application for service may be made, schedules applicable to all territory the business of which is commonly transacted at such office, showing all rates and charges made or enforced, all standard forms of contract or agreement, and all rules, regulations and classifications relating to rates, charges or service used or available for use, and all general privileges and facilities granted or allowed. The same shall be readily accessible to the public at all times during office hours, and on demand by any person during such office hours shall be produced for examination.

(a) A printed notice shall be kept posted by each utility in a public and conspicuous place in each office where application for service may be made stating that its schedules, including rules and regulations and standard contract and agreement forms, are on file at that office and are open to examination by any person.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 367.03, 366.05(1), 367.041(2), 367.091, 367.101, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.03.

25-9.004 General Filing Instructions.

(1) Each utility shall file with the Commission tariffs applicable to all territory served by it, showing all rates, classifications, and charges for service subject to the jurisdiction of the Commission furnished by the utility, and all rules and regulations relating thereto, except that the rates and charges for a specific item of equipment and/or special service arrangements for an individual customer need not be filed where the utility's tariff provides the basis for such

charge.

All tariffs, as well as any supplements, revisions, modifications, or changes to any portion thereof, shall be submitted to the Commission in quadruplicate and in the form prescribed herein. After acceptance, one stamped copy will be returned to the utility, which shall be the notice to the utility that the filing has been accepted and approved.

(2) If a utility furnishes more than one kind of utility service, (e.g., gas and electricity, gas and water, water and wastewater, etc.) a separate tariff must be filed for each kind of service.

(3) All tariff-related material submitted to the Commission shall be accompanied by a letter of transmittal which lists the sheets being transmitted.

(4) If acknowledgment of the filing be desired, the letter of transmittal shall be sent in duplicate with a request that the duplicate be returned.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), 367.091, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.04.

25-9.005 Information to Accompany Filings.

(1) Except in the case of schedules published under authority of an order of the Commission that sets rates, charges or conditions of service, each letter of transmittal shall be accompanied by the following items in connection with each service classification in which any change is proposed:

(a) As applicable, a tabulation in typical bill form setting forth, at representative consumption levels, the charges applicable under the present and proposed rates, together with the differences expressed in dollars and in percent;

(b) The estimated gross increase or decrease in annual revenues resulting therefrom, if ascertainable.

(2) In addition to the foregoing, telephone companies, electric utilities and gas utilities shall provide the following:

(a) A description of the service or equipment and its functions;

(b) A statement of the justification for the change and documentation supporting that justification;

(c) If a service or type of equipment is proposed to be limited or discontinued, a description of other service or equipment options available to customers.

(d) A company may request a waiver of any of the requirements of this subsection upon a written application showing that the requirement is inordinately burdensome or unnecessary for analysis of its filing. The directors of the Electric and Gas Department and Telecommunications Department, respectively, will dispose of any such request. A company may request Commission review of a denial of a waiver.

(3)(a) When a local exchange telephone company whose annual revenues from regulated telecommunications operations are \$100,000,000 or more files a tariff to introduce a new service, incremental cost data shall be filed sufficient to demonstrate that the proposed rates for the service are not below incremental cost. When a local exchange telephone company whose annual revenues from regulated telecommunications services are less than \$100,000,000 files a tariff for a new service, it shall provide incremental cost data, if available, or otherwise demonstrate that the proposed rates for the service are not below that local exchange company's incremental cost.

(b) Where the change involves a rate or charge and the electric, gas, or telephone utility elects to make a cost study, the utility shall file a cost

information statement containing a summary of the cost study performed, including:

1. All underlying assumptions;
2. The cost study number, if assigned;
3. The cost of providing the service or equipment;
4. The proposed contribution above or below direct cost, stated in both dollars and percent;

5. A statement as to why each above-cost or below-cost contribution rate was chosen; and

6. The anticipated effect of the change on the company's rate of return.

(4) Whenever a new or additional service classification or rate schedule is filed with the Commission, the information required by (1) above need not be furnished. In lieu thereof, a statement shall be filed stating the purpose and reason for the new service classification or schedule and, if determinable, the estimated annual revenue to be derived therefrom and the estimated number of customers to be served thereby.

(5) The company shall provide a coded copy of each tariff sheet filed showing changes to the existing tariff sheet. Changes shall be indicated by inserting and underlining new words; words to be deleted shall be lined through with hyphens.

(6) The provisions of paragraph (1)(b) and subsections (2) and (3) shall not apply to telephone interexchange carriers granted exemptions by Order No. 13678, issued September 13, 1984.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.05, 366.06, 367.081, F.S.

History: Repromulgated 1/8/75, 10/22/75, Amended 1/18/82, 8/8/85, formerly 25-9.05, Amended 5/24/94.

25-9.006 Size and Form of Tariffs.

(1) All tariffs filed under these rules shall be submitted in loose leaf form on 8 1/2" by 11" sheets, printed, typewritten, mimeographed or produced by similar process on a good grade of bond paper of durable quality, using one side of the paper only. All copies must be clear and legible and sufficient margin shall be so allowed on each sheet for a left-hand binding edge so that when the rate book is open all printed matter will be in view.

(2) The Commission does not furnish blank forms for rate schedules nor binders for rate books. The utility shall supply durable binders for this purpose.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.06.

25-9.007 Gas - Electric - Water - Wastewater Utility Tariffs. Tariffs for gas, electric, water and wastewater utilities shall consist, where applicable, of the following sections in the order named:

	Ref. Rule No.
(a) Front Cover	25-9.020
(b) Title Page	25-9.021
(c) Table of Contents	25-9.022
(d) General Description of the Territory Served	25-9.023
(e) Miscellaneous	25-9.024
(f) Technical Terms and Abbreviations	25-9.025
(g) Index of Rules and Regulations	25-9.026
(h) Rules and Regulations	25-9.027
(i) List of Communities Served	25-9.028
(j) Index of Rate Schedules	25-9.029
(k) Rate Schedules	25-9.030 and 25-9.031
(l) Index of Standard Forms	25-9.033

- | | |
|------------------------------|----------|
| (m) Standard Forms | 25-9.033 |
| (n) Contracts and Agreements | 25-9.034 |
| (o) Back Cover | _____ |

Specific Authority: 366.05(1), 367.121, F.S.

Law Implemented: 366.05(1), 367.041, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.07.

25-9.008 Telephone Utility Tariffs. In general, the filed tariffs of telephone and telegraph utilities shall contain the following:

- | | Ref. Rule No. |
|---|--------------------------|
| (a) Front Cover | 25-9.020 |
| (b) Title Page | 25-9.021 |
| (c) Table of Contents | 25-9.022 |
| (d) General Description of the Territory Served | 25-9.023 |
| (e) Technical Terms and Abbreviations | 25-9.025 |
| (f) Index of General Rules and Regulations | 25-9.026 |
| (g) General Rules and Regulations | 25-9.027 |
| (h) Index to Local Exchange Schedules | 25-9.029 |
| (i) Local Exchange Schedules | 25-9.030 and
25-9.032 |
| (j) Back Cover | _____ |

Specific Authority: 364.20, F.S.

Law Implemented: 364.04, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.08.

25-9.009 Numbering and General Data Required for Each Sheet. The numbering and general data required by this rule and listed below shall appear on each sheet in the rate book excepting the front and back covers and the individual sheets of special contracts.

(1) Every sheet (or page) in the rate book shall be numbered. While any system which provides for an orderly arrangement of the tariff is acceptable, it is suggested that, in the interest of uniformity, all utilities give consideration to the following recommended procedures:

(a) Those utilities subject to Rule 25-9.007 should employ a decimal system of numbering, so that any new or additional material may be inserted in the logical place in the proper section of the tariff.

(b) Telephone and telegraph utilities covered by Rule 25-9.008 should continue the presently effective section and sheet numbering system which is uniformly employed by all such utilities, the size and construction of whose tariffs require such division.

(c) Utilities of any classification, the size of whose tariffs are limited to relatively few pages, may, at their option, employ a simple consecutive sheet numbering system.

(2) Each sheet shall bear the name of the utility, which shall appear in the upper left-hand corner of the sheet.

(3) The FIRST issue of each sheet in the rate book shall be marked "Original Sheet" in the upper right-hand corner of the sheet. As an example:

Original Sheet No. 1., or, Original Sheet No. 5.2.

(4) Revised sheets in the rate book shall be marked with the serial number of the revision in the upper right-hand corner and the number of the sheet it replaces. As an example:

First Revised Sheet No. 1
Cancels Original Sheet No. 1
or

Fourth Revised Sheet No. 5.2
Cancels Third Revised Sheet No. 5.2

(5) At the bottom of each sheet shall appear the name and title of the issuing officer of the utility.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05, 367.041, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.09.

25-9.010 Numbering of Supplements and Additions.

(1) When new or additional service classifications or rate schedules are to be established, the sheets containing such classifications or schedules shall follow the last sheets in the rate schedules section of the appropriate classification and be given the next consecutive sheet number or numbers. Letter suffixes shall not be used in numbering service classifications or rate schedules.

(2) When revisions or additions to existing schedules or sheets require more space, one or more sheets shall be issued to which the same sheet number shall be given with a letter suffix; for example, if changes be made in Original Sheet No. 5.2 and more than one sheet is required to show the changed or new matter, the new sheet shall be issued as First Revised Sheet No. 5.2-A, etc.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.10.

PART II - DESCRIPTION OF INDIVIDUAL SHEETS OR SECTIONS

25-9.020	Front Cover
25-9.021	Title Page
25-9.022	Table of Contents
25-9.023	Description of Territory Served
25-9.024	Miscellaneous
25-9.025	Technical Terms and Abbreviations
25-9.026	Index of Rules and Regulations
25-9.027	Rules and Regulations
25-9.028	List of Communities Served
25-9.029	Index of Rate or Exchange Schedules
25-9.030	Rate Schedules - General
25-9.031	Electric - Gas - Water - Wastewater Utility Rate Schedules
25-9.032	Telephone Utility Exchange Schedules
25-9.033	Standard Forms
25-9.034	Contracts and Agreements

25-9.020 Front Cover. The front cover shall adequately identify the volume as the rate book or tariff filed by the particular utility with the Florida Public Service Commission governing the sale of the specific utility service provided.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.20.

25-9.021 Title Page. The title sheet shall be a repetition of the front cover except that it shall be Sheet No. 1 of the rate book (upper right-hand corner) and shall have thereon the general information required by 25-9.009 of these regulations.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.21.

25-9.022 Table of Contents.

(1) In rate books of less than thirty (30) sheets, the table of contents may serve as a detailed subject index for the entire volume or for all sections the size of which does not require an individual index.

(2) In the larger rate books the major sections will be individually indexed in accordance with Rules 25-9.007 and 25-9.008. In these larger rate books the table of contents will serve as an index or guide to the separate sections as set out in said two rules.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.22.

25-9.023 Description of Territory Served.

(1) A brief, general description and/or map (8 1/2 x 11 inches) of the territory served by the utility shall be provided in this section.

(2) Where the brevity of the description permits, this data may be placed on the title page (Rule 25-9.021 above) in which case this section may be omitted.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.23.

25-9.024 Miscellaneous. There should be placed in this section any information or data of a general nature which the utility believes pertinent or informative and which does not belong under any of the specified captioned sections.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.24.

25-9.025 Technical Terms and Abbreviations. This section shall contain full and concise information as to the meaning of all technical and special terms and abbreviations and of all reference marks used in the regulations or rate schedules.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.25.

25-9.026 Index of Rules and Regulations. There shall be set forth in this section a detailed index of the utility's rules and regulations to facilitate ready reference to any particular rule.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.26.

25-9.027 Rules and Regulations.

(1) This section shall include all rules, regulations, practices, services, classifications, exceptions and conditions made or observed relative to the utility service furnished which are general and apply to all or many of the rate schedules or exchange areas served.

(2) The regulations shall be lettered or numbered and titled so that convenient reference can be made to them.

(3) If a general regulation does not apply to a particular schedule, classification or exchange, that fact should be clearly stated.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2)(f), F.S.

History: Repromulgated 1/8/75, formerly 25-9.27.

25-9.028 List of Communities Served.

(1) This section shall list each community served and indicate for each the rate schedules available to customers located therein.

(2) If the operations of the utility are confined to a singularly small area and/or if the utility's rate schedules are uniform with respect to the communities served (i.e., the same rates are available throughout the territory), this section may be omitted provided the "Description of Territory Served" (Rule 25-9.023) is complete and each rate schedule clearly states that it is available throughout the utility's entire territory.

Specific Authority: 366.05(1), 367.121, F.S.

Law Implemented: 366.05(1), 367.041(1), 367.171(1), F.S.

History: Repromulgated 1/8/75, formerly 25-9.28.

25-9.029 Index of Rate or Exchange Schedules.

(1) This section shall provide an index to facilitate prompt reference to any particular rate schedule or to any given exchange.

(2) In cases where the rate sections for which this index is provided contain less than twelve (12) sheets, this section may be omitted.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.29.

25-9.030 Rate Schedules - General.

(1) All standard rate schedules governing service to customers shall be placed in and made a part of this section, except special contracts.

(2) In case all the information pertaining to an individual rate schedule can not be placed on one sheet, place the note "Continued to Sheet No. . . ." at the bottom of the sheet and "Continued from Sheet No. . . ." at the top of the next sheet.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.30.

25-9.031 Electric - Gas - Water - Wastewater Utility Rate Schedules.

(1) The sequence of arrangement for rate schedules shall be as follows:

- (a) Rate schedules of general applicability.
- (b) Rate schedules for residential (domestic) service.
- (c) Rate schedules for rural service.
- (d) Rate schedules for commercial service.
- (e) Rate schedules for industrial service.
- (f) Rate schedules for municipal service.
- (g) Rate schedules for miscellaneous or special services.

(2) Only one rate schedule shall be placed on a single sheet.

(3) The following information, as applicable, shall be shown in connection with every rate schedule:

(a) Identification of schedules. In any tariff in which a number of schedules are shown applicable to various uses, each schedule shall be identified by a letter or letters and/or a number. The letters used for schedule designation shall be indicative of the class of service to which the schedule is applicable; e.g., G or GS for General Service; R or RS for Residential, etc.

(b) Availability. The availability clause shall define the areas or communities in which the rate schedule is effective. Where schedules are available in a large number of communities, the list of communities and available rate schedules required by Rule 25-9.029 shall be complete and accurate, in which case the availability of a rate schedule may be indicated by reference to such indexed list. (Example: Available within the corporate limits of, or See Sheet No. . . . for availability.)

(c) Applicability. The applicability clause shall define the class of customer or type of use to which the rate schedule applies.

(d) Character of service.

(1) If not continuous, then state whether limited standby, off-peak, or what.

(2) The current characteristics for electric service shall be stated and

the heating value of gas service, unless shown elsewhere in the rate book, for the entire territory served.

(e) Limitations of service. Any limitations or restrictions applicable to service under the particular rate schedule should be clearly stated.

(f) Rate or rates.

(g) Minimum charge. Here state clearly the minimum charge and the period which it covers. If there is no minimum charge, so state.

(h) Terms of payment. Where the rate or rates are subject to discount or penalty, this clause shall state the conditions governing such provision.

(i) Billing adjustments. Where the rates are subject to the application of adjustment clauses such as fuel, purchase, commodity, or tax clauses, the provisions governing such application shall be clearly stated. Where any given clause is applicable to all or many of the rates employed, such clause may be set forth on separate sheets, together with an index of the rates to which it applies, in which case each rate schedule may make reference to such sheet and index.

(j) Demand charges. Where a demand component is used in the rate structure there shall be set forth a clause defining the method of determination of demand.

(k) Term of service. If the rate shown is subject to usage over any specified minimum period, that fact should be stated.

(l) Additional clauses. Any other clauses which modify or have application to the rate set forth, such as primary voltage discount, power factor clause, etc., should be included, where applicable.

(m) Miscellaneous. Any special rules, regulations, provisions or privileges which the utility may require or permit.

Specific Authority: 366.05(1), 367.121, F.S.

Law Implemented: 366.05(1), 367.041(2), F.S.

History: Repromulgated 1/8/75, formerly 25-9.31.

25-9.032 Telephone Utility Exchange Schedules.

(1) Local rates for no more than one exchange area shall appear on a single sheet.

(2) Local exchange schedules shall be arranged alphabetically and the sequence of arrangement of information for each schedule shall be as follows:

(a) Application of and exceptions to general regulations and rates shall be clearly stated.

(b) Rates and services within the base rate area.

(c) Rates and services outside the base rate area but within the exchange service area.

(d) Miscellaneous local rates and services if not shown in or if they differ from the general rates and services otherwise applicable.

(e) Map and/or written description of base rate area.

(f) Map and/or written description of exchange service area.

Specific Authority: 364.20, F.S.

Law Implemented: 366.04, F.S.

History: Repromulgated 1/8/75, formerly 25-9.32.

25-9.033 Standard Forms.

(1) An exact copy of all standard forms, (uniform contracts, agreements, riders, service applications, service extension agreement or other form) where the same pertains to subscribers' and/or customers' services, shall be included in this section.

(2) All such forms shall be given a number so that reference can be made to them.

(3) When any such form is changed, altered, or amended the revised issue shall be filed with the Commission.

(4) If such standard forms are numerous, this section shall be prefaced with an index as provided in Rule 25-9.008.

Specific Authority: 366.05(1), 367.121, F.S.

Law Implemented: 366.05(1), F.S.

History: Repromulgated 1/8/75, formerly 25-9.33.

25-9.034 Contracts and Agreements.

(1) Wherever a special contract is entered into by a utility for the sale of its product or services in a manner or subject to the provisions not specifically covered by its filed regulations and standard approved rate schedules, such contract must be approved by the Commission prior to its execution. Accompanying each contract shall be complete and detailed justification for the deviation from the utility's filed regulations and standard approved rate schedules. If such special contracts are approved by the Commission, a conformed copy of the contract shall be placed on file with the Commission before its effective date.

(a) The provisions of this rule shall not apply to contracts or agreements governing the sale or interchange of commodity or product by or between a public utility and a municipality or R.E.A. cooperative, but shall otherwise have application.

(2) Each utility shall make provision to file with the Commission a conformed copy of all such special contracts which are currently in effect and which have not been previously filed.

(3) If the number and size of such special contracts warrant, they may be placed in a separate binder.

Specific Authority: 366.05(1), 367.121, F.S.

Law Implemented: 366.05(1), 367.041(2), F.S.

History: Amended 6/27/73, Repromulgated 1/8/75, formerly 25-9.34.

PART III - MISCELLANEOUS

25-9.044 Change of Ownership**25-9.045 Withdrawal of Tariffs****25-9.044 Change of Ownership.**

(1) In case of change of ownership or control of a utility which places the operation under a different or new utility, or when its name is changed, the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the Commission), and shall, within ten (10) days, issue and file a notice adopting, ratifying, and making its own all rates, rules, classifications and regulations of the former operating utility on file with the Commission and effective at the time of such change of ownership or control.

(2) New Utility. Within thirty (30) days after the filing of such adoption notice by a public utility which then had no tariff on file with the Commission, said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or make application to the Commission for such other tariff as it may propose to put into effect in lieu thereof.

(3) Utility already in business. Within thirty (30) days after the filing of such adoption notice by a public utility which then had a tariff on file with the Commission, said utility shall issue and file in its own name rate schedules and regulations on additional or revised sheets of its existing tariff, or by a complete reissue of its existing tariff, which shall set out the rates and regulations of the predecessor utility then in effect and adopted by it, or make application to the Commission for such other rates and regulations as it may propose to put into effect in lieu thereof.

Specific Authority: 364.34, 367.121, F.S.

Law Implemented: 364.33, F.S.

History: Repromulgated 1/8/75, formerly 25-9.44.

25-9.045 Withdrawal of Tariffs. Every public utility desiring to withdraw or cancel any tariff or any provision of a tariff which is considered no longer effective or necessary, shall file with the Commission an informal application setting forth its reasons for desiring to withdraw or cancel such tariff or tariff provision, and requesting permission to withdraw same.

Specific Authority: 364.20, 367.121, F.S.

Law Implemented: 364.05, F.S.

History: Repromulgated 1/8/75, formerly 25-9.45.

**PART IV
CONSTRUCTION AND SUBMITTAL OF
DOCUMENTATION BY MUNICIPALS AND COOPERATIVES**

- 25-9.050 Application and Scope
- 25-9.051 Definitions
- 25-9.052 General Submittal Instructions
- 25-9.0525 Municipal Surcharge on Customers Outside Municipal Limits
- 25-9.053 Filing and Evaluation of Submittals
- 25-9.054 Size and Form of Documentation
- 25-9.055 Electric Utility Documentation
- 25-9.056 Numbering and General Data Required for Each Sheet

25-9.050 Application and Scope.

(1) The following rules apply only to municipal electric utilities and rural electric cooperatives and prescribe the procedure to be followed by such utilities in submitting documentation of:

- (a) Rate Schedules
- (b) Contracts and Agreements

(2) Upon acceptable showing by the utility, the Commission may waive or modify, as to that utility, the provisions of any rule herein contained, except when such provisions are fixed by statute.

(3) No deviation from these rules shall be permitted unless authorized in writing by the Commission.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.50.

25-9.051 Definitions. For the purposes of these rules the following definitions shall apply:

(1) "Commission" refers to the Florida Public Service Commission.

(2) "Utility" applies to the municipal electric utilities and rural electric cooperatives subject to the jurisdiction of this Commission except where a different meaning clearly appears from the context.

(3) "Rate" refers to the price or charge for utility service.

(4) "Rate schedules" refer to the rate for a particular classification of service and the provisions necessary for billing, including all special terms and conditions under which services shall be furnished at such rate or charge.

(5) "Contracts and agreements" refer to the special contracts entered into by the utility for the sale of electricity to consumers in a manner or subject to provisions not specifically covered by its submitted rate schedules.

(6) "Documentation" applies to the assembled volume containing the rate schedules, contracts and agreements and other materials required by these rules.

(7) "Rate structure" refers to the classification system used in justifying different rates and, more specifically, to the rate relationship between various customer classes, as well as the rate relationship between members of a customer class.

(8) "Customer class" refers to any group of customers distinguishable from other customers by load, consumption or other characteristic.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, Amended 5/3/83, formerly 25-9.51.

25-9.052 General Submittal Instructions.

(1) Each utility shall submit to the Commission documentation of all territory and customers served by it.

(2) All supplements, revisions, modifications or changes to the documentation shall be submitted to the Commission in quadruplicate and in the form prescribed herein at least 30 days prior to final adoption by the utility. All materials submitted to the Commission will be retained in the Commission's files. After review, a letter indicating the Commission receipt of or comments on the utility's proposed rate structure will be transmitted to the utility. The comment letter may contain a request for data or explanation of the basis for any change in the utility's rate structure.

(3) After reviewing Commission comments and adopting a final rate structure, the utility shall submit the adopted rate structure to the Commission, along with any response to the Commission's comment letter. The Commission will acknowledge these filings.

(4) In the event the Commission determines that the rate structure of a utility may not be fair, just and reasonable, the Commission may initiate appropriate proceedings to prescribe a rate structure that is fair, just and reasonable. In so doing the Commission may, among other things, consider the cost of providing service to each customer class, as well as the rate history, value of service and experience of the utility, the consumption and load characteristics of the various classes of customers and the public acceptance of rate structures. The following principles may also be considered: simplicity, freedom from controversy, rate stability, fairness in apportioning costs, avoidance of undue discrimination and encouragement of efficiency.

(5) All documented materials filed with the Commission shall be accompanied by a letter listing the sheets being transmitted. The filing shall be acknowledged if the letter is sent in duplicate with a request for acknowledgement.

Special Authority 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, Amended 5/3/83, formerly 25-9.52.

25-9.0525 Municipal Surcharge on Customers Outside Municipal Limits.

(1) The provisions of Rule 25-9.052 notwithstanding, a municipal electric utility may impose on those customers outside of its corporate limits a surcharge equal to the public service tax charged by the municipality within its corporate limits. To be equal to the tax, the surcharge shall apply to the same base, at the same rate, in the same manner and to the same types of customers as the tax. The surcharge shall not result in a payment by any customer for services received outside of the city limits in excess of that charged a customer in the same class within the city limits, including the public service tax.

(2) Each municipal electric utility seeking to impose a surcharge on customers outside of its municipal limits shall provide written documentation to the Commission demonstrating compliance with the terms of this rule.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 6/14/83, formerly 25-9.525.

25-9.053 Filing and Evaluation of Submittals.

(1) Each letter transmitting a utility's proposed documentation in which any

change in rate structure is proposed shall be accompanied by supporting information in sufficient detail as to allow the Commission to determine the derivation of all rate structure modifications. The supporting information shall consist of either a utility-specific cost study or an analysis of utility-specific cost and operating data prepared using a methodology previously approved by the Commission for any comparable utility. All additional relevant information deemed necessary by the Commission shall be submitted in addition to the above upon request.

(2) If the utility does not submit such supporting information, the Commission shall evaluate the proposed change in rate structure on the basis of cost and operating data from one or more comparably situated public electric utilities which the Commission determines to be most similar to the filing utility. Data from the comparable utilities shall be considered in conjunction with all submitted information which is specific to the filing utility.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.53, amended 1/13/93.

25-9.054 Size and Form of Documentation.

(1) All documentation filed under these rules shall be submitted in loose leaf form on 8 1/2" X 11" sheets, typewritten, mimeographed or produced by similar processes on a good grade of bond paper of durable quality, using one side of the page only. All copies must be clear and legible and sufficient margin shall be so allowed across each sheet for a left-hand binding edge so that when the book is opened all printed material will be in view.

(2) The Commission does not furnish blank forms for rate schedules nor binders for rate books. The utility shall supply durable binders for this purpose.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.54.

25-9.055 Electric Utility Documentation.

Documentation for electric utilities shall consist, where appropriate, of the following sections in the order named:

	Reference Rule No.
(a) Front Cover	25-9.060
(b) Title Page	25-9.061
(c) Table of Contents	25-9.062
(d) General Description of Territory Served	25-9.063
(e) Miscellaneous	25-9.064
(f) List of Communities Served	25-9.065
(g) Index of Rate Schedules	25-9.066
(h) Rate Schedules	25-9.067
(i) Standard Forms	25-9.069
(j) Contracts and Agreements	25-9.070
(k) Back Cover	25-9.071

Specific Authority 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.55.

25-9.056 Numbering and General Data Required For Each Sheet. The numbering and general data required by this rule and listed below shall appear on each sheet in the rate book excepting the front and back covers and the individual sheets of

special contracts.

(1) Each sheet (or page) in the rate book shall be numbered. The utilities shall employ a decimal system or numbering so that any new or additional material may be inserted in the logical place in the proper section of the documentation.

(2) Each sheet shall bear the name of a utility, which shall appear in the upper left-hand corner of the sheet.

(3) The first issue of each sheet in the rate books shall be marked, "Original Sheet", in the upper right-hand corner of the sheet. As an example: Original Sheet No. 1, or Original Sheet No. 5.52.

(4) Revised Sheets in the rate book shall be marked with the series number of the revision in the upper right-hand corner and the number of the sheet(s) it replaces. For example:

First Revised Sheet 1
Cancelling Original Sheet No. 1
or
Fourth Revised Sheet No. 5.2
Cancelling Third Revised Sheet No. 5.2

(5) At the bottom of each sheet shall appear the name and title of the issuing officer of the utility and effective date of sheet.

Specific Authority 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.56.

25-9.057 Reserved.

25-9.058 Reserved.

25-9.059 Reserved.

PART V
DESCRIPTION OF INDIVIDUAL SHEETS OR
SECTIONS OF MUNICIPALS AND COOPERATIVES DOCUMENTATION

25-9.060	Front Cover
25-9.061	Title Page
25-9.062	Table of Contents
25-9.063	Description of Territory Served
25-9.064	Miscellaneous
25-9.065	List of Communities Served
25-9.066	Index of Rate Schedules
25-9.067	Rate Schedules
25-9.068	Electric Utility Rate Schedules
25-9.069	Standard Forms and Blank Bill Form
25-9.070	Contracts and Agreements
25-9.071	Back Cover

25-9.060 Front Cover. The front cover shall adequately identify the volume as the rate book submitted by the particular utility with the Florida Public Service Commission governing the specific utility service provided.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.60.

25-9.061 Title Page. The title page shall be a repetition of the front cover except that it shall be Sheet No. 1 of the rate book (upper right corner) and shall have thereon the general information required by Rule 25-9.056 of these regulations.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.61.

25-9.062 Table of Contents.

(1) In rate books of less than fifteen (15) sheets, the table of contents may serve as a detailed subject index for the entire volume or for all sections the size of which does not require an individual index.

(2) In the larger rate books the major sections will be individually indexed in accordance with Rule 25-9.055. In these larger rate books the table of contents will serve as an index or guide to the separate sections as set out in the above rule.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.62.

25-9.063 Description of Territory Served.

(1) A brief, general description and/or map (8 1/2 X 11 inches) of the territory served by the utility shall be provided in this section.

(2) Where the brevity of the description permits, this data may be placed on the title page (Rule 25-9.061 above) in which case this section may be omitted.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.63.

25-9.064 Miscellaneous. There should be placed in this section any information or data of a general nature which the utility believes pertinent or informative and which does not belong under any of the specified captioned sections.

Specific Authority: 366.05(1), F.S.

Law Implemented: 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.64.

25-9.065 List of Communities Served.

(1) This section shall list each community served and indicate for each the rate schedules available to customers located therein.

(2) If the operations of the utility are confined to a singularly small area and/or if the utility's rate schedules are uniform with respect to the communities served (i.e., the same rates are available throughout the territory), this section may be omitted provided the "Description of Territory Served" (Rule 25-9.063) is complete and each rate schedule clearly states that it is available throughout the utility's entire territory.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.65.

25-9.066 Index of Rate Schedules. This section shall provide an index to facilitate prompt reference to any particular rate schedule.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.66.

25-9.067 Rate Schedules.

(1) All standard rate schedules governing service to customers shall be placed in and made a part of this section, except special contracts.

(2) In case all the information pertaining to an individual rate schedule cannot be placed on one sheet, place the note, "Continued to Sheet No. . . ." at the bottom of the sheet and "Continued from Sheet No. . . ." at the top of the next sheet.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.67.

25-9.068 Electric Utility Rate Schedules.

(1) The sequence of arrangement for rate schedules shall be as follows:

- (a) Rate schedules of general applicability.
- (b) Rate schedules of residential (domestic) service.
- (c) Rate schedules for commercial service.
- (d) Rate schedules for industrial service.
- (e) Rate schedules for miscellaneous or special services.

(2) Only one rate schedule shall be placed on a single sheet.

(3) The following information, as applicable, shall be shown in connection with every rate schedule:

(a) Identification of schedules. In any rate book in which a number of schedules are shown applicable to various uses, each schedule shall be identified by a letter or letters and/or a number. The letter used for schedule designation

shall be indicative of the class of service to which the schedule is applicable; e.g., G or GS for General Services; R or RS for Residential, etc.

(b) Availability. The availability clause shall define the areas or communities in which the rate schedule is effective. Where schedules are available in a large number of communities, the list of communities and available rate schedules required by Rule 25-9.066 shall be complete and accurate, in which case the availability of a rate schedule may be indicated by reference to such indexed list. (Example: Available within the corporate limits of, or See Sheet No. . . . for availability).

(c) Applicability. The applicability clause shall define the class of customer or type of use to which the rate schedule applies.

(d) Character of service.

(1) If not continuous, then state whether limited standby, off-peak, or what.

(2) The current characteristics for electric service shall be stated, unless shown elsewhere in the rate book, for the entire territory served.

(e) Limitations of service. Any limitations or restrictions applicable to service under the particular rate schedules should be clearly stated.

(f) Rate or rates.

(g) Minimum charge. Here state clearly the minimum charge and the period which it covers. If there is no minimum charge, so state.

(h) Terms of payment. Where the rate or rates are subject to discount or penalty, this clause shall state the conditions governing such provision.

(i) Billing adjustments. Where the rates are subject to the application of adjustment clauses such as fuel and/or tax clauses, the provisions governing such applications shall be clearly stated. Where any given clause is applicable to all or many of the rates employed, such clause may be set forth on separate sheets, together with an index of the rates to which it applies, in which case each rate schedule may make reference to such sheet and index.

(j) Demand charges. Where a demand component is used in the rate structure there shall be set forth a clause defining the method of determination of demand.

(k) Additional clauses. Any other clauses which modify or have application to the rate set forth such as primary voltage discount, power factor clause, etc., should be included, where applicable.

(l) Miscellaneous. Any special rules, regulations, provisions or privileges which the utility may require or permit.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.68.

25-9.069 Standard Forms and Blank Bill Form. An exact copy of all standard forms and a blank bill form of each schedule will be shown.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.69.

25-9.070 Contracts and Agreements.

(1) Whenever a special contract is entered into by a utility for the sale of electricity said special contract shall be placed in this section.

(2) If the number and size of such special contracts warrant they may be placed in a separate binder.

Specific Authority: 366.05(1), F.S.

Law Implemented 366.04(2)(b), F.S.

History: New 8/9/79, formerly 25-9.70.

25-9.071 Back Cover. Will be the back cover.
Specific Authority: 366.05(1), F.S.
Law Implemented 366.04(2)(b), F.S.
History: New 8/9/79, formerly 25-9.71.

RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

CHAPTER 25-22

RULES GOVERNING PRACTICE AND PROCEDURES

PART I - GENERAL PROVISIONS

- 25-22.001 Notice of Meeting or Workshop
- 25-22.002 Agenda of Meetings
- 25-22.0021 Agenda Conference Participation
- 25-22.003 Emergency Meeting (Repealed)
- 25-22.004 Commission Forms (Repealed)
- 25-22.005 Noticing Address Files (Repealed)
- 25-22.006 Confidential Information
- 25-22.007 Reserved
- 25-22.008 Practitioners (Repealed)
- 25-22.009 Size of Paper Filed with Commission (Repealed)

25-22.001 Notice of Meeting or Workshop.

(1) A public meeting, for the purposes of notice in Rule 28-102.001, F.A.C., is limited to a gathering of Commissioners for the purpose of conducting public business. The term meeting includes Agenda Conference.

(2) A workshop, for the purposes of notice in Rule 28-102.001, F.A.C., is a gathering where Commissioners may be present or Commission staff or person(s) designated by the commission are meeting with interested persons for a specific purpose as designated in the notice. The term workshop includes gatherings for the specific purpose of rule drafting at which time no official votes are taken or policy adopted.

Specific Authority: 350.127(2), F.S.

Law Implemented: 120.525, F.S.

History--New 12/21/81, Formerly 25-22.01, Amended 05/03/99.

25-22.002 Agenda of Meetings.

A majority vote of a quorum of the Commission is required to modify the presiding officer's decision to make a specific change in the agenda.

Specific Authority: 350.127(2), F.S.

Law Implemented: 120.525, F.S.

History--New 12/21/81, Formerly 25-22.02, Amended 04/18/94, 05/03/99.

25-22.0021 Agenda Conference Participation.

(1) Persons who may be affected by Commission action on certain items on the agenda for which a hearing has not been held (other than actions on interim rates in file and suspend rate cases and declaratory statements) will be allowed to address the Commission concerning those items when taken up for discussion at the conference.

(2) When a recommendation is presented and considered in a proceeding where a hearing has been held, no person other than staff who did not testify at the hearing and the Commissioners may participate at the agenda conference. Oral or written presentation by any other person, whether by way of objection, comment, or otherwise, is not permitted, unless the Commission is considering new matters related to but not addressed at the hearing.

(3) Nothing in this rule shall preclude the Commission from making decisions during the course of or at the conclusion of a hearing.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.525, F.S.

History: New 3/23/93

25-22.003 Emergency Meeting.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.03, Repealed 05/03/99.

25-22.004 Commission Forms.

Specific Authority: 120.53(1)(b), F.S.

Law Implemented: 120.53(1)(b), F.S.

History--New 6/7/84, Formerly 25-22.04, Amended 04/16/90, 08/21/90, 08/23/90, Repealed 05/03/99.

25-22.005 Noticing Address Files.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 08/21/84, Formerly 25-22.05, Amended 07/11/96, Repealed 05/03/99.

25-22.006 Confidential Information.

(1) Definitions.

(a) "Confidential Information" means material that has been determined, pursuant to this rule, to be proprietary confidential business information under Section 350.121, 364.183, 366.093, or 367.156, F.S.

(b) "Formal proceeding" means a proceeding docketed in the Commission's Division of Records and Reporting.

(c) "Inquiry" means an investigation pursuant to section 350.121, F.S. An inquiry is set in motion by the Commission Chairman, the Executive Director, or the General Counsel to evaluate a complaint, allegation, or develop information as a basis to initiate action on or dispose of any matter within the Commission's jurisdiction.

(d) "Material" means all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, or other recorded information regardless of physical form or characteristics.

(e) "Obtaining material" means receiving material pursuant to filing or taking physical control of material by removing the original material or a copy of it from the utility's or other person's premises. Obtaining material also means the extraction of data from material for inclusion in working papers or memoranda.

(2) Material obtained during an inquiry.

(a) All material obtained incident to an inquiry by the Commission, its staff, or any consultant employed by the Commission is exempt from the public access requirements of Section 119.07(1), F.S., and will be accorded stringent procedural safeguards against public disclosure during the pendency of the inquiry. When the Commission or its staff is requesting information incident to an inquiry, the source shall be informed in writing that the request is made incident to an inquiry.

(b) An inquiry will terminate 40 days after the transmittal of a notice of termination by the Division of Records and Reporting. This notice will be sent to all sources from whom material was obtained during the inquiry and will include a list of all materials obtained from the source during the inquiry and any portions of staff work papers, analyses, and reports containing materials obtained from the source during the inquiry. The notice will indicate whether the Commission intends to retain, destroy, or return the materials listed. A source may, within 30 days after issuance of the notice, file with the Division of Records and Reporting a written request that the material the Commission intends to retain be classified as confidential and exempt from Section 119.07(1), F.S. Requests filed in response to the notice of termination shall meet the same criteria and be processed in the same manner as other requests for confidential classification under subsection (4) of this rule. If no timely request for confidential classification is filed, confidentiality is waived and the material becomes subject to inspection and examination pursuant to Section 119.01 (7), F.S.

(3) Material obtained outside of an inquiry. Material obtained by the Commission or its staff outside of an inquiry shall be subject to inspection and examination pursuant to Section 119.07(1), F.S., unless the utility or other person requests that it be classified as confidential information.

(a) 1. If the utility or other person believes information requested by staff is confidential, the utility or other person may require that the staff request be in writing. Prior to the staff obtaining any material, a utility or other person may receive temporary exemption from Section 119.07(1), F.S., by filing a notice of intent to request confidential classification. The notice of intent to request confidential classification shall be filed with the Division of Records and Reporting and shall have appended thereto a copy of any written request for the material to which it relates. A copy of the notice shall be provided to the division requesting the material. To maintain continued confidential handling of the material the utility or other person must, within 21 days after the staff has obtained the material, file a request for confidential classification with the Division of Records and Reporting. Absent good cause shown, failure to file such a request within 21 days shall constitute a waiver of confidentiality.

2. In the case of material obtained by the Commission's auditors, the utility shall indicate on the document request Form PSC/AFA 6 (2/95) whether the information is believed by the utility to be confidential. To maintain continued confidential handling of the material, the utility must, within 21 days after the audit exit conference or, if waived, the date the audit exit conference would have taken place, file a request for confidential classification with the Division of Records and Reporting. Absent good cause shown, failure to file such a request within 21 days shall constitute a waiver of confidentiality.

(b) When the material is obtained incident to a formal proceeding, the utility or other person requesting confidential classification shall also serve a copy or summary of its request on all parties of record and on Public Counsel. The summary shall describe the material in sufficient detail so as to reasonably inform the reader of the nature of the material. Any party to a formal proceeding may file an objection to the request for confidential classification within 14 days after service of the copy or summary.

(c) Requests for confidential classification, including motions for protective orders under Paragraph 6(a), and any objections filed in response thereto shall be ruled on expeditiously by the prehearing officer assigned to the docket. The Commission panel assigned to the case will hear any motion for reconsideration filed regarding the prehearing officer's ruling. If a request is received outside a docketed proceeding, the request itself will be docketed.

(d) All material that has been classified as confidential, for which a ruling on confidentiality is pending, is subject to a notice of intent to request confidential classification, or is subject to a claim of confidentiality as provided for in Section 364.183(1), F.S., shall be exempt from Section 119.07(1), F.S., and will be accorded stringent internal procedural safeguards against public disclosure. Any staff or consultant reports or work products containing confidential information extracted from material having been classified as confidential, or which has been claimed to be confidential or for which a ruling on confidentiality is pending, shall be handled in the same manner as the material so classified. The Commission shall have discretion to retain any confidential material in its possession. Upon the consent of the Department of State, the Commission may return or, after consulting with the source, destroy any material that is no longer needed.

(4) Requests for confidential classification.

(a) A request for confidential classification of material shall be filed in writing with the Division of Records and Reporting. All such requests, including motions for protective orders based on confidentiality, shall be styled to clearly indicate on their face that confidentiality is being requested. The utility or other person shall file with the request one copy of the material for which confidential treatment is requested. On this copy, the specific information

asserted to be confidential shall be highlighted. Along with the highlighted copy, the utility or other person shall file two or more edited copies as required by the type of proceeding, which will be made available for public inspection. In the edited copies, the specific information asserted to be confidential shall be blocked out by the use of an opaque marker or other masking device. The utility or other person shall identify the page and line at which the confidential material is found and shall correlate the page and line identified with the specific justification proffered in support of the classification of such material.

(b) In the case of electronically stored material, one unedited version shall be submitted along with a written identification of the specific data fields for which confidential classification is requested along with a field-by-field justification for the confidential classification.

(c) In the line-by-line or field-by-field justification for confidential classification, the utility or other person must demonstrate how the information asserted to be confidential qualifies as one of the statutory examples listed in section 364.183(3), 366.093(3), or 367.156(3), F.S. If no statutory example is applicable, then the utility or other person shall include a statement explaining how the ratepayers or the person's or utility's business operations will be harmed by disclosure.

(d) The request shall include an affirmative statement that the material for which confidential classification is sought is intended to be and is treated by the utility or other person as private and has not been disclosed.

(e) The burden of proof shall be on the utility or other person to show that the material in question contains bona fide proprietary confidential business information. A request for confidential classification that fails to identify the material for which confidential classification is sought in sufficient detail to permit a reasoned analysis or which fails to provide the required justification for classification may be denied as insufficient on its face.

(f) The Division of Records and Reporting shall make available for public inspection a listing of daily filings with the Commission requesting confidentiality.

(g) The Commission shall have the discretion to modify the requirements of this subsection in order to alleviate the financial burden of entities qualifying as small businesses under section 288.702, F.S.

(h) A utility may petition the Commission for a waiver of the justification for particular sections of certain routinized filings. The Commission may require conditions to be met by the utility that may include, but not be limited to:

1. Filings which are routine, filed periodically, and which have been filed for a minimum of six months;
2. Information which has regularly been classified as confidential in the past; and
3. While the utility must identify material to be classified by line-by-line reference, the utility may cite to a previous order for justification. If the waiver is approved, the Commission will issue an order referencing the appropriate previous order stating the relevant justification. No party will be denied the opportunity to object to a request for confidentiality made pursuant to this sub-paragraph.

(5) Claim of confidential treatment pursuant to section 364.183(1), F.S.

(a) Telecommunications companies or other persons claiming confidential treatment for materials pursuant to section 364.183(1), F.S., shall file with the Division of Records and Reporting one copy of all such materials and include a cover letter stating that confidentiality is being claimed. The telecommunications company or other person also shall file one copy of the material on which the specific information claimed as confidential shall be highlighted. Along with the highlighted copy, the telecommunications company or other person shall file two edited copies which will be made available for public inspection. In the edited copies, the specific information claimed to be confidential shall be blocked out

by the use of an opaque marker or other masking device.

(b) In the case of electronically stored material, one unedited version shall be submitted along with a written identification of the specific data fields for which confidentiality is claimed, along with a field-by-field justification for the confidential classification.

(c) 1. The materials claimed to be confidential shall be kept confidential until returned to the provider pursuant to subsection (6)(d) of this rule, unless the materials will be used in a Commission proceeding or are the subject of a request pursuant to Section 119.07(1), F.S.

2. Any person may file a petition to inspect and examine any material which has been claimed confidential pursuant to 364.183(1), F.S. A copy of the petition must be served on the affected telecommunications company or person which shall have 10 days to file a response as to why the material should remain exempt. The petitioner shall have 7 days to file a reply to the filed response. The Commission may set the matter for hearing or issue a ruling on the pleadings.

(6) Discovery.

(a) In any formal proceeding before the Commission, any utility or other person may request a protective order protecting proprietary confidential business information from discovery. Upon a showing by a utility or other person and a finding by the Commission that the material is entitled to protection, the Commission shall enter a protective order limiting discovery in the manner provided for in Rule 1.280, Florida Rules of Civil Procedure. The protective order shall specify how the confidential information is to be handled during the course of the proceeding and prescribe measures for protecting the information from disclosure outside the proceeding.

(b) The Commission's protective orders shall exempt proprietary confidential business information from section 119.07(1), F.S. While a request for a protective order is pending, the information asserted to be confidential shall also be exempt from section 119.07(1), F.S. Such exemption shall apply whether the information is in the possession of an entity, individual, or state agency, including the Office of Public Counsel.

(c) When a utility or other person agrees to allow Public Counsel to inspect or take possession of utility information for the purpose of determining what information is to be used in a proceeding before the Commission, the utility may request a temporary protective order exempting the information from section 119.07(1), F.S. If the information is to be used in a proceeding before the Commission, then the utility must file a specific request for a protective order under paragraph (a) above. If the information is not to be used in a proceeding before the Commission, then Public Counsel shall return the information to the utility in accordance with the record retention requirements of the Department of State.

(d) Confidential information which has not been entered into the official record of the proceeding shall be returned to the utility or person who provided the information no later than 60 days after the final order, unless the final order is appealed. If the final order is appealed, the confidential information which has not been made a part of the record shall be returned no later than 30 days after the decision on appeal.

(7)(a) Any person may file a petition to inspect and examine any material which the Commission has ruled exempt from s. 119.07(1), F.S., or which is exempted under paragraph 3(d) pending the Commission's ruling or as the result of the filing of a notice of intent to request confidentiality. A copy of the petition must be served on the affected utility or person which shall have 10 days to file a response as to why the material should remain exempt. The petitioner shall have 7 days to file a reply to the filed response. The Commission may set the matter for hearing or issue a ruling on the pleadings. Material obtained by the Commission in connection with an inquiry shall not be subject to requests for inspection and examination until after the inquiry is terminated.

(b) A finding of confidentiality notwithstanding, a source may consent to

inspection or examination by any person. Such consent shall not constitute a waiver of confidentiality and only the person specified in the consent may inspect or examine the material. The Commission may be requested to issue a protective order to recognize the terms and conditions of the consent. All persons are urged to seek mutual agreement regarding access prior to bringing a controversy to the Commission.

(8) Use of confidential information during formal proceedings.

(a) The Commission may rely upon confidential information during a formal proceeding and such information, if otherwise admissible, will be received in evidence. In such event, reasonable precautions will be taken to segregate confidential information in the record and otherwise protect its integrity.

(b) When information subject to a claim of confidentiality pursuant to Section 364.183(1) or a request is admitted into the evidentiary record of a hearing, if such information is not otherwise subject to a request for confidentiality filed with the Commission, the parties to the case and the Commission shall treat the information as confidential pending a ruling on the confidentiality of the information. To maintain continued confidentiality, the party to whom the information belongs shall file a request for confidential classification within 21 days of the conclusion of the hearing.

(c) When information subject to a claim of confidentiality pursuant to Section 364.183(1) or a request is contained in a party's brief or other post hearing filing filed with the Commission, the party filing such information shall notify the owner of the information at least three working days prior to the date that the filing will be made. To maintain continued confidential treatment, the party to whom the information belongs shall file, on the same date the brief or other post-hearing filing is filed, either a notice of intent to request confidentiality treatment pursuant to (b) of this subsection, a request for confidential treatment, or a statement that the information is already subject to a request for confidentiality that has been filed with the Commission and the date that the request was filed.

(9) Duration of Confidential Classification.

(a) Orders of the Commission granting confidential classification shall limit the duration of such classification to a period not exceeding 18 months. The Commission may approve a longer period if it finds, for good cause, that such longer period is necessary to protect the ratepayers or the business operations of the utility or affected person.

(b) When confidential information is no longer needed for the Commission to conduct its business, the Commission shall order all persons holding such information to return it to the utility or person providing the information.

(c) Confidential information not returned at the conclusion of the period established under paragraph (a) of this subsection, shall no longer be exempt from s. 119.07(1), F.S., unless the utility or affected person shows, and the Commission finds, that the information continues to be confidential. Upon such finding, the duration of confidential classification may be extended for a period of up to 18 months, or for a longer period if the Commission finds, for good cause, that such longer period is necessary to protect the business operations of the utility or affected person. While the Commission is considering an extension under this paragraph, the information in question shall remain exempt from s. 119.07(1), F.S.

(10) Judicial Review. When the Commission denies a request for confidential classification, the material will be kept confidential until the time for filing an appeal has expired. The utility or other person may request continued confidential treatment until judicial review is complete. The request shall be in writing and filed with the Division of Records and Reporting. The material will thereafter receive confidential treatment through completion of judicial review.

Specific Authority: 350.127, F.S.

Law Implemented: 350.121, 364.183, 366.093, 367.156, F.S.

History: New 7/1/85, Amended 4/26/90, 4/21/96.

25-22.007 Reserved.

25-22.008 Practitioners.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 09/24/81, Formerly 25-22.08, Amended 03/21/94, Repealed 05/03/99.

Rule 25-22.009 Size of Paper Filed With Commission.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History: New 2/12/90, Repealed 7/11/96.

PART II

RULEMAKING PROCEEDINGS

- 25-22.010 Commencement of Rulemaking Proceedings (Repealed)
- 25-22.011 Notice of Rulemaking; Proceeding and the Proposed Rules (Repealed)
- 25-22.012 Petitions to Initiate Rulemaking Proceedings (Repealed)
- 25-22.013 Commission Action on Petitions to Initiate Rulemaking Proceedings (Repealed)
- 25-22.014 Rulemaking Materials (Repealed)
- 25-22.015 Rulemaking Proceeding - No Hearing (Repealed)
- 25-22.016 Rulemaking Proceeding - Hearing (Repealed)
- 25-22.017 Rulemaking Proceeding - Adoption
- 25-22.018 Emergency Rule Adoption (Repealed)
- 25-22.019 Reserved.

25-22.010 Commencement of Rulemaking Proceedings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History: New 12/21/81, formerly 25-22.10, Repealed 7/11/96.

25-22.011 Notice of Rulemaking; Proceeding and the Proposed Rules.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History: New 12/21/81, formerly 25-22.11, Repealed 7/11/96.

25-22.012 Petitions to Initiate Rulemaking Proceedings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.12, Repealed 05/03/99.

25-22.013 Commission Action on Petitions to Initiate Rulemaking Proceedings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.13, Repealed 05/03/99.

25-22.014 Rulemaking Materials.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.14, Repealed 05/03/99.

25-22.015 Rulemaking Proceeding -- No Hearing.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.15, Repealed 05/03/99.

25-22.016 Rulemaking Proceeding -- Hearing.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Amended 10/23/83, Formerly 25-22.16, Repealed 05/03/99.

25-22.017 Rulemaking Proceeding -- Adoption.

(1) At a public meeting, the Commission shall consider the record, the proposed rule, timely exceptions to the presiding officer's final recommended version, if permitted, and the recommendation of the presiding officer. The Commission may also question staff and other persons as part of its deliberations prior to adopting, rejecting or modifying the proposed rule.

(2) Oral argument and petitions for reconsideration are not appropriate to the rulemaking process. However, any interested person may petition the Commission after a rule is adopted or amended, for initiation of rulemaking proceedings pursuant to Rule 28-103.006, to amend or otherwise modify the adopted rule or amendment.

Specific Authority: 350.127(2), F.S.

Law Implemented: 120.525, 120.54(3), F.S.

History--New 12/21/81, Amended 10/25/83, Formerly 25-22.17, Amended 05/03/99.

25-22.018 Emergency Rule Adoption.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.18, Repealed 05/03/99.

25-22.019 Reserved.

PART III

DECLARATORY STATEMENTS

- 25-22.020 General (Repealed)
- 25-22.021 Purpose and Use of Declaratory Statement (Repealed)
- 25-22.022 Disposition (Repealed)
- 25-22.023 Reserved
- 25-22.024 Reserved

25-22.020 General.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.20, Repealed 05/03/99.

25-22.021 Purpose and Use of Declaratory Statement.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.21, Repealed 05/03/99.

25-22.022 Disposition.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/20/81, Formerly 25-22.22, Repealed 05/03/99.

PART IV

DECISIONS DETERMINING SUBSTANTIAL INTERESTS

SUBPART A
GENERAL PROVISIONS

25-22.025	Scope and Title of Rules (Repealed)
25-22.026	Parties (Repealed)
25-22.027	Reserved
25-22.028	Filing, Service of Documents, and Computation of Time
25-22.029	Point of Entry into Proposed Agency Action Proceedings
25-22.030	Injunctions
25-22.031	Reserved
25-22.032	Customer Complaints
25-22.033	Communications Between Commission Employees and Parties
25-22.034	Discovery (Repealed)
25-22.035	Miscellaneous Matters (Repealed)
25-22.0355	Assignment of Formal Proceedings (Repealed)

25-22.025 Scope and Title of Rules.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.25, Repealed 05/03/99.

25-22.026 Parties.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.26, Amended 08/25/91, Repealed 05/03/99.

25-22.027 Reserved.

25-22.028 Filing, Number of Copies.

(1) Filing. Filing shall be accomplished by submitting the original document and the appropriate number of copies, as provided by rule, to the Division of Records and Reporting (Division). Filing may be made by U.S. Mail, hand delivery, or courier service. Filings on behalf of companies with gross annual operating revenues derived from intrastate business in excess of \$750,000, Class A water and sewer utilities, and parties to proceedings affecting these entities, shall also include a copy of the document on diskette in word processing or spreadsheet format, whichever is appropriate, when filing documents capable of being generated by word processing or spreadsheet software. Material for which a request for confidential classification is pending under Rule 25-22.006, Florida Administrative Code, should not be included in a diskette copy. The diskette filing need not recreate document attachments not originally generated for the purpose of filing with the Commission, such as exhibits attached to a petition. The copy of the document on diskette shall be filed within 1 working day of the date the original printed document is filed. Information about the word processing and spreadsheet software preferred by the Commission may be obtained from the Director of the Division. Each diskette shall be accompanied by a statement specifying the density of the diskette, the operating system and the software used to prepare the document on diskette. For purposes of the requirement that copies of documents be filed on diskette, "document" means all prehearing statements regardless of length, and pleadings, post hearing statements of positions on issues or briefs, proposed findings of fact and conclusions of law in excess of 5 pages exclusive of the service list. In case of a discrepancy between an original printed document that is filed and the document on diskette, the filed original document shall prevail. If the filing is made with the presiding officer during the course of a hearing,

as provided by Rule 28-106.104(1), the responsible party shall ensure that a copy of the document is submitted on diskette to the Division within 5 working days. Where a document is served upon a party pursuant to these rules, its original and the appropriate copies, or, in the case of interrogatories or production of documents, a notice of service, shall be filed with the Division no later than 5 days after service.

(2) Number of Copies. The original and seven copies of all pleadings shall be submitted to the Division of Records and Reporting. However, initial pleadings for increases in rates, except rate increases by water and wastewater utilities, shall be filed with 20 copies. The requirement for filing 20 copies shall apply to all exhibits appended to the original petition, prepared testimony and exhibits, briefs and other supplemental data requested by the Commission.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, F.S.

History--Formerly 25-2.58, Amended 10/21/81, Formerly 25-22.28, Amended 02/11/92, 05/03/99.

25-22.029 Point of Entry Into Proposed Agency Action Proceedings.

(1) After agenda conference, the Division of Records and Reporting shall issue written notice of the proposed agency action (PAA), advising all parties of record that they have 21 days after issuance of the notice in which to file a request for a § 120.569 or 120.57 hearing. The time for requesting a § 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), F.S. The Commission will require a utility to serve written notice of the PAA on its customers if the Commission finds that it is necessary in order to afford adequate notice.

(2) The Commission will require a utility to publish notice of the decision in newspapers of general circulation in its service area if the Commission finds that it is necessary in order to afford adequate notice. Any such publication may be used in establishing the date of receiving notice.

(3) One whose substantial interests may or will be affected by the Commission's proposed action may file a petition for a § 120.569 or 120.57 hearing, in the form provided by Rule 28-106.201, F.A.C. Any such petition shall be filed within the time stated in the notice issued pursuant to subsection (1) of this rule.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, 364.05, 366.06, 367.081, 367.081(4)(a), 367.0817, F.S.

History--New 12/21/81, Formerly 25-22.29, Amended 07/08/92, 05/03/99.

25-22.030 Injunctions.

(1) The Commission may seek relief in circuit court in the form of temporary or permanent injunctions, restraining orders or other appropriate orders where:

(a) The Commission finds that any entity within its jurisdiction has violated or is in violation of a Commission Order or rule; and

(b) The Commission finds that said violation impairs the operations or service of any entity over which it has jurisdiction.

(2) In any instance where there is an immediate threat to the public health, safety or welfare, no notice shall be required prior to the Commission's decision

to seek the relief described in subsection (1).

(3) Seeking relief in circuit court is not conditioned on conducting a hearing pursuant to Chapter 120, Florida Statutes.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.015, 366.05(10), 367.121(i)(j), F.S. (1993)

History: New 3/21/94.

25-22.031 Reserved.

25-22.032 Customer Complaints.

1. Intent; Application and Scope.

It is the Commission's intent that disputes between regulated companies and their customers be resolved as quickly, effectively, and inexpensively as possible. This rule establishes informal customer complaint procedures that are designed to accomplish that intent. This rule applies to all companies regulated by the Commission. It provides for expedited processes for customer complaints that can be resolved quickly by the customer and the company without extensive Commission participation. It also provides a process for informal Commission resolution of complaints that cannot be resolved by the company and the customer.

(2) Any customer of a Commission regulated company may file a complaint with the Division of Consumer Affairs whenever the customer has an unresolved dispute with the company regarding electric, gas, telephone, water, or wastewater service. The complaint may be communicated orally or in writing. The complaint shall include the name of the company against which the complaint is made, the name of the customer of record, and the customer's service address. Upon receipt of the complaint, a staff member will determine if the customer has contacted the company and, if the customer agrees, will put the customer in contact with the company for resolution of the complaint using the transfer-connect system described in subsection(3), or by other appropriate means if the company does not subscribe to the transfer-connect system. If the customer does not agree to be put in contact with the company, for those companies subscribing to the transfer-connect system, the staff member will submit the complaint to the company for resolution in accordance with the three-day complaint resolution process set forth in subsection (4). For those companies not subscribing to the transfer-connect system, the staff member will submit the complaint to the company for resolution in accordance with the provisions of subsection (5).

(3) Transfer-connect system.

(a) Each company subject to regulation by the Commission may provide a transfer-connect (warm transfer) telephone number by which the Commission may directly transfer a customer to that company's customer service personnel. When the transfer is complete, any further charges for the call shall be the responsibility of the company and not the Commission or the customer. Each company that subscribes to the transfer connect system must provide customer service personnel to handle transferred calls during the company's normal business hours and at a minimum from Monday through Friday, 9:00 A.M to 4:00 P.M., Eastern time, excluding all holidays observed by the company.

(4) Complaints resolved within three (3) days.

Companies that subscribe to the transfer-connect system may resolve customer complaints within three days in the following manner:

(a) The Commission staff member handling the complaint will forward a description of the complaint to the company for response and resolution. The three day period will begin at 5:00 p.m. on the day the information is sent to the company and end at 5:00 p.m. on the third day, excluding weekends and holidays. If the company satisfactorily resolves the complaint, the company shall notify the staff member of the resolution.

(b) The Commission will contact the customer to confirm that the complaint has been resolved. If the customer confirms that the complaint has been resolved, the complaint will not be reported in the total number of complaints shown for that

company in the Commission Consumer Complaint Activity Report. However, the Commission will retain the information for use in enforcement proceedings, or for any other purpose necessary to perform its regulatory obligations.

(c) If the customer informs the Commission staff member that the complaint has not been resolved, the Commission will notify the company and require a full report as prescribed in subsection (5).

(d) For purposes of this subsection a complaint will be considered "resolved" if the company and the customer indicate that the problem has been corrected, or the company and the customer indicate that they have agreed to a plan to correct the problem.

(5) Complaints not resolved within three days.

If the customer does not agree to contact the company directly, if the customer is not satisfied with the company's proposed resolution of the complaint, or if the company does not subscribe to the transfer-connect system, a Commission staff member will investigate the complaint and attempt to resolve the dispute in the following manner:

(a) The staff member will notify the company of the complaint and request a response. The company shall provide its response to the complaint within fifteen (15) working days. The response shall explain the company's actions in the disputed matter and the extent to which those actions were consistent with applicable statutes and regulations. The response shall also describe all attempts to resolve the customer's complaint.

(b) The staff member investigating the complaint may request copies of bills, billing statements, field reports, written documents, or other information in the participants' possession that may be necessary to resolve the dispute. The staff member may perform, or request the company to perform, any tests, on-site inspections, and reviews of company records necessary to aid in the resolution of the dispute.

(6) During the complaint process, a company shall not discontinue service to a customer because of any unpaid disputed bill. However, the company may require the customer to pay that part of a bill which is not in dispute. If the company and the customer cannot agree on the amount in dispute, the staff member will make a reasonable estimate to establish an interim disputed amount until the complaint is resolved. If the customer fails to pay the undisputed portion of the bill the company may discontinue the customer's service pursuant to Commission rules.

(7) The staff member will propose a resolution of the complaint based on the information provided by all participants to the complaint and applicable statutes and regulations. The proposed resolution may be either oral or written. Upon request, either participant shall be entitled to a written copy of the proposed resolution.

(8) Informal Conference. If a participant objects to the proposed resolution the participant may request an informal conference on the complaint.

(a) The request for an informal conference shall be in writing and filed with the Division of Consumer Affairs within 30 days after the proposed resolution is sent to the participants.

(b) When the request for an informal conference is received, the Director of the Division of Consumer Affairs will assign a Commission staff member to process the request for an informal conference. The staff member will advise the participants to complete Form X (PSC/CAF Form X), incorporated by reference herein, and return the form to the Commission within fifteen (15) days. A copy of Form X may be obtained from the Division of Consumer Affairs. At a minimum, the participants shall provide the following information on the form:

1. A statement describing the facts that give rise to the complaint;
2. A statement of the issues to be resolved; and
3. A statement of the relief requested.

The informal conference shall be limited to the complaint and the statement of facts and issues identified by the participants in the form. The Commission staff will notify the requesting participant that the request for an informal conference

will be denied if the requesting participant's form is not received within the 15 days.

(c) The Director of the Division will review the statements and either appoint a staff member to conduct the informal conference, or make a recommendation to the Commission for dismissal based on a finding that the complaint states no basis upon which relief may be granted.

(d) If a conference is granted, the staff member appointed to conduct the conference shall not have participated in the investigation or proposed resolution of the complaint.

(e) After consulting with the participants, the staff member will send a written notice to the participants setting forth the unresolved issues, the procedures to be followed at the informal conference, the dates by which written materials are to be filed, and the time and place for the conference. The conference may be held by telephone conference, video teleconference, or in person, no sooner than ten days following the notice.

(f) At the conference, the participants shall have the opportunity to present information, orally or in writing, in support of their positions. During the conference, the staff member may encourage the parties to resolve the dispute. The Commission will be responsible for tape-recording, but not transcribing, the informal conference. A participant may arrange for transcription at his own expense.

(g) The staff member may permit any participant to file additional information, documentation, or arguments. The opposing participant shall have an opportunity to respond.

(h) If a settlement is not reached within 20 days following the informal conference or the last post-conference filing, whichever is later, the staff member shall submit a recommendation to the Commission for consideration at the next available Agenda Conference. Copies of the recommendation shall be sent to the participants.

(i) If the Director denies the request for an informal conference, the participants shall be notified in writing. Within 20 days of giving notice, the staff shall submit a recommendation for consideration at the next available Agenda Conference. Copies of the recommendation shall be sent to the participants.

(j) The Commission will address the matter by issuing a notice of proposed agency action or by setting the matter for hearing pursuant to section 120.57, Florida Statutes.

(9) At any point during the complaint proceedings, a participant has the right to be represented by an attorney or other representative. For purposes of this rule a representative may be any person the party chooses, unless the Commission sets the matter for hearing. If the Commission sets the matter for hearing, the participants may be represented by an attorney or a qualified representative as prescribed in Rule 28-106.106, Florida Administrative Code, or may represent themselves. Each participant shall be responsible for his own expenses in the handling of the complaint.

(10) At any time the participants may agree to settle their dispute. If a settlement is reached, the participants or their representatives shall file with the Division of Consumer Affairs a written statement to that effect. The statement shall indicate that the settlement is binding on both participants, and that the participants waive any right to further review or action by the Commission. If the complaint has been docketed, the Division of Consumer Affairs shall submit the settlement to the Commission for approval. If the complaint has not been docketed, the Division will acknowledge the statement of settlement by letter to the participants.

(11) Record retention and auditing.

(a) All companies shall retain notes or documentation relating to each Commission complaint for two years, beginning when the complaint was first received.

(b) All companies shall file with the Commission, beginning 60 days after the

effective date of this rule and monthly thereafter, a report that summarizes the following information for the preceding calendar month:

1. The total number of calls handled via transfer connect, including the customer's name, a brief description of the complaint, and whether or not the complaint was addressed;

2. The number of complaints handled under the three day complaint resolution procedure; and whether the complaint was resolved.

(c) The Commission shall have access to all such records for audit purposes.

Specific Authority 350.127(2), 364.19, 364.0252, 366.05, 367.121, FS.

Law Implemented 364.01, 364.0252, 364.03(1), 364.183, 364.185, 364.15, 364.19, 364.337(5), 366.03, 366.04, 366.05, 367.011, 367.111, 367.121, 120.54, 120.569, 120.57, 120.573, FS.

History--New 01-03-89, Amended 10-28-93, 06-22-00.

Rule 25-22.033 - Communications Between Commission Employees and Parties - The Commission recognizes that Commission employees must exchange information with parties who have an interest in Commission proceedings. However, the Commission also recognizes that all parties to adjudicatory proceedings need to be notified and given an opportunity to participate in certain communications. The intent of this rule is not to prevent or hinder in any way the exchange of information, but to provide all parties to adjudicatory proceedings notification of and the opportunity to participate in certain communications.

(1) This rule shall govern communications between Commission employees and parties to docketed proceedings before the Commission. This rule shall not apply in proceedings under sections 120.54, 120.565, 367.0814, Fla. Stat., proposed agency action proceedings before the Commission has voted to issue a proposed agency action order, non-rate case tariffs, workshops or internal affairs meetings. Also exempted are docketed and undocketed audits, telephone service evaluations, and electric and gas safety inspections. Nothing in this rule is intended to modify or supersede the procedural requirements for formal discovery under the Commission's rules and applicable provisions of the Florida Rules of Civil Procedure, or affect communications regarding discovery requests, procedure, or other matters not concerned with the merits of a case.

(2) **Written Communications** - Notice of any written communication between Commission employees and parties shall be transmitted to all other parties at the same time as the written communication, whether by U. S. Mail or other means.

(3) **Scheduled Meetings and Conference Calls** - All parties to the proceeding shall be given reasonable notice of the time and place of any scheduled meeting or conference call between Commission employees and parties. For purposes of this subsection, a conference call is defined as a telephone call involving three or more persons.

(4) **Response to Communications** - Any party to a proceeding may prepare a written response to any communication between a Commission employee and another party. Notice of any such response shall be transmitted to all parties.

(5) **Prohibited Communications** - No Commission employee shall directly or indirectly relay to a Commissioner any communication from a party or an interested person which would otherwise be a prohibited ex parte communication under section 350.042, Fla. Stat. Nothing in this subsection shall preclude non-testifying advisory staff members from discussing the merits of a pending case with a Commissioner, provided the communication is not otherwise prohibited by law. However, a staff member who testifies in a case shall not discuss the merits of that case with any Commissioner during the pendency of that case.

Specific Authority: 350.01(7), 120.127(2), F.S.

Law Implemented: 120.569, 120.57, 350.042, F.S.

History: New 3/24/93

25-22.034 Discovery.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.34, Repealed 05/03/99.

25-22.035 Miscellaneous Matters.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.35, 25-22.035, Repealed 05/03/99.

25-22.0355 Assignment of Formal Proceedings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, 120.57(1)(a), 350.01, 350.125, F.S.

History: Transferred from 25-2.501 and Amended 12/21/81, 09/20/83, formerly 25-22.355, Repealed 05/03/99.

**SUBPART B
PREHEARING PROCEDURES**

- 25-22.036 Initiation of Formal Proceedings
- 25-22.037 Answers and Motions (Repealed)
- 25-22.0375 Pleadings (Repealed)
- 25-22.0376 Reconsideration of Non-Final Orders
- 25-22.038 Prehearing Officer; Prehearing Statement; Prehearing Conferences; and Prehearing Order (Repealed)
- 25-22.039 Intervention
- 25-22.040 Notice of Hearing (Repealed)
- 25-22.0405 Notices of Public Utility Hearings
- 25-22.0406 Notice and Public Information on General Rate Increase Requests by Electric, Gas and Telephone Companies
- 25-22.0407 Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities
- 25-22.0408 Notice of Requests for New or Revised Service Availability Charges or Policies and Notice of Requests for Allowance for Funds Prudently Invested (AFPI) Charges (Transferred and renumbered as 25-30.4345)
- 25-22.041 Continuances (Repealed)
- 25-22.042 Dismissal (Repealed)
- 25-22.043 Reserved
- 25-22.044 Reserved

25-22.036 Initiation of Formal Proceedings.

(1) Application. An application is appropriate when a person seeks authority from the Commission to engage in an activity subject to Commission jurisdiction.

(2) Complaints. A complaint is appropriate when a person complains of an act or omission by a person subject to Commission jurisdiction which affects the complainant's substantial interests and which is in violation of a statute enforced by the Commission, or of any Commission rule or order.

(3) Form and Content.

(a) Application. An application shall be governed by the statute or rules applicable to applications for authority. In the absence of a specific form and content, the application shall conform to this rule.

(b) Complaint. Each complaint, in addition to the requirements of paragraph

(a) above shall also contain:

1. The rule, order, or statute that has been violated;
2. The actions that constitute the violation;
3. The name and address of the person against whom the complaint is lodged;
4. The specific relief requested, including any penalty sought.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, 350.123, 364.035, 364.05, 364.057, 364.058, 364.335, 364.337, 366.04, 366.06, 366.071, 366.076, 366.8255, 367.031, 367.045, 367.071, 367.081, 367.0814, 367.0817, 367.082, 367.0822, 367.091, 367.101, 367.171, F.S.

History--New 12-21-81, **Formerly** 25-22.36, **Amended** 05-03-99, 07-17-00.

25-22.037 Answers and Motions.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, **Formerly** 25-22.37, **Repealed** 05/03/99.

25-22.0375 Pleadings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, **Formerly** 25-22.375, **Repealed** 05/03/99.

25-22.0376 Reconsideration of Non-Final Orders.

(1) Any party who is adversely affected by a non-final order may seek reconsideration by the Commission panel assigned to the proceeding by filing a motion in support thereof within 10 days after issuance of the order. The Commission shall not entertain a motion for reconsideration of an order disposing of a motion for reconsideration.

(2) A party may file a response to a motion for reconsideration within 7 days after service of the motion for reconsideration.

(3) Failure to timely file a motion for reconsideration or a response shall constitute a waiver of the right to do so.

(4) Any motion or response filed pursuant to this rule shall contain a concise statement of the grounds therefor and the signature of counsel or other person filing the motion.

(5) Oral argument on any motion filed pursuant to this rule may be granted at the discretion of the Commission. A party who fails to file a written response to a point on reconsideration shall be precluded from responding to that point during oral argument.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, F.S.

History: New 9/3/95, Amended 7/11/96.

25-22.038 Prehearing Officer; Prehearing Statement; Prehearing Conferences; and Prehearing Order.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History: Transferred from 25-2.68 and Amended 12/21/81, formerly 25-22.38, Amended 09/03/95, Repealed 05/03/99.

25-22.039 Intervention. Persons, other than the original parties to a pending proceeding, who have a substantial interest in the proceeding, and who desire to become parties may petition the presiding officer for leave to intervene. Petition for leave to intervene must be filed at least five (5) days before the final hearing, must conform with Uniform Rule 28-106.201(2) and must include allegations sufficient to demonstrate that the intervenor is entitled to participate in the proceeding as a matter of constitutional or statutory right or pursuant to Commission rule, or that the substantial interests of the intervenor are subject to determination or will be affected through the proceeding. Intervenors take the case as they find it.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.53, F.S.

History: Transferred from 25-2.34 and Amended 12/21/81, formerly 25-22.39.

25-22.040 Notice of Hearings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.569, 120.57, F.S.

History: New 12/21/81, formerly 25-22.40, Repealed 7/11/96.

25-22.0405 Notices of Hearing.

(1) The Commission will require public utility in a proceeding to publish additional notices of hearing in newspapers of general circulation in the area

affected and to give notice to its customers by mail, if the Commission finds that it is necessary in order to afford adequate notice to the customers of the utility.

Specific Authority: 350.127(2), 366.05, 367.121(1)(f), F.S.

Law Implemented: 120.569, 120.57, 364.03, 364.035(1), 364.07, 364.14, 364.15, 364.16, 364.27, 366.04, 366.05, 367.081, 367.111, F.S.

History--New 10/27/72, Formerly 25-2.981, Amended 12/21/81, 09/27/83, 05/03/99.

25-22.0406 Notice and Public Information on General Rate Increase Requests by Electric, Gas and Telephone Companies.

(1) The provisions of this rule shall be applicable to all requests for general rate increases by electric, gas and telephone companies subject to the Commission's jurisdiction.

(2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service area affected.

(3) (a) Within 15 days after it has been notified by the Commission that the Minimum Filing Requirements (MFRs) have been met, the utility shall place a copy of the MFRs at its official headquarters and at its business office in each municipality in which service hearings were held in the last general rate case of the utility. Within 15 days after the time schedule has been mailed to the utility, copies of the MFRs shall be placed in the utility business office in each additional city in which service hearings are to be held. Upon customer request a copy of the MFRs shall be placed in a utility business office not located in a city where a service hearing is to be held. The copies of the MFRs shall be available for public inspection during the utility's regular business hours.

(b) In addition to the locations listed above, if the Commission determines that the locations listed above will not provide adequate access, the Commission will require that copies of the MFRs be placed at other specified locations.

(4) (a) Within 15 days after the time schedule for the case has been mailed to the utility, the utility shall prepare and distribute a synopsis of the rate request. The synopsis shall be approved by the Commission or its staff prior to distribution and shall include:

1. A summary of the section of the MFRs showing a comparison of the present and proposed rates for major services;
2. A statement of the anticipated major issues involved in the rate case;
3. A copy of the executive summary filed with the MFRs;
4. A description of the ratemaking process and the time schedule established for the rate case; and
5. The locations at which complete MFRs are available.

(b) Copies of the synopsis shall be distributed to the same locations as required for the MFRs, to the main county library within or most convenient to the service area and to the chief executive officer of each county and municipality within the service area affected.

(5) Within 30 days after the rate case time schedule has been mailed to the utility, the utility shall begin sending a notice approved by the Commission or its staff to its customers containing:

(a) A statement that the utility has applied for a rate increase and the general reasons for the request;

(b) The locations at which copies of the MFRs and synopsis are available;

(c) The time schedule established for the case, and the dates, times and locations of any hearings that have been scheduled; and

(d) A comparison of current rates and service charges and the proposed new rates and service charges.

1. Such notice shall be completed at least 10 days prior to the first scheduled service hearing.

(6) At least 7 days and not more than 20 days prior to each service hearing, the utility shall have published in a newspaper of general circulation in the area in which the hearing is to be held a display advertisement stating the date, time,

location and purpose of the hearing. The advertisement shall be approved by the Commission or its staff prior to publication.

(7) When the Commission issues proposed agency action and a hearing is subsequently held, the utility shall give written notice of the hearing to its customers at least 14 days in advance of the hearing. This notice shall be approved by the Commission or its staff prior to distribution.

(8) After the Commission's issuance of an order granting or denying a rate change, the utility shall give notice to its customers of the order and the revised rates. The notice shall be approved in advance by the Commission or its staff and transmitted to the customers with the first bill containing the new rates.

Specific Authority: 350.127(2), 366.05, F.S.

Law Implemented: 120.569, 120.57, 364.035(1), 364.01(4), 364.04(3)(4), 364.05(1)(2), 364.19, 366.03, 366.041(1), 366.05(1), 366.06(1), F.S.

History--New 09/27/83, Formerly 25-22.406, Amended 05/27/93, 05/03/99.

25-22.0407 Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities.

(1) This rule applies to all requests for general rate increases made by water and wastewater utilities.

(2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) when accepted by the Commission can be obtained from the petitioner upon request.

(3) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at any business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.

(4) (a) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of its rate case synopsis at all locations where copies of the petition and MFRs were placed.

(b) Within 30 days after the official date of filing established by the Commission, the utility shall mail a copy of its rate case synopsis to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request.

(c) The utility's rate case synopsis shall be approved by the Commission staff prior to distribution and shall include the following:

1. A summary of the section of the MFRs showing a comparison of the present and proposed rates and charges;
2. A statement of the general reasons for the rate request;
3. A statement of any anticipated major issues involved in the rate case;
4. A description of the ratemaking process and the time schedule established for the rate case; and
5. The locations where complete MFRs are available.

(5) (a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months

prior to the month the petition is filed.

(b) The initial customer notice shall be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
3. A statement of the locations where copies of the MFRs, petition, and rate case synopsis are available for public inspection and the hours and days when inspection may be made;
4. The time schedule established for the case, including the dates, times, and locations of any hearings scheduled;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552; and
9. If the utility has not requested a change in its service availability charges as part of its rate request, a statement that the Commission will be reviewing the utility's service availability charges in the pending rate case and that the Commission may adjust those charges.
10. The docket number assigned by the Commission's Division of Records and Reporting.

(c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(6)(a) No less than 14 days and no more than 30 days prior to the date of each service hearing, in those cases where the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the service hearing to all customers within service areas designated by the prehearing officer or the Commission staff. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) No less than 14 days and no more than 30 days prior to the date of the hearing, in all cases, including those in which the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the hearing to all customers within the service areas included in the rate request. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(7) No less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request, the utility shall have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice shall be approved by Commission staff prior to publication.

(8) When a utility files for a petition for a general rate increase and requests that its case be processed as proposed agency action in accordance with section 367.081(8), F.S., the utility shall comply with the requirements of sections (2), (3), (4), and (5) of this rule.

(a) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within service areas designated by the Commission staff. The notice

shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(9) When a utility applies for a staff-assisted rate case in accordance with section 367.0814, F.S., and Rule 25-30.455, F.A.C., and staff-assistance is granted, the requirements of sections (2), (3), (4), and (5) of this rule shall not apply.

(a) Upon receipt of the staff reports, the utility shall place two copies of its application for staff-assistance and the staff reports at any business offices it has in its service area. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in its service area, the utility shall place two copies of its application and the staff reports at the main county library, the local community center or other appropriate location that is within or most convenient to the service area and that is willing to accept and provide public access to the copies.

(b) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide, in writing, a customer meeting notice to all customers within its service area and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(c) The customer meeting notice shall be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. The time, date, location, and purpose of the customer meeting;
3. A statement that the utility has applied for a staff-assisted rate case and the general reasons for doing so;
4. A statement of the location where copies of the application and staff reports are available for public inspection and the times during which inspection may be made;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Division of Consumer Affairs at the following toll-free number: 1-800-342-3552;
9. A statement that the Commission will be reviewing the utility's service availability charges in the pending case and that the Commission may adjust those charges;
10. The docket number assigned by the Commission's Division of Records and Reporting.

(d) The customer meeting notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(e) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(10) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The

customer notification shall be approved by Commission staff and be distributed no later than with the first bill containing any revised rates.

Specific Authority: 350.127(2), 367.121(1)(f), F.S.

Law Implemented: 120.569, 120.57, 367.081(2)(a), 367.0814(1), 367.0817, 367.091, 367.121 (1)(a), F.S.

History--New 05/27/93, Amended 05/03/99.

25-22.0408 Notice of Requests for New or Revised Service Availability Charges or Policies and Notice of Requests for Allowance for Funds Prudently Invested (AFPI) Charges.

Specific Authority: 350.127(2) and 367.121 (1) (f), F.S.

Law Implemented: 367.101, 367.111, and 367.091, F.S.

History: New 5/27/93, transferred to 25-30.4345.

25-22.041 Continuances.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.41, Repealed 05/03/99.

25-22.042 Dismissal.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.42, Amended 07/11/96, Repealed 05/03/99.

25-22.043 through 25-22.044 Reserved.

SUBPART C

CONDUCT OF FORMAL HEARINGS

25-22.045	Subpoenas
25-22.046	Witnesses and Witness Fees (Repealed)
25-22.047	Reserved
25-22.048	Evidence (Repealed)
25-22.049	Recordation (Repealed)
25-22.050	Reserved
25-22.051	Reserved
25-22.052	Reserved
25-22.053	Reserved
25-22.054	Reserved
25-22.055	Reserved

25-22.045 Subpoenas.

When the proceeding is before the Commission or member thereof, subpoenas may be issued by the presiding officer or the Division of Records and Reporting on subpoena forms supplied by the Commission. When the proceeding is before an administrative law judge of the Division of Administrative Hearings, subpoenas may be issued by the Administrative Law Judge.

Specific Authority: 350.127(2), F.S.

Law Implemented: 120.569, 120.57, 350.123, F.S.

History--Formerly 25-2.100, Amended 12/21/81, Formerly 25-22.45, Amended 05/03/99.

25-22.046 Witnesses and Witness Fees.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, formerly 25-22.46, Repealed 05/03/99.

25-22.047 Reserved.**25-22.048 Evidence.**

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.48, Repealed 05/03/99.

25-22.049 Recordation.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.49, Repealed 05/03/99.

25-22.050 through 25-22.055 Reserved.

SUBPART D

POST-HEARING PROCEDURES

25-22.056 Post-Hearing Filings (Repealed)
25-22.057 Recommended Order, Exceptions, Replies, Staff Recommendations (Repealed)
25-22.058 Oral Argument
25-22.059 Final Orders (Repealed)
25-22.060 Motion for Reconsideration
25-22.061 Stay Pending Judicial Review; Vacation of Stay Pending Judicial Review
25-22.062 Reserved
25-22.063 Reserved
25-22.064 Reserved
25-22.065 Reserved
25-22.066 Reserved
25-22.067 Reserved
25-22.068 Reserved
25-22.069 Reserved

25-22.056 Post-hearing Filings.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, 120.57, 120.58, F.S.

History--New 12/21/81, Formerly 25-22.56, Amended 03/23/93, Repealed 05/03/99.

25-22.057 Recommended Order, Exceptions, Replies, Staff Recommendations.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History: New 12/21/81, formerly 25-22.57, Repealed 3/23/93

25-22.058 Oral Argument.

(1) The Commission may grant oral argument upon request of any party to a section 120.57, F.S. formal hearing. A request for oral argument shall be contained on a separate document and must accompany the pleading upon which argument is requested. The request shall state with particularity why oral argument would aid the Commission in comprehending and evaluating the issues before it. Failure to file a timely request for oral argument shall constitute waiver thereof.

(2) If granted, oral argument shall be conducted at a time and place determined by the Commission. Unless otherwise specified in the notice, oral argument shall be limited to 15 minutes to each party. The staff attorney may participate in oral argument.

(3) Requests for oral argument on recommended or proposed orders and exceptions pursuant to section 120.58(1)(e), F.S., must be filed no later than 10 days after exceptions are filed.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, F.S.

History: New 12/21/81, formerly 25-22.58, Amended 3/23/93

25-22.059 Final Orders.

Specific Authority: 120.53, F.S.

Law Implemented: 120.53, F.S.

History--New 12/21/81, Formerly 25-22.59, Repealed 05/03/99.

25-22.060 Motion for Reconsideration

(1) Scope and general provisions.

(a) Any party to a proceeding who is adversely affected by an order of the Commission may file a motion for reconsideration of that order. The Commission

will not entertain any motion for reconsideration of any order which disposes of a motion for reconsideration. The Commission will not entertain a motion for reconsideration of a Notice of Proposed Agency Action issued pursuant to Rule 25-22.029, regardless of the form of the Notice and regardless of whether or not the proposed action has become effective under Rule 25-22.029(6).

(b) A party may file a response to a motion for reconsideration and may file a cross motion for reconsideration. A party may file a response to a cross motion for reconsideration.

(c) A final order shall not be deemed rendered for the purpose of judicial review until the Commission disposes of any motion and cross motion for reconsideration of that order, but this provision does not serve automatically to stay the effectiveness of any such final order. The time period for filing a motion for reconsideration is not tolled by the filing of any other motion for reconsideration.

(d) Failure to file a timely motion for reconsideration, cross motion for reconsideration, or response, shall constitute waiver of the right to do so.

(e) A motion for reconsideration of an order adopting, repealing or amending a rule shall be treated by the Commission as a petition to adopt, repeal or amend a rule under §120.54(5), F.S., and Rule 25-22.012.

(f) Oral argument on any pleading filed under this rule shall be granted solely at the discretion of the Commission. A party who fails to file a written response to a point on reconsideration is precluded from responding to that point during the oral argument.

(2) Contents. Any motion or response filed pursuant to this rule shall contain a concise statement of the grounds for reconsideration, and the signature of counsel, if any.

(3) Time.

A motion for reconsideration of a final order shall be filed within 15 days after issuance of the order.

A response to a motion for reconsideration or a cross motion for reconsideration shall be served within 7 days of service of the motion for reconsideration to which the response or cross motion is directed. A response to a cross motion for reconsideration shall be served within 7 days of service of the cross motion.

Specific Authority: 350.01(7), 350.127(2), F.S.

Law Implemented: 120.569, 120.57, F.S.

History: New 12/21/81, Amended 10/4/84, formerly 25-22.60, Amended 7/11/96.

25-22.061 Stay Pending Judicial Review; Vacation of Stay Pending Judicial Review.

(1)(a) When the order being appealed involves the refund of moneys to customers or a decrease in rates charged to customers, the Commission shall, upon motion filed by the utility or company affected, grant a stay pending judicial proceedings. The stay shall be conditioned upon the posting of good and sufficient bond, or the posting of a corporate undertaking, and such other conditions as the Commission finds appropriate.

(b) In determining the amount and conditions of the bond or corporate undertaking, the Commission may consider such factors as:

1. Terms that will discourage appeals when there is little possibility of success; and
2. A rate of interest that takes into consideration:
 - a. The use of the money that the stay permits;
 - b. The prime and other prevailing rates of interest at commercial banks and other potential sources of capital in the amount involved in the appeal.

(2) Except as provided in subsection (1), a party seeking to stay a final or nonfinal order of the Commission pending judicial review shall file a motion with the Commission, which shall have authority to grant, modify, or deny such relief.

A stay pending review may be conditioned upon the posting of a good and sufficient bond or corporate undertaking, other conditions, or both. In determining whether to grant a stay, the Commission may, among other things, consider:

- (a) Whether the petitioner is likely to prevail on appeal;
- (b) Whether the petitioner has demonstrated that he is likely to suffer irreparable harm if the stay is not granted; and
- (c) Whether the delay will cause substantial harm or be contrary to the public interest.

(3)(a) When a public body or public official appeals an order involving an increase in a utility's or company's rates, which appeal operates as an automatic stay, the Commission shall vacate the stay upon motion by the utility or company and the posting of good and sufficient bond or corporate undertaking. When determining the amount and conditions of the bond or corporate undertaking, the Commission may consider such factors as those set forth in subparagraph (1)(b)2.

(b) When a public body or public official appeals an order that does not involve an increase in rates, the Commission may vacate the stay or impose any lawful conditions.

(4) When a stay or vacation of a stay is conditioned upon the posting of a bond or corporate undertaking, the Commission may at the time it grants the stay or vacation of the stay, set the rate of interest to be paid by the utility or company in the event that the Court's decision requires a refund to customers.

(5) Motions filed pursuant to subsections (1) or (2) of this rule shall be heard by those Commissioners who participated in the proceeding which resulted in the order being appealed. However, motions filed under subsection (3) of this rule may be ruled upon by the Chairman or the Commissioner assigned as the prehearing officer in the case.

Specific Authority: 350.127(2), F.S.

Law Implemented: 120.68(3), F.S.

History: New 1/31/82, formerly 25-22.61.

25-22.062 through 25-22.069 Reserved.

PART V

TEN-YEAR SITE PLANS

- 25-22.070 Ten-Year Site Plans - Definitions
- 25-22.071 Submission and Review of the Ten-Year Site Plans
- 25-22.072 Contents of Ten-Year Site Plans
- 25-22.073 Reserved
- 25-22.074 Reserved

25-22.070 Ten-Year Site Plans - Definitions.

(1) "Electric Utility" means any municipal electric utility, investor-owned electric utility, rural electric cooperative, public utility district, joint operating agency, or combinations thereof, that owns, maintains, or operates an electric generation, transmission, or distribution system within the state.

(2) "Power Plant" means any electrical generating facility using any process or fuel, including nuclear materials, and shall include those directly associated transmission lines required to connect to an existing transmission network.

(3) "Directly Associated Transmission Lines" means only new corridors and transmission lines from the power plant to the first structure on an existing transmission system.

(4) "Potential Sites" are sites within the state that an electric utility is considering for possible location of a power plant, a power plant alteration, or an addition resulting in an increase in generating capacity.

(5) "Preferred Sites" are sites within the state on which an electric utility intends to construct a power plant, a power plant alteration, or an addition resulting in an increase in generating capacity.

Specific Authority: 350.127(2), 186.801(4) F.S.

Law Implemented: 186.801, 366.04(5), F.S.

History: New 11/10/97.

25-22.071 Submission and Review of the Ten-Year Site Plans.

(1) Filing Requirements:

(a) All electric utilities in the State of Florida with existing generating capacity of 250 megawatt (mW) or greater shall prepare a ten-year site plan, and submit 25 copies to the Florida Public Service Commission's Division of Records and Reporting on the first working day of April of each year, unless extended. The plan shall date from December 31 of the prior calendar year.

(b) Any electric utility, other than those filing ten-year site plans pursuant to (1)(a), that elects to construct an additional generating facility exceeding 75 mW gross generating capacity shall prepare a ten-year site plan, and submit 25 copies to the Public Service Commission's Division of Records and Reporting in the year the decision to construct is made or at least three years prior to application for site certification, and every year thereafter until the facility becomes fully operational.

(2) The Commission will provide a copy of the ten-year site plans to appropriate federal, state, and local agencies, water management districts, and regional planning councils.

(3) The Commission will solicit comments from various federal, state, and local agencies, water management districts, and regional planning councils regarding the individual utility ten-year site plans. Any written comments shall be filed with the Commission within 90 days from the date of receipt of the plans. The state agencies from which comments will be solicited will include:

- (a) The Department of Environmental Protection.
- (b) The Department of Transportation.
- (c) The Department of Agriculture and Consumer Services.
- (d) The Department of Health.

- (e) The Game and Fresh Water Fish Commission.
- (f) The Board of Trustees of the Internal Improvement Trust Fund.
- (g) The Department of Community Affairs.

(4) The Commission will complete its review of the plans within nine months following submission and will report its findings, along with any comments or recommendations, to the Florida Department of Environmental Protection and the utilities filing a plan. Other agencies to which the Commission sent the plan for review, and other entities may request a copy of the review from the Division of Electric and Gas, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399.

(5) Plans that have been previously classified by the Commission as unsuitable may be classified suitable based on additional data.

(6) The electric utilities in Florida shall compile aggregate statewide and peninsular Florida (the area east of the Apalachicola River) data derived from individual electric utility plans and shall submit this data to the Commission by July 1 of each year.

Specific Authority: 350.127(2), 186.801(4) F.S.

Law Implemented: 186.801, 366.04(5), 366.05(7) F.S.

History: New 11/10/97.

25-22.072 Contents of Ten-Year Site Plans.

(1) Individual electric utility ten-year site plans required by Rule 25-22.071 shall include at a minimum the information listed in Form PSC/EAG 43. Form PSC/EAG 43 (11/97), entitled "Electric Utility Ten-Year Site Plan Information and Data Requirements," is incorporated by reference into this rule and is available from the Division of Electric and Gas.

(2) When an application for certification of a preferred site for a proposed facility has been filed with the Department of Environmental Protection, no further environmental or land use data shall be submitted to the Commission for that site.

Specific Authority: 350.127(2), 186.801(4) F.S.

Law Implemented: 186.801, 366.04(5), 366.05(7) F.S.

History: New 11/10/97.

25-22.073 through 25-22.074 Reserved.

PART VI

PERMITTING PROCEEDINGS

25-22.075	Transmission Line Permitting Proceedings
25-22.076	Contents of Petition
25-22.077	Reserved
25-22.078	Reserved
25-22.079	Reserved
25-22.080	Electrical Power Plant Permitting Proceedings
25-22.081	Contents of Petition
25-22.082	Selection of Generating Capacity
25-22.083	through 25-22.089 reserved
25-22.090	Natural Gas Transmission Pipeline Permitting Proceedings
25-22.091	Contents of Petition

25-22.075 Transmission Line Permitting Proceedings.

(1) Proceedings to determine the need for a proposed transmission line as defined in Section 403.522(21), F.S., shall begin with a petition by a utility or an order issued on the Commission's own motion and shall be disposed of as provided in Chapter 25-22, F.A.C., except that the time deadlines and notice requirements in Section 403.537, F.S., shall control. Proceedings may begin whether or not an application for corridor site certification of a proposed transmission line pursuant to sections 403.52 through 403.5365, F.S., is pending. A petition for reconsideration shall be filed within 5 days of the Commission's decision.

(a) In order for the Commission to have sufficient information to provide the 45 days notice of final hearing required by Section 403.537, F.S., a utility that intends to petition for a transmission line need determination may file a Notice of Intent to File Petition for Transmission Line Need Determination at least 30 days prior to the filing of a petition. The notice of intent shall identify the proposed beginning and ending points of the transmission line, and the counties, regional planning councils, and water management districts in whose jurisdiction the transmission line could be placed. The notice of intent shall further specify the date on which the utility reasonably expects to file the petition for need determination.

(b) If the Commission does not receive a Notice of Intent to File Petition for Transmission Line Need Determination at least 30 days prior to the filing of a petition, or does not receive the petition within 5 days after the date specified in the notice of intent, the Commission shall have good cause, pursuant to s. 403.537(3), F.S., to extend the time for conduct of the hearing for 30 days.

(2) Upon receipt of a Notice of Intent to File Petition for Transmission Line Need Determination or a petition by a utility, whichever occurs first, or upon issuance of an order pursuant to subsection (1), the Commission shall schedule a hearing and shall give notice of the proceeding to:

- (a) The affected utility or utilities, if appropriate;
- (b) The Department of Community Affairs, Division of Community Planning;
- (c) The Department of Environmental Protection;
- (d) Each person who has requested placement on the mailing list for receipt of such notice;
- (e) The counties, water management districts, and regional planning councils in whose jurisdiction the transmission line could be placed; and
- (f) The Fish and Wildlife Conservation Commission.

(3) The Commission shall also publish notice of the hearing at least 45 days before the hearing date in the Florida Administrative Weekly.

(4) The utility shall publish notice of the hearing at least 45 days before the hearing date in newspapers of general circulation in the counties where the transmission line could be placed. Every notice published in a newspaper shall be at least one-quarter page in size. A copy of each newspaper notice, which includes

the date of publication, shall be filed with the Division of Records and Reporting at least 30 days prior to the hearing date.

Specific Authority: 350.127(2), 403.537(2), F.S.

Law Implemented: 403.537, F.S.

History: New 12/2/80, Transferred 12/21/81, formerly 25-22.75, Amended, 10/9/91.

25-22.076 Contents of Petition. Petitions submitted to commence a determination of need proceeding or responses to the Commission's order commencing a proceeding shall comply with the other requirements of Chapter 25-2, F.A.C., as to form and style and shall contain the following information:

(1) A general description of the existing load and electrical characteristics of the electrical transmission grid including an electrical system map indicating the general location and configuration of existing and the proposed transmission line or lines.

(2) A general description of the proposed transmission line or lines, including the project name, the starting and ending points of the transmission line or lines as defined by the utility, the design and the operating voltage of the proposed transmission line or lines, the approximate cost, and the projected in-service date or dates of the proposed transmission line or lines.

(3) A statement of the specific situations, conditions, contingencies, or other factors which indicate that need exists for the proposed transmission line or lines, including the general time within which the proposed transmission line or lines will be needed. Documentation shall include load flow studies on a peninsular Florida basis, a Gulf Power basis, a Southern Electric System basis or some combination of these and, when applicable, inclusion of adjoining states showing power flows and voltage profiles on the transmission lines in the more critical operating conditions. Load flow should cover the general time period within which the proposed transmission line or lines will be needed, but at the option of the utility, may cover a period of several years. One copy of the complete load flow analysis, including supporting documentation shall be filed with the Commission. The load flow analysis shall identify the load forecasts upon which the load levels are based. Supplemental studies, such as transient stability or short circuit analysis, may be submitted at the option of the utility or upon request of the Commission, if needed to support the need for the proposed transmission line or lines.

(4) A summary discussion of the major alternative transmission lines or transmission improvements which were examined and evaluated by the utility in arriving at the decision to pursue the proposed project. The discussion shall consist of: (a) a general description of the other transmission line alternatives, including, if appropriate, load flow analyses and electrical system diagrams showing power flows and voltage profiles on the transmission lines in the more critical operating conditions and (b) a discussion of the performance of each alternative in terms of economics, reliability, long-term flexibility and usefulness, or other relevant factors.

(5) A statement of the major reason or reasons for adding the proposed transmission line or lines, specifically whether the proposed transmission line or lines will:

- (a) Improve or maintain reliability;
 - (b) Improve intra- or inter-system power transfer capabilities;
 - (c) Integrate power supply sources;
 - (d) Correct thermal overloads or low voltage conditions;
 - (e) Accommodate load growth;
 - (f) Improve system economics;
 - (g) Accommodate relocations;
 - (h) Conserve or displace oil;
 - (i) Serve any other useful purpose;
 - (j) Any combination of the above.
- (6) A statement of the adverse consequences to the electrical system which

will result if the project is delayed or if the Commission denies the application.

(7) An estimate of the time for full project development and an explanation of the factors and considerations which justify the proposed phasing of the project where development of the project will be phased over an extended period of time.

Specific Authority: 350.127, 403.537(2), F.S.

Law Implemented: 403.537, F.S.

History: New 12/2/80, Transferred 12/21/81, formerly 25-22.76.

25-22.077 through 25-22.079 Reserved.

25-22.080 Electrical Power Plant Permitting Proceedings.

(1) Proceedings to determine the need for a proposed electrical power plant, as defined in Section 403.503(7), F.S., shall begin with a petition by a utility or on the Commission's own motion and shall be disposed of in accordance with the provisions of Chapter 25-22, F.A.C., except that the time deadlines set forth in this rule and in Sections 403.501 through 403.517, F.S., to the extent applicable, shall control. Proceedings may begin prior to the filing of an application for site certification of the proposed electrical power plant.

(2) Within 7 days following receipt of a petition, or in its order commencing a proceeding on its own motion, the Commission shall set a date for hearing, which shall be within 90 days of receipt of the petition or of issuance of its order. Following the hearing, each party may make submittals to the Commission on a time schedule to be determined in accordance with the requirements of each proceedings, but terminating no later than 120 days from the receipt of the petition. The matter will be placed before the Commission on an agenda which will permit a decision no later than 135 days from the date of receiving the petition or the issuance of the order commencing the proceeding. A petition for reconsideration must be filed within 5 days of the Commission's decision.

(3) Upon receipt of a petition by a utility or issuance of an order pursuant to subsection (1), notice shall be given of the commencement of the proceeding to:

- (a) The affected utility or utilities, if appropriate;
- (b) The Department of Community Affairs, Division of Community Planning;
- (c) The Department of Environmental Protection; and
- (d) Each person who has requested placement on the mailing list for receipt of such notice.

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 403.519, F.S.

History: New 12/2/80, Transferred 12/21/81, formerly 25-22.80.

25-22.081 Contents of Petition. Petitions submitted to commence a proceeding to determine the need for a proposed electrical power plant or responses to the Commission's order commencing such a proceeding shall comply with the other requirements of Chapter 25-22, Florida Administrative Code, as to form and style except that a utility may, at its option, submit its petition in the same format and style as its application for site certification pursuant to Sections 403.501 through 403.517, Florida Statutes, so long as the informational requirements of this rule and Chapter 25-22, Florida Administrative Code, are satisfied. The petition, to allow the Commission to take into account the need for electric system reliability and integrity, the need for adequate reasonable cost electricity, and the need to determine whether the proposed plant is the most cost effective alternative available, shall contain the following information:

(1) A general description of the utility or utilities primarily affected, including the load and electrical characteristics, generating capability, and interconnections.

(2) A general description of the proposed electrical power plant, including the size, number of units, fuel type and supply modes, the approximate costs, and projected in-service date or dates.

(3) A statement of the specific conditions, contingencies or other factors

which indicate a need for the proposed electrical power plant including the general time within which the generating units will be needed. Documentation shall include historical and forecasted summer and winter peaks, number of customers, net energy for load, and load factors with a discussion of the more critical operating conditions. Load forecasts shall identify the model or models on which they were based and shall include sufficient detail to permit analysis of the model or models. If a determination is sought on some basis in addition to or in lieu of capacity needs, such as oil backout, then detailed analysis and supporting documentation of the costs and benefits is required.

(4) A summary discussion of the major available generating alternatives which were examined and evaluated in arriving at the decision to pursue the proposed generating unit. The discussion shall include a general description of the generating unit alternatives including purchases where appropriate; and an evaluation of each alternative in terms of economics, reliability, long-term flexibility and usefulness and any other relevant factors. Those major generating technologies generally available and potentially appropriate for the timing of the proposed plan and other conditions specific to it shall be discussed. In addition, each investor-owned utility shall include a detailed description of the selection process used and a detailed description of the generating unit alternatives proposed by each finalist, if any, selected to participate in subsequent contract negotiations pursuant to Rule 25-22.082, Florida Administrative Code.

(5) A discussion of viable nongenerating alternatives including an evaluation of the nature and extent of reductions in the growth rates of peak demand, KWH consumption and oil consumption resulting from the goals and programs adopted pursuant to the Florida Energy Efficiency and Conservation Act both historically and prospectively and the effects on the timing and size of the proposed plant.

(6) An evaluation of the adverse consequences which will result if the proposed electrical power plant is not added in the approximate size sought or in the approximate time sought.

(7) If the generation addition is the result of a purchased power agreement between an investor-owned utility and a nonutility generator, the petition shall include a discussion of the potential for increases or decreases in the utility's cost of capital, the effect of the seller's financing arrangements on the utility's system reliability, any competitive advantage the financing arrangements may give the seller and the seller's fuel supply adequacy.

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 403.519, F.S.

History: New 12/2/80, Transferred 12/21/81, formerly 25-22.81, Amended 1/20/94.

25-22.082 Selection of Generating Capacity.

(1) Definitions. For the purpose of this rule, the following terms shall have the following meaning:

(a) Next Planned Generating Unit: the next generating unit addition planned for construction by an investor-owned utility that will require certification pursuant to Section 403.519, Florida Statutes.

(b) Request for Proposals (RFP): a document in which an investor-owned utility publishes the price and non-price attributes of its next planned generating unit in order to solicit and screen, for subsequent contract negotiations, competitive proposals for supply-side alternatives to the utility's next planned generating unit.

(c) Participant: a potential generation supplier who submits a proposal in compliance with both the schedule and informational requirements of a utility's RFP. A participant may include utility and non-utility generators as well as providers of turnkey offerings and other utility supply side alternatives.

(d) Finalist: one or more participants selected by the utility with whom to conduct subsequent contract negotiations.

(2) Prior to filing a petition for determination of need for an electrical power plant pursuant to Section 403.519, Florida Statutes, each investor-owned

electric utility shall evaluate supply-side alternatives to its next planned generating unit by issuing a Request for Proposals (RFP).

(3) Each investor-owned utility shall provide timely notification of its issuance of an RFP by publishing public notices in major newspapers, periodicals and trade publications to ensure statewide and national circulation. The public notice given shall include, at a minimum:

(a) the name and address of the contact person from whom an RFP package may be requested;

(b) a general description of the utility's next planned generating unit, including its planned in-service date, MW size, location, fuel type and technology; and

(c) a schedule of critical dates for the solicitation, evaluation, screening of proposals and subsequent contract negotiations.

(4) Each utility's RFP shall include, at a minimum:

(a) a detailed technical description of the utility's next planned generating unit or units on which the RFP is based, as well as the financial assumptions and parameters associated with it, including, at a minimum, the following information:

1. a description of the utility's next planned generating unit(s) and its proposed location(s);

2. the MW size;

3. the estimated in-service date;

4. the primary and secondary fuel type;

5. an estimate of the total direct cost;

6. an estimate of the annual revenue requirements;

7. an estimate of the annual economic value of deferring construction;

8. an estimate of the fixed and variable operation and maintenance expense;

9. an estimate of the fuel cost;

10. an estimate of the planned and forced outage rates, heat rate, minimum load and ramp rates, and other technical details;

11. a description and estimate of the costs required for associated facilities such as gas laterals and transmission interconnection;

12. a discussion of the actions necessary to comply with environmental requirements; and

13. a summary of all major assumptions used in developing the above estimates;

(b) a schedule of critical dates for solicitation, evaluation, screening of proposals and subsequent contract negotiations;

(c) a description of the price and non-price attributes to be addressed by each alternative generating proposal including, but not limited to:

1. technical and financial viability;

2. dispatchability;

3. deliverability (interconnection and transmission);

4. fuel supply;

5. water supply;

6. environmental compliance;

7. performance criteria;

8. pricing structure; and

(d) a detailed description of the methodology to be used to evaluate alternative generating proposals on the basis of price and non-price attributes.

(5) As part of its RFP, the utility shall require each participant to publish a notice in a newspaper of general circulation in each county in which the participant's proposed generating facility would be located. The notice shall be at least one-quarter of a page and shall be published no later than 10 days after the date that proposals are due. The notice shall state that the participant has submitted a proposal to build an electrical power plant, and shall include the name and address of the participant submitting the proposal, the name and address of the utility that solicited proposals, and a general description of the proposed power plant and its location.

(6) Within 30 days after the utility has selected finalists, if any, from the participants who responded to the RFP, the utility shall publish notice in a newspaper of general circulation in each county in which a finalist has proposed to build an electrical power plant. The notice shall include the name and address of each finalist, the name and address of the utility, and a general description of each proposed power plant, including its location, size, fuel type, and associated facilities.

(7) Each electric utility shall file a copy of its RFP with the Commission.

(8) The Commission shall not allow potential suppliers of capacity who were not participants to contest the outcome of the selection process in a power plant need determination proceeding.

(9) The Commission may waive this rule or any part thereof upon a showing that the waiver would likely result in a lower cost supply of electricity to the utility's general body of ratepayers, increase the reliable supply of electricity to the utility's general body of ratepayers, or is otherwise in the public interest.

Specific Authority: 350.127(2), 366.05(1), 366.051, F.S.

Law Implemented: 403.519, 366.051, F.S.

History: New 1/20/94.

25-22.090 Natural Gas Transmission Pipeline Permitting Proceedings.

(1) Proceedings to determine the need for a proposed natural gas transmission pipeline pursuant to section 403.9422, Florida Statutes, shall begin with a petition filed by a new or existing natural gas transmission pipeline company or an order issued on the Commission's own motion and shall be disposed of as provided in Chapter 25-22, Florida Administrative Code, except that the time deadlines and notice requirements in section 403.9422, Florida Statutes, shall control. Proceedings may begin whether or not an application for corridor site certification of a proposed natural gas transmission pipeline pursuant to sections 403.9401 through 403.9425, Florida Statutes, is pending.

(a) In order for the Commission to have sufficient information to provide the 45 days notice of final hearing required by section 403.9422, Florida Statutes, a natural gas transmission pipeline company that intends to petition for a natural gas transmission pipeline need determination may file a Notice of Intent to File Petition for Natural Gas Transmission Pipeline Need Determination at least 30 days prior to the filing of a petition. The notice of intent shall identify the proposed beginning and ending points of the natural gas transmission pipeline, and the counties, regional planning councils, and water management districts in whose jurisdiction the natural gas transmission pipeline could be placed. The notice of intent shall further specify the date on which the natural gas transmission pipeline company reasonably expects to file the petition for need determination.

(b) If the Commission does not receive a Notice of Intent to File Petition for Natural Gas Transmission Pipeline Need Determination at least 30 days prior to the filing of a petition, or does not receive the petition within 5 days after the date specified in the notice of intent, the Commission shall have good cause, pursuant to section 403.9422(3), Florida Statutes, to extend the time for conduct of the hearing for 30 days.

(2) Upon receipt of a Notice of Intent to File Petition for Natural Gas Transmission Pipeline Need Determination or a petition by a natural gas transmission pipeline company, whichever occurs first, or upon issuance of an order pursuant to subsection (1), the Commission shall schedule a hearing and shall give notice of the proceeding to:

(a) All interstate and intrastate natural gas transmission companies within Florida and all electric and natural gas utilities;

(b) The Department of Community Affairs;

(c) The Department of Environmental Protection;

(d) Each person who has requested placement on the mailing list for receipt of such notice;

(e) The counties, water management districts, and regional planning councils in whose jurisdiction the natural gas transmission pipeline could be placed;

(f) The Fish and Wildlife Conservation Commission;

(g) The Department of Transportation; and

(h) The Department of State, Division of Historical Resources.

(3) The Commission shall also publish notice of the hearing at least 45 days before the hearing date in the Florida Administrative Weekly.

(4) The natural gas transmission pipeline company shall publish notice of the hearing at least 45 days before the hearing date in newspapers of general circulation in each county where the natural gas transmission pipeline may be placed. Every notice published in a newspaper shall be at least one-quarter page in size. A copy of each newspaper notice, which includes the date of publication, shall be filed with the Division of Records and Reporting at least 30 days prior to the hearing date.

Specific Authority: 350.127(2), 403.9422(2), F.S.

Law Implemented: 403.9422, F.S.

History: New 1/25/95.

25-22.091 Contents of Petition. Petitions submitted to commence a determination of need proceeding or responses to the Commission's order commencing a proceeding shall comply with the other requirements of Chapter 25-22, Florida Administrative Code, as to form and style, and shall contain the following information:

(1) Identification of existing natural gas transmission pipelines including a general description and map of all existing, all Florida Public Service Commission (FPSC) or Federal Energy Regulatory Commission (FERC) approved but not yet in service and all proposed natural gas transmission pipelines, including laterals, within any Florida county in which the proposed project will be located.

(2) Description of proposed natural gas transmission pipeline, ownership and financial information including:

(a) Project name and ownership, including all company officers, their addresses and phone numbers, and all corporate affiliations.

(b) Copies of the annual reports to shareholders and 10K Reports to the Securities and Exchange Commission for the last three years for each of the principal companies involved in the project. If annual reports for any of the companies are not prepared, audited financial statements for those entities for the last three years shall be provided.

(c) Copies of all rating agency and security analyst reports for the last two years for each of the principal companies involved in the project.

(d) Copies of all presentations related to the project given by the principal companies involved in the project to, or prepared for, banks and other lenders, security analysts, and rating agencies for the last two years.

(e) A description of the project, including all main or trunk pipelines and all laterals from origination to terminus of each mainline or lateral. The description shall include starting and ending points of each line, initial design capacity and operating pressures, estimated total cost and projected in-service date or dates of the project. The description shall also include the diameter of all pipelines in the proposed project, projected initial operating pressures for all pipelines, and the type and horsepower of all compressor stations. If the pipeline includes phased implementation such that extensions or expansions are to be installed at times later than the time of the initial installation's operational date, similar but separate detailed descriptions as provided for the initial installation shall be provided.

(f) Maps on the scale of 1 inch equals 50 miles of the preferred route and any planned alternate routes, planned locations of compressor stations and other affiliated facilities. Detailed maps of all laterals up to and including individual terminus points shall be provided.

(3) Evidence of the safety and integrity of the proposed project which shall

include a statement that the engineering, construction and operation of the project will comply with all provisions of sections 368.01 through 368.061, Florida Statutes, The Gas Safety Law of 1967, Chapter 25-12, Florida Administrative Code, and 49 CFR, Parts 190 through 199, Pipeline Safety Regulations of the United States Department of Transportation, and codes and standards incorporated therein.

(4) Evidence of need for natural gas transmission capacity in the market area including:

(a) A statement of the specific situations, conditions, contingencies, or other factors that indicate that need exists for the proposed natural gas transmission pipeline or pipelines, including the approximate time when the additional natural gas transmission capacity will be needed.

(b) Evidence of need for natural gas delivery capability up to initial design capacity including supporting contracts, precedent agreements, binding letters of intent, or other forms of evidence the applicant believes sufficient to meet its burden of proof that need exists.

(c) Evidence of need for natural gas delivery capability beyond initial design capacity if future expansion capability is built into the pipeline through use of larger diameter pipeline than needed for planned initial throughput. The petitioner shall provide market area load forecasts by customer type, region of state, expected dates of added load, and other information necessary to support projected future load growth, including region specific natural gas load forecasts supporting each phase of the proposed pipeline installation, taking into account existing and FPSC or FERC approved regional pipeline capacity. Detailed cost information to permit analysis of the cost-effectiveness of using such larger diameter pipeline shall also be provided.

(5) Evidence of access to gas supplies and adequacy of upstream natural gas transmission pipeline capacity to the supply areas including the following:

(a) As initial evidence of reliability of access to gas supplies: identification of sources of gas or access to gas supply areas for the project pipeline and for upstream pipelines.

(b) As evidence of reliability of natural gas transmission pipeline capacity to the point of origination of the proposed project: detailed information on currently available firm or interruptible capacity on upstream pipelines and identification of all additions required to enable upstream pipelines to supply gas in volumes sufficient to meet throughput design capacity of the project. The petitioner shall also provide all available contracts, precedent agreements or binding letters of intent as evidence of adequate capacity on upstream pipelines.

(c) As additional evidence of reliability of natural gas transmission pipeline capacity to the point of origination of the project: information on any federal requirements that must be met by any upstream pipeline before it can provide natural gas transmission service to supply the project. Information on timing of any necessary expansions of upstream pipeline, including proposed federal filing dates and projected in-service dates of additions shall also be provided.

(6) Specific reasons for the proposed natural gas transmission pipeline including whether the proposed pipeline will:

(a) Improve or maintain deliverability, reliability, safety, and integrity of natural gas transmission within Florida;

(b) Accommodate load growth;

(c) Improve the economics of natural gas transmission within Florida to assure the economic well-being of the public;

(d) Conserve or displace oil;

(e) Serve any other useful purpose.

(7) A statement of adverse consequences to the public that will result if the project is delayed or if the Commission denies the application. The petitioner shall specifically address any adverse consequences to the economic well-being of the public due to delay or denial of approval of the project.

Specific Authority: 350.127(2), F.S., 403.9422(2), F.S.

Law Implemented: 403.94055, 403.9422, F.S.

History: New 1/25/95.

**PART VII
INDEXING OF ORDERS**

- 25-22.100 Authority
- 25-22.101 Purpose
- 25-22.102 Public Inspection and Duplication (Repealed)
- 25-22.103 Orders Indexed
- 25-22.1035 Designation of Official Reporter
- 25-22.104 Numbering of Final Orders
- 25-22.105 System For Indexing Final Orders
- 25-22.106 Maintenance of Records (Repealed)
- 25-22.107 Plan for Making Orders and Index Available to the Public

25-22.100 Authority. These rules regarding the indexing, management, and availability of Commission orders are issued pursuant to Section 120.533, Florida Statutes, and Chapter 1S-6, Florida Administrative Code, and have been approved by the Department of State pursuant to Section 120.53(2)(c), Florida Statutes.

Specific Authority: 120.533 F.S.

Law Implemented: 120.53(2) - (4) F.S.

History: New 9/24/92, Amended 12/27/94.

25-22.101 Purpose. The purpose of this part is to provide public access to and availability of all Commission orders.

Specific Authority: 120.533 F.S.

Law Implemented: 120.53(2) - (4) F.S.

History: New 9/24/92, Amended 12/27/94.

25-22.102 Public Inspection and Duplication.

Specific Authority: 120.533, F.S.

Law Implemented: 120.53(2)(a)(1) - (5), 350.06(7), F.S.

History: New 9/24/92, Amended 12/27/94, Repealed 7/11/96.

25-22.103 Orders Indexed. All Commission orders shall be indexed.

Specific Authority: 120.533 F.S.

Law Implemented: 120.53(2)(a)3, 120.53(2)(d) F.S.

History: New 9/24/92, Amended 12/27/94.

25-22.1035 Designation of Official Reporter.

The official reporter of the Florida Public Service Commission shall be the Florida Public Service Commission Reporter (FPSCR), published by FALR, Inc. The official reporter shall index orders of the Commission as required by Rule 25-22.103, Florida Administrative Code, and shall publish the index and all orders. The Florida Public Service Commission Reporter is found at some county law libraries and is available by subscription at the offices of FALR, Inc., P.O. Box 385, Gainesville, FL 32602. A copy of the Florida Public Service Commission Reporter is also available for public inspection at the Division of Records and Reporting.

Specific Authority: 120.533 F.S.

Law Implemented: 120.53(2)(a)3, 120.53(2)(d), 120.53(4)(a) F.S.

History: New 12/27/94.

25-22.104 Numbering of Orders.

(1) All orders shall be sequentially numbered as rendered using a two-part number separated by a dash with the first part before the dash indicating the year and the second part indicating the numerical sequence of the order issued for that year beginning with the number 0001 each new calendar year. Amendatory orders will be assigned the same order number as the order being amended, with the addition of the letter "A" immediately following the order number. The assigned agency prefix

which is "PSC" shall precede the two-part number.

(2) The applicable order category shall be added as a suffix succeeding the agency designation prefix and the two-part number. The order category suffix for proposed agency action orders will be either "FOF" or "FOI", depending on the type of proceeding in which the order was issued. The order categories are as follows:

- DS - Declaratory Statement
- FOI - Final Order Informal Proceedings
- FOF - Final Order Formal Proceedings
- S - Stipulation
- AS - Agreed Settlement
- CO - Consent Order
- PCO - Procedural Order
- PHO - Prehearing Order
- CFO - Confidentiality Order
- NOR - Notice of Rulemaking

(3) After the order category, the applicable industry designation shall be inserted. The industry designations are as follows:

- EI - Electric Utility - Investor Owned
- EM - Electric Utility - Municipality
- EC - Electric Utility - Rural Electric Cooperative
- EU - Electric Utility - All
- EG - Energy Conservation
- EQ - Qualifying Cogeneration Facility
- GU - Gas Industry
- GP - Gas Pipeline
- TA - Telephone Utility - Alternate Access Vendor
- TC - Telephone Utility - Coin (Pay) Telephone Company
- TI - Telephone Utility - Interexchange Company
- TL - Telephone Utility - Local Exchange Company
- TS - Telephone Utility - Shared Tenant Company
- TP - Telephone (Communications) Industry Generally
- WU - Water Utility
- SU - Wastewater (Sewer) Utility
- WS - Water and Wastewater Utility
- PU - Public Utilities Generally - Applies to matters which pertain to two or more industries.
- OT - Other Matters - Administrative Matters not related to a particular industry.

Specific Authority: 120.533(1)(f) F.S.

Law Implemented: 120.53(2) - (4) F.S.

History: New 9/24/92, Amended 12/27/94.

25-22.105 System for Indexing Orders.

(1) The index shall be alphabetically arranged by main subject headings representing major categories of the Commission's regulatory jurisdiction and taken from the Florida Statutes index, when applicable. The applicable titles of citations of the Florida Statutes construed within the final order may determine the main subject headings and subheadings in the index. The index shall show the main subject headings in all capital letters, flush left on the page, followed by relevant subheadings which shall be initial caps and lower case letters indented. Subheadings and sub-subheadings shall reflect increasingly specific areas or subjects addressed in Commission orders and may be taken from the text of the Florida Statutes construed. Subheadings and sub-subheadings at equal indentations shall also be alphabetized. The FPSCR citation to orders shall be listed sequentially in an indentation immediately below the applicable sub or sub-subheading. Cross references shall be used to direct the user to subject headings which contain the relevant information. Related key words (specific words, terms,

and phrases) and common and colloquial words shall be listed and cross-referenced to the appropriate main subject headings. New subject headings will be added when necessary.

(2) The index shall be cumulative for at least one calendar year and shall be updated and made available to the public at least quarterly.

Specific Authority: 120.533(1)(f) F.S.

Law Implemented: 120.53(2) - (4) F.S.

History: New 9/24/92, Amended 12/27/94.

25-22.106 Maintenance of Records.

Specific Authority: 120.53(2)(f) F.S.

Law Implemented: 119.041(2) F.S.

History: New 9/24/92, Amended 12/27/94, Repealed 7/11/96.

25-22.107 Plan for Making Orders and Index Available to the Public.

(1) The Commission shall make orders accessible and available to the public by sequentially numbering and maintaining all orders.

(2) The Division of Records and Reporting shall assist the public in obtaining information pertaining to Commission orders.

(3) Copies of orders, in numerical order, and a copy of the Commission's official reporter shall be maintained in the offices of the Division of Records and Reporting.

Specific Authority: 120.53(2)(8) F.S.

Law Implemented: 120.52(2), F.S.

History: New 9/24/92, Amended 12/27/94.

RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

CHAPTER 25-30

SERVICE BY WATER AND WASTEWATER UTILITIES
PART I - GENERAL PROVISIONS

- 25-30.010 Rules for General Application
- 25-30.011 Application and Scope
- 25-30.020 Fees Required to be Paid by Water and Wastewater Utilities
- 25-30.025 Official Date of Filing
- 25-30.030 Notice of Application
- 25-30.031 Written Objection
- 25-30.032 Applications
- 25-30.033 Application for Original Certificate of Authorization and Initial Rates and Charges
- 25-30.034 Application for Certificate of Authorization for Existing Utility Currently Charging for Service
- 25-30.035 Applications for Certificates
- 25-30.036 Application for Amendment to Certificate of Authorization
- 25-30.037 Application for Authority to Transfer
- 25-30.039 Application for Name Change
- 25-30.040 Application for Authority to Transfer (Repealed)
- 25-30.041 Application for Approval of Transfer to a Governmental Agency (Repealed)
- 25-30.045 Application for Amended Certificate Pursuant to an Extension of Service Area (Repealed)
- 25-30.050 Municipal or County Franchise Fee
- 25-30.055 Systems With a Capacity or Proposed Capacity to Serve 100 or Fewer Persons
- 25-30.060 Application for Exemption from Regulation or Nonjurisdictional Finding (Repealed)
- 25-30.090 Abandonments

25-30.010 **Rules for General Application.** The rules hereinafter set forth are for general application and are subject to such changes and modifications, permitted by law, as the Commission from time to time may determine advisable. The rules are supplementary to the Water and Wastewater System Regulatory Law, Chapter 367, Florida Statutes.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History--Amended 02/03/70, 09/12/74, formerly 25-10.01, Transferred from 25-10.001 11/09/86, Amended 01/31/00.

25-30.011 Application and Scope.

(1) These rules and regulations shall, as appropriate, apply to all water systems and/or wastewater systems which are now, or may hereafter be, subject to the jurisdiction of the Florida Public Service Commission. They are intended to define and promote good utility practices, adequate and efficient service to the public at reasonable cost, and to establish the rights and responsibilities of both the utility and the customer.

(2) No deviation from these rules shall be permitted unless authorized in writing by the Commission.

(3) It is not intended that any rule or regulation contained herein shall supersede or conflict with an applicable regulation of the Department of Health and Rehabilitative Services (DHRS) or the Department of Environmental Protection (DEP). Compliance by a utility with the regulations of the DHRS or DEP on a particular subject matter shall constitute compliance with such of these rules as relate to the same subject matter except as otherwise ordered by the Commission.

(4) The adoption of these rules shall not in any way relieve any utility from any of its duties under the laws of this State.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121(1), F.S.

History--Amended 09/12/74, formerly 25-10.14, **Transferred from** 25-10.014 and **Amended** 11/09/86, 01/31/00.

25-30.020 Fees Required to be Paid by Water and Wastewater Utilities.

(1) When a utility files any application for a certificate of authorization pursuant to sections 367.045, 367.071 and 367.171, Florida Statutes, or files any request for a rate change pursuant to sections 367.081, 367.0814 and 367.0822, Florida Statutes (except an index or pass-through), or files for authorization to collect or change service availability charges pursuant to section 367.101, Florida Statutes, the utility shall remit a fee to the Commission's Director of Records and Reporting. A separate fee shall apply for water service and wastewater service. A separate fee shall also apply for each section listed above. For purposes of this rule, capacity is determined by combining the capacities of all systems included in the application. For purposes of this rule, an equivalent residential connection (ERC) is 350 gallons per day (gpd) for water service and 280 gallons per day (gpd) for wastewater service.

(2) The amount of the fee to be filed pursuant to subsection (1) of this rule shall be as follows:

(a) For an original certificate application filed pursuant to Section 367.045, Florida statutes, the amount of the fee shall be as follows:

1. For utilities with the existing or proposed capacity to serve up to 500 ERCs, \$750;

2. For utilities with the existing or proposed capacity to serve from 501 to 2,000 ERCs, \$1,500;

3. For utilities with the existing or proposed capacity to serve from 2,001 to 4,000 ERCs, \$2,250;

4. For utilities with the existing or proposed capacity to serve more than 4,000 ERCs, \$3,000.

(b) For an application for extension or deletion of territory filed pursuant to Section 367.045, Florida Statutes, the amount of the fee shall be as follows:

1. For applications in which the area to be extended or deleted has the proposed capacity to serve up to 100 ERCs, \$100;

2. For applications in which the area to be extended or deleted has the proposed capacity to serve from 101 to 200 ERCs, \$200;

3. For applications in which the area to be extended or deleted has the proposed capacity to serve from 201 to 500 ERCs, \$500;

4. For applications in which the area to be extended or deleted has the proposed capacity to serve from 501 to 2,000 ERCs, \$1,000;

5. For applications in which the area to be extended or deleted has the proposed capacity to serve from 2,001 to 4,000 ERCs, \$1,750;

6. For applications in which the area to be extended or deleted has the proposed capacity to serve more than 4,000 ERCs, \$2,250.

(c) For an application for transfer or change in majority organizational control filed pursuant to Section 367.071, Florida Statutes, the amount of the fee shall be as follows:

1. For applications in which the utility to be transferred has the capacity to serve up to 500 ERCs, \$750;

2. For applications in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERCs, \$1500;

3. For applications in which the utility to be transferred has the capacity to serve from 2,001 to 4,000 ERCs, \$2,250;

4. For applications in which the utility to be transferred has the capacity to serve more than 4,000 ERCs, \$3,000.

(d) For an application for a grandfather certificate filed pursuant to Section 367.171, Florida Statutes, the amount of the fee shall be as follows:

1. For applications in which the utility has the capacity to serve up to 100 ERCs, \$100;
 2. For applications in which the utility has the capacity to serve from 101 to 200 ERCs, \$200;
 3. For applications in which the utility has the capacity to serve from 201 to 500 ERCs, \$500;
 4. For applications in which the utility has the capacity to serve from 501 to 2,000 ERCs, \$1,000;
 5. For applications in which the utility has the capacity to serve from 2,001 to 4,000 ERCs, \$1,750;
 6. For applications in which the utility has the capacity to serve more than 4,000 ERCs, \$2,250.
- (e) For file and suspend rate cases filed pursuant to Section 367.081, Florida Statutes, the amount of the fee shall be as follows:
1. For utilities with the existing capacity to serve up to 500 ERCs, \$1,000;
 2. For utilities with the existing capacity to serve from 501 to 2,000 ERCs, \$2,000;
 3. For utilities with the existing capacity to serve from 2,001 to 4,000 ERCs, \$3,500;
 4. For utilities with the existing capacity to serve more than 4,000 ERCs, \$4,500.
- (f) For staff-assisted rate cases filed pursuant to Section 367.0814, Florida Statutes, the amount of the fee shall be as follows:
1. For utilities with the existing capacity to serve up to 100 ERCs, \$200;
 2. For utilities with the existing capacity to serve from 101 to 200 ERCs, \$500;
 3. For utilities with the existing capacity to serve more than 200 ERCs, \$1,000.
- (g) For an application for a limited proceeding pursuant to Section 367.0822, Florida Statutes, the amount of the fee shall be as follows:
1. For utilities with the existing capacity to serve up to 100 ERCs, \$100;
 2. For utilities with the existing capacity to serve from 101 to 200 ERCs, \$200;
 3. For utilities with the existing capacity to serve from 201 to 500 ERCs, \$500;
 4. For utilities with the existing capacity to serve from 501 to 2,000 ERCs, \$1,000;
 5. For utilities with the existing capacity to serve from 2,001 to 4,000 ERCs, \$1,750;
 6. For utilities with the existing capacity to serve more than 4,000 ERCs, \$2,250.
- (h) For an application for approval of charges or conditions for service availability filed pursuant to section 367.101, Florida Statutes, the amount of the fee shall be as follows:
1. For utilities with existing and proposed capacity to serve up to 100 ERCs, \$100;
 2. For utilities with existing and proposed capacity to serve from 101 to 200 ERCs, \$200;
 3. For utilities with existing and proposed capacity to serve from 201 to 500 ERCs, \$500;
 4. For utilities with existing and proposed capacity to serve from 501 to 2,000 ERCs, \$1,000;
 5. For utilities with existing and proposed capacity to serve from 2,001 to 4,000 ERCs, \$1,750;

6. For utilities with existing and proposed capacity to serve more than 4,000 ERCs, \$2,250.

Specific Authority: 350.127(2) and 367.121(1), F.S.

Law Implemented: 367.045(1)(d), (2)(e), 367.071(3), 367.081(5), 367.0814(2), 367.0822(2), 367.101(2), 367.145 and 367.171(2)(b), F.S. **History:** New 10/29/80, Formerly 25-10.11, Transferred from 25-10.011 and Amended 11/9/86, 11/30/93.

25-30.025 Official Date of Filing.

(1) The "official date of filing" is the date on which the Director of the Division of Water and Wastewater determines the utility has filed completed sets of the minimum filing requirements (MFRs), including testimony that may be required by Rule 25-30.436(2) and payment of the appropriate filing fee to the Director of Records and Reporting.

(2) The Director of the Division of Water and Wastewater shall determine the official date of filing for any utility's application and advise the applicant. The Commission shall resolve any dispute regarding the official date of filing.

Specific Authority: 367.121(1), F.S.

Law Implemented: 367.083, F.S.

History: New 3/26/81, Formerly 25-10.12, Transferred from 25-10.012, Amended 11/9/86, 11/30/93.

25-30.030 Notice of Application.

(1) When a utility applies for a certificate of authorization, an extension or deletion of its service area, or a sale, assignment or transfer of its certificate of authorization, facilities or any portion thereof or majority organizational control, it shall provide notice of its application in the manner and to the entities described in this section.

(2) Before providing notice in accordance with this section, a utility shall obtain from the Commission a list of the names and addresses of the municipalities, the county or counties, the regional planning council, the Office of Public Counsel, the Commission's Director of Records and Reporting, the appropriate regional office of the Department of Environmental Protection, the appropriate water management district, and privately-owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located. In addition, if any portion of the proposed territory is within one mile of a county boundary, the utility shall obtain from the Commission a list of the names and addresses of the privately-owned utilities located in the bordering counties and holding a certificate granted by the Commission. The utility's request for the list shall include a complete legal description of the territory to be requested in the application that includes:

(a) a reference to township(s), range(s), land section(s) and county; and

(b) a complete and accurate description of the territory served or proposed to be served in one of the following formats. The description may reference interstates, state roads, and major bodies of water. The description shall not rely on references to government lots, local streets, recorded plats or lots, tracts, or other recorded instruments.

1. Sections: If the territory includes complete sections, the description shall only include the township, range, and section reference. If the territory includes partial sections, the description shall either identify the subsections included or excluded.

2. Metes and bounds: A point of beginning which is referenced from either a section corner or a subsection corner, such as a quarter corner. The perimeter shall be described by traversing the proposed territory and closing at the point of beginning. The description shall include all bearings and distances necessary to provide a continuous description.

(3) The notice shall be appropriately styled:

(a) Notice of Application for an Initial Certificate of Authorization for Water, Wastewater, or Water and Wastewater Certificate;

(b) Notice of Application for an Extension of Service Area;

(c) Notice of Application for Deletion of Service Area;

(d) Notice of Application for a Transfer of Water, Wastewater, or Water and Wastewater Certificate(s); or

(e) Notice of Application for a Transfer of Majority Organizational Control.

(4) The notice shall include the following:

(a) the date the notice is given;

(b) the name and address of the applicant;

(c) a description, using township, range and section references, of the territory proposed to be either served, added, deleted, or transferred; and

(d) a statement that any objections to the application must be filed with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870, no later than 30 days after the last date that the notice was mailed or published, whichever is later.

(5) Within 7 days of filing its application, the utility shall provide a copy of the notice by regular mail to:

(a) the governing body of the county in which the utility system or the territory proposed to be served is located;

(b) the governing body of any municipality contained on the list obtained pursuant to (2) above;

(c) the regional planning council designated by the Clean Water Act, 33 U.S.C. 1288(2);

(d) all water or wastewater utilities contained on the list(s) obtained pursuant to (2) above;

(e) the office of Public Counsel;

(f) the Commission's Director of Records and Reporting;

(g) the appropriate regional office of the Department of Environmental Protection; and

(h) the appropriate Water Management District.

(6) No sooner than 21 days before the application is filed and no later than 7 days after the application is filed, the utility shall also provide a copy of the Notice, by regular mail or personal service, to each customer, of the system to be certificated, transferred, acquired, or deleted.

(7) The Notice shall be published once in a newspaper of general circulation in the territory proposed to be served, added, deleted, or transferred. The publication shall be within 7 days of filing the application.

(8) A copy of the notice(s) and list of the entities receiving notice pursuant to this rule shall accompany the affidavit required by sections 367.045(1) (e) and (2) (f), Florida Statutes. The affidavit shall be filed no later than 15 days after filing the application.

(9) This rule does not apply to applications for grandfather certificates filed under section 367.171, Florida Statutes, or to applications for transfers to governmental authorities filed under Section 367.071, Florida Statutes, or to name changes.

Specific Authority: 350.127(2), 367.121(1), F.S.

Law Implemented: 367.031, 367.045, 367.071, F.S.

History: New 4/5/81, formerly 25-10.061, Transferred from 25-10.0061 and Amended 11/9/86, Amended 1/27/91, Amended 11/30/93.

25-30.031 Written Objection.

(1) A written objection to a Notice of Application is timely if it is filed

within 30 days after the last day that the Notice is mailed or published by the applicant, whichever is later.

(2) A written objection must state the grounds for the objection with particularity.

Specific Authority: 350.127(2), 367.121(1), F.S.

Law Implemented: 367.045, F.S.

History: New 11/9/86. Amended 1/27/91.

25-30.032 Applications.

(1) Each utility subject to regulation by the Commission shall apply for an initial certificate of authorization, amendment to an existing certificate of authorization, transfer, or name change by filing a completed application and 12 copies, in accordance with either 25-30.033, 25-30.034, 25-30.035, 25-30.036, 25-30.037(1) or (2), or 25-30.039, F.A.C. However, a utility shall apply for a transfer to a governmental authority by filing a completed application and two copies, in accordance with Rule 25-30.037 (3) and (4), F.A.C. The application shall be filed with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870. Sample application forms may be obtained from the Division of Water and Wastewater, Bureau of Certification, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(2) A utility may file combined applications if it is applying for certificates of authorization or any amendments thereto for both water and wastewater systems; however, the utility shall remit a separate application fee for each service. The Commission will treat a combined application as if a separate application had been filed for each service.

(3) The official filing date of an application for an original certificate, any amendment to an existing certificate, or any transfer shall be the date a completed application is filed with the Division of Records and Reporting, except that the noticing requirements set forth in Rule 25-30.030, F.A.C., do not need to be completed at that time. If, however, the utility has not completed the noticing within the time limits prescribed by Rule 25-30.030, F.A.C., the official filing date shall be the date the noticing is complete.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.031, 367.045, 367.071, 367.083, F.S.

History: New 1/27/91, Amended 11/30/93.

25-30.033 Application for Original Certificate of Authorization and Initial Rates and Charges.

(1) Each application for an original certificate of authorization and initial rates and charges shall provide the following information:

(a) the applicant's name and address;

(b) the nature of the applicant's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;

(c) the name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) or entities owning an interest in the applicant's business organization;

(d) whether the applicant has made an election under Internal Revenue Code § 1362 to be an S corporation;

(e) a statement showing the financial and technical ability of the applicant to provide service, and the need for service in the proposed area. The statement shall identify any other utilities within the area proposed to be served that could potentially provide service, and the steps the applicant took to ascertain whether such other service is available;

(f) A statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed, or, if not consistent, a statement demonstrating why granting the certificate of authorization would be in the public interest.

(g) the date applicant plans to begin serving customers;

(h) the number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase;

(i) a description of the types of customers anticipated, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;

(j) evidence, in the form of a warranty deed, that the utility owns the land upon which the utility treatment facilities are or will be located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative. The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed, provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within 30 days after the order granting the certificate;

(k) one original and two copies of a sample tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, Florida Administrative Code. Model tariffs are available from the Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850;

(l) a description of the territory to be served, using township, range and section references as specified in Rule 25-30.030(2);

(m) one copy of a detailed system map showing the proposed lines, treatment facilities and the territory proposed to be served. The map shall be of sufficient scale and detail to enable correlation with the description of the territory proposed to be served;

(n) one copy of the official county tax assessment map, or other map showing township, range, and section with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

(o) a statement regarding the separate capacities of the proposed lines and treatment facilities in terms of ERCs and gallons per day. If development will be in phases, separate this information by phase;

(p) a written description of the type of water treatment, wastewater treatment, and method of effluent disposal;

(q) if (p) above does not include effluent disposal by means of reuse, a statement that describes with particularity the reasons for not using reuse;

(r) a detailed financial statement (balance sheet and income statement), certified if available, of the financial condition of the applicant, that shows all assets and liabilities of every kind and character. The income statement shall be for the preceding calendar or fiscal year. If an applicant has not operated for a full year, then the income statement shall be for the lesser period. The financial statement shall be prepared in accordance with Rule 25-30.115, Florida Administrative Code. If available, a statement of the source and application of funds shall also be provided;

(s) a list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;

(t) a cost study including customer growth projections supporting the proposed rates, charges and service availability charges. A sample cost study, and assistance in preparing initial rates and charges, are available from the Division of Water and Wastewater;

(u) a schedule showing the projected cost of the proposed system(s) by uniform system of accounts (USOA) account numbers pursuant to Rule 25-30.115, F.A.C. and the related capacity of each system in ERCs and gallons per day. If the utility will be built in phases, this shall apply to the first phase;

(v) a schedule showing the projected operating expenses of the proposed system by USOA account numbers, when 80 percent of the designed capacity of the

system is being utilized. If the utility will be built in phases, this shall apply to the first phase; and

(w) a schedule showing the projected capital structure including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the design capacity of the system.

(2) The base facility and usage rate structure (as defined in Rule 25-30.437(6), F.A.C.) shall be utilized for metered service, unless an alternative rate structure is supported by the applicant and authorized by the Commission.

(3) A return on common equity shall be established using the current equity leverage formula established by order of this Commission pursuant to section 367.081(4), F.S., unless there is competent substantial evidence supporting the use of a different return on common equity.

(4) Utilities obtaining initial certificates pursuant to this rule are authorized to accrue allowance for funds used during construction (AFUDC) for projects found eligible pursuant to Rule 25-30.116(1), F.A.C.

(a) The applicable AFUDC rate shall be determined as the utility's projected weighted cost of capital as demonstrated in its application for original certificate and initial rates and charges.

(b) A discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3), F.A.C., shall be used to insure that the annual AFUDC charged does not exceed authorized levels.

(c) The date the utility shall begin to charge the AFUDC rate shall be the date the certificate of authorization is issued to the utility so that such rate can apply to the initial construction of the utility facilities.

Specific Authority: 350.127(2), 367.045(1), 367.121, 367.1213, F.S.

Law Implemented: 367.031, 367.045(1), 367.1213, F.S.

History: New 1/27/91, Amended 11/30/93.

25-30.034 Application for Certificate of Authorization for Existing Utility Currently Charging for Service.

(1) Each existing utility currently charging for service, which is applying for an initial certificate of authorization, other than under section 367.171, Florida Statutes, shall provide the following information:

(a) the utility's complete name and address;

(b) the nature of the utility's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;

(c) the name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) owning an interest in the utility;

(d) a statement regarding the financial and technical ability of the applicant to continue to provide service;

(e) evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;

(f) one original and two copies of a model tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, Florida Administrative Code. Model tariffs are available from the Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850;

(g) a statement specifying on what date and under what authority the current rates and charges were established;

(h) a description of the territory to be served, using township, range and section references as specified in Rule 25-30.030(2);

(i) one copy of a detailed system map showing the lines, treatment facilities and the territory to be served. Any territory not served at the time of the application shall be specifically identified on the system map. The map shall be of sufficient scale and detail to enable correlation with the description of the territory to be served;

(j) one copy of the official county tax assessment map, or other map showing

township, range, and section with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

(k) the numbers and dates of any permits issued for the systems by the Department of Environmental Protection;

(1) the date the utility was established;

(m) a statement explaining how and why applicant began providing service prior to obtaining a certificate of authorization; and

(n) a schedule showing the number of customers currently served, by class and meter size, as well as the number of customers projected to be served when the requested service territory is fully occupied.

(2) If the applicant is requesting any territory not served at the time of application, provide the following:

(a) a statement showing the need for service in the proposed area; and

(b) a statement that to the best of the applicant's knowledge, the provision of service in this territory will be consistent with the water and wastewater sections of the local comprehensive plan as approved by the Department of Community Affairs at the time the application is filed, or, if not consistent, a statement demonstrating why granting the territory would be in the public interest.

Specific Authority: 350.127(2), 367.121, 367.1213, F.S.

Law Implemented: 367.045, 367.1213, F.S.

History: New 1/27/91, Amended 11/30/93.

25-30.035 Application for Grandfather Certificate.

Each applicant for a certificate of authorization under the provisions of section 367.171, Florida Statutes, shall provide the following information.

(1) the utility's complete name and address;

(2) the nature of the utility's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, association, etc.;

(3) the name(s) and address(es) of all corporate officers, directors, partners, or any other person(s) owning an interest in the utility;

(4) the date the utility was established;

(5) a description of the types of customers served, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;

(6) evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;

(7) one original and two copies of a tariff, containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, Florida Administrative Code. Sample tariffs are available from the Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(8) a statement specifying on what date and under what authority the current rates and charges were established;

(9) a description, using township, range, and section references as specified in Rule 25-30.030(2), of the territory the utility was serving, or was authorized to serve by the county which had jurisdiction over the utility on the day Chapter 367, Florida Statutes, became applicable to the utility;

(10) one copy of a detailed system map showing the lines, treatment facilities and the territory to be served. Any territory not served at the time of the application shall be specifically identified, and the map shall be of sufficient scale and detail to enable correlation with the description of the territory to be served;

(11) one copy of the official county tax assessment map, or other map showing township, range, and section, with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning;

(12) the numbers and dates of any permits issued for the systems by the

Department of Environmental Protection; and

(13) a schedule showing the number of customers currently served, by class and meter size, as well as the number of customers projected to be served when the requested service territory is fully occupied.

Specific Authority: 350.127 (2), 367.121, 367.1213, F.S.

Law Implemented: 367.1213, 367.171, F.S.

History: Amended 7/21/65, 1/7/69, 2/3/70, 3/6/71, 9/12/74, 3/26/81, Formerly 25-10.02, 25-10.002, Amended 11/9/86, Amended 1/27/91, 11/30/93.

25-30.036 Application for Amendment to Certificate of Authorization to Extend or Delete Service.

(1) This rule applies to any certificated water or wastewater utility that proposes to extend its service territory into an area in which there is no existing water or wastewater system or proposes to delete a portion of its service territory.

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

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

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

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

2. the person(s) or business(es) requesting water or wastewater service have demonstrated to the utility that service is necessary because (1) a private well has been contaminated or gone dry, (2) a septic tank has failed; or (3) service is otherwise not available.

(c) the utility has filed a completed application in accordance with section (2) of this rule within 45 days of the completion of the notice requirements.

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

(a) the utility's complete name and address;

(b) a statement showing the financial and technical ability of the utility to provide service and the need for service in the area requested.

(c) a statement that to the best of the applicant's knowledge the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan at the time the application is filed, as approved by the Department of Community Affairs, or, if not, a statement demonstrating why granting the amendment would be in the public interest.

(d) evidence that the utility owns the land upon which the utility treatment facilities that will serve the proposed territory are located or a copy of an agreement, such as a 99-year lease, which provides for the continued use of the land. The Commission may consider a written easement or other cost-effective alternative;

(e) a description of the territory proposed to be served, using township, range and section references as specified in Rule 25-30.030(2);

(f) one copy of a detailed system map showing the proposed lines, treatment facilities, and the territory proposed to be served. The map shall be of sufficient scale and detail to enable correlation with the description of the territory;

(g) if the utility is planning to build a new wastewater treatment plant, or upgrade an existing plant to serve the proposed territory, provide a written description of the proposed method(s) of effluent disposal;

(h) if (g) above does not include effluent disposal by means of reuse, a

statement that describes with particularity the reasons for not using reuse.

(i) one copy of the official county tax assessment map or other map showing township, range, and section, with a scale such as 1"=200' or 1"=400', with the proposed territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

(j) a statement describing the capacity of the existing lines, the capacity of the treatment facilities, and the design capacity of the proposed extension;

(k) the numbers and dates of any permits issued for the proposed systems by the Department of Environmental Protection;

(l) a detailed statement regarding the proposed method of financing the construction, and the projected impact on the utility's capital structure;

(m) a description of the types of customers anticipated to be served by the extension, i.e., single family homes, mobile homes, duplexes, golf course clubhouse, commercial, etc.;

(n) a statement regarding the projected impact of the extension on the utility's monthly rates and service availability charges;

(o) the original and two copies of sample tariff sheets reflecting the additional service area; and

(p) the applicant's current certificate for possible amendment.

(q) the number of the most recent order of the Commission establishing or changing the applicant's rates and charges.

(r) an affidavit that the utility has tariffs and annual reports on file with the Commission.

(4) Each utility proposing to delete a portion of its service area shall submit the following:

(a) the utility's complete name and address;

(b) a description of the territory proposed to be deleted, using township, range and section references;

(c) one copy of a detailed system map showing the existing lines, treatment facilities, and territory served. The map shall be of sufficient scale and detail to enable correlation with the legal description of the territory;

(d) the number of current active connections within the territory to be deleted;

(e) one copy of the official county tax assessment map, or other map, showing township, range, and section with a scale such as 1"=200' or 1"=400', with the territory proposed to be deleted plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

(f) a statement specifying the reasons for the proposed deletion of territory;

(g) a statement indicating why the proposed deletion of territory is in the public interest;

(h) a statement as to the effect of the proposed deletion on the ability of any customer or potential customer to receive water and wastewater service, including alternative source(s) of service;

(i) the original and two copies of sample tariff sheets reflecting the revised service area; and

(j) the applicant's current certificate for possible amendment.

(k) the number of the most recent order of the Commission establishing or changing the applicant's rates and charges.

(l) an affidavit that the utility has tariffs and annual reports on file with the Commission.

Specific Authority: 367.045, 350.127(2), 367.121, 367.1213, F.S.

Law Implemented: 367.045, 367.1213, F.S.

History: New 1/27/91, Amended 11/30/93.

25-30.037 Application for Authority to Transfer.

(1) This rule applies to any application for the transfer of an existing water or wastewater system, regardless of whether service is currently being provided. This rule does not apply where the transfer is of an exempt or non-

jurisdictional system and will result in the system continuing to be exempt from or not subject to Commission jurisdiction. The application for transfer may result in the transfer of the seller's existing certificate, amendment of the buyer's certificate or granting an initial certificate to the buyer.

(2) Each application for transfer of certificate of authorization, facilities or any portion thereof, to a non-governmental entity shall include the following information:

- (a) the complete name and address of the seller;
- (b) the complete name and address of the buyer;
- (c) the nature of the buyer's business organization, i.e., corporation, partnership, limited partnership, sole proprietorship, or association;
- (d) the name(s) and address(es) of all of the buyer's corporate officers, directors, partners or any other person(s) who will own an interest in the utility;
- (e) the date and state of incorporation or organization of the buyer;
- (f) the names and locations of any other water or wastewater utilities owned by the buyer;
- (g) a copy of the contract for sale and all auxiliary or supplemental agreements, which shall include, if applicable:
 1. purchase price and terms of payment;
 2. a list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of non-regulated operations or entities; and
 3. a description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, assumption of obligations.
- (h) the contract for sale shall also provide for the disposition, where applicable, of the following:
 1. customer deposits and interest thereon;
 2. any guaranteed revenue contracts;
 3. developer agreements;
 4. customer advances;
 5. debt of the utility;
 6. leases;
- (i) a statement describing the financing of the purchase;
- (j) a statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters;
- (k) a list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;
- (l) the proposed net book value of the system as of the date of the proposed transfer. If rate base has been established by this Commission, state the order number and date issued and identify all adjustments made to update this rate base to the date of transfer;
- (m) a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested;
- (n) if the books and records of the seller are not available for inspection by the Commission or are not adequate for purposes of establishing the net book value of the system, a statement by the buyer that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records;
- (o) a statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns;

(p) a statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost to make them;

(q) evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative;

(r) a statement regarding the disposition of any outstanding regulatory assessment fees, fines, or refunds owed;

(s) the original and two copies of sample tariff sheets reflecting the change in ownership; and

(t) the utility's current certificate(s), or if not available, provide an explanation of the steps the applicant took to obtain the certificate(s).

(3) In case of a change in majority organizational control, the application shall include the following information:

(a) the complete name and address of the seller;

(b) the complete name and address of the buyer;

(c) the name(s) and address(es) of all of the buyer's corporate officers, directors, partners and any other person(s) who will own an interest in the utility;

(d) the names and locations of any other water or wastewater utilities owned by the buyer;

(e) a statement describing the financing of the purchase;

(f) a statement describing how the transfer is in the public interest, including a summary of the buyer's experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters;

(g) a list of all entities, including affiliates, that have provided, or will provide, funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility;

(h) a statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the DEP or, if the system is in need of repair or improvement, has any outstanding Notice of Violation(s) of any standard(s) set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violations, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost;

(i) evidence that the utility owns the land upon which the utility treatment facilities are located, or a copy of an agreement which provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost effective alternative;

(j) the original and two copies of sample tariff sheets reflecting the change in ownership; and

(k) the utility's current certificate(s), or if not available, the applicant shall provide an explanation of the steps the applicant took to obtain the certificate(s).

(4) Each application for transfer of certificate of authorization, facilities,

or any portion thereof, or majority organizational control to a governmental authority shall contain the following information:

- (a) the name and address of the utility and its authorized representative;
- (b) the name of the governmental authority and the name and address of its authorized representative;
- (c) a copy of the contract or other document transferring the utility system to the governmental authority;
- (d) a list of any utility assets not transferred to the governmental authority if such remaining assets constitute a system providing or proposing to provide water or wastewater service to the public for compensation;
- (e) a statement that the governmental authority obtained, from the utility or Commission, the most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction;
- (f) the date on which the governmental authority proposes to take official action to acquire the utility;
- (g) a statement describing the disposition of customer deposits and interest thereon; and
- (h) a statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

(5) If a utility is transferring a portion of its facilities to a governmental agency, it must provide the following additional information:

- (a) a description of the remaining territory using township, range, and section references;
- (b) one copy of the official county tax assessment map, or other map, showing township, range, and section with a scale such as 1"=200' or 1"=400', with the remaining territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.
- (c) the original and two copies of sample tariff sheets reflecting the remaining territory.

(6) Upon its receipt of items required in (4)(a), (b), (c), (d), (e) and (f), the Commission will issue an order acknowledging that the facilities or any portion thereof have been acquired by the governmental authority.

(7) Upon receipt of the items required in (4)(g) and (h) and, if applicable, (5)(a), (b), and (c), and upon the completion of all pending proceedings before the Commission, the utility's certificate will be amended or cancelled. Amendment or cancellation of the certificate shall not affect the utility's obligation pursuant to Rule 25-30.120, F.A.C., Regulatory Assessment Fees.

Specific Authority: 367.121, F.S.

Law Implemented: 367.071 F.S.

History: New 1/27/91, Amended 11/30/93.

25-30.039 Application for Name Change.

(1) This rule shall apply to a certificated utility that changes its name only, with no change in the ownership or control of the utility or its assets.

(2) Each application for approval of a change in name of a certificated utility shall include the following information:

- (a) The complete name, address, and type of business entity of the certificated utility;
- (b) The proposed change in name and the type of business entity under the new name;
- (c) A statement setting out the reasons for the name change;
- (d) The effective date of the name change;
- (e) In the case of a corporation, limited partnership, or any other type of entity that is chartered by the State of Florida or any other state, a copy of the certificate or other document issued by the state showing its acceptance of the entity's new name. In addition, an officer of the entity shall provide a statement that the ownership and control of the utility and its assets will not change under the proposed name. In the case of a sole proprietorship, general partnership, or

any other type of entity not chartered by the State of Florida or any other state, a statement, signed by a duly authorized representative, that the ownership and control of the utility and its assets will not change under the proposed name;

(f) A proposed notice to be sent to the customers of the utility informing them of the change in utility name;

(g) An original and two copies of a proposed tariff reflecting the name change, including all standard forms; and,

(h) The applicant's current certificate.

(3) After the Commission staff approves the customer notice, the utility shall send the approved customer notice to all existing customers with the next regular billing, advising them of the name change.

Specific Authority: 367.121, 367.1214, F.S.

Law Implemented: 367.121, 367.1214, F.S.

History: New 11/30/93.

25-30.040 Application for Authority to Transfer.

Specific Authority: 367.121, F.S.

Law Implemented: 367.071, F.S.

History: New 6/10/75, Amended 4/5/81, 8/30/83, formerly 25-10.07, Transferred from 25-10.007 and Amended 11/9/86, Repealed 1/27/91.

25-30.041 Application for Approval of Transfer to a Governmental Agency.

Specific Authority: 367.121(1)(f), F.S.

Law Implemented: 367.071, 367.151, F.S.

History: New 11/9/86, Repealed 1/27/91.

25-30.045 Application for Amended Certificate Pursuant to an Extension of Service Area Pursuant to Either s.367.061, F.S. or s. 367.041, F.S.

Specific Authority: 350.127(2), 367.121(1)(f), F.S.

Law Implemented: 367.041, 367.06, F.S.

History: New 6/10/80, Amended 4/5/81, formerly 25-10.08, Transferred from 25-10.008 and Amended 11/9/86, Repealed 1/27/91.

25-30.050 Municipal or County Franchise Fee.

(1) When a municipality charges a utility any franchise fee, the utility may collect that fee only from its customers receiving service within that municipality. When a county charges a utility any franchise fee, the utility may collect that fee only from its customers receiving service within that county.

(2) A utility may not incorporate any franchise fee into its other rates for service.

(3) This rule shall not be construed as granting a municipality or county the authority to charge a franchise fee. This subsection only specifies the method of collection of a franchise, if a municipality or county, having authority to do so, charges a franchise fee.

Specific Authority: 367.121, F.S.

Law Implemented: 367.091(3), 367.121, F.S.

History: Amended 2/3/70, 9/12/74, 11/21/82, formerly 25-10.03, Transferred from 25-10.003 11/9/86.

25-30.055 Systems With a Capacity or Proposed Capacity to Serve 100 or Fewer Persons.

(1) A water or wastewater system is exempt under section 367.022(6), Florida Statutes, if its current or proposed water or wastewater treatment facilities and distribution or collection system have and will have a capacity, excluding fire flow capacity, of no greater than 10,000 gallons per day or if the entire system is designed to serve no greater than 40 equivalent residential connections (ERCs). For purposes of this rule only, one ERC equals 250 gallons per day.

(a) Unless the Commission determines that valid local statistical data should be used, ERCs for residential use are as follows:

Single family detached dwellings	1 ERC per unit
Multiple family dwellings	.8 ERC per unit
Mobile homes	.8 ERC per unit

(b) ERCs for nonresidential use shall be based on meter size and type as follows:

1. For Water Systems

Meter Size	Meter Type	ERCs
5/8"	Displacement	1.0
3/4"	Displacement	1.5
1"	Displacement	2.5
1 1/2"	Displacement or Turbine	5.0
2"	Displacement, Compound or Turbine	8.0
3"	Displacement	15.0
3"	Compound	16.0
3"	Turbine	17.5
4"	Displacement or Compound	25.0
4"	Turbine	30.0
6"	Displacement or Compound	50.0
6"	Turbine	62.5
8"	Compound	80.0
8"	Turbine	90.0
10"	Compound	115.0
10"	Turbine	145.0
12"	Turbine	215.0

2. For Wastewater Systems

Meter Size	Meter Type	ERCs
5/8"	Displacement	1.0
3/4"	Displacement	1.5
1"	Displacement	2.5
1 1/2"	Displacement or Turbine	5.0
2"	Displacement, Compound or Turbine	8.0
3"	Displacement	15.0
3"	Compound	16.0
3"	Turbine	17.5
4"	Displacement or Compound	25.0
4"	Turbine	30.0
6"	Displacement or Compound	50.0
6"	Turbine	62.5
8"	Compound	80.0
8"	Turbine	90.0
10"	Compound	115.0
10"	Turbine	145.0
12"	Turbine	215.0

(c) Where undeveloped land is adjacent to a system or proposed system the Commission may, where appropriate, estimate ERCs for service to future development on the adjacent undeveloped land. Unless the Commission determines that valid local statistical data should be used, ERCs for residential acreage should be estimated as follows:

Residential Use	ERCs/Acre
Mobile home	4.8
Detached single family	4.0

Estimates for other types of residential acreage and for commercial and industrial uses shall be made on a case by case basis.

Specific Authority: 350.127(2), F.S., 367.121(1)(f), F.S.

Law Implemented: 367.022(6), F.S.

History: New 1/5/84, formerly 25-10.10, Transferred from 25-10.010 and Amended 11/9/86.

25-30.060 Application for Exemption from Regulation or Nonjurisdictional Finding.**Specific Authority 350.127(2), 367.121(1) FS.****Law Implemented 367.021(12), 367.022, 367.031 FS.****History--New 1-5-92, Amended 11-30-93, 2-15-96, Repealed 01/20/97.****25-30.090 Abandonments.**

(1) This rule applies to any person, lessee, trustee, or receiver owning, operating, managing, or controlling a utility which intends to abandon the utility. The provisions of this rule are intended to prevent service interruptions to the utility customers.

(2) The notice required by section 367.165, F.S., shall include the following:

(a) The utility's name and address;

(b) The person to contact regarding this notice, their address and telephone number;

(c) The location of the utility's books and records;

(d) The date of the notice;

(e) The date the utility will be abandoned;

(f) Whether the water system, wastewater system, or both are to be abandoned;

(g) A statement of the reason the utility is to be abandoned;

(h) A statement of the status of the utility with the Department of Environmental Protection regarding outstanding citations or violations.

(3) Within 10 days of the appointment of a receiver by the circuit court, the receiver shall request from the Commission a copy of the utility's tariff and most recent annual report.

(4) Within 90 days of the appointment of the receiver, the receiver shall file a proposed tariff revision amending the title page to reflect the name, address and telephone number of the receiver. This shall not affect the certificated name of the utility.

(5) During the pendency of the receivership, the receiver shall be responsible for fulfilling the utility's obligations pursuant to Chapter 367, F.S., and Chapter 25-30, F.A.C. In no event shall a receiver be held responsible for failure to provide safe, efficient and sufficient service where such failure is substantially caused by actions or omissions pre-dating appointment of the receiver, unless the receiver is given reasonable opportunity to rectify such failure.

(6) If the receiver appointed by the circuit court is a governmental authority as defined by section 367.021(7), F.S., the governmental authority, upon request, shall be found exempt pursuant to section 367.022(2), F.S.

Specific Authority: 350.127(2), 367.121, F.S.**Law Implemented: 367.121, 367.165, F.S.****History: New 11/30/93.**

PART II - RECORDS AND REPORTS

- 25-30.110 Records and Reports; Annual Reports
- 25-30.111 Exemption for Resale of Utility Service, Annual Report (Repealed)
- 25-30.115 Uniform System of Accounts for Water and Wastewater Utilities
- 25-30.116 Allowance For Funds Used During Construction
- 25-30.117 Accounting for Pension Costs
- 25-30.120 Regulatory Assessment Fees; Water and Wastewater Utilities
- 25-30.125 System Maps and Records
- 24-30.130 Record of Complaints
- 25-30.135 Tariffs
- 25-30.140 Depreciation
- 25-30.145 Audit Access to Records

25-30.110 Records and Reports; Annual Reports.

(1) RECORDS.

(a) Each utility shall preserve its records in accordance with the "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities" as issued by the National Association of Regulatory Utility Commissions, as revised May 1985.

1. Those utilities that choose to convert documents from their original media form shall retain the original source documents as required by 25-30.110(1)(a) for a minimum of three years, or for any lesser period of time specified for that type of record in the "Regulations to Govern the Preservation of Records of Electric, Gas and Water Utilities," after the date the document was created or received by the utility. This paragraph does not require the utility to create paper copies of documents where the utility would not otherwise do so in the ordinary course of its business. The Commission may waive the requirement that documents be retained in their original form upon a showing by a utility that it employs a storage and retrieval system that consistently produces clear, readable copies that are substantially equivalent to the originals, and clearly reproduces handwritten notations on documents.

2. The utility shall maintain written procedures governing the conversion of source documents to a storage and retrieval system, which procedures ensure the authenticity of documents and the completeness of records. Records maintained in the storage and retrieval system must be easy to search and easy to read.

(b) Unless otherwise authorized by the Commission, each utility shall maintain its records at the office or offices of the utility within this state and shall keep those records open for inspection during business hours by Commission staff.

(c) Any utility that keeps its records outside the state shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary course of its business.

1. The utility shall remit reimbursement for out-of-state travel expenses within 30 days from the date the Commission mails the invoice.

2. The reimbursement requirement in subparagraph (1)(c) shall be waived:

a. For any utility that makes its out-of-state records available at the utility's office located in Florida or at another mutually agreed upon location in Florida within 10 working days from the Commission's initial request. If 10 working days is not reasonable because of the complexity and nature of the issues involved or the volume and type of material requested, the Commission may establish a different time frame for the utility to bring records into the state. For individual data requests made during an audit, the response time frame established in Rule 25-30.145, Florida Administrative Code, shall control; or

b. For a utility whose records are located within 50 miles of the Florida state line.

(2) IN GENERAL. Each utility shall furnish to the Commission at such time and in such forms as the Commission may require, the results of any required tests and

summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(3) ANNUAL REPORTS; FILING EXTENSIONS. Each utility shall file with the Commission annual reports on forms prescribed by the Commission. The obligation to file an annual report for any year shall apply to any utility which is subject to this Commission's jurisdiction as of December 31 of that year, whether or not the utility has actually applied for or been issued a certificate.

(a) The Commission shall, by January 15 of each year, send one blank copy of the appropriate annual report form to each utility company. The failure of a utility to receive a report form shall not excuse the utility from its obligation to timely file the annual report. An original and two copies of the annual reports shall be filed with the Commission on or before March 31 for the preceding year ending December 31. Annual reports are considered filed on the day they are postmarked or received and logged in by the Commission's Division of Water and Wastewater in Tallahassee.

(b) An annual report is considered on file if it is properly addressed, with sufficient postage, and postmarked no later than the due date. If an annual report is sent by registered mail, the date of the registration is the postmark date. The registration is evidence that the annual report was delivered. If an annual report is sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the postmark date. The postmarked certified mail receipt is evidence that the return was delivered.

(c) A utility may file a written request for an extension of time with the Division of Water and Wastewater no later than March 31. One extension of 30 days will be automatically granted upon request. A request for a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed.

(4) ANNUAL REPORTS; CONTENTS. The appropriate annual report form required from each utility shall be determined by using the same three classes of utilities used by the National Association of Regulatory Utility Commissioners for publishing its system of accounts: Class A (those having annual water or wastewater operating revenues of \$1,000,000 or more); Class B (those having annual water or wastewater revenues of \$200,000 or more but less than \$1,000,000); Class C (annual water or wastewater revenues of less than \$200,000). The class to which a utility belongs shall be determined by using the higher of the average of its annual water or wastewater operating revenues for each of the last three preceding years.

(a) Class A and B utilities shall file the annual report on Commission Form PSC/WAW 3 (Rev. 12/99), entitled "Water and/or Wastewater Utilities (Gross Revenues of \$200,000 or more)", which is incorporated by reference into this rule.

(b) Class C utilities shall file the annual report on Commission Form PSC/WAW 6 (Rev. 12/99), entitled "Water and/or Wastewater Utilities (Gross Revenues of less than \$200,000 each)", which is incorporated by reference into this rule.

(c) The foregoing forms can be obtained from the Commission's Division of Water and Wastewater.

(5) CERTIFICATION OF ANNUAL REPORTS. As part of the annual report, each utility shall certify the following in writing by the utility's chief executive officer and chief financial officer:

(a) Whether the utility is in substantial compliance with the Uniform System of Accounts as prescribed by Rule 25-30.115, Florida Administrative Code;

(b) Whether the utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission;

(c) Whether there have been any written communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements;

(d) Whether the financial statements and related schedules fairly present the financial condition and results of operations for the period presented and whether

other information and statements presented as to the business affairs of the respondent are true, correct, and complete for the period which they represent.

(6) ANNUAL REPORTS, PENALTY FOR NONCOMPLIANCE. A penalty shall be assessed against any utility that fails to file an annual report or an extension in the following manner:

- (a) Failure to file an annual report or an extension on or before March 31;
- (b) Failure to file a complete annual report;
- (c) Failure to file an original and two copies of the annual report.

Any utility that fails to comply with this rule shall be subject to the penalties imposed herein unless the utility demonstrates good cause for the noncompliance. The Commission may, in its discretion, impose penalties for noncompliance that are greater or lesser than provided herein; such as in cases involving a flagrant disregard for the requirements of this rule or repeated violations of this rule. No final determination of noncompliance or assessment of penalty shall be made by the Commission except after notice and an opportunity to be heard, as provided by applicable law.

(d) Any utility which fails to pay a penalty within 30 days after its assessment by the Commission shall be subject to interest applied to the penalty up to and including the date of payment of the penalty. Such interest shall be compounded monthly, based on the 30 day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

(7) DELINQUENT REPORTS.

(a) Any utility that fails to file its annual report or extension on or before March 31, or within the time specified by any extension approved in writing by the Division of Water and Wastewater, shall be subject to a penalty. The penalty shall be based on the number of calendar days elapsed from March 31, or from an approved extended filing date, until the date of filing. The date of filing shall be included in the days elapsed.

(b) The penalty for delinquent reports shall accrue based on the utility's classification established under subsection (4), in the following manner for each day the report is delinquent:

1. \$25 per day for Class A utilities;
2. \$13.50 per day for Class B utilities; and
3. \$3.00 per day for Class C utilities.

(8) INCOMPLETE REPORTS.

(a) The Commission's Division of Water and Wastewater shall provide written notification to a utility if its report does not contain information required by subsection (4) of this rule. The utility shall file the missing information no later than 30 days after the date on the face of the notification. If the utility fails to file the information within that period, the report will be deemed delinquent and the utility shall be subject to a penalty as provided under paragraphs (7)(a) and (b), except that the penalty shall be based on the number of days elapsed from the date the information is due to the date it is actually filed. The date of filing shall be included in the elapsed days.

(b) A report is incomplete if any of the schedules required by the following forms of this rule are not completed:

1. Form PSC/WAW 3 (12/99) for Class A and B utilities;

and

2. Form PSC/WAW 6 (12/99) for Class C utilities.

(c) An incomplete report will remain incomplete until the missing information is filed with the Division of Water and Wastewater on the appropriate Commission form.

(9) INCORRECT FILING. If a utility files an incorrect annual report it shall be considered delinquent and subject to a penalty on the same basis as a utility that fails to timely file an annual report. The classification determining the applicable penalty, as prescribed by paragraphs 7(a) and (b), shall be determined by the latest annual revenue figures available for the utility. The failure of a utility to receive a report form for the correct class of utility shall not excuse

the utility from its obligation to timely file the annual report for the correct class of utility.

(10) **INSUFFICIENT COPIES.** A utility that fails to file one original and two copies of its annual report shall be subject to a penalty of one dollar per page per missing copy. The Commission will provide the utility with written notice that insufficient copies were received. A penalty may be avoided if, within 20 days after the date of the notice, the utility files the missing copies or requests that the Commission copy its report for it and remits the appropriate fee for the copying.

(11) **OTHER PENALTIES.** The penalties that may be assessed against a utility for failure to file an annual report in compliance with the foregoing shall be separate and distinct from penalties that may be imposed for other violations of the requirements of the Commission.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121(1)(c), 367.121(1)(g), 367.121(1)(i), 367.121(1)(k), 367.156(1), 367.161, F.S.

History: Amended 09/12/74, 01/18/83, 02/24/85, 10/27/85, formerly 25-10.25, Transferred from 25-10.025 11/09/86, Amended 12/22/86, 03/11/91, 11/13/95, 05/01/96, 12/14/99.

25-30.111 Exemption for Resale of Utility Service, Annual Report.

Specific Authority: 367.121(1), F.S.

Law Implemented: 367.022(8), F.S.

History: New 3/26/81, Formerly 25-10.09, 25-10.009, Amended 11/9/86, 11/30/93, Repealed 6/27/00.

25-30.115 Uniform System of Accounts for Water and Wastewater Utilities.

Water and wastewater utilities shall, effective January 1, 1998, maintain their accounts and records in conformity with the 1996 NARUC Uniform Systems of Accounts adopted by the National Association of Regulatory Utility Commissioners. All inquiries related to the interpretation of these uniform systems of accounts shall be submitted to the Commission's Division of Water and Wastewater in writing. Note: The National Association of Regulatory Utility Commissioners published separate uniform systems of accounts for three classes of water and wastewater utilities: Class A (defined as those having annual water or wastewater operating revenues of \$1,000,000 or more); Class B (defined as those having annual water or wastewater operating revenues of \$200,000 or more but less than \$1,000,000); Class C (defined as those having annual water or wastewater revenues of less than \$200,000). Copies of these systems of accounts may be purchased from the office of said Association, Post Office Box 684, Washington, D.C. 20044.

Specific Authority: 367.121(1)(b)(f), F.S.

Law Implemented: 367.121(1)(b), F.S.

History: Amended 2/3/70, 9/12/74, 1/2/79, 8/21/79, 9/6/85, formerly 25-10.04, Transferred from 25-10.004 11/9/86, Amended 8/18/97.

25-30.116 Allowance For Funds Used During Construction.

(1) Construction work in progress (CWIP) that is not included in rate base may accrue allowance for funds used during construction (AFUDC), under the following conditions:

(a) Eligible projects. The following projects may be included in CWIP and accrue AFUDC:

1. Projects that involve gross additions to plant in excess of \$5,000 and
 - a. are expected to be completed in excess of sixty days after commencement of construction, or
 - b. were originally expected to be completed in sixty days or less but are not ready for service after sixty days.

(b) Ineligible projects. The following projects may be included in CWIP, but may not accrue AFUDC:

1. Projects, or portions thereof, that do not exceed the level of CWIP

included in rate base in the company's last rate case.

2. Projects where gross additions to plant are less than \$5,000.
3. Projects expected to be completed in less than sixty days after commencement of construction.
4. Property that has been classified as Property Held for Future Use.

(c) Unless otherwise authorized by the Commission, the following projects may not be included in CWIP nor accrue AFUDC:

1. Projects that are reimbursable by another party.
2. Projects that have been cancelled.
3. Purchases of assets which are ready for service when acquired.
4. Portions of projects providing service during the construction period.

(d) Other conditions. Accrual of AFUDC is subject to the following conditions:

1. Accrual of AFUDC is not to be reversed when a project originally expected to be completed in excess of sixty days is completed in sixty days or less;
2. AFUDC may not be accrued retroactively if a project expected to be completed in sixty days or less is subsequently suspended for six months, or is not ready for service after sixty days;
3. When a project is completed and ready for service, it shall be immediately transferred to the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and may no longer accrue AFUDC;
4. Where a work order covers the construction of more than one property unit, the AFUDC accrual shall cease on the costs related to each unit when that unit reaches an in-service status;
5. When the construction activities for an ongoing project are expected to be suspended for a period exceeding six (6) months, the utility shall notify the Commission of the suspension and the reason(s) for the suspension, and shall submit a proposed accounting treatment for the suspended project; and
6. When the construction activities for a suspended project are resumed, the previously accumulated costs of the project may not accrue AFUDC if such costs have been included in rate base for ratemaking purposes. However, the accrual of AFUDC may be resumed when the previously accumulated costs are no longer included in rate base for ratemaking purposes.

(e) Subaccounts. Account 105, Construction Work in Progress, shall be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC from the cost of construction projects that are ineligible for AFUDC.

(2) The applicable AFUDC rate shall be determined as follows:

(a) The most recent 12-month average embedded cost of capital, except as noted below, shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the Company's last rate case.

(b) The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 12-month average cost of short term debt and customer deposits and a zero cost rate for deferred taxes and all investment tax credits. The cost of long term debt and preferred stock shall be based on end of period cost. The annual percentage rate shall be calculated to two decimal places.

(c) A company that has not had its equity return set in a rate case shall calculate its return on common equity by applying the most recent water and wastewater equity leverage formula.

(d) The treatment by the Commission of all investment tax credits at a zero cost rate shall be contingent upon a ruling from the Internal Revenue Service that such treatment will not, for companies elected to be treated under s. 46(f) (2) of the Internal Revenue Code, result in the forfeiture of the tax credits. Pending receipt of such a ruling, each utility shall continue to use the weighted overall cost of capital calculated in a manner consistent with the final IRS Regulation

Section 1.46-6 published May 22, 1986, as the cost of the utility's 4% and 10% investment tax credits.

(e) Any such ruling request must be submitted to the Commission by December 15, 1987. The AFUDC cost rate for the investment tax credit for any company which fails to submit its own letter ruling request to the IRS shall be governed by the first letter ruling issued by the IRS in response to a request submitted pursuant to subsection 2 (d) of this rule.

(3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to six decimal places, shall be employed to insure that the annual AFUDC charged does not exceed authorized levels.

(a) The formula used to discount the annual AFUDC rate to reflect monthly compounding is as follows:

$$M = \left[\left(1 + \frac{A}{100} \right)^{1/12} - 1 \right] \times 100$$

Where:

M = discounted monthly AFUDC rate

A = Annual AFUDC rate

(b) The monthly AFUDC rate, carried out to six decimal places, shall be applied to the average monthly balance of eligible CWIP that is not included in rate base.

(4) The following schedules shall be filed with each petition for a change in AFUDC rate:

(a) Schedule A. A schedule showing the capital structure, cost rates and weighted average cost of capital that are the basis for the AFUDC rate in subsection (2).

(b) Schedule B. A schedule showing capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (2).

(c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the methodology set out in this rule.

(5) No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

(6) Each utility charging AFUDC shall include with its Annual Report to the Commission Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) The Commission may, on its own motion, initiate a proceeding to revise a utility's AFUDC rate.

(8) Paragraphs (a) and (b) of subsection (1) shall not be effective for any utility until it implements final rates in a general rate case initiated after the effective date of this rule. The foregoing notwithstanding, those provisions will become effective for all utilities no later than January 1, 1989.

Specific Authority: 350.127(2), 367.121(1)(f), F.S.

Law Implemented: 350.115, 367.081(2), 367.121(1)(b), F.S.

History: New 8/11/86, Amended 12/7/87.

25-30.117 Accounting for Pension Costs.

Any utility that has an established defined benefit pension plan as defined by the Financial Accounting Standard's Board in the Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions (SFAS 87), dated December, 1985, shall account for these costs pursuant to SFAS 87 as it applies to business enterprises in general.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: New 11/30/93.

25-30.120 Regulatory Assessment Fees; Water and Wastewater Utilities.

(1) As applicable and as provided in s. 350.113, F.S., each utility shall remit a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Each utility shall pay a regulatory assessment fee in the amount of 0.045 of its gross revenues derived from intrastate business. The gross revenues reported for regulatory assessment fee purposes must agree with the amount reported as operating revenue on Schedule F-3 of the Operating Statement in the company's Annual Report, filed in accordance with Rule 25-30.110, F.A.C. A minimum annual regulatory assessment fee of \$25 shall be imposed if there are no revenues or if revenues are insufficient to generate a minimum annual fee.

(2) The obligation to remit the regulatory assessment fees for any year shall apply to any utility which is subject to this Commission's jurisdiction on or before December 31 of that year or for any part of that year, whether or not the utility has actually applied for or been issued a certificate.

(a) Regulatory assessment fees shall be filed with the Commission on or before March 31 for the preceding year ended December 31. Commission Form PSC/WAW 10 (07/96) entitled "Water System Regulatory Assessment Fee Return" and Commission Form PSC/WAW 17 (07/96) entitled "Wastewater System Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of Administration. The failure of a utility to receive a return form shall not excuse the utility from its obligation to timely remit the regulatory assessment fees.

(b) Regulatory assessment fees are considered paid on the date they are postmarked by the United States Postal Service or received and logged in by the Commission's Division of Administration in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage and postmarked no later than the due date.

(3) If the due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered.

(4) Each utility shall have up to and including the due date in which to:

(a) Remit the total amount of its fee or

(b) Remit an amount which the utility estimates is its full fee

(5) Any utility that purchases water or wastewater treatment from another utility regulated by the Florida Public Service Commission is allowed to deduct the annual expense for purchased water or wastewater treatment from its gross operating revenues before calculating the amount of the regulatory assessment fees due.

(6) A utility may request from the Division of Administration a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return.

(a) The request for extension must be written and accompanied by a statement of good cause.

(b) The request for extension must be received by the Division of Administration at least two weeks before the due date.

(c) Where a utility receives a 30-day extension of its due date pursuant to this rule, the utility shall remit a charge in addition to the regulatory assessment fee, set out in s. 350.113, F.S.

(7) The delinquency of any amount due to the Commission from the utility pursuant to the provisions of s. 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) Pursuant to s. 350.113, F.S., a penalty shall be assessed against any utility that fails to pay its regulatory assessment fee by March 31, in the following manner:

1. Five percent of the fee if the failure is for not more than 30 days, with

an additional five percent for each additional 30 days or fraction thereof during the time in which the failure continues, not to exceed a total penalty of 25 percent.

2. The amount of interest to be charged is one percent for each thirty days or fraction thereof, not to exceed a total of 12 percent per annum.

(b) In addition to the penalties and interest otherwise provided, the Commission may impose an additional penalty upon a utility for failure to pay regulatory assessment fees in a timely manner in accordance with s. 367.161, F.S.

(8) Any utility which requests and receives an extension of not more than 30 days or remits, by the due date, an estimated fee payment of at least 90 percent of the actual fee due shall not be charged interest or penalty on the balance due if paid within the extension period.

(9) Any utility which fails to pay a penalty within 30 days after its assessment by the Commission shall be subject to interest applied to the penalty up to and including the date of payment of the penalty. Such interest shall be compounded monthly, based on the 30-day commercial paper rate for high-grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.113, 367.145, 367.161, F.S.

History: New 5/18/83, formerly 25-10.24, Amended 10/16/86, Transferred from 25-10.024 and Amended 11/9/86, Amended 2/8/90, 07/08/96.

25-30.125 System Maps and Records. Each utility shall maintain on file at its principal office located within the State, suitable maps, drawings and/or records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.27, Transferred from 25-10.027 11/9/86.

25-30.130 Record of Complaints.

(1) Each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers.

(2) The record shall include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint and the date of the disposition of the complaint.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.30, Transferred from 25-10.030 and Amended 11/9/86.

25-30.135 Tariffs, Rules and Miscellaneous Requirements.

(1) Each utility shall adopt and file tariffs in accordance with Chapter 25-9, Florida Administrative Code.

(2) No utility may modify or revise its rules or regulations or its schedules of rates and charges until the utility files and receives approval from the Commission for any such modification or revision.

(3) Each utility shall maintain for customer inspection upon request during regular business hours at its main in-state business office, a current copy of Chapters 25-9, 25-22 and 25-30, Florida Administrative Code, a current copy of Chapter 367, F.S., and a copy of the utility's current tariffs, and current developer agreements. The Commission shall provide current copies of the above rules and statute to each utility.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: Amended 9/12/74, Formerly 25-10.41, 25-10.041, Amended 11/9/86, 11/30/93.

25-30.140 Depreciation.

(1) For the purpose of the rule, the following definitions apply:

(a) Account - Water and wastewater plant accounts are defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115.

(b) Amortization - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

(c) Asset - Any owned physical object (tangible) or right (intangible) having economic value to its owner.

(d) Average Remaining Life - The future expected service in years of the surviving plant at a given age.

(e) Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L. Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life}}$$

(f) Average Service Life - The economic service life that can be reasonably expected from the plant type in question. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

(g) Capitalization - Measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or
2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized.
3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense.

(h) Cost of removal - The cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

(i) Depreciation - As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life of the depreciable investment.

(j) Function - defined as follows:

Water	Wastewater
Source of Supply (Accounts 304 to 309)	Collection Plant (Accounts 354 and 360 to 364)
Pumping Plant (Accounts 304,310,311)	Pumping Plant (Accounts 354, 370, 371)
Water Treatment Plant (Accounts 304,320)	Treatment & Disposal Plant (Accounts 354 and 380 to 389)
Transmission & Distribution Plant (Accounts 304 and 330 to 339)	General Plant (Accounts 354 and 390 to 398)
General Plant (Accounts 304 and 340 to 348)	

(k) Mortality Data - See plant activity data.

(l) Net Salvage - The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

(m) Original Cost - As applied to utility plant, the cost of such property to the person first devoting it to public service.

(n) Plant Activity Data - Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

(o) Property Retired - As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

(p) Remaining Life Depreciation Rate - The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question and on the net unrecovered capital for that investment or account.
$$R.L. Rate = \frac{100\% - Accumulated Reserve \% - Future Net Salvage \%}{Average Remaining Life}$$

The average remaining life for an account or sub-account is a function of known planned retirement or of the average age of that account and its appropriate mortality table.

(q) Replacing or Replacement - The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

(r) Reserve - The accumulated provision for depreciation. The accumulated depreciation reserve is the net of depreciation accruals (expenses) and retired investment as well as any appropriate adjustments or transfers.

(s) Reserve Activity Data - Annual depreciation expense, retirements, transfers or adjustments and end of year balance for the accumulated provision for depreciation.

(t) Retirement Units - Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included.

(u) Salvage Value - The amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale or, if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

(2) The average service life and salvage components for each class of utility are as follows:

(a) Water System Guideline Average Service Lives

Account	Description	Large Utility (Class A & B)	Small Utility (Class C)	Small Utility Function Composite ³	Net Salvage % ⁴
1.	Source of Supply				
304	Structures & Improvements	33 ¹	28 ¹		
	Frame	28	25		
	Masonry	30	27		
	Reinforced Concrete	40	37		
	Steel (tanks or sheds)	25	22		
	Fiberglass	20	18		
305	Collecting and Impounding Reservoirs	50	40		
306	Lake, River and Other Intakes	40	40		
307	Wells and Springs	30	27		
	Drilled & Cased Well (Floridan or Non-Corrosive)				
	Shallow Well (Sand Aquifer or Corrosive Water)	20	18		
308	Infiltration Galleries	40	N/A		

	and Tunnels			
309	Supply Mains	35	32	
2.	Pumping Plant			20
304	Structures and Improve- ments (see "Source of Supply" for subcategory lives)	33 ¹	28 ¹	
310	Power Generation	20	17	
311	Pumping Equipment	20	17	
	Electric Pumping Equip.	20	15	
3.	Water Treatment Plant			21
304	Structures & Improvements (See "Source of Supply" for sub-category lives)	33 ¹	28 ¹	
320	Water Treatment Equip.	22 ¹	17 ¹	
	Chlorination Equip.	10	7	
	Membrane Elements	5	5	
	Other Mechanical Equip.	25	20	
4.	Transmission & Distribution Plant			36
304	Structures & Improvements (See "Source of Supply" for subcategory lives)	33 ¹	28 ¹	
330	Distribution Reservoirs & Stand Pipes	37 ¹	33 ¹	
	Steel Pneumatic Tank	35	30	
	Concrete Ground Storage Reservoir	40	37	
331	Transmission & Distribution Mains	43 ¹	38 ¹	
	Galvanized Steel pipe & Fittings	35	33	
	Black Steel Pipe	20	18	
	Plastic Pipe ²	45	40	
	Asbestos - Cement	40	35	
	Cast Iron or Ductile Iron	40	35	
	Valves & Valve Boxes	25	20	
	Fire Mains	33	30	
333	Services ²	40	35	
334	Meters and Meter Installations	20	17	
335	Hydrants	45	40	
339	Other Plant and Miscellaneous Equip.	25	20	
5.	General Plant			
304	Structures & Improvements	40 ¹	35 ¹	
	Reinforced Concrete Bldg.	45	40	
	Masonry Building	40	35	
	Wood Building	35	30	
	Steel Building	40	35	
	Tanks or Sheds	25	20	
340	Office Furniture & Equip.	15	15	
	Computers	6	6	
341	Transportation Equip.	6	6	10
342	Stores Equip.	18	N/A	14 (composite of 342-348)
343	Tools, Shop & Garage Equip.	16	15	
344	Laboratory Equip.	15	N/A	
345	Power Operated Equip.	12	10	
	5			
346	Communication Equip.	10	N/A	

		10			
Account	Description	Large Utility (Class A& B)	Small Utility (Class C)	Small Utility Function Composite ³	Net Salvage % ⁴
347	Miscellaneous Equip.	15	N/A		
348	Other Tangible Plant	10	10		
(b) Wastewater System Guideline Average Services Lives					
Account Description Large Utility (Class A& B) Small Utility (Class C) Small Utility Function Composite ³ Net Salvage % ⁴					
1. Collection System					
354	Structures & Improvements	32 ¹	27 ¹		
	Above Grade				
	Reinforced concrete	38	35		
	Masonry	30	27		
	Frame	28	25		
	Steel	25	22		
	Below Grade				
	Concrete	35	32		
	Steel	22	20		
	Lift Stations	25	22		
360	Collection Sewers-Force ²	30 ¹	27 ¹		
361	Collection Sewers-Gravity ²	45	40		
	Manholes	30	27		
362	Special Collecting Structures	40	37		
363	Services to Customers ²	38	35		
364	Flow Measuring Devices	5	5		
365	Flow Measuring Installations	38	35		
2. Pumping Plant					
354	Structures & Improvements	32 ¹	27 ¹	18	
370	Receiving Wells	30	25		
	Pumping Equip.	N/A	15		
371	Pumping Equip.	18	N/A		
3. Treatment and Disposal Plant					
354	Structures & Improvements (see "Collection System" for subcategory lives)	32 ¹	27 ¹	18	
380	Treatment & Disposal Equip. Blowers, Motors, Pumps, Electric Controls	18 ¹	15 ¹		
	Chlorination Equip.	15	12		
	Other Mechanical Equip.	10	7		
	Other Mechanical Equip.	23	18		
381	Plant Sewers	35	32		
382	Outfall Sewer Lines	30	30		
389	Other Plant and Miscellaneous Equip.	18	15		
4. General Plant					
354	Structures & Improvements	40 ¹	35 ¹		
	Reinforced Concrete Bldg.	45	40		
	Masonry Building	40	35		
	Wood Building	35	30		
	Steel Building	40	35		
	Tanks or Sheds	25	20		
390	Office Furniture & Equip. Computers	15	15		
	Computers	6	6		
391	Transportation Equip.	6	6		10
392	Stores Equip.	18	N/A		14
					(composite of 392-398)

393	Tools, Shop & Garage Equip.	16	15	
394	Laboratory Equip.	15	N/A	
395	Power Operated Equip.	12	10	5
396	Communication Equip.	10	N/A	10
397	Miscellaneous Equip.	15	N/A	
398	Other Tangible Plant	10	10	

(c) For the purposes of paragraphs (2)(a) and (b), the following apply:

1. ¹Denotes composite life.
2. ²Plastic pipe footnote - assumes use of AWWA standard pipe only. Assumes AWWA DR18 used for all mains of 6" or more.
3. ³To be used only when acceptable company plant balances are not available for developing composites using account lives.
4. ⁴Net Salvage zero except as indicated.

(3) Except as listed in Subsections (5) and (6) of this rule average service life depreciation rates based on the guideline lives and salvages shall be used in any proceeding before this Commission that involves the setting of rates. A utility shall also implement the applicable guideline rates for any new plant to be placed in service.

(4)(a) All Class A and B utilities shall maintain depreciation rates and reserve activity by account as prescribed by this Commission.

(b) All Class C utilities shall maintain depreciation rates and reserve activity data by total depreciable plant, function or account as prescribed by this Commission.

(5)(a) At the time a utility applies for a change in its revenue rates and charges, it may also petition for average service life depreciation rates different from those in the above schedule if it can justify the service lives that the utility is proposing in lieu of the guideline lives. That justification should be in the form of historic data, technical information or utility planning for the affected accounts or sub-accounts. Common causes of need for different depreciation rates include composition of account, adverse environmental conditions, high growth or regulatory changes.

(b) A utility filing for such a revision of depreciation rates shall submit ten copies of the filing to the office of the Commission Clerk.

(c) For each account or function of depreciable plant addressed in the filing, the following shall be included:

1. A comparison of current and proposed depreciation rates and service lives. The proposed effective date of the new rates shall be identified.
2. A comparison of depreciation expenses resulting from current rates with those produced by the proposed rates. Plant balances used in this calculation shall be those as of the effective date of the proposed rates.
3. A general narrative defining the service environment of the applicant utility and the factors (e.g., composition of account, growth, environmental conditions, regulatory changes) leading to the present application for a revision in rates in the affected accounts.
4. Any statistics, data, analyses or calculations used in the development of the proposed average service lives.

(6) A utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates under the following conditions:

(a) A Class A or B utility has maintained both plant activity data by account and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.

(b) A Class C utility has maintained both plant activity data and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.

(c) To provide time for study development, any application for remaining life guidelines should be submitted at least six months before the filing for a test year in connection with a request for a revenue rate increase.

(7) Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies in recovery where a utility demonstrates that retirement of the installation or group of installations is prudent and the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(8) (a) Contributions in Aid of Construction - Adequate records to account for CIAC must be maintained by the utility. Where adequate records separating CIAC from utility investments are maintained by account, depreciation rates shall be applied separately to contributed and non-contributed plant with the resulting amortization of contributed plant not considered an expense for ratemaking purposes. Where CIAC records are not kept by account, the depreciation rates shall be applied to the entire depreciable plant. The CIAC plant shall then be amortized either by account, function or bottom line depending on availability of supporting information. The amortization rate shall be that of the appropriate account or function where supporting documentation is available to identify the account or function of the related CIAC plant. Otherwise, the composite plant amortization rate shall be used. The depreciation expense then is the net of depreciation expense for total plant less the amortization of CIAC plant. The non-CIAC depreciation reserve is the net of depreciation reserve for total plant less the accumulated amortization of CIAC plant.

Specific Authority: 350.127(2), 367.121(1), F.S.

Law Implemented: 350.115, 367.121, 367.121(1)(c), F.S.

History: New 3/22/84, Formerly 25-10.32, 25-10.032, Amended 11/9/86, 5/8/88, 11/21/95.

25-30.145 Audit Access To Records

(1) This rule addresses the reasonable access to utility and affiliate records provided for in §367.156(1) for the purposes of management and financial audits.

(a) The audit scope, audit program and objectives, and audit requests are not constrained by relevancy standards narrower than those provided by §367.156(1).

(b) Reasonable access means that company responses to audit requests for access to records shall be fully provided within the time frame established by the auditor. In establishing a due date, the auditor shall consider the location of the records, the volume of information requested, the number of pending requests, the amount of independent analysis required, and reasonable time for the utility to review its response for possible claims of confidentiality or privilege.

(c) In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached. If necessary, a final decision shall be made by the Prehearing Officer. If the audit is related to an undocketed case, the Chairman shall make the decision.

(d) The utility and its affiliates shall have the opportunity to safeguard their records by copying them or logging them out, provided, however, that safeguard measures shall not be used to prevent reasonable access by Commission auditors to utility or affiliate records.

(e) Reasonable access to records includes reasonable access to personnel to obtain testimonial evidence in response to inquiries or through interviews.

(f) Nothing in this rule shall preclude Commission auditors from making copies or taking notes. In the event these notes relate to documents for which the company has asserted confidential status, such notes shall also be given confidential status.

(g) Form PSC/AFA 6 (2/95), entitled "Audit Document and Record Request/Notice of Intent" is incorporated by reference into this rule. This form is used by

auditors when requests are formalized. This form documents audit requests, the due dates for responses, and all Notices of Intent to Seek Confidential Classification.
Specific Authority: 350.127(2), 367.121(1), F.S.
Law Implemented: 350.117, 367.121, 367.156(1), F.S.
History: New 2/28/95.

PART III - SERVICE PROVISIONS

25-30.210	Definitions
25-30.225	Plant and Facilities
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25-30.231	Extent of System Which Utility Shall Maintain
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25-30.263	Meter Test Methods
25-30.264	Meter Testing Equipment
25-30.265	Periodic Meter Test
25-30.266	Meter Test by Request
25-30.267	Record of Meter Tests

25-30.210 Definitions. For the purpose of this part, the following definitions apply:

(1) "Customer" shall mean any person, firm, association, corporation, governmental agency, or similar organization who has an agreement to receive service from the utility;

(2) "Main" shall mean a pipe, conduit or facility which conveys utility service to individual services or to other mains;

(3) "Meter" shall mean any device used to measure service rendered to a customer by a utility;

(4) "Service Pipe" shall mean the pipe between the utility's mains and the point of delivery and shall include all of the pipe, fittings and valves necessary to make the connection excluding the meter.

(5) "Service Connection" shall mean the point of connection of the customer's piping with the meter or service pipe owned by the utility.

(6) "Point of Delivery" where the service pipe is connected to the utility company's main.

(7) "Point of delivery" for water systems shall mean the outlet connection of the meter for metered service or the point at which the utility's piping connects with the customer's piping for non-metered service.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.15, Transferred from 25-10.015 and Amended 11/9/86.

25-30.225 Plant and Facilities.

(1) Each utility shall design, construct, and install its plant in accordance with accepted engineering practices to ensure reasonably adequate and safe service to its customers.

(2) Each utility shall maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the Department of Environmental Protection.

(3) Each utility shall exercise due care to reduce the hazards to which employees, customers, and the public may be exposed by reason of the utility's equipment or facilities.

(4) Each utility shall make reasonable effort to warn and protect the public from any danger which exists or arises on account of the utility's equipment or facilities.

(5) Each water utility shall operate and maintain in safe, efficient, and proper condition, all of its facilities and equipment used to distribute, regulate, measure or deliver service up to and including the point of delivery into the piping owned by the customer.

(6) Each wastewater utility shall operate and maintain in safe, efficient, and proper condition, of its facilities and equipment used to collect and regulate the flow of wastewater in the sewer mains. The wastewater utility may require that each customer be responsible for cleaning and maintaining sewer laterals to the point of delivery.

(7) Each utility which provides both water and wastewater service shall operate and maintain in safe, efficient, and proper condition, all of its facilities to the point of delivery.

(8) Each utility shall maintain on file at its principal office located within the state, suitable maps, drawings, and records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.

(9) Each utility shall inspect its plant and facilities in such a manner and with such frequency as may be necessary to ensure that the plant and facilities are maintained in proper condition for rendering safe and adequate service.

Specific Authority: 350.127(1)(f), 367.121(1), F.S.

Law Implemented: 367.111, 367.121, F.S.

History: Amended 9/12/74, 3/26/81, formerly 25-10.42, Transferred from 25-10.042 and Amended 11/9/86.

25-30.230 Service Facilities.

(1) Each water utility shall provide a service pipe of suitable capacity from its main up to and including the customer's service control valve and meter box for water service to the customer. Each water utility shall provide a service, control valve, and meter box. The utility may locate the service control valve and the meter box at or near the customer's curb or property line.

(2) Each wastewater utility shall provide the service pipe to the service connection, and may locate the connection at or near the customer's curb or property line.

(3) Each utility shall provide service facilities at its own expense unless the utility's tariff provides otherwise.

(4) All service facilities remain the property of the utility.

Specific Authority: 367.121(1)(f), F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.86, Transferred from 25-10.086 and Amended 11/9/86.

25-30.231 Extent of System Which Utility Shall Maintain. Each utility, unless specifically relieved in any case by the Commission from such obligation, shall operate and maintain in safe, efficient and proper condition all of the facilities and equipment used in connection with the collection and regulation of flow of wastewater in the sewer mains and the distribution, regulation, measurement and delivery of water service to the customer up to and including the point of delivery into the piping owned by the customer. The utility may require that each customer shall be responsible for cleaning and maintaining sewer laterals to the service connection.

General Authority: 367.121(1)(f), F.S.

Law Implemented: 367.111, F.S.

History: Amended 4/20/63, 9/12/74, Transferred from 25-10.109 and Amended 11/9/86.

25-30.235 Safety. Every public utility shall at all times use every reasonable effort properly to warn and protect the public from any danger, and

shall exercise due care to reduce the hazards to which employees, customers, and the public may be subjected by reason of its equipment and facilities.

Specific Authority: 367.121, F.S.

Law Implemented: 367.111, F.S.

History: Amended 9/12/74, formerly 25-10.45, Transferred from 25-10.045 11/9/86.

25-30.240 Change in Character of Service. Change in Character of Service. Any substantial change to be made by the utility in the conditions or character of service rendered which would impair the safe, efficient use of the equipment of customers shall not be made without the prior approval of the Commission and without adequate notice to the customers. Any such change shall be accompanied by a general inspection and adjustment of customer equipment that would be affected thereby to the extent necessary that such equipment may operate as efficiently and give as good service as was possible before the change. This shall be done promptly, without direct charge, and with a minimum of inconvenience to the customer.

Specific Authority: 367.121, F.S.

Law Implemented: 367.111, F.S.

History: Amended 9/12/74, formerly 25-10.44, Transferred from 25-10.044 11/9/86.

25-30.245 Accidents.

(1) Each utility shall keep a record of any accident which endangers the public or the utility's employees, or disrupts the utility's service facilities in such a manner as could have caused substantial property damage, serious personal injury or death.

(2) Each utility shall furnish its accident reports to the Commission upon request of the Commission staff.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.111, 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.29, Transferred from 25-10.029 and Amended 11/9/86.

25-30.250 Continuity of Service.

(1) Each utility shall make all reasonable efforts to provide continuous service. Should interruption in service occur, however, each utility shall reestablish service with the shortest delay consistent with the safety of its customers and the general public.

(2) Each utility shall schedule any necessary interruptions in service at a time anticipated to cause the least inconvenience to its customers. Each utility shall notify its customers prior to scheduled interruptions.

(3) Where public fire protection is provided by the mains affected by the interruption, the utility shall notify the Fire Chief or any other public official responsible for fire protection, that an interruption has occurred or will occur. Additionally, the utility shall notify that person when service is or is anticipated to be restored.

(4) Where a customer's water or wastewater service is interrupted and remains out of service in excess of forty-eight (48) hours after the customer has notified the utility of the interruption, the utility shall refund to that customer the pro-rata portion of the month's charges for the period of days during which service was not provided. This paragraph applies only to utilities which have service tariffs that provide for charges on a non-metered rate. The utility may refund the amount owed as credit toward the customer's subsequent bill for service.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.111, F.S.

History: Amended 9/12/74, repealed 3/26/81, formerly 25-10.56, Transferred from 25-10.056 and Amended 11/9/86.

25-30.251 Record and Report of Interruptions.

(1) Each utility shall maintain a record of all interruptions in service which

affect ten percent (10%) or more of its customers. The record shall show the cause of the interruption, its date, time, duration, remedy, and steps taken to prevent recurrence.

(2) The utility shall notify the Commission of any interruptions in service which affect ten percent (10%) or more of its customers. Notification to the Commission shall be made within one work day of notification to the utility that such an interruption has occurred, and within one work week after service has been restored. The utility shall file a complete report of the record to the Commission regarding the interruption.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.28, Transferred from 25-10.028 and Amended 11/9/86.

25-30.255 Measurement of Service for Water Utilities.

(1) Except as provided in subsection (2) of this rule, each utility shall measure water sold upon the basis of metered volume sales unless the Commission approved flat rate service arrangements for that utility.

(2) A utility may provide flat rate on estimated service for:

(a) Temporary service where the utility can readily estimate water use.

(b) Public and private fire protection service.

(c) Water used for street sprinkling and sewer flushing when provided for by contract between the utility and the municipality or other local governmental authority.

(3) To measure service, each utility shall use meters which conform to the Standards for Cold Water Meters as adopted by the American Waterworks Association. Copies of these manuals and standards may be obtained from the American Waterworks Association, Publication Sales Department, 6666 West Quincy Avenue, Denver, Colorado 80235

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.87, Transferred from 25-10.087 and Amended 11/9/86.

25-30.260 Meter Installation.

(1) Generally, each utility shall locate meters at or near the customer's curb or property line. When it is impractical to locate meters at or near the customer's curb or property line, the utility may locate a meter in any other reasonably convenient or accessible place which affords protection against damage.

(2) When meters are grouped, the utility shall tag each meter to identify the customer whose services are measured by that meter.

(3) Each utility shall install an accessible service control valve on the inlet side of each meter.

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.111, F.S.

History: Amended 9/12/74, formerly 25-10.88, Transferred from 25-10.088 and Amended 11/9/86.

25-30.261 Meter Readings.

(1) The utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days, on the corresponding day of each meter reading period.

(2) The utility shall read the register of each meter in the same units that the utility uses for billing purposes, except that a water meter may register in gallons or in cubic feet.

(3) The service meters shall be marked to indicate the units measured by that meter.

(4) The meter shall be marked with any constant or multiplier that the utility uses to determine the amount of service used by a customer.

Specific Authority: 367.121, F.S.

Law Implemented: 367.111, 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.95, Transferred from 25-10.095 and Amended 11/9/86.

25-30.262 Meter Accuracy Requirements. Each utility shall employ water meters which register within the accuracy limits set forth in this chart:

Accuracy limits in percentages

Meter Type	Maximum	Intermediate	Minimum Rate	
	Rate	Rate	New	Repaired
Displacement	98.5-101.5	98.5-101.5	95-101.5	90-101.5
Current	97 -102	None	95-102	90-102
Compound*	97 -103	97 -103	95-103	90-103

*The minimum required accuracy for compound meters at any rate within the "changeover" range of flows shall be 85%.

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.122(1), 367.121(1)(a), F.S.

History: Amended 9/12/74, formerly 25-10.92, Transferred from 25-10.092 and Amended 11/9/86.

25-30.263 Meter Test Methods.

(1) Each utility shall test its displacement type cold water meters on at least the three rates of flow set forth in the following chart:

Meter Size Inches	Normal Test Flow Limits GPM	Test Flow Gallons Per Minute		
		Minimum	Median	Maximum
		5/8	1- 20	1/4
3/4	2- 30	1/2	3	25
1	3- 50	3/4	4	35
1 1/2	5- 100	1 1/2	8	50
2	8- 160	2	15	100
3	16- 300	4	20	150
4	28- 500	7	40	200
6	48- 1000	12	60	500

(2) Each utility shall test its current, compound and fire-service type meters on at least three rates of flow: one at the minimum test flow and two or more within the normal test flow limits of the table set forth in subsection (1) of this rule, with the upper test flow to be at a rate as high as practicable.

(3) Each utility shall test its compound meters within the "changeover" range of flows to determine overall operational efficiency and accuracy of registration.

(4) A utility may test any displacement type meter after installation if the meter is three inches or larger. However, each utility shall test its current, compound and fire-service type meters in place to achieve maximum accuracy, and may install a test tee in the outlet piping to facilitate and reduce the cost of testing for meters which are three inches or larger.

(5) Each utility may affix a seal to each of its tested and adjusted meters. The utility may affix the seal in such manner that it would have to be broken before any adjustment to meter registration could be achieved.

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121(1)(a), 367.122, F.S.

History: Amended 9/12/74, formerly 25-10.90, Transferred from 25-10.090 and Amended 11/9/86.

25-30.264 Meter Testing Equipment.

(1) (a) Each utility providing metered water service shall either provide the necessary standard facilities, instruments and other equipment for testing meters in compliance with rules 25-30.263, or enter into arrangements with other utilities or agencies for the testing of the utility's meters.

(b) When the utility opts to arrange for its testing to be performed by another utility or agency, that utility shall notify the Commission.

(2) (a) Standard meters may be used by the utility for field tests of meter accuracy provided that they are tested and calibrated to permit the testing of meters within the limits of accuracy set out in Rule 25-30.263.

(b) Testing and calibration of the standard meters shall be done either by the utility with its volumetric or weight standard equipment, or by an approved laboratory.

(c) Testing and calibration of the standard meters shall be done at least once every sixty (60) days while the standard meter is in use.

General Authority: 350.127(2), 367.121(1), F.S.

Law Implemented: 367.121(1)(a), 367.122(1), F.S.

History: Amended 9/12/74, formerly 25-10.89, Transferred from 25-10.089 and Amended 11/9/86.

25-30.265 Periodic Meter Tests. Each utility shall inspect and test a representative sample of its meters in service at least once during the intervals set out in this rule.

Size of Meter	Maximum Interval Between Tests
5/8"	10 years
3/4"	8 years
1"	6 years
1 1/2"	4 years
2"	4 years
3"	3 years
4"	2 years
6"	1 year

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121(1)(a), 367.122, F.S.

History: Amended 9/12/74, formerly 25-10.93, Transferred from 25-10.093 and Amended 11/9/86.

25-30.266 Meter Test By Request.

(1) (a) Upon written request of any customer whose meter has not been tested within one-half the maximum interval provided in Rule 25-30.265, the utility shall make a field test for accuracy of that customer's meter.

(b) The utility may not charge for any field test performed pursuant to paragraph (a) of this subsection.

(2) (a) The utility may require a deposit to defray cost of any bench test requested by any customer. However, the deposit may not exceed the following schedule:

Meter Size (inches)	Fee
5/8 and 3/4	\$20.00
1 and 1 1/2	\$25.00
2 and over	Actual Cost of Test

(b) The utility may retain the deposit if the customer's meter is found to register accurately or below accuracy.

(c) The utility shall refund the deposit if the customer's meter is found to register in excess of prescribed accuracy limits.

(3) The Commission may provide a representative to observe or supervise any bench test upon written request from the customer or utility. The utility shall advise the customer of the customer's right to witness the bench test.

(4) The utility shall provide the customer with a written report of the results of any test performed pursuant to this rule.

(5) A meter shall in no way be disturbed after the utility has received notice that application has been made for a test by the customer unless a representative of the Commission is present or unless authority to do so is first given in writing by the Commission or by the customer.

(6) At the request of the customer, the utility shall make arrangements for a meter test to be conducted by an independent meter testing facility of the customer's choosing. The customer shall be responsible for negotiating and paying to the independent meter testing facility any fee charged for such a test. Such independent meter testing facilities shall, at minimum, conform to the requirements of the American Waterworks's Association Water Meters Selection Installation Testing and Maintenance (AWWA-M6-1972). Where appropriate, the meter may be field tested. The customer shall be responsible for all the costs to the utility associated with a meter test by an independent meter testing facility. The utility shall provide a detailed estimate of such costs and may require payment of such costs prior to the actual meter test. If the meter is found to be running fast in excess of the limits established by these rules, such costs shall be refunded, but if within the allowable limit, the utility may retain the costs.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121(1)(a), 367.122, F.S.

History: Amended 9/12/74, 1/4/79, 10/11/83, formerly 25-10.94, Transferred from 25-10.094 and Amended 11/9/86.

25-30.267 Record of Meter Tests.

(1) Each utility shall preserve the original records of all meter tests at least until same meter is performed or until the meter is retired by a later test.

(2) These records shall include

(a) sufficient information to identify the meter;

(b) the reason for the test;

(c) date of test and reading of the meter;

(d) the computed accuracy before and after the repair; and

(e) any other data taken at the time of the test which would permit the convenient checking of the test results.

General Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121(1)(a), 367.122, F.S.

History: Amended 9/12/74, formerly 25-10.91, Transferred from 25-10.091 and Amended 11/9/86.

PART IV - CUSTOMER RELATIONS

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25-30.310 Initiation of Service.

(1) A utility may require that application for service be made in writing and in accordance with the forms prescribed by the utility. However, the utility shall treat a completed application as notice that service is desired and as an expression of the applicant's willingness to conform to the utility's service rules and regulations which are in effect and on file with the Commission.

(2) Upon an applicant's compliance with utility's reasonable rules regarding service initiation, the utility shall initiate service without unreasonable delay. To ensure effectiveness of its rules regarding service and the initiation of service, a utility shall set out its rules or policies in its tariff, and those rules or policies shall have uniform application.

(3) In addition to the above, the utility shall provide each applicant for service with a copy of the brochure entitled "Your Water and Wastewater Service" which is prepared by and available from the Florida Public Service Commission, Division of Consumer Affairs, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0867.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.111, 367.121, 367.081, F.S.

History: Amended 9/12/74, formerly 25-10.71, Transferred from 25-10.071 and Amended 11/9/86.

25-30.311 Customer Deposits.

(1) Deposit required; establishment of credit. Each company's tariff shall contain their specific criteria for determining the amount of initial deposit. Each utility may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the utilities' rules for prompt payment of bills. Credit will be deemed so established if:

(a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested. A satisfactory guarantor shall, at the minimum, be a customer of the utility with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer whose payment of bills is secured by the guarantor meets the requirements of subsection (5) of this rule. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty.

(b) The applicant pays a cash deposit.

(c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

(2) Receipt for deposit. A non-transferrable certificate of deposit shall be issued to each customer and means provided so that the customer may claim the deposit if the certificate is lost.

(3) Record of deposits. Each utility having on hand deposits from customers shall keep records to show:

- (a) the name of each customer making the deposit;
 - (b) the premises occupied by the customer when the deposit was made;
 - (c) The date and amount of deposit; and
 - (d) A record of each transaction concerning such deposit.
- (4) Interest on deposit.

(a) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 6 percent per annum. The utility shall pay an interest rate of 7 percent per annum on deposits of nonresidential customers qualifying under subsection (5) below when the utility elects not to refund such a deposit after 23 months.

(b) The deposit interest shall be simple interest in all cases and settlement shall be made annually, either in cash or by credit on the current bill. This does not prohibit any public utility paying a higher rate of interest than required by this rule. No customer depositor shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six months, then he shall be entitled to receive interest from the day of the commencement of the customer relationship and the placement of deposit.

(5) Refund of deposits. After a customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the utility shall refund the residential customer's deposits and shall, at its option, either refund or pay the higher rate of interest specified above for nonresidential deposits, providing the customer has not, in the preceding 12 months, (a) made more than one late payment of a bill (after the expiration of 20 days from the date of mailing or delivery by the utility), (b) paid with check refused by a bank, (c) been disconnected for nonpayment, or at any time, (d) tampered with the meter, or (e) used service in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the company from refunding at any time a deposit with any accrued interest.

(6) Refund of deposit when service is discontinued. Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the customer but in no event later than fifteen (15) days after service is discontinued.

(7) New or additional deposits. A utility may require, upon reasonable written notice of not less than 30 days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of required deposit should not exceed an amount equal to the average actual charge for water and/or sewer service for two billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, then the utility shall base its new or additional deposit upon the average monthly billing available.

Specific Authority: 367.121, 350.127(2), F.S.

Law Implemented: 367.081, 367.111, 367.121, F.S.

History: Amended 6/1/63, 4/1/69, 9/12/74, 6/10/80, 1/31/84, formerly 25-10.72, Transferred from 25-10.072 11/9/86, Amended 10/13/88, 4/25/94.

25-30.315 Temporary Service.

(1) Upon compliance with subsection (3) of this rule, a utility may require an applicant customer to pay all the anticipated costs of installing and removing facilities and materials for temporary service.

(2) When temporary service is terminated, the utility shall credit the customer with the reasonable salvage value of the service facilities and materials if the customer has made advance payment pursuant to subsection (1) of this rule.

(3) Each utility shall set out in its tariff a definition of and policy or rules regarding temporary service.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.111, 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.85, Transferred from 25-10.085 and Amended 11/9/86.

25-30.320 Refusal or Discontinuance of Service.

(1) Until adequate facilities can be provided, a utility may refuse to serve an applicant if, in the best judgment of the utility, it does not have adequate facilities, or supply to render the service applied for, or if the service is of character that is likely to affect unfavorably service to other customers.

(2) As applicable, the utility may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the customer shall be given written notice and allowed a reasonable time to comply with any rule or remedy any deficiency:

(a) For noncompliance with or violation of any state or municipal law or regulation governing such utility service.

(b) For failure or refusal of the customer to correct any deficiencies or defects in his piping or equipment which are reported to him by the utility.

(c) For the use of utility service for any other property or purpose than that described in the application.

(d) For failure or refusal to provide adequate space for the meter or service equipment of the utility.

(e) For failure or refusal to provide the utility with a deposit to insure payment of bills in accordance with the utility's regulation.

(f) For neglect or refusal to provide reasonable access to the utility for the purpose of reading meters or inspection and maintenance of equipment owned by the utility.

(g) For nonpayment of bills, including nonpayment of municipal sewer service under circumstances specifically provided in section 159.18(2), F.S., or noncompliance with the utility's rules and regulations in connection with the same or a different type or a different class of utility service furnished to the same customer at the same premises by the same or affiliated utility only after there has been a diligent attempt to have the customer comply, including at least 5 working days' written notice to the customers. Such notice shall be separate and apart from any bill for service. For purposes of this subsection, "working day" means any day on which the utility's office is open and the U.S. Mail is delivered. A utility shall not, however, refuse or discontinue service for nonpayment of a dishonored check service charge imposed by the utility.

(h) Without notice in the event of a condition known to the utility to be hazardous.

(i) Without notice in the event of tampering with regulators, valves, piping, meter or other facilities furnished and owned by the utility.

(j) Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use. Service shall not be discontinued if, prior to the arrival of the utility to discontinue service, the customer has:

1. paid for all fraudulent use of service;
2. demonstrated the fraudulent use has ceased;
3. paid all other applicable fees and charges; and
4. the service condition allowing fraudulent use of service has been corrected.

(3) Service shall be restored when cause for discontinuance has been satisfactorily adjusted.

(4) In case of refusal to establish service, or whenever service is

discontinued, the utility shall notify the applicant or customer in writing of the reason for such refusal or discontinuance. In all instances involving refusal or discontinuance of service the utility shall advise in its notice that persons dissatisfied with the utility's decision to refuse or discontinue service may register their complaint with the utility's Customer Relations Personnel and to the Florida Public Service Commission at 1-800-342-3552, which is a toll free number.

(5) The following shall not constitute sufficient cause for refusal or discontinuance of service to an applicant or customer:

(a) Delinquency in payment for service by a previous occupant of the premises unless the current applicant or customer occupied the premises at the time the delinquency occurred and the previous customer continues to occupy the premises and such previous customer will receive benefit from such service.

(b) Failure to pay for appliances or equipment purchased from the utility.

(c) Failure to pay for a different class of service, except where two or more classes of service are rendered to the same customer at the same premises.

(d) Failure to pay the bill of another customer as guarantor thereof.

(e) Failure to pay a dishonored check service charge imposed by the utility.

(6) No utility shall discontinue service to any customer, between 12:00 noon on a Friday and 8:00 a.m. the following Monday or between 12:00 noon on the day preceding a public holiday and 8:00 a.m. the next working day; provided, however, that this prohibition shall not apply when:

(a) Discontinuance is requested by or agreed to by the customer; or

(b) A hazardous condition exists; or

(c) Meters or other utility-owned facilities have been tampered with; or

(d) Service is being obtained fraudulently or is being used for unlawful purposes.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.111, 367.121, F.S.

History: Amended 9/12/74, 4/3/80, formerly 25-10.74, 25-10.074, Amended 11/9/86, 1/1/91, 1/11/93, 11/30/93, 10/27/98.

25-30.325 Termination of Service by Customer. A utility may require a customer to give reasonable notice of his or her intention to discontinue service. Until the utility receives such notice, a customer may be held responsible for all service rendered.

Specific Authority: 367.121, F.S.

Law Implemented: 367.111, 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.73, Transferred from 25-10.073 and Amended 11/9/86.

25-30.330 Information to Customers.

(1) Each utility shall provide its customers with the following information on at least an annual basis:

(a) Telephone numbers regular and after hours;

(b) Office address;

(2) Each utility shall provide its customers, upon request, with such other information and assistance as reasonably may be necessary to ensure that the customer receives safe, efficient service.

(3) Upon request of a customer, each utility shall provide information as to the method of reading meters and the computation of billing which results from reading meters.

(4) When a customer requests a bench test of his or her meter, the utility shall inform that customer of the provisions of Rule 25-30.266, and shall advise that the customer may request the test be made or supervised by a Commission representative.

(5) Upon request of a customer, the utility is to provide a copy or explanation of the utility's rates applicable to the customer's classification for

service and to assist the customer in obtaining the rate which is most advantageous for the customer's service requirements.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.69, Transferred from 25-10.069 and Amended 11/10/86.

25-30.335 Customer Billing.

(1) Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

(2) If the utility estimates the bill, the utility shall indicate on the bill that the amount owed is an estimated amount.

(3) When service is rendered for less than 50 percent of the normal billing cycle, the utility shall prorate the base facility charges as though the normal billing cycle were 30 days, except that the utility may elect not to issue an initial bill for service if the service is rendered during a time period which is less than 50 percent of the normal billing cycle. Instead, the utility may elect to combine the amount owed for the service rendered during the initial time period with the amount owed for the next billing cycle, and issue a single bill for the combined time period. For service taken under flat rate schedules, 50 percent of the normal charges may be applied.

(4) A utility may not consider a customer delinquent in paying his or her bill until the 21st day after the utility has mailed or presented the bill for payment.

(5) Each utility shall establish each point of delivery as an independent customer and shall calculate the amount of the bill accordingly, except where physical conditions make it necessary to use additional meters or points of delivery for one class of service to a single customer on the same premises, or where such multiple meters or delivery points are used for the convenience of the utility.

(6) A utility may not incorporate municipal or county franchise fees into the amount indicated as the cost for service on the customer's bill. Rather, the utility shall show any such franchise fee as a separate item.

(7) The utility shall maintain a record of each customer's account for the most current 2 years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer.

(8) In the event of unauthorized use of service by a customer, a utility may bill the customer on a reasonable estimate of the service taken. In addition, the utility may assess a fee to defray the cost of restoring service to such a customer provided that the fee is specified in the utility's tariff.

(9) If a utility utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the utility shall bill the customer the base facility charge regardless of whether there is any usage.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/14/74, 6/21/79, formerly 25-10.97, Transferred from 25-10.097 and 25-10.111, and Amended 11/9/86, Amended 11/30/93.

25-30.340 Adjustment of Bills for Meter Error.

(1) In meter tests made by the Commission or by the utility at the request of the customer (as provided in Rule 25-30.266) the accuracy of registration of the meter and its performance in service shall be judged by its averaged error. The average meter error shall be considered to be the algebraic average of the errors at the test rate flows set out in Rule 25-30.263. Any adjustment of charges which is made in accordance with this rule shall be based on the average error thus derived.

(2) Fast meters. Whenever a meter tested is found to register fast in excess

of the tolerance permitted under Rule 25-30.262, the utility shall refund to the customer the amount billed in error for one half the period from the time the meter was last tested not to exceed twelve (12) months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to but not beyond such date, based upon available records. The refund shall not include any part of the minimum charge.

(3) Slow meters.

(a) Except as provided by this paragraph, a utility may backbill in the event that a meter is found to be slow, non-registering or partially registering. A utility may not backbill for any period greater than twelve (12) months from the date it notifies a customer that his or her meter is slow, non-registering or partially registering. If it can be ascertained that the meter was slow, non-registering or partially registering for less than twelve (12) months prior to notification, then the utility may backbill only for the lesser period of time. In any event, the customer may extend the payments of the backbill over the same amount of time for which the utility issued the backbill. Nothing in this subsection shall be construed to limit the application of subsection (5) of this rule.

(b) Whenever a meter tested is found to register slow in excess of the tolerance established under Rule 25-30.262, the utility may bill the customer in accordance with this subsection. If the utility has required a deposit as permitted under Rule 25-30.266 the customer may be billed only for that portion of the unbilled error which is in excess of the deposit retained by the utility.

(c) In the event of a non-registering or a partially registering meter, unless the provisions of subsection (4) of this rule apply, a customer may be billed on an estimated amount based on previous bills for similar usage.

(4) It shall be understood that when a meter is found to be in error in excess of the prescribed accuracy limits, fast or slow, the figure to be used for calculating the amount of refund or charge in (2) or (3)(b) above shall be that percentage of error as determined by the test.

(5) In the event of unauthorized use, the customer may be billed on a reasonable estimate of the service taken. The utility may assess a fee to defray the cost of restoring service provided such charge is specified in the tariff.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: Amended 9/12/74, 5/3/82, formerly 25-10.98, Transferred from 25-10.098 11/9/86.

25-30.345 Customer Service Charges.

(1) When a utility has disconnected service for proper cause as specified in Rule 25-30.320, F.A.C., the utility may charge a reasonable fee to defray the cost of restoring service provided that the fee is specified in the utility's tariff.

(2) When an applicant requests temporary service, the utility may charge a reasonable fee pursuant to Rule 25-30.315, F.A.C., to defray the cost of installing and removing facilities and materials.

(3) A utility may have other customer service charges. These are specified in the utility's tariff.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.111, F.S.

History: Amended 3/6/71, 9/12/74, formerly 25-10.99, Transferred from 25-10.099 and Amended 11/9/86.

25-30.350 Backbilling.

(1) A utility may not backbill customers for any period greater than 12 months for any undercharge in billing which is the result of the utility's mistake. The utility shall allow the customer to pay for the unbilled service over the same time period as the time period during which the underbilling occurred or some other mutually agreeable time period. The utility shall not recover in a ratemaking proceeding, any lost revenues which inure to the utility's detriment on account of

this provision.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121, F.S.

History: New 11/9/86.

25-30.355 Complaints.

(1) A utility shall make a full and prompt acknowledgement and investigation of all customer complaints and shall respond fully and promptly to all customer requests.

(2) For the purpose of this rule the word "complaint" used in this rule shall mean an objection made to the utility by the customer as to the utility's charges, facilities or service, where the disposal of the complaint requires action on the part of the utility.

(3) Replies to inquiries by the Commission's staff shall be furnished within fifteen (15) days from the date of the inquiry and shall be in writing, if requested.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.121, F.S.

History: Amended 9/12/74, formerly 25-10.70, Transferred from 25-10.070 and Amended 11/9/86.

25-30.360 Refunds.

(1) Applicability. With the exception of deposit refunds, all refunds ordered by the Commission shall be made in accordance with the provisions of this Rule, unless otherwise ordered by the Commission.

(2) Timing of Refunds. Refunds must be made within 90 days of the Commission's order unless a different time frame is prescribed by the Commission. A timely motion for reconsideration temporarily stays the refund, pending the final order on the motion for reconsideration. In the event of a stay pending reconsideration, the timing of the refund shall commence from the date of the order disposing of any motion for reconsideration. This rule does not authorize any motion for reconsideration not otherwise authorized by Chapter 25-22, Florida Administrative Code.

(3) Basis of Refund. Where the refund is the result of a specific rate change, including interim rate increases, and the refund can be computed on a per customer basis, that will be the basis of the refund. However, where the refund is not related to specific rate changes, such as a refund for overearnings, the refund shall be made to customers of record as of a date specified by the Commission. In such case, refunds shall be made on the basis of usage. Per customer refund refers to a refund to every customer receiving service during the refund period. Customer of record refund refers to a refund to every customer receiving service as of a date specified by the Commission.

(4) Interest.

(a) In the case of refunds which the Commission orders to be made with interest, the average monthly interest rate until refund is posted to the customer's account shall be based on the 30 day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

(b) This average monthly interest rate shall be calculated for each month of the refund period:

1. By adding the published interest rate in effect for the last business day of the month prior to each month of the refund period and the published rate in effect for the last business day of each month of the refund period divided by 24 to obtain the average monthly interest rate;
2. The average monthly interest rate for the month prior to distribution shall be the same as the last calculated average monthly interest rate.

(c) The average monthly interest rate shall be applied to the sum of the

previous month's ending balance (including monthly interest accruals) and the current month's ending balance divided by 2 to accomplish a compounding effect.

(d) Interest Multiplier. When the refund is computed for each customer, an interest multiplier may be applied against the amount of each customer's refund in lieu of a monthly calculation of the interest for each customer. The interest multiplier shall be calculated by dividing the total amount refundable to all customers, including interest, by the total amount of the refund, excluding interest. For the purpose of calculating the interest multiplier, the utility may, upon approval by the Commission, estimate the monthly refundable amount.

(e) Commission staff shall provide applicable interest rate figures and assistance in calculations under this Rule upon request of the affected utility.

(5) Method of Refund Distribution. For those customers still on the system, a credit shall be made on the bill. In the event the refund is for a greater amount than the bill, the remainder of the credit shall be carried forward until the refund is completed. If the customer so requests, a check for any negative balance must be sent to the customer within 10 days of the request. For customers entitled to a refund but no longer on the system, the company shall mail a refund check to the last known billing address except that no refund for less than \$1.00 will be made to these customers.

(6) Security for Money Collected Subject to Refund. In the case of money being collected subject to refund, the money shall be secured by a bond unless the Commission specifically authorizes some other type of security such as placing the money in escrow, approving a corporate undertaking, or providing a letter of credit. The company shall provide a report by the 20th of each month indicating the monthly and total amount of money subject to refund as of the end of the preceding month. The report shall also indicate the status of whatever security is being used to guarantee repayment of the money.

(7) Refund Reports. During the processing of the refund, monthly reports on the status of the refund shall be made by the 20th of the following month. In addition, a preliminary report shall be made within 30 days after the date the refund is completed and again 90 days thereafter. A final report shall be made after all administrative aspects of the refund are completed. The above reports shall specify the following:

- (a) The amount of money to be refunded and how that amount was computed;
- (b) The amount of money actually refunded;
- (c) The amount of any unclaimed refunds; and
- (d) The status of any unclaimed amounts.

(8) Any unclaimed refunds shall be treated as cash contributions-in-aid-of-construction.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.0814, 367.082(2), F.S.

History: New 8/17/83, Formerly 25-10.76, 25-10.076, Amended 11/9/86, 11/30/93.

PART V - RATE ADJUSTMENT CHANGES

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25-30.410 Definitions. In this part, the following definitions shall apply:

(1) An applicant is a utility system, either water or wastewater which seeks Commission approval for a rate increase for service to its customers.

(2) Customer classification refers to that service provided by the utility at rates which reflect a difference between types of customers, such as residential, industrial, wholesale, or general.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: New 11/9/86.

25-30.415 Minimum Return on Common Equity.

(1) The Commission will establish, at least once each year, a leverage scale or scales that reflect the range of returns on common equity as required by section 367.081(4)(f), F.S.

(2) In determining the range of returns on common equity, the Commission may consider generally accepted financial models.

Specific Authority: 367.121(1), F.S.

Law Implemented: 367.081(4), F.S.

History: New 3/26/81, Transferred from 25-10.186 and Amended 11/9/86, 7/20/87.

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 (04/99), 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), F.S.
Law Implemented: 367.081(4), 367.121(1)(c), 367.121(1)(g), F.S.

History--New 04/05/81, Amended 09/16/82, Formerly 25-10.185, Amended 11/10/86, 06/05/91, 04/18/99.

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.

(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), F.S.

Law Implemented: 367.081(4), 367.121(1)(c), 367.121(1)(g), F.S.

History--New 06/10/75, **Amended** 04/05/79, 04/05/81, 10/21/82, **Formerly** 25-10.179, **Amended** 11/10/86, 06/05/91, 04/18/99.

25-30.430 Test Year Approval.

(1) Prior to the filing of an application for a general rate increase, a utility shall submit to the Commission a written request for approval of a test year, supported by a statement of reasons and justifications showing that the requested test year is representative of utility operations. The Commission Chairman will then approve or disapprove the request within 30 days from the receipt of the request. In disapproving the requested test year, the Chairman may suggest another test year. Within 30 days of the Chairman's approval or disapproval of a test year, upon request of any interested person the full Commission may review the Chairman's test year decision.

(2) Each applicant for test year approval shall submit the following information in its written request to the Chairman:

(a) A statement explaining why the requested test year is representative of

the utility's current operations.

(b) A general statement of major plant expansions or changes in operational methods which:

1. Have occurred in the most recent 18 months or since the last test year, whichever is less;

2. Will occur during the requested test year.

(c) A general statement of all known estimated pro forma adjustments which will be made to the requested test year amounts.

(d) If a projected test year is requested, provide an explanation as to why the projected period is more representative of the utility's operations than a historical period.

(3) Any requests for extensions of time to file the application shall be made to the Director, Division of Water and Wastewater. Upon good cause shown and if the extension will not cause the approved test year to be unrepresentative, the Director shall grant an extension in writing.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 6/10/75, Amended 6/13/79, 3/26/81, 9/27/83, Transferred from 25-10.175 and Amended 11/9/86, 6/25/90, 11/30/93.

25-30.431 Used and Useful Consideration

(1) In determining whether property is needed to serve customers more than five full years after the end of the test period as provided by section 367.081(2)(a)2.c., Florida Statutes (1999), 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 of plant expansion; and the technical and economic options available for sizing increments of plant expansion.

(2)(a) Property needed to serve customers after the end of the test year shall be calculated as follows:

$$EG \times PT \times U = PN$$

where:

EG = Equivalent Annual Growth in ERCs determined pursuant to (b) or (c) below, not to exceed 5 percent per year

PT = Post Test Year Period determined pursuant to section 367.081(2)(a)2.b. and c., Florida Statutes (1999)

U = Unit of measurement utilized in the used and useful calculations for plant components

PN = Property needed expressed in the units of measurement utilized

(b) 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) 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.

(3) 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.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081(2)(a)2.b.c., F.S.

History--New 12/14/99.

25-30.433 Rate Case Proceedings. In a rate case proceeding, the following provisions shall apply, unless the applicant or any intervenor demonstrates that these rules result in an unreasonable burden. In these instances, fully supported alternatives will be considered by the Commission. Any alternatives proposed by the utility must be filed with the minimum filing requirements.

(1) The Commission in every rate case shall make a determination of the

quality of service provided by the utility. This shall be derived from an evaluation of three separate components of water and wastewater utility operations: quality of utility's product (water and wastewater); operational conditions of utility's plant and facilities; and the utility's attempt to address customer satisfaction. Sanitary surveys, outstanding citations, violations and consent orders on file with the Department of Environmental Protection (DEP) and county health departments (HRS) or lack thereof over the preceding 3-year period shall also be considered. DEP and HRS officials' testimony concerning quality of service as well as the testimony of utility's customers shall be considered.

(2) Working capital for Class A utilities shall be calculated using the balance sheet approach. Working capital for Class B and C utilities shall be calculated using the formula method (one-eighth of operation and maintenance expenses).

(3) Used and useful debit deferred taxes shall be offset against used and useful credit deferred taxes in the capital structure. Any resulting net debit deferred taxes shall be included as a separate line item in the rate base calculation. Any resulting net credit deferred taxes shall be included in the capital structure calculation. No other deferred debits shall be considered in rate base when the formula method of working capital is used.

(4) The averaging method used by the Commission to calculate rate base and cost of capital shall be a 13-month average for Class A utilities and the simple beginning and end-of-year average for Class B and C utilities.

(5) Non-used and useful adjustments shall be applied to the applicable depreciation expense. Property tax expense on non-used and useful plant shall not be allowed.

(6) Charitable contributions shall not be recovered through rates.

(7) Income tax expense shall not be allowed for Subchapter S corporations, partnerships or sole proprietorships.

(8) Non-recurring expenses shall be amortized over a 5-year period unless a shorter or longer period of time can be justified.

(9) The amortization period for forced abandonment or the prudent retirement, in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts, of plant assets prior to the end of their depreciable life shall be calculated by taking the ratio of the net loss (original cost less accumulated depreciation and contributions-in-aid-of-construction (CIAC) plus accumulated amortization of CIAC plus any costs incurred to remove the asset less any salvage value) to the sum of the annual depreciation expense, net of amortization of CIAC, plus an amount equal to the rate of return that would have been allowed on the net invested plant that would have been included in rate base before the abandonment or retirement. This formula shall be used unless the specific circumstances surrounding the abandonment or retirement demonstrate a more appropriate amortization period.

(10) A utility is required to own the land upon which the utility treatment facilities are located, or possess the right to the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

(11) In establishing an authorized rate of return on common equity, a utility, in lieu of presenting evidence, may use the current leverage formula adopted by Commission order. The equity return established shall be based on the equity leverage order in effect at the time the Commission decides the case.

(12) Nonutility investment should be removed directly from equity when reconciling the capital structure to rate base unless the utility can show, through competent evidence, that to do otherwise would result in a more equitable determination of the cost of capital for regulatory purposes.

(13) Interest expense to be included in the calculation of income tax expense shall be the amount derived by multiplying the amount of the debt components of the reconciled capital structure times the average weighted cost

of the respective debt components. Interest expense shall include an amount for the parent debt adjustment in those cases covered by Rule 25-14.004. Interest shall also be imputed on deferred investment tax credits in those cases covered by 26 CFR Part 1, s. 1.46-6(b)(2)(i), (3) and (4)(ii) issued May 22, 1986 and effective for property constructed or acquired on or after August 15, 1971.

Specific Authority: 350.127(2), 367.121, 367.1213, F.S.

Law Implemented: 367.081, 367.1213, F.S.

History: New 11/30/93, Amended 12/14/93.

25-30.434 Application for Allowance for Funds Prudently Invested (AFPI) Charges.

(1) An Allowance for Funds Prudently Invested (AFPI) charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers.

(2) Each application for AFPI charges shall comply with the notice requirements specified in Rule 25-30.4345, F.A.C.

(3) Each application for AFPI charges shall provide the following information. If any of the following items do not apply to the applicant, the applicant shall state the reason it does not apply.

(a) The applicant's name and address.

(b) A statement describing how the noticing requirements have been complied with, including a copy of the actual notice(s).

(c) The numbers of all Commission order(s) that:

1. previously established customer rates for the applicant either in a rate case or a reverse make-whole proceeding; and

2. established AFPI charges for the applicant.

(d) The charge shall be calculated for one equivalent residential connection (ERC) on a monthly basis up to the time the utility reaches the designed capacity of the plant for which the charge applies. The charges shall cease when the plant has reached its designed capacity.

(e) A statement explaining the basis for the requested charges and conditions.

(f) The dollar amount of the non-used and useful plant and the accumulated depreciation, and the methodology used to determine these amounts. The net of these two amounts shall be considered the cost of qualifying assets. Separate balances for plant and for accumulated depreciation shall be reported for the water treatment plant, wastewater treatment plant, water transmission and distribution system and wastewater collection system.

(g) The plant capacity related to each of the systems in (f) above and the methodology used to determine the amount.

(h) The number of future customers in number of ERCs related to the non-used and useful plant by system.

(i) The amount of depreciation expense and composite depreciation rate related to the non-used and useful plant by system.

(j) The overall rate of return requested for the AFPI charge and the workpapers supporting the calculation.

(k) The last authorized rate of return on equity and references to the docket number of the last rate case and the resulting order.

(l) The state and federal income tax rates requested for calculating the AFPI charge.

(m) All other costs such as non-used and useful property taxes and operation and maintenance expenses removed in the last rate case.

(n) The test year to be used in the calculation, the month that the utility expects the charge to go into effect and the number of years the utility expects to collect the charge. Provide a detailed explanation of why the number of years to collect the charge represents a reasonable and prudent management decision in the construction of plant.

(o) The workpapers and calculations used to develop the proposed AFPI

charge. The utility may obtain a diskette that outlines the calculation and schedules to be used by calling or writing the Bureau of Economic Regulation, Division of Water and Wastewater, 850/413-6900. The required schedules that shall be submitted are "AFPI Filing Schedules", Commission Form PSC/WAW 26 (11/93), incorporated by reference into this rule, and are as follows:

- Schedule 1 - List of Information Imputed Into Calculation
- Schedule 2 - Calculation Of Carrying Costs Per ERC
- Schedule 3 - Calculation Of Carrying Costs Per ERC Per Year
- Schedule 4 - Calculation Of Carrying Costs Per ERC Per Month

The form may be obtained from the Commission's Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(p) The revised or original tariff sheets necessary to incorporate the AFPI charge into the tariff.

(4) The beginning date for accruing the AFPI charge shall agree with the month following the end of the test year that was used to establish the amount of non-used and useful plant. If any connections have been made between the beginning date and the effective date of the charge, no AFPI will be collected from those connections.

(5) Unless the utility demonstrates that the 5-year period is inappropriate, it is prudent for a utility to have an investment in future use plant for a period of no longer than 5 years beyond the test year.

(6) For utilities that have non-used and useful plant to be held for periods longer than what is determined to be prudent, the AFPI charge will cease accruing charges and will remain constant after the accrual period, established by the Commission, has expired. The utility can continue to collect the constant charge until all ERCs projected in the calculation have been added.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/30/93.

25-30.4345 Notice of Requests for New or Revised Service Availability Charges or Policies and Notice of Requests for Allowance for Funds Prudently Invested (AFPI) Charges.

(1) This rule applies to all requests for new or revised service availability charges or policies and to all requests for allowance for funds prudently invested (AFPI) charges made by water and wastewater utilities, including those requests made in conjunction with a request for a general rate increase.

(2) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall place a copy of the application at its official headquarters and at any business offices it has in the service areas included in the request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in the request, the utility shall place a copy of the application at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to said copies. The Commission may require that copies of the application be placed at other specified locations.

(3) (a) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall have published a notice of application in a newspaper of general circulation in the service areas included in the petition.

(b) Upon filing an application for new or revised service availability charges or policies or an application for AFPI charges, the utility shall mail or hand deliver a notice of application to all persons in the service areas included in the application who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the application is filed.

(c) The Commission may require such other notice as it finds reasonably necessary.

(d) The notice of petition shall include the following:

1. The date the notice was issued;
2. A statement that the utility has filed a petition for new or revised service availability charges or policies or AFPI charges with the Commission;
3. A statement that the requested service availability charge or AFPI charge is to pay for growth in the utility system and the requested charges are to be paid by new, not existing, customers;
4. A statement of the locations where copies of the application are available for public inspection and the times during which inspection may be made;
5. A comparison of the present and proposed policy and charges;
6. The utility's address, telephone number and business hours; and
7. A statement that any comments concerning the policy or charges should be addressed to the Director of Records and Reporting at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

Specific Authority: 350.127(2) and 367.121 (1) (f), F.S.

Law Implemented: 367.101, 367.111, and 367.091, F.S.

History: New 5/27/93, formerly 25-22.0408.

25-30.435 Application for Rate Increase.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 11/9/86, Repealed 6/25/90.

25-30.436 General Information and Instructions Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.

(1) Each applicant for a rate increase shall provide the following general information to the Commission:

(a) The name of the applicant as it appears on the applicant's certificate and the address of the applicant's principal place of business;

(b) The type of business organization under which the applicant's operations are conducted; if the applicant is a corporation, the date of incorporation; the names and addresses of all persons who own 5 percent or more of the applicant's stock or the names and addresses of the owners of the business.

(c) The number of the Commission order, if any, which previously considered the applicant's rates for the system(s) involved.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending.

(e) Where the utility requests rates which generate less than a fair rate of return, it must provide a statement of assurance that its quality of service will not suffer.

(f) An affidavit signed by an officer of the utility that states that the utility will comply with Rule 25-22.0407, F.A.C.

(g) A statement whether the applicant requests to have the case processed using the proposed agency action procedure outlined in section 367.081(8), F.S.

(2) The applicant's petition for rate relief will not be deemed filed until the appropriate filing fee has been paid and all minimum filing requirements have been met, including filing of the applicant's prepared direct testimony unless the applicant has filed its petition pursuant to section 367.081(8), F.S. At a minimum, the direct testimony shall explain why the rate increase is necessary and address those areas anticipated at the time of filing to be at issue.

(3) The applicant shall state any known deviation from the policies, procedures and guidelines prescribed by the Commission in relevant rules or in the company's last rate case.

(4) In the rate case application:

(a) Each schedule shall be cross-referenced to identify related schedules as either supporting schedules or recap schedules.

(b) Each page of the filing shall be consecutively numbered on 8 1/2 x 11-inch paper.

(c) Except for handwritten official company records, all data in the petition, exhibits and minimum filing requirements shall be typed.

(d) Sixteen copies shall to be filed with the Commission's Division of Records and Reporting, except as specifically identified in (4) (h) below or in Rule 25-30.437, 25-30.4385 or 25-30.440, F.A.C.

(e) Whenever the applicant proposes any corrections, updates or other changes to the originally filed data, 20 copies shall be filed with the Division of Records and Reporting with copies also served on all parties of record at the same time.

(f) If the capital structure contains zero or negative equity, a return on equity shall be requested, which shall be the maximum of the return of the current equity leverage formula established by order of this Commission pursuant to section 367.081(4), F.S.

(g) The provisions of Rule 25-30.433 shall be followed in preparing the utility's application.

(h) Any system that has costs allocated or charged to it from a parent, affiliate or related party, in addition to those costs reported on Schedule B-12 of Commission Form PSC/WAW 19 for a Class A utility, or PSC/WAW 20 for a Class B utility, (incorporated by reference in Rule 25-30.437) shall file three copies of additional schedules that show the following information:

1. The total costs being allocated or charged prior to any allocation or charging as well as the name of the entity from which the costs are being allocated or charged and its relationship to the utility.

2. For costs allocated or charged to the utility in excess of one percent of test year revenues:

a. a detailed description and itemization; and

b. the amount of each itemized cost.

3. The allocation or direct charging method used and the bases for using that method.

4. The workpapers used to develop the allocation method, including but not limited to the numerator and denominator of each allocation factor.

5. The workpapers used to develop, where applicable, the basis for the direct charging method.

6. An organizational chart of the relationship between the utility and its parent and affiliated companies and the relationship of any related parties.

7. A copy of any contracts or agreements between the utility and its parent or affiliated companies for services rendered between or among them.

(i) For any land recorded on the utility's books since rate base was last established, the utility shall file copies of the documents that demonstrate that the utility owns the land upon which the utility treatment facilities are located, or that provides for the continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

(5) Commission Designee. The Director of the Division of Water and Wastewater shall be the designee of the Commission for purposes of determining whether the applicant has met the minimum filing requirements imposed by this rule.

(6) Within 60 days after the issuance of a final order entered in response to an application for increased rates, or, if applicable, within 60 days after the issuance of an order entered in response to a motion for reconsideration of the final order, each utility shall submit a breakdown of actual rate case expense incurred, in total, in a manner consistent with Schedule No. B-10 (PSC/WAW Form 19 or 20, whichever is applicable, as described in Rule 25-

30.437). If the deadline prescribed above cannot be met, an extension shall be granted by the Director of the Division of Water and Wastewater for good cause shown.

Specific Authority: 350.127(2), 367.121, 367.1213, F.S.

Law Implemented: 367.081, 367.083, 367.121, 367.1213, F.S.

History--New 11/09/86, **Amended** 06/25/90, 11/30/93, 01/31/00.

25-30.437 Financial, Rate and Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase. Each Class A or B utility applying for a rate increase shall provide the information required by Commission Form PSC/WAW 19 (11/93), entitled "Class A Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements", or PSC/WAW 20 (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements", whichever is applicable. These forms are incorporated into this rule by reference and may be obtained from the Director, Division of Water and Wastewater, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. In compiling the required schedules, additional instructions are set forth below:

(1) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

(2) If information requested in the form described above is not applicable to the applicant, so state and provide an explanation of the specific schedule.

(3) If a projected test year is used, provide a complete set of Commission Form PSC/WAW 19 (for Class A utilities) or PSC/WAW 20 (for Class B utilities) (as described above) which require a designation of historical or projected information. Such schedules shall be submitted for the historical base year, and any year subsequent to the base year and prior to the projected test year, in addition to the projected test year. If no designation is shown on a schedule, submit that schedule for the test year only. In lieu of providing separate pages for the above required schedules, the information required can be combined on the same page by adding additional columns. In the rate base schedules, Section A, the beginning and end of year balances shall be shown. For any intermediate period or year, only the year-end balance shall be shown. A schedule shall also be included which describes in detail all methods and bases of projection, explaining the justification for each method or basis employed. If an historical test year is used, Schedule E-13 is not required.

(4) Only two copies of Schedule E-14, entitled Billing Analysis Schedules, shall be filed with the application. Each copy shall be submitted in a separate binder from the other required information.

(5) If a petition for interim rates is filed, a utility shall demonstrate that it is earning outside the range of reasonableness on rate of return calculated in accordance with section 367.082(5), Florida Statutes. In doing such, the utility shall submit schedules of rate base, cost of capital and net operating income on an historical basis, with schedules of all adjustments thereto, consistent with Commission Form PSC/WAW 19 (for a Class A utility) or PSC/WAW 20 (for a Class B utility), (described above).

(6) In proposing rates, the utility shall use the base facility and usage charge rate structure, unless an alternative rate structure is adequately supported by the applicant. The base facility charge incorporates fixed expenses of the utility and is a flat monthly charge. This charge is applicable as long as a person is a customer of the utility, regardless of whether there is any usage. The usage charge incorporates variable utility expenses and is billed on a per 1,000 gallon or 100 cubic feet basis in addition to the base facility charge. The rates are first established with the 5/8 " x 3/4" meter as the foundation. For meter sizes larger than 5/8", the base facility charge

shall be based on the usage characteristics.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, 367.082, F.S.

History: New 6/10/75, Amended 10/16/77, 3/26/81, Formerly 25-10.176, Amended 11/9/86, 6/25/90, 11/30/93.

25-30.438 Information Required in Application for Rate Increase From Utilities With Related Parties. If the system for which a rate increase is sought has a "related party" which is a land developing company, the applicant shall, for the system(s) concerned, submit copies of the developer's offering statements as filed with the Division of Land Sales, Department of Business Regulation. "Related party" is defined by Financial Accounting Standards Board, FASB 57, App. B paragraph 24(f), March 1982. Developer's offering statements submitted to the Commission in a prior docket may be eliminated from this filing by indicating the docket number the offering statement(s) were filed in. In addition, the applicant shall submit a statement relative to the amount of the land sales purchase price which is allocated for the cost of constructing the applicant's facilities, the amount for connection collected from the purchasers or lots, or any water or wastewater service availability charges.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 11/9/86.

25-30.4385 Additional Rate Information Required in Application for Rate Increase. The utility shall file an original and three copies of all revised tariff sheets for each service classification in which any change is proposed, except those tariff sheets in which the only change is to the service rates.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/30/93.

25-30.439 Rate Information Required in Application for Rate Increase.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 11/9/86, Repealed 6/25/90.

25-30.440 Additional Engineering Information Required of Class A and B Water and Wastewater Utilities in an Application for Rate Increase.

Each applicant for a rate increase shall provide two copies of the following engineering information to the Commission, with the exception of item (1), of which only one copy is required.

- (1) A detailed map showing:
 - (a) The location and size of the applicant's distribution and collection lines as well as its plant sites, and
 - (b) The location and respective classification of the applicant's customers.
- (2) A list of chemicals used for water and wastewater treatment, by type, showing the dollar amount and quantity purchased, the unit prices paid and the dosage rates utilized.
- (3) The most recent chemical analyses for each water system conducted by a certified laboratory covering the inorganic, organic turbidity, microbiological, radionuclide, secondary and unregulated contaminants specified in Chapter 17-550, Florida Administrative Code.
- (4) All water and wastewater plant operating reports for the test year and the year preceding the test year.
- (5) The most recent sanitary survey for each water plant and inspection report for each wastewater plant conducted by the health department or the Department of Environmental Protection (DEP).
- (6) All health department and DEP construction and operating permits.

(7) Any Notices of Violation, Consent Orders, Letters of Notice, or Warning Notices from the health department or the DEP since the utility's last rate case or the previous five years, whichever is less.

(8) A list of all field employees, their duties, responsibilities, and certificates held, and an explanation of each employees' salary allocation method to the utility's capital or expense accounts.

(9) A list, by serial number and description, of all vehicles owned or leased by the utility showing the original cost or annual lease expense, who the vehicle is assigned to, and the method of allocation to the utility.

(10) Provide a list, by customer, of all complaints received during the test year, with an explanation of how each complaint was resolved.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 11/9/86, Amended 6/25/90.

25-30.441 Engineering Information Required in Application for Rate Increase by Utilities Seeking to Recover the Cost of Investment for Plant Construction Required by Governmental Authority.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History: New 11/10/86, Repealed 11/30/93.

25-30.4415 Additional Information Required in Application for Rate Increase by Utilities Seeking to Recover the Cost of Investment in the Public Interest.

If an applicant proposes to include in its plant investment the cost of investment made in the public interest pursuant to section 367.081(2), F.S., which investment was or will be required by agency rule, regulation, order or other regulatory directive, the applicant shall provide the following information to the Commission:

(1) A copy of the rule, regulation, order, or other regulatory directive that has required or will require the applicant to make the improvement or the investment for which the applicant seeks recovery.

(2) An estimate by a professional engineer, or other person knowledgeable in design and construction of water and wastewater plant, to establish the cost of the applicant's investment and the period of time required for completion of construction.

(3) An analysis showing the portion of the proposed rate increase that relates to the financial support for the investment or improvement.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/30/93.

25-30.442 Duplicate Information.

If the applicant believes the information required is currently on file with the Commission the applicant may request that it be exempted from filing the information. The request should be made to the Director of Water and Wastewater, with a copy filed directly with the Division of Records and Reporting, and should specify which particular information is already on file, in what document it is contained, and that it is still current, valid information.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/9/86, Amended 6/25/90.

25-30.443 Minimum Filing Requirements for Class C Water and Wastewater Utilities.

(1) A Class C Utility seeking a rate increase shall submit an application which contains the information required by Rules 25-30.436; 25-30.4385; 25-30.440; 25-30.44151; and 25-30.442.

(2) Each Class C Utility seeking a rate increase shall also provide the information required by Commission Form PSC/WAS 18 (6/90), entitled "Financial, Rate and Engineering Minimum Filing Requirements - Class C Utilities" which is incorporated into this rule by reference. The form may be obtained from the Director, Division of Water and Wastewater, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. In compiling the required schedules, additional instructions are set forth below:

(a) Each section of this form shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule.

(b) If information requested in the form described above is not applicable to the applicant, so state and provide an explanation on the specific schedule.

(c) If a projected test year is used, provide a complete set of the Commission Form PSC/WAS 18 (6/90), entitled "Financial, Rate and Engineering Minimum Filing Requirements - Class C Utilities" (as described above) which require a designation of historical or projected information. Such schedules shall be submitted for the historical base year, and any projected year subsequent to the base year and prior to the projected test year, in addition to the projected year. If no designation is shown on a schedule, submit that schedule for the test year only. In lieu of providing separate pages for the above required schedules, the information required can be combined on the same page by adding columns. In the rate base schedules, Section A, the beginning and end-of-year balances shall be shown. For any intermediate period or year, only the year-end balance shall be shown. If a historical test year is used, Schedule E-5 will not be required. A schedule shall also be included which describes in detail all methods and bases of projection, explaining the justification for each method or basis employed.

(d) Only two copies of Schedule E-6, entitled Billing Analysis Schedules shall be filed with the application. Each copy shall be submitted in a separate binder from the other required information.

(e) In designing rates, the base facility and usage charge rate structure shall be utilized for metered service.

(3) Within 60 days after the issuance of a final order entered in response to an application for increased rates, or, if applicable, within 60 days after the issuance of an order entered in response to a motion for reconsideration of such final order, each utility shall submit a breakdown of actual rate case expense incurred, in total, in a manner consistent with Schedule No. B-10 (PSC/WAS Form 19, as described in Rule 25-30.437). If this deadline cannot be met, an extension shall be granted by the Director of the Division of Water and Wastewater for good cause shown.

(4) If a petition for interim rates is filed, a utility shall demonstrate that it is earning outside the range of reasonableness on rate of return calculated in accordance with section 367.082(5), F.S. To demonstrate this, the utility shall submit schedules of rate base, cost of capital and net operating income on an historical basis, with schedules of all adjustments thereto, consistent with Commission Form PSC/WAS 18 (6/90), described above.

(5) If a utility is requesting uniform rates for systems that are not already combined in a uniform rate, the information required by this rule must be submitted on a separate basis for each system that has not already been combined in a uniform rate. For those systems already combined in a uniform rate, the utility should submit the required information as a single system. At a minimum, the following schedules of Form PSC/WAS 18 (6/90), described above, shall be filed on a combined basis for all systems included in the filing: A-1, A-2, A-3, A-16, B-1, B-2, B-3, B-4, B-5, B-10, B-11, B-12, plus all "C", "D" and "E" schedules (no "F" schedules are required).

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.082, F.S.

History: New 6/25/90, Amended 11/30/93.

25-30.450 Burden of Proof and Audit Provisions. In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc. supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Commission personnel to verify the schedules in an expedient manner and minimum amount of time. The supporting work sheets, etc., shall list all reference sources necessary to enable Commission personnel to track to original source of entry into the financial and accounting system and, in addition, verify amounts to the appropriate schedules.

Specific Authority: 367.121, F.S.

Law Implemented: 367.081, F.S.

History--New 06/10/75, Transferred from 25-10.177 11/09/86, Amended 01/31/00.

25-30.455 Staff Assistance in Rate Cases.

(1) Water and wastewater utilities whose total gross annual operating revenues are \$150,000 or less for water service or \$150,000 or less for wastewater service, or \$300,000 or less on a combined basis, may petition the Commission for staff assistance in rate applications by submitting a completed staff assisted rate case application. In accordance with section 367.0814(4), F.S., a utility that requests staff assistance waives its right to protest by agreeing to accept the final rates and charges approved by the Commission unless the final rates and charges would produce less revenue than the existing rates and charges. If a utility that chooses to utilize the staff assistance option employs outside experts to assist in developing information for staff or to assist in evaluating staff's schedules and conclusions, the reasonable and prudent expense will be recoverable through the rates developed by staff. A utility that chooses not to exercise the option of staff assistance may file for a rate increase under the provisions of Rule 25-30.443, F.A.C.

(2) Upon request, the Division of Water and Wastewater shall provide the potential applicant with the appropriate application form, Commission Form PSC/WAS 2 (Rev. 11/86), "Application for Staff Assisted Rate Case", which is incorporated by reference in this rule, and a copy of Rule 25-30.455, F.A.C., governing staff assisted rate cases. The form may be obtained from the Commission's Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(3) Upon completion of the form, the petitioner may return it to the Director of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

(4) Upon receipt of a completed application, the Director of Records and Reporting shall acknowledge its receipt, assign a docket number for identification, and shall forward the application to a committee comprised of one member each of the Commission's Divisions of Water and Wastewater, Auditing and Financial Analysis, and Legal Services.

(5) Within 30 days of receipt of the completed application, the committee shall evaluate the application and determine the petitioner's eligibility for staff assistance.

(a) If the Commission has received four or more applications in the previous 30 days; or, if the Commission has 20 or more docketed staff assisted rate cases in active status on the date the application is received, the Commission shall deny initial evaluation of an application for staff assistance and close the docket. When an application is denied under the provisions of this subsection, the applicant shall be notified of the date on which the application may be resubmitted.

(b) Initially, determinations of eligibility may be conditional, pending an actual examination of the condition of petitioner's books and records. After an initial determination of eligibility, the Division of Auditing and Financial Analysis committee shall examine the books and records of the utility before making a final determination of eligibility.

(c) All recommendations of ineligibility shall be in writing and shall

state the deficiencies in the application with reference to guidelines set out in subsection (8) of this rule.

(6) Upon reaching a decision to officially accept or deny the application, the Director of the Division of Water and Wastewater shall notify the petitioner by letter and initiate staff assistance for the accepted applicant.

(7) The official date of filing will be 30 days after the date of the letter notifying the applicant of the official acceptance of the application by the Commission.

(8) In arriving at a recommendation whether to grant or deny the petition, the following shall be considered:

(a) Whether the petitioner qualifies for staff assistance pursuant to subsection (1) of this rule;

(b) Whether the petitioner's books and records are organized consistent with Rule 25-30.110, F.A.C., so as to allow commission personnel to verify costs and other relevant factors within the 30-day time frame set out in this rule;

(c) Whether the petitioner has filed annual reports;

(d) Whether the petitioner has paid applicable regulatory assessment fees;

(e) Whether the petitioner has at least 1 year's actual experience in utility operation;

(f) Whether the petitioner has filed additional relevant information in support of eligibility, together with reasons why the information should be considered;

(g) Whether the petitioner has complied in a timely manner with all Commission decisions and requests affecting water and wastewater utilities for 2-years prior to the filing of the application under review;

(h) Whether the utility has applied for a staff assisted rate case within the 2 year period prior to the receipt of the application under review.

(9) The Commission will deny the application if a utility does not remit the fee as provided by section 367.145, Florida Statutes, and Rule 25-30.020(2)(f), F.A.C., within 30 days after official acceptance.

(10) An aggrieved petitioner may request reconsideration which shall be decided by the full Commission.

(11) A substantially affected person may file a petition to protest the Commission's proposed agency action in a staff assisted rate case within 21 days of issuance of the Notice of Proposed Agency Action as set forth in Rule 25-22.036, F.A.C.

(12) In the event of a protest of the Commission's Notice of Proposed Agency Action (PAA Order) in a staff assisted rate case, the utility shall:

(a) Provide prefiled direct testimony in accordance with the procedural order in the case. At a minimum, that testimony shall adopt the Commission's PAA Order in the case;

(b) Sponsor a witness to support source documentation provided to the Commission staff in its preparation of the staff audit, the staff engineering and accounting report and the staff PAA recommendation in the case;

(c) Include in its testimony the necessary factual information to support its position on any issue that it chooses to take a position different than that contained in the Commission's PAA Order;

(d) Meet all other requirements of the order establishing procedures.

(13) Failure to comply with the dates established in the procedural order, or to file timely a request for extension of time for good cause shown, may result in dismissal of the staff assisted rate case and closure of the docket.

(14) In the event of a protest of the Commission's PAA Order in a staff assisted rate case the Commission staff shall:

(a) File prefiled direct testimony to explain its analysis in the PAA recommendation. In the event the staff wishes to alter its PAA position on any issue, it shall provide factual testimony to support its changed position.

(b) Meet all other requirements of the order establishing procedures;

(c) Provide to the utility materials to assist the utility in the preparation of its testimony and exhibits. This material shall consist of an

example of testimony filed by a utility in another case, an example of testimony that would support the PAA Order in this case, an example of an exhibit filed in another case, and examples of prehearing statements and briefs filed in other cases.

Specific Authority: 367.0814, 367.121, F.S.

Law Implemented: 367.0814, F.S.

History--New 12/08/80, Transferred from 25-10.180 and Amended 11/09/86, 08/26/91, 11/30/93, 01/31/00.

25-30.456 Staff Assistance in Alternative Rate Setting.

(1) As an alternative to a staff assisted rate case as described in Rule 25-30.455, F.A.C., water and wastewater utilities whose total gross annual operating revenues are \$150,000 or less for water service or \$150,000 or less for wastewater service, or \$300,000 or less on a combined basis, may petition the Commission for staff assistance in alternative rate setting by submitting a completed staff assisted application for alternative rate setting.

(2) Upon request, the Division of Water and Wastewater shall provide the potential applicant with the application form, PSC/WAS 25 (11/93), titled "Application for Staff Assistance for Alternative Rate Setting" which is incorporated by reference in this rule, and a copy of the rules governing Staff Assistance in Alternative Rate Setting. The form may be obtained from the Commission's Division of Water and Wastewater, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

(3) Upon completion of the form, the applicant may return it to the Director of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0870.

(4) Upon receipt of an application, the Director of Records and Reporting shall acknowledge its receipt, assign a docket number for identification, and shall forward the application to the Commission's Division of Water and Wastewater.

(5) Within 30 days of receipt of the completed application, the Division of Water and Wastewater shall evaluate the application and determine the petitioner's eligibility for staff assistance.

(a) If the Commission has received four or more alternative rate setting applications in the previous 30 days; or, if the Commission has 20 or more docketed staff assisted rate cases in active status on the date the application is received, the Commission shall deny initial evaluation of an application for staff assistance and close the docket. When an application is denied under the provisions of this subsection, the applicant shall be notified of the date on which the application may be resubmitted.

(b) Determinations of eligibility may be conditional, pending an actual examination of the condition of petitioner's books and records.

(c) All recommendations of ineligibility shall be in writing and shall state the deficiencies in the application with reference to guidelines set out in subsection (8) of this rule.

(6) Upon reaching a decision to officially accept or deny the application, the Director of the Division of Water and Wastewater shall notify the applicant by letter and initiate staff assistance for the accepted applicant.

(7) The official date of filing will be 30 days after official acceptance of the application by the Commission.

(8) In deciding whether to grant or deny the application, the following shall be considered:

(a) Whether the applicant qualifies for staff assistance pursuant to subsection (1) of this rule;

(b) Whether the applicant has filed annual reports;

(c) Whether the applicant has paid applicable regulatory assessment fees;

(d) Whether the applicant has at least 1 year's actual experience in utility operation;

(e) Whether the applicant has filed additional relevant information in

support of eligibility, together with reasons why the information should be considered;

(f) Whether the applicant has made a good faith effort in a timely manner to comply with all Commission decisions and requests affecting water and wastewater utilities for 2-years prior to the filing of the application under review;

(g) Whether the utility has been granted a staff assisted rate case or alternative rate setting within the 2-year period prior to the receipt of the application under review.

(9) The Commission shall deny the application if a utility does not remit the fee, as provided by section 367.145, F.S., and Rule 25-30.020(2)(f), F.A.C., within 30 days after official acceptance.

(10) An aggrieved applicant may request reconsideration which shall be decided by the full Commission.

(11) The Commission shall, for the purposes of determining the amount of rate increase, if any, compare the operation and maintenance expenses (O & M) of the utility to test year operating revenues. The Commission shall consider an allowance for return on working capital using the one-eighth of O & M formula approach.

(12) The Commission shall limit the maximum increase in operating revenues to 50 percent of test year operating revenues.

(13) The Commission shall vote on a proposed agency action (PAA) recommendation establishing rates no later than 90 days from the official filing date as established in Rule 25-30.455(7), F.A.C.

(14) A substantially affected person may file a petition to protest the Commission's PAA Order regarding a staff assisted alternative rate setting application within 21 days of issuance of the Notice of Proposed Agency Action as set forth in Rule 28.106.201, F.A.C.

(15) In the event of protest of the PAA Order by a substantially affected party, the rates established in the PAA Order may be implemented on a temporary basis. At that time the utility may elect to pursue rates set pursuant to the rate base determination provisions of Rule 25-30.455, F.A.C.

(16) In the event of a protest the maximum increase established in (13) above shall no longer apply.

(17) In the event of a protest of the Commission's PAA Order in a staff assisted alternative rate setting application, the utility shall:

(a) Provide prefiled direct testimony in accordance with the procedural order in the case. At a minimum, that testimony shall adopt the Commission's PAA Order in the case;

(b) Sponsor a witness to support source documentation provided to the Commission staff in its preparation of the staff engineering and accounting analysis and the staff PAA recommendation in the case;

(c) Include in its testimony the necessary factual information to support its position on any issue that it chooses to take a position different than that contained in the Commission's PAA Order;

(d) Meet all other requirements of the order establishing procedures.

(18) Failure to comply with the dates established in the procedural order, or to timely file a request for extension of time for good cause shown, may result in dismissal of the staff assisted alternative rate setting application and closure of the docket.

(19) In the event of protest of the Commission's PAA Order in a staff assisted alternative rate setting application the Commission staff shall:

(a) File prefiled direct testimony to explain its analysis in the PAA recommendation. In the event the staff wishes to alter its PAA position on any issue it shall provide factual testimony to support its changed position.

(b) Meet all other requirements of the order establishing procedures;

(c) Provide to the utility materials to assist the utility in the preparation of its testimony and exhibits. This material shall consist of an example of testimony filed by a utility in another case, a sample of testimony

that would support the PAA Order in this case, an example of an exhibit filed in another case, and examples of prehearing statements and briefs filed in other cases.

Specific Authority: 367.0814, 367.121, F.S.

Law Implemented: 367.0814, F.S.

History--New 11/30/93, Amended 01/31/00.

25-30.460 Application for Miscellaneous Service Charges.

(1) All water and wastewater utilities may apply for miscellaneous service charges. These charges shall be included in each company's tariff and include rates for initial connections, normal reconnections, violation reconnections, and premises visit charges.

(a) Initial connection charges are levied for service initiation at a location where service did not exist previously.

(b) Normal reconnection charges are levied for transfer of service to a new customer account at a previously served location, or reconnection of service subsequent to a customer requested disconnection.

(c) Violation reconnection is a charge that is levied prior to reconnection of an existing customer after discontinuance of service for cause according to Rule 25-30.320(2), F.A.C., including a delinquency in bill payment. Violation reconnection charges are at the tariffed rate for water and actual cost for wastewater.

(d) Premises Visit Charge is levied when a service representative visits a premises at the customer's request for complaint resolution and the problem is found to be the customer's responsibility.

(e) Premises Visit Charge (in lieu of disconnection) is levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

(2) A utility may request an additional charge ("after hours charge") for overtime when the customer requests that the service be performed after normal hours. The after hours charge may be at the same rate specified for the existing charge during normal working hours. If the utility seeks a charge other than the normal working hours charge, the utility must file cost support.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/30/93.

25-30.465 Private Fire Protection Rates.

The rate for private fire protection service shall be a charge based on the size of the connection rather than the number of fixtures connected. The rate shall be one-twelfth the current base facility charge of the utility's meter sizes, unless otherwise supported by the utility.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.081, 367.121, F.S.

History: New 11/30/93.

25-30.470 Calculation of Rate Reduction After Rate Case Expense is Amortized.

Specific Authority: 350.127(2), 367.121, F.S.

Law Implemented: 367.0816, 367.121, F.S.

History: New 11/30/93, Repealed 11/12/00.

25-30.475 Effective Date of Approved Tariffs. Effective dates shall be as follows unless otherwise authorized by the Commission:

(1) For recurring rates or charges:

(a) Metered or flat recurring rates shall be effective for service rendered as of the stamped approval date on the tariff sheets provided customers have

received notice. The tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision, that the proposed customer notice is adequate, and that any required security has been provided.

(b) If the effective date of the new rates falls within a regular billing cycle, the initial bills at the new rate may be prorated. The old charge shall be prorated based on the number of days in the billing cycle before the effective date of the new rates. The new charge shall be prorated based on the number of days in the billing cycle on and after the effective date of the new rates.

(c) In no event shall the rates be effective for service rendered prior to the stamped approval date.

(2) Non-recurring charges (such as service availability, guaranteed revenue charges, allowance for funds prudently invested, miscellaneous services) shall be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets provided customers have received notice. The tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. In no event shall the rates be effective for service rendered prior to the stamped approval date.

Specific Authority: 367.121, F.S.

Law Implemented: 367.121, F.S.

History: New 11/30/93.

PART VI - SERVICE AVAILABILITY
Water and Wastewater Systems
Service Availability Charges

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25-30.510 Applicability. The provisions of this part, Rules 25-30.510 through 30.585, shall apply to a utility when it files for a change in its service availability policy or charges or when the Commission initiates a show cause proceeding to require the utility to change such policy or charges. The provisions are not applicable to policies implemented and contracts entered into prior to the effective date of this Part.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, formerly 25-30.51.

25-30.515 Definitions. When used in this part or in service availability policies or in service availability contracts or agreements, the following terms have the following meanings:

(1) **Active Connection** means a connection to the utility's system at the point of delivery of service, whether or not service is currently being provided.

(2) **Customer Connection Charge** means any payment made to the utility for the cost of installing a connection from the utility's water or sewer lines, including but not limited to the cost of piping and the meter installation fee.

(3) **Contribution-in-aid-of-construction (CIAC)** means any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public. The term includes, but is not limited to, system capacity charges, main extension charges and customer connection charges.

(4) **Contributor** means a person, builder, developer or other entity who makes a contribution-in-aid-of-construction.

(5) **Customer Installation** means all the facilities on the customer's side of the point of delivery.

(6) **Developer's Agreement** means a written agreement setting forth in detail the terms and conditions under which a utility will render service to a developer's property.

(7) **Economic Feasibility** means a test by which the operating income of a utility to be earned from prospective customers within the area to be served by a proposed extension of facilities is divided by the investment in such

facilities to determine if the utility will earn a fair return on its investment in the proposed extension.

(8) Equivalent Residential Connection (ERC) means

(a) 350 gallons per day;

(b) The number of gallons a utility demonstrates is the average daily flow for a single residential unit; or

(c) The number of gallons which has been approved by the Department of Environmental Protection for a single residential unit.

(9) Guaranteed Revenue Charge means a charge designed to cover the utility's costs including, but not limited to the cost of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. Guaranteed Revenues are designed to help the utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service rates.

(10) Hydraulic Share means the pro rata share of the capabilities of the utility's facilities to be made available for service to the contributor. The pro rata share is multiplied by the unit cost (per gallon) of providing the facilities to determine the proportional share of the cost thereof to be borne by the contributor.

(11) Inspection Fee means either the actual or the average cost to the utility of inspecting, or having inspected, the facilities constructed by a contributor or by an independent contractor for connection to the facilities of the utility.

(12) Main Extension Charge means a charge made by the utility for the purpose of covering all or part of the utility's capital costs in extending its off-site water or wastewater facilities to provide service to specified property. The charge is determined on the "hydraulic share" basis or other acceptable method reasonably related to the cost of providing the service.

(13) Meter Installation Fee means the amount authorized by the Commission which is designed to recover the cost of installing the water measuring device at the point of delivery including materials and labor required.

(14) Off-Site Facilities means either the water transmission mains and facilities or the sewage collection trunk mains and facilities, including, but not limited to, manholes, sewage force mains and sewage pumping stations, the purpose of which is either to provide water service to properties within the service territory of the service utility or to collect sewage received from properties within the territory.

(15) On-Site Facilities means the portion of the water distribution system or the sewage collection and treatment system that has been, or is to be, located wholly within the property to which service is to be extended. If off-site facilities cross the property of the customer via an easement, the on-site facilities shall mean the water distribution system or the sewage collection system that is located on the customer's property, exclusive of the off-site facilities.

(16) Refundable Advance means money paid or property transferred to a utility by the applicant for the installation of facilities which may not be used and useful for a period of time. The advance is made so that the proposed extension may be rendered economically feasible. The advance is returned to the applicant over a specified period of time in accordance with a written agreement as additional users connect to the system.

(17) Service Availability Policy means the section of the utility's tariff which sets forth a uniform method of determining the system capacity charge or other charges to be paid and conditions to be met, by applicants for service in order to obtain water or wastewater service.

(18) Special Service Availability Contract means an agreement for charges for the extension of service which is not provided for in the utility's service availability policy.

(19) System Capacity Charge means the charge made by a utility for each new connection to the system which charge is designed to defray a portion of the cost of the utility system.

(20) Treatment Facilities means the facilities used for the production and treatment of water or for the treatment and disposal of wastewater.

(21) Plant Capacity Charge means a charge made by the utility for the purpose of covering all or part of the utility's capital costs in construction or expansion of treatment facilities.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, 11/30/93.

25-30.520 Responsibility of Utility to Provide Service. It is the responsibility of the utility to provide service within its certificated territory in accordance with terms and conditions on file with the Commission.

Specific Authority: 367.121(1), F.S.

Law Implemented: 367.101, 367.111, F.S.

History: New 6/14/83, formerly 25-30.52.

25-30.525 Application for Extension of Service. This rule applies to an application for the extension of service to a part of the utility's certificated territory where the utility is not presently providing service.

(1) An application for extension of water or wastewater service shall be made in writing to the utility on forms provided by the utility. The application shall include if applicable:

(a) A legal description of the property including reference to section, township and range.

(b) A drawing of the property showing its boundaries.

(c) The present zoning classification of the property.

(d) A plat map.

(e) A development plan.

(f) The intended land use of the development, including densities and types of use.

(g) The name and address of the person or entity making the application for extension of service.

(h) The nature of the applicant's title to or interest in the described property.

(i) The date, or estimate of the date, service will be needed.

(2) If a utility receives an oral request for service, it shall advise the person making the request that applications for utility service must be made in writing.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, 367.111, F.S.

History: New 6/14/83.

25-30.530 Response to Applications for Extension of Service Within a Utility's Certificated Territory, Cost Estimates.

(1) A utility shall respond to a request for extension of service within its certificated territory when the request is made on an application form supplied by the utility and submitted by a person or entity having a title interest in the property for which service is requested or by the duly authorized agent of such person or entity.

(2) Within 30 days after receipt of the application the utility shall notify the applicant in writing that service can or cannot be made available within a reasonable time.

(a) If service can be made available within a reasonable time the written response shall state that the utility will be obligated to service the applicant only after a contract or a developer's agreement is properly executed by both parties.

(b) If service cannot be made available within a reasonable time, the utility shall notify the applicant and the Commission of the reasons why service cannot be made available and an estimate of when it can be made available.

(3)(a) If the utility notifies an applicant that service is available, the following shall apply:

1. If the request is for service to a single residence or single commercial facility, the utility shall furnish a cost estimate of the proposed extension and a preliminary sketch of the extension.
2. If the request is for service to a development, and the provision of service will be by the extension of existing facilities through utility investment, the utility shall be responsible for all engineering, planning, design and development.
3. If the request is for service to a development and the developer will be providing the necessary facilities for the extension, or will be paying for the construction of such facilities, the developer shall be responsible for the planning, design, and developing of construction drawings to extend the existing facilities to serve the proposed development, in accordance with Florida law. In such cases, the utility shall furnish general construction specifications, an estimate of the costs to be borne by the applicant, and a quotation of advances to be made upon execution of a developer's agreement or other service agreement. The estimate shall include the cost of meters which are covered by tariff provisions for meter installation fees.

(b) The sketches, and estimates of costs to be borne by the applicant, which are to be prepared by the utility shall be prepared, as applicable, and delivered to the applicant within 60 days after the date of application. However, if the size and scope of the service requested requires more time to prepare an estimate and sketch, the utility shall prepare and deliver the estimate and sketch within 90 days.

(c) In estimating the connection costs to be borne by the applicant, the following shall apply:

1. If the utility decides to install facilities for its future benefit that are larger than normally required in the requested extension, the incremental cost for the larger facilities shall not be included in the cost estimate, but shall be covered by utility investment or by refundable advance agreement.
2. If more than one customer is to be served by a facility, the costs to be charged to a particular customer shall be determined according to the hydraulic demand of that customer or in accordance with some other acceptable method reasonably related to the cost of providing service.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, 367.111, F.S.

History: New 6/14/83, formerly 25-30.53.

25-30.540 Agreements for Service, Performance under Agreements.

(1) Upon acceptance of the utility's proposal and estimates provided under Rule 25-30.530(3), the appropriate service agreement or developer's agreement shall be executed by both parties.

(2) An advance deposit may be required by the utility at the time of execution to cover the additional utility costs of preparing engineering plans and cost estimates of construction required to serve the property, and other engineering, administrative or legal expenses prudently incurred by the utility in the execution or performance of the agreement. The advance deposit shall not exceed 10 percent of the total charges to be paid by the applicant under the agreement or the additional engineering, administrative and legal expenses prudently incurred by the utility, whichever is greater.

(3) (a) The utility may charge and collect a reasonable amount, up to the total charges due under the agreement, to extend services. Upon the collection of the charges, the utility shall reserve the necessary treatment capacity for the applicant for a period of time specified in the agreement.

(b) Unless the utility can sell the reserved capacity, the charges collected shall not be refunded should the applicant not proceed further with the development. The agreement shall set forth the period of time within which a sale of the reserved capacity will require a refund to the applicant, which time period shall not be less than four years.

(4) If an applicant believes the charges required by a utility pursuant to subsections (2) and (3) are unreasonable, the applicant may file a complaint with the Commission in accordance with Chapter 25-22, F.A.C.

(5) After a developer's agreement is filed with the Commission and any party to the agreement fails to perform under the contract, the utility shall notify the Commission of the failure to perform.

(6) Upon receipt of the executed service agreement or developer's agreement and any advance deposit or other payment, the utility and applicant will proceed with final engineering plans and specifications that each is responsible for and shall submit such plans and specifications to the appropriate regulatory agencies for approval. The utility will be allowed a reasonable period of time from the date of the execution of the agreement to complete the final engineering plans and construct the off-site facilities to serve the applicant.

(7) An applicant may use its engineer to prepare plans and specifications for its on-site development. However, such plans and specifications and the on-site water or wastewater facilities will be subject to the utility's inspection and approval. An appropriate inspection and plan review fee may be charged by the utility.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, formerly 25-30.54, Amended 11/9/86.

25-30.545 Construction.

(1) The size, type and quality of materials and their location in facilities to be constructed for the extension of service to customers shall be specified by the utility.

(2) Construction of the facilities may be done by the utility or, at its option, a construction agency acceptable to it. The utility may prescribe reasonable inspection requirements to ensure that the materials and workmanship meet prescribed standards when the construction of the facilities is done by a construction agency.

(3) In determining the length of a water or sewer main extension necessary to render service at a particular point, the distance from such point to the existing main shall be along a line drawn in accordance with proper construction and engineering standards.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83.

25-30.550 Filing of Agreements; Approval of Contracts.

(1) A copy of each developer's agreement shall be filed with the Commission within 30 days of execution. Upon filing, the agreement shall be deemed to be approved under the utility's existing service availability policy, unless the Commission gives notice of intent to disapprove within 30 days. Approval of a developer's agreement does not preclude the Commission from affecting the provisions of a developer's agreement if, pursuant to Commission action, the terms and conditions of a utility's service availability policy are changed.

(2) Each special service availability contract shall be approved by the Commission prior to becoming effective.

(3) Each special service availability contract and developer's agreement

shall be accompanied by a statement from the utility affirming the current treatment plant connected load, the current treatment plant capacity, and the amount of capacity reserved under the agreement or contract. In lieu of this information, the utility may file a copy of its Department of Environmental Protection permit application.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, formerly 25-30.55.

25-30.555 Rate of Return. The rate of return required of an applicant by a utility pursuant to a guaranteed revenue agreement shall not exceed the return authorized the utility by the Commission in its most recent rate case, or in the absence of such determination, a rate of return calculated by using the appropriate rate of return on equity authorized by the Commission pursuant to s. 367.081(4)(f), F.S., on the utility's investment in the plant and system expansion that provides service to the applicant.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.081, 367.101, F.S.

History: New 6/14/83.

25-30.560 Disputes.

(1) Disputes concerning the application of these rules or concerning developer agreements may be referred to the Commission for disposition by the filing of a complaint in accordance with Rule Chapter 25-22, F.A.C.

(2) Upon the filing of a complaint, or during the pendency of a complaint, a party to the agreement may, after written demand to the utility for performance, make payments and perform acts as specified in the utility's service availability policy or as required in the developer's agreement, and the utility shall proceed with its performance pursuant to the service availability policy or developer's agreement pending resolution of the dispute by the Commission. However, the utility may request that the Commission relieve the utility of performance if the utility can show that performance is not in the best interests of its customers.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, formerly 25-30.560.

25-30.565 Application for Approval of New or Revised Service Availability Policy or Charges.

(1) Each application for a service availability policy or charges shall be filed in original and 12 copies.

(2) Upon filing an application for a new or revised service availability charge or policy, the utility shall provide notice pursuant to Rule 25-30.4345.

(3) A filing fee as required in Rule 25-30.020 shall be submitted at the time of application.

(4) Each application shall include the following, if applicable:

(a) A statement describing how the notice provisions have been complied with, including a copy of the actual notice(s).

(b) The name of the applicant, the applicant's principal place of business and each local office from which company operations are conducted. The applicant's name shall be as it appears on the certificate issued by the Commission if one has been issued.

(c) The number of the Commission order, if any, which previously considered the charges or service availability policy for the system involved.

(d) A statement explaining the basis for the requested changes in charges and conditions.

(e) A schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by Uniform System of Accounting account numbers as required by Rule

25-30.115, F.A.C., and the related capacity of each system as of 90 days prior to application.

(f) A detailed statement of accumulated depreciation for the plant listed in (e) above as of 90 days prior to application.

(g) A schedule showing the number of active customers on line 90 days prior to the time of application by meter size, by customer class, and the related equivalent residential connections (ERC) as defined in Rule 25-30.515(8). Describe the method by which an ERC is defined.

(h) A detailed statement defining the capacity of the treatment facilities in terms of ERCs as used in developing the proposed service availability charges.

(i) A detailed statement defining the capacity of the distribution or collection system in terms of ERCs as used in developing the proposed service availability charges.

(j) Provide a list of outstanding developer agreements.

(k) For each developer agreement state whether the agreement is designed to result in contributed property, other than the approved system capacity charge, within the next 24 months; an estimate of the value of the contributed property to be added to the utility's books; and a description of the property.

(l) A schedule showing total collections of contributions-in-aid-of-construction (CIAC) as of 90 days prior to the date of application. Detail any prepaid CIAC by amount, the related reserved ERCs, and the anticipated connection date. Reference any appropriate developer agreements.

(m) A detailed statement of accumulated amortization of CIAC as listed in (l) above as of 90 days prior to application.

(n) Copies of approvals or permits for construction and operation of treatment facilities.

(o) A detailed statement by a registered professional engineer showing the cost, by Uniform System of Accounting account numbers, and capacity of proposed plant expansion, and a timetable showing projected construction time.

(p) A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems.

(q) If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state or federal regulatory authorities, copies of the order(s) or correspondence directing the expansion or upgrading.

(r) A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.

(s) A summary schedule of how the proposed service availability charge was calculated.

(t) A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.

(u) A statement of the existing and proposed on-site and off-site main installation charges or policy.

(v) The company's present capital structure, including the cost of debt in the present capitalization. The availability and cost of other sources of financing the proposed expansion or upgrading of the system also shall be given.

(w) An original and three copies of the proposed tariff sheets.

(5) Upon filing of the application and supporting exhibits, the utility shall place copies thereof at its local office of the utility serving the area affected by the charges and conditions, and such copies shall be made available for public inspection.

(6) Each utility shall demonstrate the appropriateness of the requested service availability charges and conditions.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83, Amended 11/9/86, 11/30/93.

25-30.570 Imputation of Contributions-in-Aid-of-Construction.

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History--New 06/14/83, formerly 25-30.57, Amended 01/31/00.

25-30.580 Guidelines for Designing Service Availability Policy.

A utility's service availability policy shall be designed in accordance with the following guidelines:

(1) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed 75% of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity; and

(2) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and sewage collection systems.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History--New 06/14/83, formerly 25-30.58, Amended 01/31/00.

25-30.585 Developer Service Availability Charges. Subject to the limitation in Rule 25-30.580, service availability charges for real estate developments shall not be less than the cost of installing the water transmission and distribution facilities and sewage collection system and not more than the developer's hydraulic share of the total cost of the utility's facilities and the cost of installing the water transmission and distribution facilities and sewage collection system. The terms of a developer's agreement shall be consistent with the basic principles embodied in the rules in this part of the utility's approved tariff. A statement of the potential impact of the developer agreement on the rates of the utility shall be submitted along with the developer agreement pursuant to Rule 25-30.550.

Specific Authority: 367.121(1), 367.101, F.S.

Law Implemented: 367.101, F.S.

History: New 6/14/83.

**UNIFORM SYSTEM OF ACCOUNTS
FOR CLASS C
WATER UTILITIES**

1996



**NATIONAL ASSOCIATION OF
REGULATORY UTILITY COMMISSIONERS
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Uniform System of Accounts
For
Class C
Water Utilities

Pursuant to action by the National Association of Regulatory Utility Commissioners, this System of Accounts is recommended to the Commissions represented in the membership of this Association for consideration and for adoption in their respective jurisdictions with such modifications only as they may deem necessary in the public interest.

PREFACE

The 1996 Water and Wastewater Uniform systems of Accounts were proposed by the Subcommittee on Accounts of the Committee on Finance and Technology of the National Association of Regulatory Utility Commissioners (NARUC). The NARUC Executive Committee unanimously approved these uniform systems of accounts at its Summer Committee Meeting held in Los Angeles, California, July 22-25, 1996. We would like to express our appreciation to Marshall Willis of the Florida Public Service Commission for his participation in this project and the many hours he spent writing these uniform systems of accounts.

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DEFINITIONS

When used in this system of accounts:

1. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.
2. "Commission", unless otherwise indicated by the context, means the commission prescribing this system of accounts.
3. "Composite depreciation rate" is a percentage based on the weighted average service life of a number of units of plant, each of which may have a different individual life expectancy. Composite depreciation rates may be determined for (a) a single depreciable plant account, (b) a single rate for several depreciable accounts or (c) a single composite rate may be determined for all depreciable plant of the utility.
4. "Cost" means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.
5. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.
6. "Depreciation", as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.
7. "Gross-up of contributions in aid of construction" is the method by which a utility extracts, from developers or others, a sum of money sufficient to pay all or a portion of the tax obligation due to the change in the federal tax law in 1987 which resulted in contributions made to utilities in aid of construction (CIAC) being considered ordinary income instead of contributions of capital. Because the sum extracted to pay the tax is also considered income subject to tax, the term tax-on-tax has been used to describe the additional sum of money that must be extracted in order to pay the tax on the initial amount.

Common gross-up methods include the full gross-up method and the net present value method. Under the full gross-up method, a sum sufficient to meet the full tax obligation, including the tax-on-tax, is extracted. Under the net present value method, the sum

DEFINITIONS

extracted is the net present value of the estimated future stream of tax benefits resulting from the depreciation deductions for the contributed asset to be taken on the tax returns of the utility.

8. "Net salvage value" means the salvage value of property retired less the cost of removal.
9. "Original cost", as applied to utility plant, means the cost of such property to the person first devoting it to public service.
10. "Property retired", as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.
11. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.
12. "Service life" means the period between the time of installation of utility plant and the time of its retirement.
13. "Service value" means the difference between the original cost and net salvage value of utility plant.
14. "Straight-line remaining life method", as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. "Remaining life" implies that estimates of future life and salvage will be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.
15. "Straight-line method" as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. Estimates of the service life and salvage will be reexamined periodically and depreciation rates will be corrected to reflect any changes in these estimates.
16. "Utility", as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

ACCOUNTING INSTRUCTIONS

1. General - Classification of Utilities

A. For the purpose of applying the system of accounts prescribed by the Commission, water utilities are divided into three classes, as follows:

Class A - Utilities having annual water operating revenues of \$1,000,000 or more.

Class B - Utilities having annual water operating revenues of \$200,000 or more but less than \$1,000,000.

Class C - Utilities having annual water operating revenues of less than \$200,000.

B. This system of accounts applies to Class C utilities. The system of accounts applicable to Class A and B utilities are issued separately.

C. The class to which any utility belongs shall originally be determined by the average of its annual water operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the average annual water operating revenues for the three immediately preceding years exceed the upper limit or are less than the lower limit, of the annual water operating revenues of the classification previously applicable to the utility. For a utility with both water and wastewater operations, the classification shall be based on the operation with the highest annual revenues.

2. General - Records

A. The books of accounts of all water utilities shall be kept by the double entry method, on an accrual basis. Each utility shall keep its accounts monthly and shall close its books at the end of each calendar year.

B. All books of accounts, together with records and memoranda supporting the entries therein, shall be kept in such a manner as to support fully the facts pertaining to such entries. The books and records referred to herein include not only the accounting records in a limited technical sense, but also all other records, reports, correspondence, invoices, memoranda and information useful in determining the facts regarding a transaction.

C. Utilities may further subdivide any of the accounts provided that such subdivisions do not impair the integrity of the accounts, or they may maintain such additional accounts as are included in the Uniform System of Accounts for Class A or B Utilities.

ACCOUNTING INSTRUCTIONS

3. Utility Plant

All utility plant shall be recorded at original cost (See definition 9).

4. Utility Plant - Capitalization Level

The cost of individual items of equipment of less than \$150 or of short life, including small portable tools and implements, shall not be charged to utility plant accounts. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit.

5. Utility Plant - Depreciation

A. Depreciation charges shall be computed using either the straight-line remaining life method (See definition 14) or the straight-line method (See definition 15), according to which method has been approved by the Commission. Composite depreciation rates (See definition 3) may be used with prior Commission approval.

B. When the straight-line remaining life method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the remaining life, the estimated net future salvage, cost of plant in service and to the balance of accumulated depreciation accrued in prior periods.

C. When the straight-line method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the service life, the estimated net salvage, and the cost of plant in service.

D. When an item of plant is retired, account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, shall be charged and the appropriate plant accounts shall be credited with the entire recorded original cost of plant retired regardless of the amount of depreciation which has been accumulated for this particular item of plant, except as provided in paragraph C. Account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, also shall be charged with the costs of removal of retired plant, and shall be credited with the salvage value, sales price or other amounts recovered from plant retired.

E. In rare instances the unexpired early retirement of a major unit of property, which would eliminate or seriously deplete the existing depreciation reserve, may require accounting treatment which differs from that described in paragraph D above. In such instances the Commission may authorize or order the loss on

ACCOUNTING INSTRUCTIONS

retirement (less any tax savings) to be charged to income in the current year or transferred to account 186 - Miscellaneous Deferred Debits, and amortized in future periods. Such accounting treatment shall be used only when specifically authorized or directed by the Commission.

F. It is suggested that all utilities maintain a separate accumulated depreciation subaccount for each depreciable plant account.

6. Utility Plant - Contributions in Aid of Construction

A. Nonrefundable contributions of cash or plant facilities donated to the water utility to assist it in constructing, extending or relocating its water facilities shall be credited to account 271 - Contributions in Aid of Construction (See account 271 for description of items includible in this account).

B. Balances in this account representing contributions of depreciable plant shall be amortized using the contra account 272 - Accumulated Amortization of Contributions in Aid of Construction. The corresponding credit shall be to account 403 - Depreciation Expenses (if amortization is recognized by the Commission).

C. The balance in this account representing contributions of nondepreciable plant shall remain unchanged until such time as the property is sold or otherwise retired. At the time of retirement of nondepreciable contributed plant, its cost shall be credited to the appropriate plant account and charged to account 271.

7.. Operating Income - Income Taxes

A. Current income tax provision

1. The utility shall initially debit account 409 - Income Taxes, and credit account 236 - Accrued Taxes, to record its estimated current income tax liability. As the exact amounts of taxes become known, the current tax accruals shall be adjusted by debits or credits to these accounts unless such adjustments are properly includible in account 215 - Retained Earnings, so that this account as nearly as can be ascertained shall include the actual taxes payable by the utility.

2. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, shall be related to the income which gave rise to the tax. The income tax effect of amounts recorded in account 215 - Retained Earnings, shall be recorded in that amount.

ACCOUNTING INSTRUCTIONS

B. Interperiod Tax Allocation - Depreciation

The Federal Economic Recovery Tax Act of 1981 (ERTA).

ERTA provides that a utility claiming accelerated depreciation (Accelerated Cost Recovery System (ACRS)) must use a normalized method of accounting for federal income taxes on its regulated books of account and for ratemaking purposes. A utility must use the same depreciation method and lives in computing federal income tax expense when establishing cost of service for ratemaking purposes as is used in its regulated books of account, or if it uses a different method, it must make adjustments to a reserve to reflect the deferral of taxes resulting from such differences. Similarly, in order to claim investment tax credits, a utility must defer the entire balance of investment tax credits on its books of account and amortize the balance over the life of the related property.

C. Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation.

1. Certain regulatory bodies have required comprehensive interperiod income tax allocation of all material book-tax timing differences other than depreciation differences. They have reasoned that where there are timing differences between the period in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.
2. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced, the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and

ACCOUNTING INSTRUCTIONS

describing the treatment for ratemaking purposes of the tax timing difference by regulatory authorities having jurisdiction.

3. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.
4. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

ACCOUNTING INSTRUCTIONS

EXAMPLE

The following example shows how the various transactions are recorded:

- a. A utility purchases depreciable plant at a cost of \$10,000. The plant has a 10 year life with no salvage.
- b. The utility's federal taxable income from utility operations, before the effect of depreciation is \$30,000 (46% tax rate).
- c. ACRS depreciation for each year is \$800, \$1400, \$1200, \$1000, \$1000, \$1000, \$900, \$900, \$900, \$900.
- d. Book depreciation for each year using half year convention in year placed in service is: \$500, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$500.
- e. Investment tax credit is \$800 ($\$10,000 \times 8\%$) in order to use 100% of the \$10,000 cost for ACRS depreciation.
- f. Deferred taxes are calculated by subtracting tax depreciation from book depreciation and multiplying by the tax rate. If tax depreciation is greater than book, debit Account 410 and credit Account 282. If book depreciation is greater than tax, debit 282 and credit 410.

	Account Number	Account Title	Debit	Credit
<hr/>				
Year 1				
1-a	409.10	Income Taxes, Utility Operating Income	\$12,632	
	236	Accrued Taxes		\$12,632
		To record taxes estimated to be payable for period (.46(\$30,000 - \$800)) - \$800		
1-b	410.10	Deferred Income Taxes	138	
	282	Accumulated Deferred Income Taxes Liberalized Depreciation		138
		To record deferral of a portion of taxes based on the difference between straight-line depreciation		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	and ACRS depreciation (.46(\$500-\$800)). NOTE:--The deferred tax balance of \$138 would either be deducted from rate base or be included in capital structure at zero cost.		
1-c 412.10	Investment Tax Credits Deferred to Future Periods, Utility Operations	800	
255	Accumulated Deferred Investment Tax Credits		800
	To record the investment tax credits realized and deferred to future years in accordance with provisions of either the "General Rule"/Option 1 Treatment or the "Special Rule for Ratable Flow - through"/Option 2 Treatment (\$10,000 x 8%).		
1-d 255	Accumulated Deferred Investment Tax Credits	40	
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations		40
	To record ratable amortization over the book depreciable life of the investment tax credits deferred to future periods (.50 (\$800 (1/10))). NOTE:--The net balance of deferred investment tax credits (\$800 - \$40) would be either deducted from rate base or included in capital structure at zero cost. This treatment is followed by utilities subject to the "General Rule"/Option 1 Treatment.		
1-e 255	Accumulated Deferred Investment Tax Credits	40	
412.11	Investment Tax Credits Restored to Operating Income, Utility Operations		40
	To record ratable flow-through over the asset's book		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	depreciable life of investment tax credits deferred to future periods (.50(\$800 (1/10))). NOTE:--The net balance of deferred ITC (\$800-\$40) would earn the overall rate of return. This treatment is followed by utilities subject to "Special Rule for Ratable Flow-through"/Option 2 Treatment.		
Year 2			
2-a 409.10	Income Taxes, Utility Operating Income	\$13,156	
236	Accrued Taxes		\$13,156
	To record taxes estimated to be payable for period .46 (\$30,000 - \$1,400).		
2-b 410.10	Deferred Income Taxes	184	
282	Accumulated Deferred Income Taxes-Liberalized Depreciation		184
	To record deferral of a portion of taxes based on the difference between straight-line depreciation and ACRS depreciation (.46(\$1000-\$1400)). NOTE:--The cumulative balance of deferred taxes (\$138 + \$184) would be either deducted from rate base or included in capital structure at zero cost.		
2-c 255	Accumulated Deferred Investment Tax Credits	80	
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations		80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	<p>To record ratable amortization over the asset's book depreciable life of the ITC deferred to future periods (\$800 (1/10)). NOTE:--The net balance of deferred ITC (\$800 - (\$40 + \$80)) would be either deducted from rate base or included in capital structure at zero cost. This treatment is followed by utilities subject to the "General Rule"/Option 1 Treatment.</p>		
2-d 255	Accumulated Deferred Investment Tax Credits	80	
412.11	Investment Tax Credits Restored to Operating Income, Utility Operations		80

To record ratable flow-through over the asset's book depreciable life of investment tax credits deferred to future period (\$800(1/10)). NOTE:--The net balance of deferred ITC (\$800 - (\$40 + \$80)) would earn the overall rate of return. This treatment is followed by utilities subject to the "Special Rule for Ratable Flow-Through"/Option 2 Treatment.

Year 3

3-a 409.10	Income Taxes, Utility Operating Income	13,248	
236	Accrued Taxes		13,248

To record taxes estimated to be payable for the period (.46(\$30,000-\$1,200)).

3-b 410.10	Deferred Income Taxes	92	
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		92

To record deferral of a portion of taxes based on the difference between straight-line depreciation and

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	ACRS depreciation (((\$1,000-\$1,200).46). The cumulative balance of deferred taxes (\$138 + \$184 + \$92) would be either deducted from rate base or included in capital structure at zero cost.		
3-c 255 412.30	"General Rule"/Option 1 Treatment utilities would record the same entry as in Year 2 for amortization of ITC. The net balance deducted from rate base or included in capital structure at zero cost would be (\$800-(\$40 + 2 (\$80))).	80	80
3-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities would record the same entries recorded in Year 2 for ratable flow-through of ITC. The net ITC balance earning the overall rate of return would be \$600.	80	80
Year 4			
4-a 409.10 236	Income Taxes, Utility Operating Income Accrued Taxes	13,340	13,340
	To record taxes estimated to be payable for the period (.46(\$30,000- \$1,000)).		
4-b 410.10 282	No entry would be made related to deferred taxes because book and tax depreciation are equal. The cumulative balance of \$414 would continue to be deducted from rate base or included in capital structure at zero cost.		
4-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2 Net deferred balance either deducted	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	from rate base or included in capital structure at zero cost would be $(\$800 - (\$40 + 3(\$80)))$.		
4-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. Net balance earning the overall rate of return would be \$520.	80	80
Year 5			
5-a 409.10 236	Same entry as Year 4.	13,340	13,340
5-b 410.10 282	See Year 4.		
5-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. Net ITC balance deducted from rate base or included in capital structure is \$440.	80	80
5-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. Net ITC balance earning overall rate of return is \$440.	80	80
Year 6			
6-a 409.10 236	Same entry as Year 4.	13,340	13,340
6-b 410.10 282	See Year 4.		
6-c 255 412.30	"General Rule"/Option 1 Treatment utilities same entry as Year 2. Net ITC balance deducted from rate base or included in capital structure at zero cost is \$360.	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
6-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. Net ITC balance earning the overall rate of return is \$360.	80	80
Year 7			
7-a 409.10 236	Income Taxes, Utility Operating Income Accrued Taxes	13,386	13,386
To record taxes estimated to be payable for the period (.46(\$30,000 - \$900)).			
7-b 282 410.10	Accumulated Deferred Income Taxes - Liberalized Depreciation Deferred Income Taxes	46	46
To record reversal of taxes deferred in prior years (\$1000 - \$900).46). NOTE:--The net deferred tax balance deducted from rate base or included in capital structure at zero cost is \$368.			
7-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entries as Year 2. Net ITC balance deducted from rate base or included in capital structure at zero cost is \$280.	80	80
7-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance earning the overall rate of return is \$280.	80	80
Year 8			
8-a 409.10 236	Same entry as Year 7.	13,386	13,386

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
8-b 282 410.10	Same entry as Year 7. NOTE:--Net balance deducted from rate base or included in capital structure at zero cost is \$322.	46	46
8-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance deducted from rate base or included in capital structure at zero cost is \$200.	80	80
8-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance earning the overall rate of return is \$200.	80	80
Year 9			
9-a 409.10 236	Same entry as Year 7.	13,386	13,386
9-b 282 410.10	Same entry as Year 7. NOTE:--Net balance of deferred taxes deducted from rate base or included in capital structure at zero cost is \$276.	46	46
9-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC deducted from rate base or included in capital structure at zero cost is \$120.	80	80
9-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC earning overall rate of return is \$120.	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
Year 10			
10-a 409.10 236	Same entry as Year 7.	13,386	13,386
10-b 282 410.10	Same entry as Year 7. NOTE:-- Net balance deferred taxes deducted from rate base or included in capital structure at zero cost is \$230.	46	46
10-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC deducted from rate base or included in capital structure at zero cost is \$40.	80	80
10-d 255.1 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC earning overall rate of return is \$40.	80	80
Year 11			
11-a 409.10 236.1	Income Taxes, Utility Operating Income Accrued Taxes, Utility Operating Income	13,800	13,800
	To record taxes estimated to be payable for period (.46(\$30,000)).		
11-b 282 410.10	Accumulated Deferred Income Taxes Liberalized Depreciation Deferred Income Taxes	230	230
	To record reversal of taxes deferred in prior years ((\$500 - 0).46). NOTE:--There is no longer a deferred tax balance to be deducted from rate base or included in capital structure at zero cost.		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
11-c 255.1 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 1. NOTE:--There is no longer an ITC balance to be deducted from rate base or included in capital structure at zero cost.	40	40
11-d 255.1 412.11	"Special Rate for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 1. NOTE:--There is no longer an ITC balance to earn the overall rate of return.	40	40

8. Operating Income - Clearing Accounts

A. The purpose of a clearing account is to temporarily accumulate in one account costs of a specific type which affect more than a single account, and which subsequently will be apportioned among utility plant accounts, operating expense accounts and other appropriate accounts.

B. The use of clearing accounts is optional. In addition to the payroll clearing account, a utility may use such additional clearing accounts as it finds useful.

BALANCE SHEET ACCOUNTS

Assets and Other Debits

- 101. Utility Plant in Service
- 103. Property Held for Future Use
- 104. Utility Plant Purchased or Sold
- 105. Construction Work in Progress
- 108. Accumulated Depreciation and Amortization of Utility Plant
in Service
- 114. Utility Plant Acquisition Adjustments
- 115. Accumulated Amortization of Utility Plant Acquisition
Adjustments
- 121. Nonutility Property
- 122. Accumulated Depreciation and Amortization of Nonutility Property
- 124. Utility Investments
- 131. Cash
- 132. Special Deposits
- 141. Customer Accounts Receivable
- 143. Accumulated Provision for Uncollectible Accounts--Cr.
- 151. Plant Material and Supplies
- 174. Miscellaneous Current and Accrued Assets
- 186. Miscellaneous Deferred Debits
- 190. Accumulated Deferred Income Taxes

Equity Capital

- 201. Common Stock Issued
- 204. Preferred Stock Issued
- 211. Other Paid-In Capital
- 215. Retained Earnings

- 218. Proprietary Capital (for proprietorships and partnerships only)

Liabilities and Other Credits

- 224. Long-Term Debt
- 231. Accounts Payable
- 232. Notes Payable
- 235. Customer Deposits
- 236. Accrued Taxes
- 237. Accrued Interest
- 241. Miscellaneous Current and Accrued Liabilities
- 252. Advances for Construction
- 253. Other Deferred Credits
- 255. Accumulated Deferred Investment Tax Credits
- 265. Miscellaneous Operating Reserves
- 271. Contributions in Aid of Construction
- 272. Accumulated Amortization of Contributions in Aid of Construction
- 281. Accumulated Deferred Income Taxes - Accelerated Amortization
- 282. Accumulated Deferred Income Taxes - Liberalized Depreciation
- 283. Accumulated Deferred Income Taxes - Other

BALANCE SHEET ACCOUNTS

Utility Plant

101. Utility Plant in Service

A. This account is the control account for plant accounts 301 through 348.

B. This account shall include the original cost of utility plant owned and used by the utility in providing water service.

103. Property Held for Future Uses

A. This account shall include the cost of property owned and held for future use in utility service under a definite plan for such use.

B. The property included in this account shall be classified according to the detailed accounts (301 to 348) for utility plant in service and the account shall be maintained in such manner and in such detail as though the property were in service.

Note:--Materials and supplies, and meters held in reserve shall not be included in this account.

104. Utility Plant Purchased or Sold

A. This account shall be temporarily charged with the cost and expense incidental to acquisition of utility systems acquired as operating units or systems. The account shall be temporarily credited with the selling price of utility systems transferred to others.

B. Within six months from the date of acquisition or sale of a water system the utility shall file with the Commission for approval proposed journal entries to clear this account.

Note:--In clearing this account the original cost of acquired plant shall be charged to plant accounts, and accumulated depreciation shall be credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service. Any balance (representing the difference between the net original cost of the assets acquired and the cost to the acquiring utility) shall be charged or credited to account 114 - Utility Plant Acquisition Adjustments.

C. When an existing water system or operating unit is acquired the utility shall be obligated to obtain from the vendor all existing records, including records of plant construction dates and costs, records of accumulated depreciation applicable to such properties, and records of Contributions in Aid of Construction.

BALANCE SHEET ACCOUNTS

105. Construction Work in Progress

This account shall include the cost of water plant in process of construction, but not ready for service.

108. Accumulated Depreciation and Amortization of Utility Plant in Service

A. This account shall reflect the depreciation and amortization accumulated on plant used in water utility service.

B. This account shall be credited with:

1. Amounts concurrently charged to account 403 - Depreciation Expense, representing currently accruing depreciation of water plant (other than contributed plant).
2. Amounts concurrently charged to account 407 - Amortization Expense - Other, representing currently accruing amortization of utility plant.
3. Amounts concurrently charged to account 272 - Accumulated Amortization of Contributions in Aid of Construction, representing amortization of contributed utility plant, if recognized by the Commission.
4. Salvage value, sales price, insurance settlements and other amounts recovered from plant retired.
5. Amounts representing the balance of accumulated depreciation and amortization of utility plant acquired from others.

Note:--Also see account 104 - Utility Plant Purchased or Sold.

C. This account shall be charged with:

1. Original cost of depreciable utility plant retired.
2. Cost of removal of plant retired.

D. The utility is restricted in the use of this account to the purposes set forth above. It shall not transfer any portion to retained earnings or to other accounts without prior written authorization from the Commission.

Note:--See Accounting Instruction 4 for information on depreciation accruals and plant retirement procedures.

BALANCE SHEET ACCOUNTS

114. Utility Plant Acquisition Adjustments

A. This account shall include the difference between (1) the cost to the utility of plant acquired as an operating unit or system by purchase, merger, or otherwise, and (2) the net of amounts distributed to the plant accounts, the accumulated depreciation account and other appropriate accounts.

B. No transfers shall be made from this account unless prior written authorization has been obtained from the Commission.

Note:--See also account 104 - Utility Plant Purchased or Sold.

115. Accumulated Amortization of Utility Plant Acquisition Adjustments

This account shall be credited or debited with amounts which are includible in account 406 - Amortization of Utility Plant Acquisition Adjustments, or account 426 - Miscellaneous Nonutility Expenses, for the purpose of providing for the extinguishment of amounts in account 114 - Utility Plant Acquisition Adjustments.

121. Nonutility Property

A. This account shall include all property and other assets owned by the utility, but not used in providing water service, for which separate balance sheet accounts have not been provided.

B. This account shall be appropriately subdivided.

Items

1. Land and buildings not used in water operations.
2. Utility assets transferred to "nonoperative" status.
3. Investments in securities.
4. Assets of nonutility businesses owned by the utility.
5. Accounts receivable and notes receivable not due within one year.

122. Accumulated Depreciation and Amortization of Nonutility Property

A. This account shall reflect the depreciation and amortization accumulated on property not used in utility operations.

B. This account shall be credited with amounts currently charged to account 426 - Miscellaneous Nonutility Expenses, representing currently accruing depreciation and amortization on property not used in utility operations.

C. This account shall be charged with the amount of depreciation accumulated on items of nonutility property sold, abandoned, or otherwise retired.

BALANCE SHEET ACCOUNTS

124. Utility Investments

This account shall include book cost of investments in securities issued or assumed by nonassociated companies for the purpose of insuring adequate water service (i.e., source of water supply).

131. Cash

This account shall include the amount of cash on hand or on deposit in banks.

132. Special Deposits

This account shall include deposits with fiscal agents or others for the payment of interest and/or dividends.

141. Customer Accounts Receivable

This account shall include amounts due from customers for utility service.

143. Accumulated Provision for Uncollectible Accounts--Cr

This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 670 - Bad Debt Expense, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

151. Plant Material and Supplies

A. This account shall include the cost of materials and supplies on hand, purchased for use in plant construction or repair work.

B. The cost shall include, when practicable, transportation charges, sales and use taxes and other directly assignable costs. Cash discounts realized on material purchases shall be credited to this account.

C. Reusable materials which are retired from plant and returned to the materials and supplies inventory shall be charged to this account and credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service. Identifiable units which have been removed from service (i.e., pumps, motors, etc.) shall be carried in inventory at original cost. Items of small value whose original cost cannot be readily determined shall be carried in inventory at current prices. Scrap materials shall be carried in inventory at estimated scrap value.

BALANCE SHEET ACCOUNTS

D. Inventories of materials and supplies shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual quantities on hand.

174. Miscellaneous Current and Accrued Assets

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

186. Miscellaneous Deferred Debits

A. This account shall include such items as expenses of security issues, bond discount, items in suspense, and costs which the Commission has authorized the utility to amortize over future periods (i.e., deferred portion of rate case expense).

B. This account shall be appropriately subdivided.

190. Accumulated Deferred Income Taxes

A. This account shall be debited and account 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or account 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of differences in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.10 or 410.20 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for which deferred tax accounting by the utility was authorized by the Commission.

C. Vintage year records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

BALANCE SHEET ACCOUNTS

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made shall be debited to account 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes - Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct (See Accounting Instruction 6).

Equity Capital

201. Common Stock Issued

A. This account shall be credited with the total par value or stated value of common stock outstanding.

B. Premiums related to the issue of common stock shall be carried in a separate subaccount of account 211 - Other Paid-In Capital.

204. Preferred Stock Issued

A. This account shall be credited with the total par value or stated value of preferred stock outstanding.

B. A separate subaccount shall be maintained for each class and series of preferred stock.

C. Premiums and discounts related to the issue of preferred stock shall be carried in a separate subaccount of account 211 - Other Paid-In Capital.

211. Other Paid-In Capital

A. This account shall include all paid-in capital not derived from earnings. It shall include such items as premiums and discounts related to the issuance of capital stock, donations to the utility of its capital stock, credits arising from the forgiveness of debt of the utility; credits arising out of a reorganization of the utility, or in connection with its recapitalization.

B. Each type of paid-in capital shall be carried in a separate subaccount.

BALANCE SHEET ACCOUNTS

215. Retained Earnings (for corporations only)

A. This account shall reflect corporation earnings retained in the business.

B. The account shall be credited with:

1. Net Income.
2. Accounting adjustments associated with correction of errors attributable to a prior period.

C. The account shall be charged with:

1. Net losses.
2. Accounting adjustments associated with correction of errors attributable to a prior period.
3. Dividends.

D. Adjustments caused by the correction of an estimate or a change in an accounting method shall not adjust the balance of this account but shall rather affect either an income, asset, liability or deferred credit account. For example, adjustments to accumulated depreciation shall not affect this account but rather shall affect an income account, account 186 - Miscellaneous Deferred Debits, or account 253 - Other Deferred Credits.

218. Proprietary Capital (for proprietorships and partnerships only)

A. This account shall be credited with the investment of a sole proprietor, or partners, in an unincorporated water utility.

B. Separate subaccount shall be maintained for each partner.

C. At the end of each calendar year the net income or loss for the year shall be entered in this account.

D. Accounting adjustments associated with correction of errors attributable to a prior period shall be charged or credited to this account. See also account 215, item D, above.

Note:--This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, earned surplus accounts shall be maintained.

BALANCE SHEET ACCOUNTS

Liabilities and Other Credits

224. Other Long-Term Debt

A. This account shall include all notes, conditional sales contracts or other evidences of indebtedness payable more than one year from date of issue.

B. Separate subaccounts shall be maintained for obligations outstanding.

231. Accounts Payable

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

232. Notes Payable

This account shall include the face value of all notes, drafts, acceptance, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue.

235. Customer Deposits

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236. Accrued Taxes

A. This account shall include all taxes accrued or payable by the utility including property taxes, payroll taxes, withholding taxes, and corporate taxes.

B. This account shall be credited during the accounting period with the amount of taxes accrued during the period. Such credits may be based upon estimates, but from time to time during the year, the amount of the periodic credits shall be adjusted so as to reflect the correct tax liability. Any amount representing a prepayment of taxes applicable to a period subsequent to the date of the balance sheet shall be shown under account 174 - Miscellaneous Current and Accrued Assets.

Note:--Liability for personal income or self-employment taxes of owner or partners shall not be entered in the books of the utility, although payment of such taxes may be charged as withdrawals to proprietary capital.

BALANCE SHEET ACCOUNTS

237. Accrued Interest

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

241. Miscellaneous Current and Accrued Liabilities

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

252. Advances for Construction

This account shall include advances by or in behalf of customers for construction which are to be refunded either wholly or in part. When a person is refunded the entire amount to which he is entitled according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be transferred to account 271 - Contributions in Aid of Construction.

253. Other Deferred Credits

This account shall include, gains on disposition of property, net of income taxes, deferred by authorization of the Commission, advance billings and receipts and other deferred credit items, not provided elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

255. Accumulated Deferred Investment Tax Credits

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 412.11 - Investment Tax Credits Restored to Operating Income, Utility Operations 412.20 - Investment Tax Credits - Net, Nonutility Operations, and account 412.30 - Investment Tax Credits Restored to Nonoperating Income, Utility Operations, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 412.11 credited with a proportionate amount determined in relation to the book depreciable life of all utility

BALANCE SHEET ACCOUNTS

property or utility property to which the tax credits relate or such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not passed on to customers, the proportionate restorations to income shall be credited to account 412.30.

C. Subdivisions of this account by department shall be maintained for deferred investment tax credits that are related to nonutility or other operations. Contra entries affecting such account subdivisions shall be appropriately recorded. Use of deferral or nondeferral accounting procedures adopted for nonutility or other operations are to be followed on a consistent basis.

D. Separate records for each utility department, and nonutility or other operations shall be maintained identifying the properties giving rise to the investment tax credits for each year with the appropriate service life of such properties and any unused balances of such credits. Such records are not necessary unless the tax credits are deferred.

265. Miscellaneous Operating Reserves

A. This account shall include all operating reserves maintained by the utility.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

271. Contributions in Aid of Construction

A. This account shall include:

1. Any amount or item of money, services or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public.

2. Amounts transferred from account 252 - Advances for Construction, representing unrefunded balances of expired contracts or discounts resulting from termination of contracts in accordance with the Commission's rules and regulations.

3. Compensation received from governmental agencies and others for relocation of water mains or other plants.

BALANCE SHEET ACCOUNTS

4) Any amount of money received by a utility, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility and which is utilized to offset the federal, state or local income tax effect of taxable contributions in aid of construction, taxable amounts transferred from Account 252 - Advances for Construction, and taxable compensation received from governmental agencies and others for relocation of water mains or other plants shall be reflected in a sub-account of this account.

B. The credits to this account shall not be transferred to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others, and the amount applicable to each utility department.

Note:--There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part (See account 252 - Advances for Construction).

272. Accumulated Amortization of Contributions in Aid of Construction

A. This account shall reflect the amortization accumulated on account 271 - Contributions in Aid of Construction, if recognized by the Commission.

B. Specifically, balances in account 271 which represent contributions of depreciable plant shall be amortized by charges to this account over a period equal to the estimated service life of the related contributed asset. A group or overall composite rate may be used for contributed balances that cannot be directly related to a plant asset.

C. The concurrent credit for the amortization recorded in this account shall be made to account 403 - Depreciation Expense.

D. If a regulatory body allows the amortization of any portion of the monies collected to pay the tax obligation caused by the receipt of CIAC, such amortization shall also be reflected in a sub-account of this account. Specifically, balances in account 271 which represent monies collected for the gross-up of CIAC (See Definition 7.) shall be amortized by charges to this account over a period determined by the regulatory body.

BALANCE SHEET ACCOUNTS

Accumulated Deferred Income Taxes

Before using the deferred tax accounts provided below, refer to Accounting Instruction 7 (B) and (C). Interperiod Income Tax Allocation - Depreciation and Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation.

Public utilities shall use the accounts provided below for prior accumulations of deferred taxes on income for additional provisions. Prior to any use of these accounts, the utility must file with the Commission, for the purpose of obtaining authorization, its proposed plan of accounting for deferred taxes on income. The utility shall not use these accounts unless such use has been authorized by the Commission. If deferred tax accounting is initiated with respect to any property such accounting shall not be discontinued on that property without prior approval of the Commission.

The utility is restricted in its use of these accounts to the purposes set forth therein. It shall not make any transfers from these accounts or make any use thereof except as provided in the text of the accounts without prior approval of the Commission. It shall not transfer the balance in these accounts or any portion thereof to retained earnings except as provided in the text of this account without prior approval of the Commission.

Upon the disposition by sale, exchange, transfer, abandonment, or premature retirement of plant on which there is a related balance in these accounts, the deferred tax account shall be debited with an amount equal to the related income tax expense, if any, arising from such disposition and account 411 - Provision for Deferred Income Taxes-Credit, shall be credited. When the remaining balance, after consideration of any related income tax expenses, is not significant, the deferred tax account shall be debited and account 411 credited with such balance. If after consideration of any related income tax expense, and the remaining amount is significant, then the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of account is granted. When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in the deferred tax account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in the deferred tax account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

Note:--Public utilities having more than one utility department and/or nonutility property and which have deferred taxes on income with respect thereto shall classify such deferrals in the accounts provided elsewhere so as to allow ready identification of items

BALANCE SHEET ACCOUNTS

relating to each utility department and to Other Income and Deductions.

281. Accumulated Deferred Income Taxes - Accelerated Amortization

A. This account shall include tax deferral resulting from adoption of the principles of Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation described in Accounting Instruction 6 (c) of this system of accounts that relate to property for which the utility have availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenues and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or 411.20 - Provision for Deferred Income Taxes-Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenues and expenses transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit. The underlying calculations to segregate and associate deferred tax amounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

282. Accumulated Deferred Income Taxes - Liberalized Depreciation

A. This account shall include all credit tax deferrals resulting from adoption of the principles of comprehensive interperiod income tax allocation described in Accounting Instruction 7 of this system of accounts other than those deferrals which are includible in accounts 281 - Accumulated Deferred Income Taxes - Accelerated Amortization, and account 283 - Accumulated Deferred Income Taxes - Other.

BALANCE SHEET ACCOUNTS

B. This account shall be credited and accounts 410.10 Deferred Income Taxes, or 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit. The underlying calculations to segregate and associate deferred tax accounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

283. Accumulated Deferred Income Taxes - Other

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in Accounting Instruction 7 of this system of accounts other than those deferrals which are includible in accounts 281 - Accumulated Deferred Income Taxes - Accelerated Amortization, and 282 - Accumulated Deferred Income Taxes - Liberalized Depreciation.

B. This account shall be credited and account 410 - Provision for Deferred Income Taxes, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income or 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences

BALANCE SHEET ACCOUNTS

between the periods in which revenues and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. For ratemaking purposes, the balance in accounts 281, 282, and 283 - Accumulated Deferred Income Taxes - Accelerated Amortization, Liberalized Depreciation, and Other, net of any balance in account 190 - Accumulated Deferred Income Taxes, shall either be deducted from rate base by all companies having a net credit balance of deferred taxes or shall be included in capital structure as zero cost funds. The treatment shall be determined by the regulatory body having jurisdiction over the regulated operations of the utility. Where regulated operations are subject to the jurisdiction of more than one regulatory body, each regulatory body shall establish the ratemaking treatment of those deferrals related to operations under its jurisdiction.

WATER UTILITY PLANT ACCOUNTS

Amortizable

- 301. Organization
- 302. Franchises

Nondepreciable

- 303. Land and Land Rights

Depreciable

- 304. Structures and Improvements
- 305. Collecting and Impounding Reservoirs
- 306. Lake, River and Other Intakes
- 307. Wells and Springs
- 309. Supply Mains
- 310. Power Generation Equipment
- 311. Pumping Equipment
- 320. Water Treatment Equipment
- 330. Distribution Reservoirs and Standpipes
- 331. Transmission and Distribution Mains
- 333. Services
- 334. Meters and Meter Installations
- 336. Backflow Prevention Devices
- 335. Hydrants
- 339. Other Plant and Miscellaneous Equipment
- 340. Office Furniture and Equipment
- 341. Transportation Equipment
- 343. Tools, Shop and Garage Equipment
- 345. Power Operated Equipment
- 348. Other Tangible Plant

WATER UTILITY PLANT ACCOUNTS

301. Organization

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership or other enterprise and putting it into readiness to do business. A sample of items to be included in this account are listed below.

1. Actual cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

302. Franchises

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises or certificates of permission and approval.

B. This account shall not include any expenses incurred in connection with the authorization or sale of securities, or discounts on securities issued.

C. This account shall not include any sum for franchises or certificates in excess of the amounts actually paid to the state or political subdivision, and necessary and reasonable expenses incident to obtaining such franchises or certificates.

D. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426 - Miscellaneous Nonutility Expenses, or to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, as appropriate.

303. Land and Land Rights

This account shall include the cost of land, rights-of-way and easement used in water operations.

304. Structures and Improvements

This account shall include cost in place of structures and improvements used in connection with source of supply, pumping, water treatment, transmission and distribution and general plant. A sample of items to be included in this account are listed below:

Items

WATER UTILITY PLANT ACCOUNTS

1. Yard paving and fencing.
2. Pump houses and storage sheds.
3. Grading and clearing.
4. Meter testing shops.
5. Landscaping, sidewalks.
6. Roadways paved, concrete, etc.).
7. Buildings.
8. Plant metering.

305. Collecting and Impounding Reservoirs

This account shall include the cost in place of structures and improvements used for impounding, collecting and storing water in the source of supply system. A sample of items to be included in this account are listed below:

Items

- | | |
|-----------------|----------------------------|
| 1. Clearing. | 5. Landscaping. |
| 2. Dams. | 6. Retaining walls. |
| 3. Embankments. | 7. Roads. |
| 4. Fences. | 8. Spillways and channels. |

306. Lake, River and Other Intakes

This account shall include the cost installed of lake, river and other intakes used as a source of water supply. A sample of items to be included in this account are listed below:

Items

- | | |
|-----------------|------------------|
| 1. Conduits. | 4. Intake pipes. |
| 2. Fences. | 5. Intake wells. |
| 3. Gate houses. | |

307. Wells and Springs

This account shall include the cost installed of wells and springs used as a source of water supply. A sample of items to be included in this account are listed below:

Items

- | | |
|----------------------|---|
| 1. Clearing. | 4. Landscaping. |
| 2. Collecting pipes. | 5. Springs and appurtenances. |
| 3. Fences. | 6. Wells, casings and
and appurtenances. |

WATER UTILITY PLANT ACCOUNTS

309. Supply Mains

This account shall include the cost installed of supply mains, pipes, aqueducts and canals and their appurtenances. A sample of items to be included in this account are listed below:

Items

- | | |
|--|--|
| 1. Manholes. | 5. Mains |
| 2. Municipal inspection or permits. | 6. Main Installation. |
| 3. Reconstruction of pavement disturbed. | 7. Valves, valve vaults and appurtenances. |
| 4. Master Meters. | |

310. Power Generation Equipment

This account shall include the cost installed of any equipment used for the production of power principally used in pumping operations.

311. Pumping Equipment

This account shall include the cost of electric, gas, gasoline, or other types of pumping equipment. A sample of items to be included in this account are listed below:

Items

- | | |
|--------------|---|
| 1. Engines. | 5. Pressure regulating and recording instruments. |
| 2. Motors. | 6. Electric power lines. |
| 3. Turbines. | 7. Switching equipment. |
| 4. Pumps. | |

320. Water Treatment Equipment

This account shall include the cost of equipment used in treatment of water. A sample of items to be included in this account are listed below:

- | | |
|----------------------------|-------------------------------|
| 1. Softening equipment. | 6. Filtering equipment. |
| 2. Chlorination equipment. | 7. Purification equipment. |
| 3. Sand traps. | 8. Fluoridation equipment. |
| 4. Settling basins. | 9. Reverse osmosis membranes. |
| 5. Disinfection equipment. | |

330. Distribution Reservoirs and Standpipes

A, This account shall include the cost of reservoirs, storage tanks, hydropneumatic tanks and standpipes used in storing water for distribution.

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B. The account shall be segregated so as to show separately the cost of each major facility or installation.

331. Transmission and Distribution Mains

This account shall include the cost installed of water mains, including valves, fittings, shut-offs, etc., between the water source and customer's service. This account shall also include the cost installed of fire mains.

333. Services

This account shall include the cost installed of service pipes leading from the water main to the customers' premises.

334. Meters and Meter Installations

A. This account shall include the cost of meters, devices and appurtenances attached thereto, used for measuring the quantity of water delivered to users, whether actually in service or held in reserve. It shall also include the cost of labor employed, materials used and expenses incurred in connection with the original installation of a customer's meters and devices and appurtenances attached thereto.

B. Records shall be kept to show the number of meters of each type and size in service or held on stock, and their location.

C. A sample of items to be included in this account are listed below:

Items

- | | |
|-----------------|------------------------|
| 1. Meters. | 4. Stops. |
| 2. Meter boxes. | 5. Installation labor. |
| 3. Yokes. | |

Note:--The cost of "master meters" used to measure the quantity of water produced or delivered into the system shall be entered in account 309 - Supply Mains.

335. Hydrants

This account shall include the cost installed of hydrants owned by the utility.

Note:--A hydrant begins at and includes the fittings at the connection with the main.

WATER UTILITY PLANT ACCOUNTS

336. Backflow Prevention Devices

A. This account shall include the cost of backflow prevention devices, and attached appurtenances, used for preventing the backflow of water, whether actually in service or held in reserve. It shall also include the cost of labor employed, materials used and expenses incurred in connection with the original installation of a customer's backflow prevention device and appurtenances attached thereto unless done in conjunction with a meter installation.

B. When a backflow prevention device is permanently retired from service, the amount at which it is included herein shall be credited to this account.

C. The records covering backflow prevention devices shall be so kept that the utility can furnish information as to the number of backflow prevention devices of each type and size in service and in reserve as well as the location of each backflow prevention device included in this account.

339. Other Plant and Miscellaneous Equipment

This account shall include the cost installed of all other intangible, source of supply and pumping, water treatment and transmission and distribution plant not provided for in the preceding accounts.

340. Office Furniture and Equipment

This account shall include the cost of office furniture and equipment owned and used by the utility. A sample of items to be included in this account are listed below:

Items

- | | |
|-----------------------------|--------------------------------|
| 1. Adding machines. | 6. Postage meter machines. |
| 2. Addressing machines. | 7. Desks, typewriters. |
| 3. Calculating machines. | 8. Filing cabinets. |
| 4. Drafting room equipment. | 9. Book cases, tables, chairs. |
| 5. Computers. | |

341. Transportation Equipment

A. This account shall include the cost of trucks, automobiles and trailers owned and used by the utility.

B. Records shall be maintained to show the cost of each vehicle.

WATER UTILITY PLANT ACCOUNTS

343. Tools, Shop and Garage Equipment

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

345. Power Operated Equipment

This account shall include the cost of power operated equipment used in construction of repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted. A sample of items to be included in this account are listed below:

Items

- | | |
|---------------------------|---------------|
| 1. Air compressors. | 3. Tractors. |
| 2. Back filling machines. | 4. Trenchers. |

Note:--It is intended that this account include only such large units as are generally self-propelled or mounted on moveable equipment.

348. Other Tangible Plant

This account shall include the cost of tangible utility plant not provided for elsewhere.

INCOME ACCOUNTS

Utility Operating Income

- 400. Operating Revenues
- 401. Operating Expenses
- 403. Depreciation Expense
- 406. Amortization of Utility Plant Acquisition Adjustment
- 407. Amortization Expense - Other
- 408. Taxes Other Than Income
- 409. Income Taxes
 - 409.10 Federal Income Taxes, Utility Operating Income
- 410. Provision for Deferred Income Taxes
 - 410.10 Deferred Income Taxes
- 411. Provision for Deferred Income Taxes - Credit
 - 411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income
- 412. Investment Tax Credits
 - 412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations
 - 412.11 Investment Tax Credits Restored to Operating Income, Utility Operations

Other Income and Deductions

- 419. Interest and Dividend Income
- 420. Allowance for Funds Used During Construction
- 421. Nonutility Income
- 426. Miscellaneous Nonutility Expenses
- 427. Interest Expense

Taxes Applicable to Other Income and Deductions

- 408. Taxes Other Than Income
- 409. Income Taxes
 - 409.20 Income Taxes, Other Income and Deductions
- 410. Provision for Deferred Income Taxes
 - 410.20 Provision for Deferred Income Taxes, Other Income and Deductions
- 411. Provision For Deferred Income Taxes - Credit
 - 411.20 Provision for Deferred Income Taxes - Credit, Other Income and Deductions
- 412. Investment Tax Credits
 - 412.20 Investment Tax Credits - Net, Nonutility Operations
 - 412.30 Investment Tax Credits Restored to Nonoperating Income, Utility Operations

INCOME ACCOUNTS

Operating Income

400. Operating Revenues

This is the revenue control account which totals the accounts credited to revenue accounts 460 through 474 for water systems.

401. Operating Expenses

This is the operating expense control account which totals the amounts charged to operating expense accounts 601 through 675 for water systems.

403. Depreciation Expenses

A. This account shall be charged with depreciation credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant In Service and credited with amortization debited to account 272 - Accumulated Amortization of Contributions in Aid of Construction. Depreciation shall be accrued on a straight-line remaining life basis or straight-line basis, as required by the Commission. A single composite depreciation rate may be used if approval from the Commission is obtained.

Note A:--See Accounting Instruction 4, for more detailed instructions on depreciation accounting.

B. Depreciation for property not used in water operations is charged to account 426 - Miscellaneous Nonutility Expense, and is credited to account 122 - Accumulated Depreciation and Amortization of Nonutility Property.

406. Amortization of Utility Plant Acquisition Adjustments

This account shall be debited or credited, as the case may be, only upon the approval of the governing regulatory authority, for the purpose of providing for the extinguishment of the amount in account 114 - Utility Plant Acquisition Adjustments.

407. Amortization Expense - Other

This account shall include amortization debits or credits, which relate to utility operations and are not provided for elsewhere.

408. Taxes Other Than Income

A. These accounts shall include the amount of ad valorem, gross revenue or gross receipts taxes, regulatory agency general assessments for purposes of public utility regulation, state unemployment insurance, franchise taxes, federal excise taxes,

INCOME ACCOUNTS

social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236 - Accrued Taxes, or account 174 - Miscellaneous Current and Accrued Assets, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

Note A:--Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note B:--Taxes specifically applicable to construction shall be included in the cost of construction.

Note C:--Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

Note D:--Social security and other forms of payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant account.

Note E:--Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419 - Interest and Dividend Income, or 427 - Interest Expense.

409. Income Taxes

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236 - Accrued Taxes, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges

INCOME ACCOUNTS

or credits to these accounts unless such adjustments are properly included in account 215 - Retained Earnings, so that these accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for local, state and federal income taxes shall be apportioned to Utility Operating Income (by department/division), Other Income and Deductions and Extraordinary Items so that, as nearly as practicable, each tax included in the expenses of the utility department, Other Income and Deductions or Extraordinary Items, shall be related to the income which gave rise to the tax. The income tax effect of amounts recorded in account 215 - Retained Earnings, shall be recorded in that account. The tax effects relating to interest charges, other than interest specifically applicable to indebtedness on property in account 121 shall be included in account 409.10 - Income Taxes, Utility Operating Income.

C. This account shall be maintained according to the subaccounts 409.10 and 409.20, as shown below.

Note A:--Taxes assumed by the utility on interest shall be charged to account 427 - Interest Expense.

Note B:--Interest on tax refunds or deficiencies shall not be included in this account but in account 419 - Interest and Dividend Income, or account 427 - Interest Expense, as appropriate.

Note C:--See Accounting Instruction 7.

409.10 Income Taxes, Utility Operating Income

This account shall include the amount of those federal, state, and local income taxes reflected in account 409 - Income Taxes, which relate to utility operating income after interest charges and other tax adjustments. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department/division), Utility Plant Leased to Others and Other Utility Operating Income.

409.20 Income Taxes, Other Income and Deductions

This account shall include those local, state, and federal income taxes reflected in account 409 - Income Taxes, (both positive and negative), which relate to Other Income and Deductions.

410. Provision for Deferred Income Taxes

A. Accounts 410.10, and 410.20 shall be debited and accounts 281, 282, or 283 Accumulated Deferred Income Taxes - Accelerated

INCOME ACCOUNTS

Amortization, Liberalized Depreciation, or Other, shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282, and 283. No credit amounts appropriately includible in account 411.10 or 411.20 shall be netted against entries required to be made to these accounts.

B. This account shall be maintained according to the subaccounts 410.10, and 410.20 inclusive, as shown below.

Note:--See Accounting Instruction 7.

410.10 Deferred Income Taxes

This account shall include the amounts of those deferrals of federal, state, and local income taxes and allocations of deferred federal income taxes which relate to Utility Operating Income (by department/division).

410.20 Provision for Deferred Income Taxes, Other Income and Deductions

This account shall include the amount of those deferred federal, state and local income taxes reflected in account 410 - Provision for Deferred Income Taxes, which relate to Other Income and Deductions.

411. Provision for Deferred Income Taxes - Credit

A. Accounts 411.10 and 412.20 shall be credited, and accounts 281, 282, or 283, Accumulated Deferred Income Taxes - Accelerated Amortization, Liberalized Depreciation or Other, shall be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. No debit amounts appropriately includible in account 410.10, or 410.20 shall be netted against entries required to be made to these accounts.

411.10 Provision For Deferred Income Taxes - Credit, Utility, Operating Income

This account shall include the amounts of those allocations of deferred federal, state and local income taxes and deferrals of federal, state and local income taxes, credit which relate to Utility Operating Income (by department/division).

INCOME ACCOUNTS

411.20 Provision For Deferred Income Taxes - Credit, Other Income and Deductions

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

412. Investment Tax Credits

A. This account shall be debited with the total amount of investment tax credits used in calculating the reported current year's income taxes payable.

Account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with an equal amount of investment tax credits debited to this account. Investment tax credits related to property used in utility operations shall be debited to subaccount 412.10 - Investment Tax Credits Deferred to Future Periods, Utility Operations. Those investment tax credits related to property used in nonutility operations shall be debited to account 412.20 - Investment Tax Credits - Net, Nonutility Operations.

B. A company which has deferred its investment tax credits shall amortize these deferred credit amounts by crediting this account and debiting account 255 - Accumulated Deferred Investment Tax credits. Such annual amortization shall be allocated proportionately over the service lives of all assets or of the assets generating the credits. The proportional amounts shall be determined in relation to the method of depreciation actually used on the regulated books of account.

(1) In amortizing the deferred investment tax credits related to property used in utility operations, the annual proportional amount credited to account 412 - Investment Tax Credits may or may not be passed on to customers in accordance with the Internal Revenue Code section applicable to the company. Where the company is subject to Section 46 (f) (2) of the code which provides a "Special rule for ratable flow-through" or Option 2 treatment, the annual proportional amortization is to be credited to subaccount 412.11 - Investment Tax Credits Restored to Operating Income, Utility Operations. Where the company is subject to Code Section 46 (f) (1), which is the "General Rule" or Option 1 treatment, the annual proportional amortization shall be credited to subaccount 412.30 - Investment Tax Credits Restored to Nonoperating Income, Utility Operations.

(2) In amortizing the deferred investment tax credits related to property used in nonutility operations, the annual amount shall be credited to subaccount 412.20, Investment Tax Credits - Net, Nonutility Operations.

INCOME ACCOUNTS

C. This account shall be maintained so that the debits and credits relating to each allowable percentage of credit, i.e., 3%, 4%, 6%, 7%, 8%, 10%, etc., may be readily identified.

D. This account shall be maintained so that the debits and credits relating to each utility department/division and each nonutility operation may be readily identified.

E. This account shall be maintained according to subaccounts 412.10, 412.11, 412.20 and 412.30 as shown below.

412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations

This account shall be debited and account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with the amounts of realized investment tax credits deferred to future periods related to property used in utility operations (department/division).

412.11 Investment Tax Credits Restored to Operating Income, Utility Operations

This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits, shall be debited with the proportionate amounts of deferred investment tax credits related to property used in utility operations being restored to operating income in accordance with the "Special Rule for Ratable Flow-through" or Option 2 treatment as provided in the Revenue Act of 1971, the Tax Reduction Act of 1975 or the Economic Recovery Tax Act of 1981.

412.20 Investment Tax Credits - Net, Nonutility Operations

A. This account shall be debited and account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with the amounts of realized investment tax credits deferred to future periods which relate to property used in nonutility operations.

B. This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits shall be debited with the proportionate amounts of deferred investment tax credits related to property used in nonutility operations being restored to nonoperating income.

INCOME ACCOUNTS

412.30 Investment Tax Credits Restored to Nonoperating Income, Utility Operations

This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits shall be debited with the proportionate amounts of deferred investment tax credits related to property used in utility operations being restored to nonoperating income in accordance with the "General Rule" or Option 1 as provided by the Revenue Act of 1971, the Tax Reduction Act of 1975 and the Economic Recovery Tax Act of 1981.

Other Income and Deductions

419. Interest and Dividend Income

This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest bearing assets and dividends on stocks of other companies, whether the securities are carried as investments or included in sinking or other special funds accounts.

420. Allowance for Funds Used During Construction

This account shall include concurrent credits for allowance for funds used during construction based upon the net cost of funds used for construction purposes and a reasonable rate upon other funds when so used. Appropriate regulatory approval shall be obtained for "a reasonable rate".

421. Nonutility Income

In this account is entered all income not includible in operating revenue accounts 460 through 474 or in account 419 - Interest and Dividend Income. Items in this account shall include:

1. Gross income from nonutility operations;
2. Net gain on sale of nonutility property; and
3. Revenues from merchandising, jobbing and contract work.

426. Miscellaneous Nonutility Expenses

This account shall contain all expenses other than expenses of utility operations and interest expense. Items which are included in this account are:

1. Expenses disallowed in a proceeding before the Commission.
2. Amortization of an Acquisition Adjustment not approved by the Commission.

INCOME ACCOUNTS

3. Depreciation associated with plant not used and useful in the public service.
4. Depreciation of Nonutility Plant.
5. Imprudent expenses.
6. Donations for charitable, social or community welfare purposes.
7. Life insurance on officers and employees where utility is beneficiary (net premiums less increase in cash surrender value of policies).
8. Penalties or fines for violations of statutes pertaining to regulation.
9. Expenditures for the purpose of:
 - a. Influencing public opinion with respect to the election or appointment of public officials, or the adoption, repeal, revocation or modification of referenda, legislation or ordinances.
 - b. Influencing public opinion with respect to obtaining approval, modification or revocation of franchises.
 - c. Influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the utility's existing or proposed operations.
10. Loss relating to investments in securities written-off or written-down.
11. Loss on sale of investments.
12. Loss on reacquisition, resale or retirement of utility's debt securities.
13. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
14. Golf club dues, social club dues and service club dues (Kiwanis, Rotary, etc.) house charges and items of a similar nature whether such expenditures are made directly by the utility or indirectly by payment or reimbursement to associated companies, officers, or other employees, or by any other direct or indirect means.
15. Costs and expenses of merchandising, jobbing, and contract work.

427. Interest Expense

This account shall be charged all interest expense of the utility. The contra credit to entries in this account shall be charged to account 237 - Accrued Interest.

WATER OPERATING REVENUE ACCOUNTS

Water Sales

- 460. Unmetered Water Revenue
 - 460.1 Unmetered Sales to Residential Customers
 - 460.2 Unmetered Sales to Commercial Customers
 - 460.3 Unmetered Sales to Industrial Customers
 - 460.4 Unmetered Sales to Public Authorities
 - 460.5 Unmetered Sales to Multiple Family Dwellings
 - 460.6 Unmetered Sales - Other
- 461. Metered Water Revenue
 - 461.1 Metered Sales to Residential Customers
 - 461.2 Metered Sales to Commercial Customers
 - 461.3 Metered Sales to Industrial Customers
 - 461.4 Metered Sales to Public Authorities
 - 461.5 Metered Sales to Multiple Family Dwellings
- 462. Fire Protection Revenue
- 465. Sales to Irrigation Customers
- 466. Sales for Resale

Other Water Revenues

- 469. Guaranteed Revenues
- 474. Other Water Revenues

WATER OPERATING REVENUE ACCOUNTS

Water Sales

460. Unmetered Water Revenue

A. This account shall include the net billing for water supplied for residential, commercial and industrial (except irrigation) purposes where the charge is not dependant in any way on the quantity of water delivered but is based on diameter of service pipe, room, foot of frontage or other similar unit.

B. Records shall be maintained so that the estimated quantity of water sold and the amount of revenue under each rate schedule shall be readily available.

C. This account shall be subdivided as follows:

- 460.1 Unmetered Sales to Residential Customers
- 460.2 Unmetered Sales to Commercial Customers
- 460.3 Unmetered Sales to Industrial Customers
- 460.4 Unmetered Sales to Public Authorities
- 460.5 Unmetered Sales to Multiple Family Dwellings
- 460.6 Unmetered Sales - Other

461. Metered Water Revenue

A. This account shall include the net billing for measured water supplied for residential, commercial or industrial (except irrigation) purposes where the total charge is, or may be, in any way dependent on the quantity of water delivered.

B. Records shall be maintained so that the quantity of water sold and the amount of revenue under each rate schedule shall be readily available.

C. This account shall be subdivided at least as follows:

- 461.1 Metered Sales to Residential Customers
- 461.2 Metered Sales to Commercial Customers
- 461.3 Metered Sales to Industrial Customers
- 461.4 Metered Sales to Public Authorities
- 461.5 Metered Sales to Multiple Family Dwellings

Note:--This account includes all revenues under service classifications which consist of a rate for a specified diameter of service pipe, or per meter, fixture, room, foot of frontage, or other similar unit, plus an additional charge or an adjustment dependent upon the quantity of water delivered.

WATER OPERATING REVENUE ACCOUNTS

462. Fire Protection Revenue

Include herein all revenue from public agencies and others for hydrant charges, private fire protection service, street sprinkling, sewer flushing and similar sources.

465. Sales to Irrigation Customers

A. This account shall include the net billing for water supplied for commercial irrigation purposes, under distinct irrigation rates, billed under either metered or flat rate tariff schedules.

B. Records shall be maintained so that the quantity (estimated if not metered) of water sold and the amount of revenue under each rate schedule shall be readily available.

466. Sales for Resale

A. This account shall include the net billing for water supplied (including stand-by service) to other water utilities or to public authorities for resale purposes.

B. Records shall be maintained so that the quantity (estimated if not metered) of water sold and the amount of revenue under each rate schedule shall be readily available.

Note:--Where the contract is reciprocal, i.e., where either party thereto may take water from the other, the total amount receivable for water supplied to the other party shall be included herein and the total amount payable for water received from the other party shall be charged to account 610 - Purchased Water.

Other Water Revenues

469. Guaranteed Revenues

This account shall be credited with revenue received from developers or other persons for a period of time prior to water service being established. Normally, this type of revenue is usually received to reserve or guarantee the availability of plant capacity when needed.

474. Other Water Revenues

This account shall include revenues derived from water operations not includible in any of the preceding accounts.

WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

- 601. Salaries and Wages - Employees
- 603. Salaries and Wages - Officers, Directors and Majority
Stockholders
- 604. Employee Pensions and Benefits
- 610. Purchased Water
- 615. Purchased Power
- 616. Fuel for Power Production
- 618. Chemicals
- 620. Materials and Supplies
- 630. Contractual Services - Billing
- 631. Contractual Services - Professional
- 635. Contractual Services - Testing
- 636. Contractual Services - Other
- 640. Rents
- 650. Transportation Expenses
- 655. Insurance Expense
- 665. Regulatory commission Expenses
- 670. Bad Debt Expense
- 675. Miscellaneous Expenses

WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

601. Salaries and Wages - Employees

This account shall include the compensation (salaries, bonuses and other consideration of services) paid or accrued to employees of the utility company for work related to operation and maintenance of that utility company. This account shall not include the salaries and wages of officers, directors or majority stockholders of the utility company.

603. Salaries and Wages - Officers, Directors and Majority Stockholders

This account shall include the compensation (salaries, bonuses and other consideration for services) paid or accrued to officers, directors or majority stockholders of the utility company.

604. Employee Pensions and Benefits

This account shall include all accruals under employee pension plans to which the utility has irrevocably committed such funds, and payments for employee accident, sickness, hospital and death benefits or insurance therefor. Include also expenses for medical, educational or recreational activities of employees.

610. Purchased Water

A. This account shall include the cost at the point of delivery of water purchased for resale.

B. The records supporting this account shall be so kept as to show for each supplier from which water is purchased, point of delivery, quantity purchased, basis of charges, and the cost of water purchased.

615. Purchased Power

This account shall include the cost of all electric power expense incurred by the utility.

616. Fuel For Power Production

A. This account shall include the cost of fuel used in the production of power to operate the pumps. Records shall be maintained to show the quantity and cost of each type of fuel used.

B. The cost of fuel shall be charged initially to appropriate fuel accounts under account 151 - Plant Materials and Supplies, and cleared to this account on the basis of the fuel used.

WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

618. Chemicals

This account shall include the cost of all chemicals used in the treatment of water. Include also the cost (except salaries and wages includible in accounts 600 - 603) of any chemicals manufactured by the utility and used to provide water services.

620. Materials and Supplies

This account shall include all materials and supplies used in the operation and maintenance of the water system, other than materials and supplies charged to account 636 - Contractual Services - Other.

630. Contractual Services - Billing

This account shall include the costs associated with billing customers for water service if such work is not performed by employees of the utility.

631. Contractual Services - Professional

This account shall include the cost of accounting, legal and engineering if such work is not performed by employees of the utility.

635. Contractual Services - Testing

This account shall include costs paid to outside laboratories for testing.

636. Contractual Service - Other

This account shall include the cost of operation and maintenance work not performed by utility employees. This account shall also include the cost of management and data processing if such work is not performed by employees of the utility.

640. Rents

This account shall include those costs associated with the rental of buildings, real property and equipment, except for the rental of automobiles and trucks which shall be included in account 650 - Transportation Expense.

650. Transportation Expenses

This account shall include all truck, automobile, construction equipment, and other vehicle expense chargeable to utility operations, except depreciation and insurance.

WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

655. Insurance Expense

This account shall include all insurance costs applicable to the accounting period, including workman's compensation, liability, vehicle, fire and theft or robbery insurance.

Note A:--Insurance dividends and refunds shall be credited to this account.

Note B:--The cost of policies extending over a period of more than one year shall be prorated over the period of coverage. Prepaid insurance shall be charged to account 174 - Miscellaneous Current and Accrued Assets.

665. Regulatory Commission Expenses

This account shall include all expenses (except salaries of regular utility employees) incurred by the utility in connection with formal cases before regulatory commissions. This account shall not include payment of taxes which shall be reported in the taxes other than income account.

670. Bad Debt Expense

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 143.

675. Miscellaneous Expenses

This account shall include all expenses not includible in other operating expenses accounts.

Items

1. Industry association dues for company memberships.
2. Contributions for conventions and meetings of the industry.
3. Communication service not chargeable to other accounts.
4. Trustee, registrar, and transfer agent fees and expenses.
5. Stockholders meeting expenses.
6. Dividend and other financial notices.
7. Printing and mailing dividend checks.
8. Director's fees and expenses.
9. Publishing and distributing annual reports to stockholders.
10. Public notices of financial, operating and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisition of property.

WATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

11. Write off of expenditures for preliminary surveys, plans, investigations, etc., included in account 183 - Preliminary Survey and Investigation Charges, relative to projects which have been abandoned.

**UNIFORM SYSTEM OF ACCOUNTS
FOR CLASS C
WASTEWATER UTILITIES**

1996



**NATIONAL ASSOCIATION OF
REGULATORY UTILITY COMMISSIONERS**

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NATIONAL ASSOCIATION
OF
REGULATORY UTILITY
COMMISSIONERS

1996
Uniform System of Accounts
For
Class C
Wastewater Utilities

Pursuant to action by the National Association of Regulatory Utility Commissioners, this System of Accounts is recommended to the Commissions represented in the membership of this Association for consideration and for adoption in their respective jurisdictions with such modifications only as they may deem necessary in the public interest.

PREFACE

The 1996 Water and Wastewater Uniform systems of Accounts were proposed by the Subcommittee on Accounts of the Committee on Finance and Technology of the National Association of Regulatory Utility Commissioners (NARUC). The NARUC Executive Committee unanimously approved these uniform systems of accounts at its Summer Committee Meeting held in Los Angeles, California, July 22-25, 1996. We would like to express our appreciation to Marshall Willis of the Florida Public Service Commission for his participation in this project and the many hours he spent rewriting these uniform systems of accounts.

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DEFINITIONS

When used in this system of accounts:

1. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.
2. "Commission", unless otherwise indicated by the context, means the commission prescribing this system of accounts.
3. "Composite depreciation rate" is a percentage based on the weighted average service life of a number of units of plant, each of which may have a different individual life expectancy. Composite depreciation rates may be determined for (a) a single depreciable plant account, (b) a single rate for several depreciable accounts or (c) a single composite rate may be determined for all depreciable plant of the utility.
4. "Cost" means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.
5. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.
6. "Depreciation", as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.
7. "Gross-up of contributions in aid of construction" is the method by which a utility extracts, from developers or others, a sum of money sufficient to pay all or a portion of the tax obligation due to the change in the federal tax law in 1987 which resulted in contributions made to utilities in aid of construction (CIAC) being considered ordinary income instead of contributions of capital. Because the sum extracted to pay the tax is also considered income subject to tax, the term tax-on-tax has been used to describe the additional sum of money that must be extracted in order to pay the tax on the initial amount.

Common gross-up methods are the full gross-up method and the net present value method. Under the full gross-up method, a sum sufficient to meet the full tax obligation, including the tax-on-tax, is extracted. Under the net present value method, the sum

DEFINITIONS

extracted is the net present value of the estimated future stream of tax benefits resulting from the depreciation deductions for the contributed asset to be taken on the tax returns of the utility.

8. "Net salvage value" means the salvage value of property retired less the cost of removal.
9. "Original cost", as applied to utility plant, means the cost of such property to the person first devoting it to public service.
10. "Property retired", as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.
11. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.
12. "Service life" means the period between the time of installation of utility plant and the time of its retirement.
13. "Service value" means the difference between the original cost and net salvage value of utility plant.
14. "Straight-line remaining life method", as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. "Remaining life" implies that estimates of future life and salvage will be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.
15. "Straight-line method" as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. Estimates of the service life and salvage will be reexamined periodically and depreciation rates will be corrected to reflect any changes in these estimates.
16. "Utility", as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

ACCOUNTING INSTRUCTIONS

1. General - Classification of Utilities

A. For the purpose of applying the system of accounts prescribed by the Commission, wastewater utilities are divided into three classes, as follows:

Class A - Utilities having annual wastewater operating revenues of \$1,000,000 or more.

Class B - Utilities having annual wastewater operating revenues of \$200,000 or more but less than \$1,000,000.

Class C - Utilities having annual wastewater operating revenues of less than \$200,000.

B. This system of accounts applies to Class C utilities. The system of accounts applicable to Class A and B utilities are issued separately.

C. The class to which any utility belongs shall originally be determined by the average of its annual wastewater operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the average annual wastewater operating revenues for the three immediately preceding years exceed the upper limit or are less than the lower limit, of the annual wastewater operating revenues of the classification previously applicable to the utility. For utility's with both water and wastewater operations, the classification shall be based on the operation with the highest annual revenues.

2. General - Records

A. The books of accounts of all wastewater utilities shall be kept by the double entry method, on an accrual basis. Each utility shall keep its accounts monthly and shall close its books at the end of each calendar year.

B. All books of accounts, together with records and memoranda supporting the entries therein, shall be kept in such a manner as to support fully the facts pertaining to such entries. The books and records referred to herein include not only the accounting records in a limited technical sense, but also all other records, reports, correspondence, invoices, memoranda and information useful in determining the facts regarding a transaction.

C. Utilities may further subdivide any of the accounts provided that such subdivisions do not impair the integrity of the accounts, or they may maintain such additional accounts as are included in the Uniform System of Accounts for Class A or B Utilities.

ACCOUNTING INSTRUCTIONS

3. Utility Plant

All utility plant shall be recorded at original cost (See definition 8).

4. Utility Plant - Capitalization Level

The cost of individual items of equipment of less than \$150 or of short life, including small portable tools and implements, shall not be charged to utility plant accounts. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction unit.

5. Utility Plant - Depreciation

A. Depreciation charges shall be computed using either the straight-line remaining life method (See definition 13) or the straight-line method (See definition 14), according to which method has been approved by the Commission. Composite depreciation rates (See definition 3) may be used with prior Commission approval.

B. When the straight-line remaining life method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the remaining life, the estimated net future salvage, cost of plant in service and to the balance of accumulated depreciation accrued in prior periods.

C. When the straight-line method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the service life, the estimated net salvage, and the cost of plant in service.

D. When an item of plant is retired, account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, shall be charged and the appropriate plant accounts shall be credited with the entire recorded original cost of plant retired regardless of the amount of depreciation which has been accumulated for this particular item of plant, except as provided in paragraph C. Account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, also shall be charged with the costs of removal of retired plant, and shall be credited with the salvage value, sales price or other amounts recovered from plant retired.

E. In rare instances the unexpired early retirement of a major unit of property, which would eliminate or seriously deplete the existing depreciation reserve, may require accounting treatment which differs from that described in paragraph D above. In such instances the Commission may authorize or order the loss on

ACCOUNTING INSTRUCTIONS

retirement (less any tax savings) to be charged to income in the current year or transferred to account 186 - Miscellaneous Deferred Debits, and amortized in future periods. Such accounting treatment shall be used only when specifically authorized or directed by the Commission.

F. It is suggested that all utilities maintain a separate accumulated depreciation subaccount for each depreciable plant account.

6. Utility Plant - Contributions in Aid of Construction

A. Nonrefundable contributions of cash or plant facilities donated to the wastewater utility to assist it in constructing, extending or relocating its wastewater facilities shall be credited to account 271 - Contributions in Aid of Construction (See account 271 for description of items includible in this account).

B. Balances in this account representing contributions of depreciable plant shall be amortized using the contra account 272 - Accumulated Amortization of Contributions in Aid of Construction. The corresponding credit shall be to account 403 - Depreciation Expenses (if amortization is recognized by the Commission).

C. The balance in this account representing contributions of nondepreciable plant shall remain unchanged until such time as the property is sold or otherwise retired. At the time of retirement of nondepreciable contributed plant, its cost shall be credited to the appropriate plant account and charged to account 271.

7. Operating Income - Income Taxes

A. Current income tax provision

1. The utility shall initially debit account 409 - Income Taxes, and credit account 236 - Accrued Taxes, to record its estimated current income tax liability. As the exact amounts of taxes become known, the current tax accruals shall be adjusted by debits or credits to these accounts unless such adjustments are properly includible in account 215 - Retained Earnings, so that this account as nearly as can be ascertained shall include the actual taxes payable by the utility.

2. The accruals for income taxes shall be apportioned among utility departments and to Other Income and Deductions so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or Other Income and Deductions, shall be related to the income which gave rise to the tax. The income tax effect of amounts recorded in account 215 - Retained Earnings, shall be recorded in that amount.

ACCOUNTING INSTRUCTIONS

B. Interperiod Tax Allocation - Depreciation

The Federal Economic Recovery Tax Act of 1981 (ERTA).

ERTA provides that a utility claiming accelerated depreciation (Accelerated Cost Recovery System (ACRS)) must use a normalized method of accounting for federal income taxes on its regulated books of account and for ratemaking purposes. A utility must use the same depreciation method and lives in computing federal income tax expense when establishing cost of service for ratemaking purposes as is used in its regulated books of account, or if it uses a different method, it must make adjustments to a reserve to reflect the deferral of taxes resulting from such differences. Similarly, in order to claim investment tax credits, a utility must defer the entire balance of investment tax credits on its books of account and amortize the balance over the life of the related property.

C. Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation.

1. Certain regulatory bodies have required comprehensive interperiod income tax allocation of all material book-tax timing differences other than depreciation differences. They have reasoned that where there are timing differences between the period in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income, the income tax effects of such transactions are to be recognized in the periods in which the differences between book accounting income and taxable income arise and in the periods in which the differences reverse using the deferred tax method. In general, comprehensive interperiod tax allocation should be followed whenever transactions enter into the determination of pretax accounting income for the period even though some transactions may affect the determination of taxes payable in a different period, as further qualified below.
2. Utilities are not required to utilize comprehensive interperiod income tax allocation until the deferred income taxes are included as an expense in the rate level by the regulatory authority having rate jurisdiction over the utility. Where comprehensive interperiod tax allocation accounting is not practiced, the utility shall include as a note to each financial statement, prepared for public use, a footnote explanation setting forth the utility's accounting policies with respect to interperiod tax allocation and

ACCOUNTING INSTRUCTIONS

describing the treatment for ratemaking purposes of the tax timing difference by regulatory authorities having jurisdiction.

3. Should the utility be subject to more than one agency having rate jurisdiction, its accounts shall appropriately reflect the ratemaking treatment (deferral or flow through) of each jurisdiction.
4. Once comprehensive interperiod tax allocation has been initiated either in whole or in part it shall be practiced on a consistent basis and shall not be changed or discontinued without prior Commission approval.

ACCOUNTING INSTRUCTIONS

EXAMPLE

The following example shows how the various transactions are recorded:

- a. A utility purchases depreciable plant at a cost of \$10,000. The plant has a 10 year life with no salvage.
- b. The utility's federal taxable income from utility operations, before the effect of depreciation is \$30,000 (46% tax rate).
- c. ACRS depreciation for each year is \$800, \$1400, \$1200, \$1000, \$1000, \$1000, \$900, \$900, \$900, \$900.
- d. Book depreciation for each year using half year convention in year placed in service is: \$500, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$1000, \$500.
- e. Investment tax credit is \$800 (\$10,000 x 8%) in order to use 100% of the \$10,000 cost for ACRS depreciation.
- f. Deferred taxes are calculated by subtracting tax depreciation from book depreciation and multiplying by the tax rate. If tax depreciation is greater than book, debit Account 410 and credit Account 282. If book depreciation is greater than tax, debit 282 and credit 410.

	Account Number	Account Title	Debit	Credit
<hr/>				
Year 1				
1-a	409.10	Income Taxes, Utility Operating Income	\$12,632	
	236	Accrued Taxes		\$12,632
		To record taxes estimated to be payable for period (.46(\$30,000 - \$800)) - \$800		
1-b	410.10	Deferred Income Taxes	138	
	282	Accumulated Deferred Income Taxes Liberalized Depreciation		138
		To record deferral of a portion of taxes based on the difference between straight-line depreciation		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	and ACRS depreciation (.46(\$500-\$800)). NOTE:--The deferred tax balance of \$138 would either be deducted from rate base or be included in capital structure at zero cost.		
1-c 412.10	Investment Tax Credits Deferred to Future Periods, Utility Operations	800	
255	Accumulated Deferred Investment Tax Credits		800
	To record the investment tax credits realized and deferred to future years in accordance with provisions of either the "General Rule"/Option 1 Treatment or the "Special Rule for Ratable Flow - through"/Option 2 Treatment (\$10,000 x 8%).		
1-d 255	Accumulated Deferred Investment Tax Credits	40	
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations		40
	To record ratable amortization over the book depreciable life of the investment tax credits deferred to future periods (.50 (\$800 (1/10))). NOTE:--The net balance of deferred investment tax credits (\$800 - \$40) would be either deducted from rate base or included in capital structure at zero cost. This treatment is followed by utilities subject to the "General Rule"/Option 1 Treatment.		
1-e 255	Accumulated Deferred Investment Tax Credits	40	
412.11	Investment Tax Credits Restored to Operating Income, Utility Operations		40
	To record ratable flow-through over the asset's book		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	depreciable life of investment tax credits deferred to future periods (.50(\$800 (1/10))). NOTE:--The net balance of deferred ITC (\$800- \$40) would earn the overall rate of return. This treatment is followed by utilities subject to "Special Rule for Ratable Flow-through"/Option 2 Treatment.		
Year 2			
2-a 409.10	Income Taxes, Utility Operating Income	\$13,156	
236	Accrued Taxes		\$13,156
	To record taxes estimated to be payable for period .46(\$30,000 - \$1,400).		
2-b 410.10	Deferred Income Taxes	184	
282	Accumulated Deferred Income Taxes-Liberalized Depreciation		184
	To record deferral of a portion of taxes based on the difference between straight-line depreciation and ACRS depreciation (.46(\$1000- \$1400)). NOTE:--The cumulative balance of deferred taxes (\$138 + \$184) would be either deducted from rate base or included in capital structure at zero cost.		
2-c 255	Accumulated Deferred Investment Tax Credits	80	
412.30	Investment Tax Credits Restored to Nonoperating Income, Utility Operations		80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
<p>To record ratable amortization over the asset's book depreciable life of the ITC deferred to future periods (\$800 (1/10)). NOTE:--The net balance of deferred ITC (\$800 - (\$40 + \$80)) would be either deducted from rate base or included in capital structure at zero cost. This treatment is followed by utilities subject to the "General Rule"/Option 1 Treatment.</p>			
2-d 255	Accumulated Deferred Investment Tax Credits	80	
412.11	Investment Tax Credits Restored to Operating Income, Utility Operations		80

To record ratable flow-through over the asset's book depreciable life of investment tax credits deferred to future period (\$800(1/10)). NOTE:--The net balance of deferred ITC (\$800 - (\$40 + \$80)) would earn the overall rate of return. This treatment is followed by utilities subject to the "Special Rule for Ratable Flow-Through"/Option 2 Treatment.

Year 3

3-a 409.10	Income Taxes, Utility Operating Income	13,248	
236	Accrued Taxes		13,248

To record taxes estimated to be payable for the period (.46(\$30,000-\$1,200)).

3-b 410.10	Deferred Income Taxes	92	
282	Accumulated Deferred Income Taxes - Liberalized Depreciation		92

To record deferral of a portion of taxes based on the difference between straight-line depreciation and

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	ACRS depreciation ((\$1,000-\$1,200).46). The cumulative balance of deferred taxes (\$138 + \$184 + \$92) would be either deducted from rate base or included in capital structure at zero cost.		
3-c 255 412.30	"General Rule"/Option 1 Treatment utilities would record the same entry as in Year 2 for amortization of ITC. The net balance deducted from rate base or included in capital structure at zero cost would be (\$800-(\$40 + 2 (\$80))).	80	80
3-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities would record the same entries recorded in Year 2 for ratable flow-through of ITC. The net ITC balance earning the overall rate of return would be \$600.	80	80
Year 4			
4-a 409.10 236	Income Taxes, Utility Operating Income Accrued Taxes	13,340	13,340
	To record taxes estimated to be payable for the period (.46(\$30,000- \$1,000)).		
4-b 410.10 282	No entry would be made related to deferred taxes because book and tax depreciation are equal. The cumulative balance of \$414 would continue to be deducted from rate base or included in capital structure at zero cost.		
4-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2 Net deferred balance either deducted	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
	from rate base or included in capital structure at zero cost would be $(\$800 - (\$40 + 3(\$80)))$.		
4-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. Net balance earning the overall rate of return would be \$520.	80	80
Year 5			
5-a 409.10 236	Same entry as Year 4.	13,340	13,340
5-b 410.10 282	See Year 4.		
5-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. Net ITC balance deducted from rate base or included in capital structure is \$440.	80	80
5-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. Net ITC balance earning overall rate of return is \$440.	80	80
Year 6			
6-a 409.10 236	Same entry as Year 4.	13,340	13,340
6-b 410.10 282	See Year 4.		
6-c 255 412.30	"General Rule"/Option 1 Treatment utilities same entry as Year 2. Net ITC balance deducted from rate base or included in capital structure at zero cost is \$360.	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
6-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. Net ITC balance earning the overall rate of return is \$360.	80	80
Year 7			
7-a 409.10 236	Income Taxes, Utility Operating Income Accrued Taxes	13,386	13,386
	To record taxes estimated to be payable for the period (.46(\$30,000 - \$900)).		
7-b 282 410.10	Accumulated Deferred Income Taxes - Liberalized Depreciation Deferred Income Taxes	46	46
	To record reversal of taxes deferred in prior years (\$1000 - \$900).46). NOTE:--The net deferred tax balance deducted from rate base or included in capital structure at zero cost is \$368.		
7-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entries as Year 2. Net ITC balance deducted from rate base or included in capital structure at zero cost is \$280.	80	80
7-d 255 412.11	"Special Rule for Ratable Flow-Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance earning the overall rate of return is \$280.	80	80
Year 8			
8-a 409.10 236	Same entry as Year 7.	13,386	13,386

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
8-b 282 410.10	Same entry as Year 7. NOTE:--Net balance deducted from rate base or included in capital structure at zero cost is \$322.	46	46
8-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance deducted from rate base or included in capital structure at zero cost is \$200.	80	80
8-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net ITC balance earning the overall rate of return is \$200.	80	80
Year 9			
9-a 409.10 236	Same entry as Year 7.	13,386	13,386
9-b 282 410.10	Same entry as Year 7. NOTE:-- Net balance of deferred taxes deducted from rate base or included in capital structure at zero cost is \$276.	46	46
9-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC deducted from rate base or included in capital structure at zero cost is \$120.	80	80
9-d 255 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC earning overall rate of return is \$120.	80	80

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
Year 10			
10-a 409.10 236	Same entry as Year 7.	13,386	13,386
10-b 282 410.10	Same entry as Year 7. NOTE:-- Net balance deferred taxes deducted from rate base or included in capital structure at zero cost is \$230.	46	46
10-c 255 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC deducted from rate base or included in capital structure at zero cost is \$40.	80	80
10-d 255.1 412.11	"Special Rule for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 2. NOTE:--Net balance ITC earning overall rate of return is \$40.	80	80
Year 11			
11-a 409.10 236.1	Income Taxes, Utility Operating Income Accrued Taxes, Utility Operating Income	13,800	13,800
	To record taxes estimated to be payable for period (.46(\$30,000)).		
11-b 282 410.10	Accumulated Deferred Income Taxes Liberalized Depreciation Deferred Income Taxes	230	230
	To record reversal of taxes deferred in prior years ((\$500 - 0).46). NOTE:--There is no longer a deferred tax balance to be deducted from rate base or included in capital structure at zero cost.		

ACCOUNTING INSTRUCTIONS

Account Number	Account Title	Debit	Credit
11-c 255.1 412.30	"General Rule"/Option 1 Treatment utilities. Same entry as Year 1. NOTE:--There is no longer an ITC balance to be deducted from rate base or included in capital structure at zero cost.	40	40
11-d 255.1 412.11	"Special Rate for Ratable Flow- Through"/Option 2 Treatment utilities. Same entry as Year 1. NOTE:--There is no longer an ITC balance to earn the overall rate of return.	40	40

8. Operating Income - Clearing Accounts

A. The purpose of a clearing account is to temporarily accumulate in one account costs of a specific type which affect more than a single account, and which subsequently will be apportioned among utility plant accounts, operating expense accounts and other appropriate accounts.

B. The use of clearing accounts is optional. In addition to the payroll clearing account, a utility may use such additional clearing accounts as it finds useful.

BALANCE SHEET ACCOUNTS

Assets and Other Debits

- 101. Utility Plant in Service
- 103. Property Held for Future Use
- 104. Utility Plant Purchased or Sold
- 105. Construction Work in Progress
- 108. Accumulated Depreciation and Amortization of Utility Plant
in Service
- 114. Utility Plant Acquisition Adjustments
- 115. Accumulated Amortization of Utility Plant Acquisition
Adjustments
- 121. Nonutility Property
- 122. Accumulated Depreciation and Amortization of Nonutility Property
- 124. Utility Investments
- 131. Cash
- 132. Special Deposits
- 141. Customer Accounts Receivable
- 143. Accumulated Provision for Uncollectible Accounts--Cr.
- 151. Plant Material and Supplies
- 174. Miscellaneous Current and Accrued Assets
- 186. Miscellaneous Deferred Debits
- 190. Accumulated Deferred Income Taxes

Equity Capital

- 201. Common Stock Issued
- 204. Preferred Stock Issued
- 211. Other Paid-In Capital
- 215. Retained Earnings

- 218. Proprietary Capital (for proprietorships and partnerships only)

Liabilities and Other Credits

- 224. Long-Term Debt
- 231. Accounts Payable
- 232. Notes Payable
- 235. Customer Deposits
- 236. Accrued Taxes
- 237. Accrued Interest
- 241. Miscellaneous Current and Accrued Liabilities
- 252. Advances for Construction
- 253. Other Deferred Credits
- 255. Accumulated Deferred Investment Tax Credits
- 265. Miscellaneous Operating Reserves
- 271. Contributions in Aid of Construction
- 272. Accumulated Amortization of Contributions in Aid of Construction
- 281. Accumulated Deferred Income Taxes - Accelerated Amortization
- 282. Accumulated Deferred Income Taxes - Liberalized Depreciation
- 283. Accumulated Deferred Income Taxes - Other

BALANCE SHEET ACCOUNTS

Utility Plant

101. Utility Plant in Service

- A. This account is the control account for plant accounts 351 through 398.
- B. This account shall include the original cost of utility plant owned and used by the utility in providing wastewater service.

103. Property Held for Future Uses

- A. This account shall include the cost of property owned and held for future use in utility service under a definite plan for such use.
- B. The property included in this account shall be classified according to the detailed accounts (301 to 348) for utility plant in service and the account shall be maintained in such manner and in such detail as though the property were in service.

Note:--Materials and supplies, and meters held in reserve shall not be included in this account.

104. Utility Plant Purchased or Sold

- A. This account shall be temporarily charged with the cost and expense incidental to acquisition of utility systems acquired as operating units or systems. The account shall be temporarily credited with the selling price of utility systems transferred to others.
- B. Within six months from the date of acquisition or sale of a wastewater system the utility shall file with the Commission for approval proposed journal entries to clear this account.

Note:--In clearing this account the original cost of acquired plant shall be charged to plant accounts, and accumulated depreciation shall be credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service. Any balance (representing the difference between the net original cost of the assets acquired and the cost to the acquiring utility) shall be charged or credited to account 114 - Utility Plant Acquisition Adjustments.

- C. When an existing wastewater system or operating unit is acquired the utility shall be obligated to obtain from the vendor all existing records, including records of plant construction dates and costs, records of accumulated depreciation applicable to such properties, and records of Contributions in Aid of Construction.

BALANCE SHEET ACCOUNTS

105. Construction Work in Progress

This account shall include the cost of wastewater plant in process of construction, but not ready for service.

108. Accumulated Depreciation and Amortization of Utility Plant in Service

A. This account shall reflect the depreciation and amortization accumulated on plant used in wastewater utility service.

B. This account shall be credited with:

1. Amounts concurrently charged to account 403 - Depreciation Expense, representing currently accruing depreciation of wastewater plant (other than contributed plant).

2. Amounts concurrently charged to account 407 -- Amortization Expense - Other, representing currently accruing amortization of utility plant.

3. Amounts concurrently charged to account 272 - Accumulated Amortization of Contributions in Aid of Construction, representing amortization of contributed utility plant, if recognized by the Commission.

4. Salvage value, sales price, insurance settlements and other amounts recovered from plant retired.

5. Amounts representing the balance of accumulated depreciation and amortization of utility plant acquired from others.

Note:--Also see account 104 - Utility Plant Purchased or Sold.

C. This account shall be charged with:

1. Original cost of depreciable utility plant retired.

2. Cost of removal of plant retired.

D. The utility is restricted in the use of this account to the purposes set forth above. It shall not transfer any portion to retained earnings or to other accounts without prior written authorization from the Commission.

Note:--See Accounting Instruction 4 for information on depreciation accruals and plant retirement procedures.

BALANCE SHEET ACCOUNTS

114. Utility Plant Acquisition Adjustments

A. This account shall include the difference between (1) the cost to the utility of plant acquired as an operating unit or system by purchase, merger, or otherwise, and (2) the net of amounts distributed to the plant accounts, the accumulated depreciation account and other appropriate accounts.

B. No transfers shall be made from this account unless prior written authorization has been obtained from the Commission.

Note:--See also account 104 - Utility Plant Purchased or Sold.

115. Accumulated Amortization of Utility Plant Acquisition Adjustments

This account shall be credited or debited with amounts which are includible in account 406 - Amortization of Utility Plant Acquisition Adjustments, or account 426 - Miscellaneous Nonutility Expenses, for the purpose of providing for the extinguishment of amounts in account 114 - Utility Plant Acquisition Adjustments.

121. Nonutility Property

A. This account shall include all property and other assets owned by the utility, but not used in providing wastewater service, for which separate balance sheet accounts have not been provided.

B. This account shall be appropriately subdivided.

Items

1. Land and buildings not used in wastewater operations.
2. Utility assets transferred to "nonoperative" status.
3. Investments in securities.
4. Assets of nonutility businesses owned by the utility.
5. Accounts receivable and notes receivable not due within one year.

122. Accumulated Depreciation and Amortization of Nonutility Property

A. This account shall reflect the depreciation and amortization accumulated on property not used in utility operations.

B. This account shall be credited with amounts currently charged to account 426 - Miscellaneous Nonutility Expenses, representing currently accruing depreciation and amortization on property not used in utility operations.

C. This account shall be charged with the amount of depreciation accumulated on items of nonutility property sold, abandoned, or otherwise retired.

BALANCE SHEET ACCOUNTS

124. Utility Investments

This account shall include book cost of investments in securities issued or assumed by nonassociated companies for the purpose of insuring adequate wastewater service.

131. Cash

This account shall include the amount of cash on hand or on deposit in banks.

132. Special Deposits

This account shall include deposits with fiscal agents or others for the payment of interest and/or dividends.

141. Customer Accounts Receivable

This account shall include amounts due from customers for utility service.

143. Accumulated Provision for Uncollectible Accounts--Cr

This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 770 - Bad Debt Expense, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of accounts receivable for each utility department.

151. Plant Material and Supplies

A. This account shall include the cost of materials and supplies on hand, purchased for use in plant construction or repair work.

B. The cost shall include, when practicable, transportation charges, sales and use taxes and other directly assignable costs. Cash discounts realized on material purchases shall be credited to this account.

C. Reusable materials which are retired from plant and returned to the materials and supplies inventory shall be charged to this account and credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service. Identifiable units which have been removed from service (i.e., pumps, motors, etc.) shall be carried in inventory at original cost. Items of small value whose original cost cannot be readily determined shall be carried in inventory at current prices. Scrap materials shall be carried in inventory at estimated scrap value.

BALANCE SHEET ACCOUNTS

D. Inventories of materials and supplies shall be taken at least annually and the necessary adjustments shall be made to bring this account into agreement with the actual quantities on hand.

174. Miscellaneous Current and Accrued Assets

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

186. Miscellaneous Deferred Debits

A. This account shall include such items as expenses of security issues, bond discount, items in suspense, and costs which the Commission has authorized the utility to amortize over future periods (i.e., deferred portion of rate case expense).

B. This account shall be appropriately subdivided.

190. Accumulated Deferred Income Taxes

A. This account shall be debited and account 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or account 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with an amount equal to that by which income taxes payable for the year are higher because of the inclusion of certain items in income for tax purposes, which items for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account shall be credited and account 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with an amount equal to that by which income taxes payable for the year are lower because of prior payment of taxes as provided by paragraph A above, because of differences in timing for tax purposes of particular items of income or income deductions from that recognized by the utility for general accounting purposes. Such credit to this account and debit to account 410.10 or 410.20 shall, in general, represent the effect on taxes payable in the current year of the smaller amount of book income recognized for tax purposes as compared to the amount recognized in the utility's current accounts with respect to the item or class of items for which deferred tax accounting by the utility was authorized by the Commission.

C. Vintage year records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factor of calculation with respect to each annual amount of the item or class of items for which deferred tax accounting by the utility is utilized.

BALANCE SHEET ACCOUNTS

D. The utility is restricted in its use of this account to the purpose set forth above. It shall not make use of the balance in this account or any portion thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made shall be debited to account 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes - Other Income and Deductions, as appropriate, or otherwise disposed of as the Commission may authorize or direct (See Accounting Instruction 6).

Equity Capital

201. Common Stock Issued

A. This account shall be credited with the total par value or stated value of common stock outstanding.

B. Premiums related to the issue of common stock shall be carried in a separate subaccount of account 211 - Other Paid-In Capital.

204. Preferred Stock Issued

A. This account shall be credited with the total par value or stated value of preferred stock outstanding.

B. A separate subaccount shall be maintained for each class and series of preferred stock.

C. Premiums and discounts related to the issue of preferred stock shall be carried in a separate subaccount of account 211 - Other Paid-In Capital.

211. Other Paid-In Capital

A. This account shall include all paid-in capital not derived from earnings. It shall include such items as premiums and discounts related to the issuance of capital stock, donations to the utility of its capital stock, credits arising from the forgiveness of debt of the utility; credits arising out of a reorganization of the utility, or in connection with its recapitalization.

B. Each type of paid-in capital shall be carried in a separate subaccount.

BALANCE SHEET ACCOUNTS

215. Retained Earnings (for corporations only)

A. This account shall reflect corporation earnings retained in the business.

B. The account shall be credited with:

1. Net Income.
2. Accounting adjustments associated with correction of errors attributable to a prior period.

C. The account shall be charged with:

1. Net losses.
2. Accounting adjustments associated with correction of errors attributable to a prior period.
3. Dividends.

D. Adjustments caused by the correction of an estimate or a change in an accounting method shall not adjust the balance of this account but shall rather affect either an income, asset, liability or deferred credit account. For example, adjustments to accumulated depreciation shall not affect this account but rather shall affect an income account, account 186 - Miscellaneous Deferred Debits, or account 253 - Other Deferred Credits.

218. Proprietary Capital (for proprietorships and partnerships only)

A. This account shall be credited with the investment of a sole proprietor, or partners, in an unincorporated wastewater utility.

B. Separate subaccount shall be maintained for each partner.

C. At the end of each calendar year the net income or loss for the year shall be entered in this account.

D. Accounting adjustments associated with correction of errors attributable to a prior period shall be charged or credited to this account. See also account 215, item D, above.

Note:--This account may be restricted to the amount considered by the proprietor to be the permanent investment in the business, subject to change only by additional investment by the proprietor or the withdrawal of portions thereof not representing net income. When this option is taken, earned surplus accounts shall be maintained.

BALANCE SHEET ACCOUNTS

Liabilities and Other Credits

224. Other Long-Term Debt

A. This account shall include all notes, conditional sales contracts or other evidences of indebtedness payable more than one year from date of issue.

B. Separate subaccounts shall be maintained for obligations outstanding.

231. Accounts Payable

This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.

232. Notes Payable

This account shall include the face value of all notes, drafts, acceptance, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue.

235. Customer Deposits

This account shall include all amounts deposited with the utility by customers as security for the payment of bills.

236. Accrued Taxes

A. This account shall include all taxes accrued or payable by the utility including property taxes, payroll taxes, withholding taxes, and corporate taxes.

B. This account shall be credited during the accounting period with the amount of taxes accrued during the period. Such credits may be based upon estimates, but from time to time during the year, the amount of the periodic credits shall be adjusted so as to reflect the correct tax liability. Any amount representing a prepayment of taxes applicable to a period subsequent to the date of the balance sheet shall be shown under account 174 - Miscellaneous Current and Accrued Assets.

Note:--Liability for personal income or self-employment taxes of owner or partners shall not be entered in the books of the utility, although payment of such taxes may be charged as withdrawals to proprietary capital.

237. Accrued Interest

This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including,

BALANCE SHEET ACCOUNTS

however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.

241. Miscellaneous Current and Accrued Liabilities

This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.

252. Advances for Construction

This account shall include advances by or in behalf of customers for construction which are to be refunded either wholly or in part. When a person is refunded the entire amount to which he is entitled according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be transferred to account 271 - Contributions in Aid of Construction.

253. Other Deferred Credits

This account shall include, gains on disposition of property, net of income taxes, deferred by authorization of the Commission, advance billings and receipts and other deferred credit items, not provided elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.

255. Accumulated Deferred Investment Tax Credits

A. This account shall be credited with all investment tax credits deferred by companies which have elected to follow deferral accounting, partial or full, rather than recognizing in the income statement the total benefits of the tax credit as realized. After such election, a company may not transfer amounts from this account, except as authorized herein and in accounts 412.11 - Investment Tax Credits Restored to Operating Income, Utility Operations 412.20 - Investment Tax Credits - Net, Nonutility Operations, and account 412.30 - Investment Tax Credits Restored to Nonoperating Income, Utility Operations, or with approval of the Commission.

B. Where the company's accounting provides that investment tax credits are to be passed on to customers, this account shall be debited and account 412.11 credited with a proportionate amount determined in relation to the book depreciable life of all utility property or utility property to which the tax credits relate or such lesser period of time as allowed by a regulatory agency having rate jurisdiction. If, however, the deferral procedure provides that investment tax credits are not passed on to customers, the

BALANCE SHEET ACCOUNTS

proportionate restorations to income shall be credited to account 412.30.

C. Subdivisions of this account by department shall be maintained for deferred investment tax credits that are related to nonutility or other operations. Contra entries affecting such account subdivisions shall be appropriately recorded. Use of deferral or nondeferral accounting procedures adopted for nonutility or other operations are to be followed on a consistent basis.

D. Separate records for each utility department, and nonutility or other operations shall be maintained identifying the properties giving rise to the investment tax credits for each year with the appropriate service life of such properties and any unused balances of such credits. Such records are not necessary unless the tax credits are deferred.

265. Miscellaneous Operating Reserves

A. This account shall include all operating reserves maintained by the utility.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

271. Contributions in Aid of Construction

A. This account shall include:

1. Any amount or item of money, services or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public.

2. Amounts transferred from account 252 - Advances for Construction, representing unrefunded balances of expired contracts or discounts resulting from termination of contracts in accordance with the Commission's rules and regulations.

3. Compensation received from governmental agencies and others for relocation of sewer mains or other plants.

BALANCE SHEET ACCOUNTS

4) Any amount of money received by a utility, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility and which is utilized to offset the federal, state or local income tax effect of taxable contributions in aid of construction, taxable amounts transferred from Account 252 - Advances for Construction, and taxable compensation received from governmental agencies and others for relocation of water mains or other plants shall be reflected in a sub-account of this account.

B. The credits to this account shall not be transferred to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) states, (b) municipalities, (c) customers, and (d) others, and the amount applicable to each utility department.

Note:--There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part (See account 252 - Advances for Construction).

272. Accumulated Amortization of Contributions in Aid of Construction

A. This account shall reflect the amortization accumulated on account 271 - Contributions in Aid of Construction, if recognized by the Commission.

B. Specifically, balances in account 271 which represent contributions of depreciable plant shall be amortized by charges to this account over a period equal to the estimated service life of the related contributed asset. A group or overall composite rate may be used for contributed balances that cannot be directly related to a plant asset.

C. The concurrent credit for the amortization recorded in this account shall be made to account 403 - Depreciation Expense.

D. If a regulatory body allows the amortization of any portion of the monies collected to pay the tax obligation caused by the receipt of CIAC, such amortization shall also be reflected in a sub-account of this account. Specifically, balances in account 271 which represent monies collected for the gross-up of CIAC (See Definition 7.) shall be amortized by charges to this account over a period determined by the regulatory body.

BALANCE SHEET ACCOUNTS

Accumulated Deferred Income Taxes

Before using the deferred tax accounts provided below, refer to Accounting Instruction 7 (B) and (C). Interperiod Income Tax Allocation - Depreciation and Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation.

Public utilities shall use the accounts provided below for prior accumulations of deferred taxes on income for additional provisions. Prior to any use of these accounts, the utility must file with the Commission, for the purpose of obtaining authorization, its proposed plan of accounting for deferred taxes on income. The utility shall not use these accounts unless such use has been authorized by the Commission. If deferred tax accounting is initiated with respect to any property such accounting shall not be discontinued on that property without prior approval of the Commission.

The utility is restricted in its use of these accounts to the purposes set forth therein. It shall not make any transfers from these accounts or make any use thereof except as provided in the text of the accounts without prior approval of the Commission. It shall not transfer the balance in these accounts or any portion thereof to retained earnings except as provided in the text of this account without prior approval of the Commission.

Upon the disposition by sale, exchange, transfer, abandonment, or premature retirement of plant on which there is a related balance in these accounts, the deferred tax account shall be debited with an amount equal to the related income tax expense, if any, arising from such disposition and account 411 - Provision for Deferred Income Taxes-Credit, shall be credited. When the remaining balance, after consideration of any related income tax expenses, is not significant, the deferred tax account shall be debited and account 411 credited with such balance. If after consideration of any related income tax expense, and the remaining amount is significant, then the Commission shall authorize or direct how such amount shall be accounted for at the time approval for the disposition of account is granted. When plant is disposed of by transfer to a wholly owned subsidiary, the related balance in the deferred tax account shall also be transferred. When the disposition relates to retirement of an item or items under a group method of depreciation where there is no tax effect in the year of retirement, no entries are required in the deferred tax account if it can be determined that the related balances would be necessary to be retained to offset future group item tax deficiencies.

Note:--Public utilities having more than one utility department and/or nonutility property and which have deferred taxes on income with respect thereto shall classify such deferrals in the accounts provided elsewhere so as to allow ready identification of items

BALANCE SHEET ACCOUNTS

relating to each utility department and to Other Income and Deductions.

281. Accumulated Deferred Income Taxes - Accelerated Amortization

A. This account shall include tax deferral resulting from adoption of the principles of Comprehensive Interperiod Income Tax Allocation - Other Than Depreciation described in Accounting Instruction 6 (c) of this system of accounts that relate to property for which the utility have availed itself of the use of accelerated (5-year) amortization of (1) certified defense facilities as permitted by Section 168 of the Internal Revenue Code and (2) certified pollution control facilities as permitted by Section 169 of the Internal Revenue Code.

B. This account shall be credited and accounts 410.10 - Deferred Income Taxes, or account 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenues and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or 411.20 - Provision for Deferred Income Taxes-Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenues and expenses transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit. The underlying calculations to segregate and associate deferred tax amounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

282. Accumulated Deferred Income Taxes - Liberalized Depreciation

A. This account shall include all credit tax deferrals resulting from adoption of the principles of comprehensive interperiod income tax allocation described in Accounting Instruction 7 of this system of accounts other than those deferrals which are includible in accounts 281 - Accumulated Deferred Income Taxes - Accelerated Amortization, and account 283 - Accumulated Deferred Income Taxes - Other.

BALANCE SHEET ACCOUNTS

B. This account shall be credited and accounts 410.10 Deferred Income Taxes, or 410.20 - Provision for Deferred Income Taxes, Other Income and Deductions, as appropriate, shall be debited with tax effects related to property described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income, or 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to property described in paragraph A above where taxable income is higher than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit. The underlying calculations to segregate and associate deferred tax accounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

283. Accumulated Deferred Income Taxes - Other

A. This account shall include all credit tax deferrals resulting from the adoption of the principles of comprehensive interperiod income tax allocation described in Accounting Instruction 7 of this system of accounts other than those deferrals which are includible in accounts 281 - Accumulated Deferred Income Taxes - Accelerated Amortization, and 282 - Accumulated Deferred Income Taxes - Liberalized Depreciation.

B. This account shall be credited and account 410 - Provision for Deferred Income Taxes, shall be debited with tax effects related to items described in paragraph A above where taxable income is lower than pretax accounting income due to differences between the periods in which revenue and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

C. This account shall be debited and accounts 411.10 - Provision for Deferred Income Taxes - Credit, Utility Operating Income or 411.20 - Provision for Deferred Income Taxes - Credit, Other Income and Deductions, as appropriate, shall be credited with tax effects related to items described in paragraph A above where taxable income is higher than pretax accounting income due to differences

BALANCE SHEET ACCOUNTS

between the periods in which revenues and expense transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

D. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items.

E. For ratemaking purposes, the balance in accounts 281, 282, and 283 - Accumulated Deferred Income Taxes - Accelerated Amortization, Liberalized Depreciation, and Other, net of any balance in account 190 - Accumulated Deferred Income Taxes, shall either be deducted from rate base by all companies having a net credit balance of deferred taxes or shall be included in capital structure as zero cost funds. The treatment shall be determined by the regulatory body having jurisdiction over the regulated operations of the utility. Where regulated operations are subject to the jurisdiction of more than one regulatory body, each regulatory body shall establish the ratemaking treatment of those deferrals related to operations under its jurisdiction.

WASTEWATER UTILITY PLANT ACCOUNTS

Amortizable

- 351. Organization
- 352. Franchises

Nondepreciable

- 353. Land and Land Rights

Depreciable

- 354. Structures and Improvements
- 355. Power Generation Equipment
- 360. Collection Sewers - Force
- 361. Collection Sewers - Gravity
- 362. Special Collecting Structures
- 363. Services to Customers
- 364. Flow Measuring Devices
- 365. Flow Measuring Installations
- 370. Receiving Wells
- 380. Treatment and Disposal Equipment
- 381. Plant Sewers
- 382. Outfall Sewer Lines
- 389. Other Plant and Miscellaneous Equipment
- 390. Office Furniture and Equipment
- 391. Transportation Equipment
- 393. Tools, Shop and Garage Equipment
- 395. Power Operated Equipment
- 398. Other Tangible Plant

WASTEWATER UTILITY PLANT ACCOUNTS

351. Organization

This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership or other enterprise and putting it into readiness to do business. A sample of items to be included in this account are listed below.

1. Actual cost of obtaining certificates authorizing an enterprise to engage in the public utility business.
2. Fees and expenses for incorporation.
3. Fees and expenses for mergers or consolidations.
4. Office expenses incident to organizing the utility.
5. Stock and minute books and corporate seal.

352. Franchises

A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises or certificates of permission and approval.

B. This account shall not include any expenses incurred in connection with the authorization or sale of securities, or discounts on securities issued.

C. This account shall not include any sum for franchises or certificates in excess of the amounts actually paid to the state or political subdivision, and necessary and reasonable expenses incident to obtaining such franchises or certificates.

D. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 426 - Miscellaneous Nonutility Expenses, or to account 108 - Accumulated Depreciation and Amortization of Utility Plant in Service, as appropriate.

353. Land and Land Rights

This account shall include the cost of land, rights-of-way and easement used in wastewater operations.

354. Structures and Improvements

This account shall include cost in place of structures and improvements used in connection with wastewater collection, pumping, treatment and disposal, and general operations. A sample of items to be included in this account are listed below:

WASTEWATER UTILITY PLANT ACCOUNTS

Items

1. Yard paving and fencing.
2. Pump houses and storage sheds.
3. Grading and clearing.
4. Landscaping, sidewalks.
5. Roadways paved, concrete, etc.).
6. Buildings.

355. Power Generation Equipment

This account shall include the cost installed of any equipment used for the production of power principally used in pumping operations.

360. Collecting Sewers - Force

This account shall include all sewers which are used to lift wastewater from a low elevation to a higher elevation. The force sewer will include that pipe between the discharge outlet of the lift station and the receiving manhole.

361. Collecting Sewers - Gravity

This account shall include the installed cost of all gravity collecting sewers, interceptor, branch, trunk, lateral including service wye, and manholes and lampholes. Manholes shall be included as a separate unit of property.

362. Special Collecting Structures

Inverted siphon shall be included in this account but so distinctly noted; also any other special designed structures unusual to wastewater system should be included herein but specifically noted as to what they do.

363. Services to Customers

This account shall include the installed cost of service sewers, from collection sewer to the customer's property or curb line. A sample of items to be included in this account are listed below:

Items

- | | |
|-------------------------------------|------------------------|
| 1. Manhole or clean-out. | 4. Pavement disturbed. |
| 2. Municipal inspection and permits | 5. Tapping saddle. |
| 3. Jointing. | |

WASTEWATER UTILITY PLANT ACCOUNTS

364. Flow Measuring Devices

A. This account shall include the cost of flow measuring and recording equipment and initial testing used for measuring the quantity of wastewater or wastewater effluent delivered by customers, whether actually in service or held in reserve.

B. When flow measuring equipment is permanently retired from service, the amount at which it is included herein shall be credited to this account.

C. The records covering flow measuring equipment shall be so kept that the utility can furnish information as to the number of devices of each type and size in service and in reserve, as well as the location of each device included in this account.

365. Flow Measuring Installations

A. This account shall include the cost of labor employed, materials used and expenses incurred in connection with the original installation of customers' flow measuring equipment. A sample of items to be included in this account are listed below:

1. Floats, connections, flumes, or wires.
2. Special manhole, boxes, or other separate housing.

B. When a flow measuring installation is permanently retired from service, the cost thereof shall be credited to this account.

370. Receiving Wells

this account shall include the cost of constructing wells at pumping stations or at other junction points along the collecting system, used for intercepting wastewater for clearing and screening, transfer to a pumping well or otherwise further convey it along the collecting system to the treatment plant or point of final discharge. This account shall include any chemical feed apparatus and holding basins associated with the receiving well. This account shall include the cost installed of pumping equipment driven by electric power or diesel engines.

Items

- | | |
|-------------|---|
| 1. Engines. | 4. Pressure regulating and recording instruments. |
| 2. Motors. | 5. Electric power line. |
| 3. Pumps. | 6. Switching equipment. |

WASTEWATER UTILITY PLANT ACCOUNTS

380. Treatment and Disposal Equipment

This account shall include the cost installed of apparatus equipment and other facilities used for the treatment of wastewater and disposal of sewage wastes. A sample of items to be included in this account are listed below:

Items

1. Aeration chambers.
2. Chemical equipment.
3. Imhoff tank.
4. Oxidation pond or lagoon.
5. Sedimentation equipment.
6. Screen unit.
7. Sludge system.
8. Trucks, tractors, or other equipment used primarily for sludge disposal.
9. Package mechanical treatment plant.
10. Sedimentation basin.
11. Sludge digestion and filtration or dewatering equipment.

381. Plant Sewers

This account shall include the cost installed of plant yard piping and appurtenances, and facilities required to dispose of treatment plant liquid effluent into the outfall sewer line. A sample of items to be included in this account are listed below:

Items

1. Unit to unit sections of yard piping.
2. Valves and vaults.
3. Pipe tunnels and galleries.

382. Outfall Sewer Lines

This account shall include the installed cost of sewer line carrying effluent from treatment facility to point of discharge. Includible in this account would be headwall or outlet.

389. Other Plant and Miscellaneous Equipment

This account shall include the cost installed of all other intangible, collection system pumping, and treatment and disposal plant not provided for in the foregoing accounts.

WASTEWATER UTILITY PLANT ACCOUNTS

390. Office Furniture and Equipment

This account shall include the cost of office furniture and equipment owned and used by the utility. A sample of items to be included in this account are listed below:

Items

- | | |
|-----------------------------|--------------------------------|
| 1. Adding machines. | 6. Postage meter machines. |
| 2. Addressing machines. | 7. Desks, typewriters. |
| 3. Calculating machines. | 8. Filing cabinets. |
| 4. Drafting room equipment. | 9. Book cases, tables, chairs. |
| 5. Computers. | |

391. Transportation Equipment

A. This account shall include the cost of trucks, automobiles and trailers owned and used by the utility.

B. Records shall be maintained to show the cost of each vehicle.

393. Tools, Shop and Garage Equipment

This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.

395. Power Operated Equipment

This account shall include the cost of power operated equipment used in construction of repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted. A sample of items to be included in this account are listed below:

Items

- | | |
|---------------------------|---------------|
| 1. Air compressors. | 3. Tractors. |
| 2. Back filling machines. | 4. Trenchers. |

Note:--It is intended that this account include only such large units as are generally self-propelled or mounted on moveable equipment.

398. Other Tangible Plant

This account shall include the cost of tangible utility plant not provided for elsewhere.

INCOME ACCOUNTS

Utility Operating Income

- 400. Operating Revenues
- 401. Operating Expenses
- 403. Depreciation Expense
- 406. Amortization of Utility Plant Acquisition Adjustment
- 407. Amortization Expense - Other
- 408. Taxes Other Than Income
- 409. Income Taxes
 - 409.10 Federal Income Taxes, Utility Operating Income
- 410. Provision for Deferred Income Taxes
 - 410.10 Deferred Income Taxes
- 411. Provision for Deferred Income Taxes - Credit
 - 411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income
- 412. Investment Tax Credits
 - 412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations
 - 412.11 Investment Tax Credits Restored to Operating Income, Utility Operations

Other Income and Deductions

- 419. Interest and Dividend Income
- 420. Allowance for Funds Used During Construction
- 421. Nonutility Income
- 426. Miscellaneous Nonutility Expenses
- 427. Interest Expense

Taxes Applicable to Other Income and Deductions

- 408. Taxes Other Than Income
- 409. Income Taxes
 - 409.20 Income Taxes, Other Income and Deductions
- 410. Provision for Deferred Income Taxes
 - 410.20 Provision for Deferred Income Taxes, Other Income and Deductions
- 411. Provision For Deferred Income Taxes - Credit
 - 411.20 Provision for Deferred Income Taxes - Credit, Other Income and Deductions
- 412. Investment Tax Credits
 - 412.20 Investment Tax Credits - Net, Nonutility Operations
 - 412.30 Investment Tax Credits Restored to Nonoperating Income, Utility Operations

INCOME ACCOUNTS

Operating Income

400. Operating Revenues

This is the revenue control account which totals the accounts recorded in wastewater revenue accounts 521 through 536.

401. Operating Expenses

This is the operating expense control account which totals the amounts recorded in operating expense accounts 701 through 775 for wastewater systems.

403. Depreciation Expenses

A. This account shall be charged with depreciation credited to account 108 - Accumulated Depreciation and Amortization of Utility Plant In Service and credited with amortization debited to account 272 - Accumulated Amortization of Contributions in Aid of Construction. Depreciation shall be accrued on a straight-line remaining life basis or straight-line basis, as required by the Commission. A single composite depreciation rate may be used if approval from the Commission is obtained.

Note A:--See Accounting Instruction 4, for more detailed instructions on depreciation accounting.

B. Depreciation for property not used in wastewater operations is charged to account 426 - Miscellaneous Nonutility Expense, and is credited to account 122 - Accumulated Depreciation and Amortization of Nonutility Property.

406. Amortization of Utility Plant Acquisition Adjustments

This account shall be debited or credited, as the case may be, only upon the approval of the governing regulatory authority, for the purpose of providing for the extinguishment of the amount in account 114 - Utility Plant Acquisition Adjustments.

407. Amortization Expense - Other

This account shall include amortization debits or credits, which relate to utility operations and are not provided for elsewhere.

408. Taxes Other Than Income

A. These accounts shall include the amount of ad valorem, gross revenue or gross receipts taxes, regulatory agency general assessments for purposes of public utility regulation, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal,

INCOME ACCOUNTS

state, county, municipal, or other local governmental authorities, except income taxes.

B. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236 - Accrued Taxes, or account 174 - Miscellaneous Current and Accrued Assets, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to these accounts shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

Note A:--Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

Note B:--Taxes specifically applicable to construction shall be included in the cost of construction.

Note C:--Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

Note D:--Social security and other forms of payroll taxes shall be distributed to utility departments and to nonutility functions on a basis related to payroll. Amounts applicable to construction shall be charged to the appropriate plant account.

Note E:--Interest on tax refunds or deficiencies shall not be included in these accounts but in account 419 - Interest and Dividend Income, or 427 - Interest Expense.

409. Income Taxes

A. These accounts shall include the amounts of local, state and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236 - Accrued Taxes, and as the exact amounts of taxes become known, the current tax accruals shall be adjusted by charges or credits to these accounts unless such adjustments are properly included in account 215 - Retained Earnings, so that these

INCOME ACCOUNTS

accounts as nearly as can be ascertained shall include the actual taxes payable by the utility.

B. The accruals for local, state and federal income taxes shall be apportioned to Utility Operating Income (by department/division), Other Income and Deductions and Extraordinary Items so that, as nearly as practicable, each tax included in the expenses of the utility department, Other Income and Deductions or Extraordinary Items, shall be related to the income which gave rise to the tax. The income tax effect of amounts recorded in account 215 - Retained Earnings, shall be recorded in that account. The tax effects relating to interest charges, other than interest specifically applicable to indebtedness on property in account 121 shall be included in account 409.10 - Income Taxes, Utility Operating Income.

C. This account shall be maintained according to the subaccounts 409.10 and 409.20, as shown below.

Note A:--Taxes assumed by the utility on interest shall be charged to account 427 - Interest Expense.

Note B:--Interest on tax refunds or deficiencies shall not be included in this account but in account 419 - Interest and Dividend Income, or account 427 - Interest Expense, as appropriate.

Note C:--See Accounting Instruction 7.

409.10 Income Taxes, Utility Operating Income

This account shall include the amount of those federal, state, and local income taxes reflected in account 409 - Income Taxes, which relate to utility operating income after interest charges and other tax adjustments. This account shall be maintained so as to allow ready identification of tax effects (both positive and negative) relating to Utility Operating Income (by department/division), Utility Plant Leased to Others and Other Utility Operating Income.

409.20 Income Taxes, Other Income and Deductions

This account shall include those local, state, and federal income taxes reflected in account 409 - Income Taxes, (both positive and negative), which relate to Other Income and Deductions.

INCOME ACCOUNTS

410. Provision for Deferred Income Taxes

A. Accounts 410.10, and 410.20 shall be debited and accounts 281, 282, or 283 Accumulated Deferred Income Taxes - Accelerated Amortization, Liberalized Depreciation, or Other, shall be credited with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190, 281, 282, and 283. No credit amounts appropriately includible in account 411.10 or 411.20 shall be netted against entries required to be made to these accounts.

B. This account shall be maintained according to the subaccounts 410.10, and 410.20 inclusive, as shown below.

Note:--See Accounting Instruction 7.

410.10 Deferred Income Taxes

This account shall include the amounts of those deferrals of federal, state, and local income taxes and allocations of deferred federal income taxes which relate to Utility Operating Income (by department/division).

410.20 Provision for Deferred Income Taxes, Other Income and Deductions

This account shall include the amount of those deferred federal, state and local income taxes reflected in account 410 - Provision for Deferred Income Taxes, which relate to Other Income and Deductions.

411. Provision for Deferred Income Taxes - Credit

A. Accounts 411.10 and 412.20 shall be credited, and accounts 281, 282, or 283, Accumulated Deferred Income Taxes - Accelerated Amortization, Liberalized Depreciation or Other, shall be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190, 281, 282, and 283. No debit amounts appropriately includible in account 410.10, or 410.20 shall be netted against entries required to be made to these accounts.

411.10 Provision For Deferred Income Taxes - Credit, Utility, Operating Income

This account shall include the amounts of those allocations of deferred federal, state and local income taxes and deferrals of federal, state and local income taxes, credit which relate to Utility Operating Income (by department/division).

INCOME ACCOUNTS

411.20 Provision For Deferred Income Taxes - Credit, Other Income and Deductions

This account shall include the amounts of those allocations of deferred taxes and deferrals of taxes, credit, which relate to Other Income and Deductions.

412. Investment Tax Credits

A. This account shall be debited with the total amount of investment tax credits used in calculating the reported current year's income taxes payable.

Account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with an equal amount of investment tax credits debited to this account. Investment tax credits related to property used in utility operations shall be debited to subaccount 412.10 - Investment Tax Credits Deferred to Future Periods, Utility Operations. Those investment tax credits related to property used in nonutility operations shall be debited to account 412.20 - Investment Tax Credits - Net, Nonutility Operations.

B. A company which has deferred its investment tax credits shall amortize these deferred credit amounts by crediting this account and debiting account 255 - Accumulated Deferred Investment Tax credits. Such annual amortization shall be allocated proportionately over the service lives of all assets or of the assets generating the credits. The proportional amounts shall be determined in relation to the method of depreciation actually used on the regulated books of account.

(1) In amortizing the deferred investment tax credits related to property used in utility operations, the annual proportional amount credited to account 412 - Investment Tax Credits may or may not be passed on to customers in accordance with the Internal Revenue Code section applicable to the company. Where the company is subject to Section 46 (f) (2) of the code which provides a "Special rule for ratable flow-through" or Option 2 treatment, the annual proportional amortization is to be credited to subaccount 412.11 - Investment Tax Credits Restored to Operating Income, Utility Operations. Where the company is subject to Code Section 46 (f) (1), which is the "General Rule" or Option 1 treatment, the annual proportional amortization shall be credited to subaccount 412.30 - Investment Tax Credits Restored to Nonoperating Income, Utility Operations.

(2) In amortizing the deferred investment tax credits related to property used in nonutility operations, the annual amount shall be credited to subaccount 412.20, Investment Tax Credits - Net, Nonutility Operations.

INCOME ACCOUNTS

C. This account shall be maintained so that the debits and credits relating to each allowable percentage of credit, i.e., 3%, 4%, 6%, 7%, 8%, 10%, etc., may be readily identified.

D. This account shall be maintained so that the debits and credits relating to each utility department/division and each nonutility operation may be readily identified.

E. This account shall be maintained according to subaccounts 412.10, 412.11, 412.20 and 412.30 as shown below.

412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations

This account shall be debited and account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with the amounts of realized investment tax credits deferred to future periods related to property used in utility operations (department/division).

412.11 Investment Tax Credits Restored to Operating Income, Utility Operations

This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits, shall be debited with the proportionate amounts of deferred investment tax credits related to property used in utility operations being restored to operating income in accordance with the "Special Rule for Ratable Flow-through" or Option 2 treatment as provided in the Revenue Act of 1971, the Tax Reduction Act of 1975 or the Economic Recovery Tax Act of 1981.

412.20 Investment Tax Credits - Net, Nonutility Operations

A. This account shall be debited and account 255 - Accumulated Deferred Investment Tax Credits, shall be credited with the amounts of realized investment tax credits deferred to future periods which relate to property used in nonutility operations.

B. This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits shall be debited with the proportionate amounts of deferred investment tax credits related to property used in nonutility operations being restored to nonoperating income.

INCOME ACCOUNTS

412.30 Investment Tax Credits Restored to Nonoperating Income, Utility Operations

This account shall be credited and account 255 - Accumulated Deferred Investment Tax Credits shall be debited with the proportionate amounts of deferred investment tax credits related to property used in utility operations being restored to nonoperating income in accordance with the "General Rule" or Option 1 as provided by the Revenue Act of 1971, the Tax Reduction Act of 1975 and the Economic Recovery Tax Act of 1981.

Other Income and Deductions

419. Interest and Dividend Income

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest bearing assets and dividends on stocks of other companies, whether the securities are carried as investments or included in sinking or other special funds accounts.

420. Allowance for Funds Used During Construction

This account shall include concurrent credits for allowance for funds used during construction based upon the net cost of funds used for construction purposes and a reasonable rate upon other funds when so used. Appropriate regulatory approval shall be obtained for "a reasonable rate".

421. Nonutility Income

In this account is entered all income not includible in operating revenue accounts 460 through 474 or in account 419 - Interest and Dividend Income. Items in this account shall include:

1. Gross income from nonutility operations;
2. Net gain on sale of nonutility property; and
3. Revenues from merchandising, jobbing and contract work.

426. Miscellaneous Nonutility Expenses

This account shall contain all expenses other than expenses of utility operations and interest expense. Items which are included in this account are:

1. Expenses disallowed in a proceeding before the Commission.
2. Amortization of an Acquisition Adjustment not approved by the Commission.
3. Depreciation associated with plant not used and useful in the public service.

INCOME ACCOUNTS

4. Depreciation of Nonutility Plant.
5. Imprudent expenses.
6. Donations for charitable, social or community welfare purposes.
7. Life insurance on officers and employees where utility is beneficiary (net premiums less increase in cash surrender value of policies).
8. Penalties or fines for violations of statutes pertaining to regulation.
9. Expenditures for the purpose of:
 - a. Influencing public opinion with respect to the election or appointment of public officials, or the adoption, repeal, revocation or modification of referenda, legislation or ordinances.
 - b. Influencing public opinion with respect to obtaining approval, modification or revocation of franchises.
 - c. Influencing the decisions of public officials not including such expenditures which are directly related to appearances before regulatory or other governmental bodies in connection with the utility's existing or proposed operations.
10. Loss relating to investments in securities written-off or written-down.
11. Loss on sale of investments.
12. Loss on reacquisition, resale or retirement of utility's debt securities.
13. Preliminary survey and investigation expenses related to abandoned projects, when not written-off to the appropriate operating expense account.
14. Golf club dues, social club dues and service club dues (Kiwanis, Rotary, etc.) house charges and items of a similar nature whether such expenditures are made directly by the utility or indirectly by payment or reimbursement to associated companies, officers, or other employees, or by any other direct or indirect means.
15. Costs and expenses of merchandising, jobbing, and contract work.

427. Interest Expense

This account shall be charged all interest expense of the utility. The contra credit to entries in this account shall be charged to account 237 - Accrued Interest.

WASTEWATER OPERATING REVENUE ACCOUNTS

Wastewater Sales

- 521. Flat Rate Revenues
 - 521.1 Residential Revenues
 - 521.2 Commercial Revenues
 - 521.3 Industrial Revenues
 - 521.4 Revenues from Public Authorities
 - 521.5 Multiple Family Dwelling Revenues
 - 521.6 Other Revenues
- 522. Measured Revenue
 - 522.1 Residential Revenues
 - 522.2 Commercial Revenues
 - 522.3 Industrial Revenues
 - 522.4 Revenues from Public Authorities
 - 522.5 Multiple Family Dwelling Revenues
- 524. Revenues From Other Systems

Other Wastewater Revenues

- 530. Guaranteed Revenues
- 536. Other Wastewater Revenues

WASTEWATER OPERATING REVENUE ACCOUNTS

Wastewater Sales

521. Flat Rate Revenues

A. This account shall be credited with all revenue for wastewater service rendered to residential, commercial and industrial property where the charge is not dependent upon metered water consumption or metered effluent output but is based on diameter of service, structure size, area front footage or other similar unit.

B. All revenue credited hereto shall be classified to one of the following subaccounts:

- 521.1 Residential Revenues
- 521.2 Commercial Revenues
- 521.3 Industrial Revenues
- 521.4 Revenues from Public Authorities
- 521.5 Multiple Family Dwelling Revenues
- 521.6 Other Revenues

Note:--When service is supplied through a single lateral to property used for both residential and commercial purposes, the total revenue shall be included in subaccount 521.1 or 521.2 according to the principle use of the property.

522. Measured Revenues

A. This account shall be credited with all revenues for wastewater service rendered to residential, commercial or industrial property where the charge is, or may be, in any way dependent on the quantity of water consumed or the quantity of effluent output by the customers.

B. All revenues credited hereto shall be classified to one of the following subaccounts:

- 522.1 Residential Revenues
- 522.2 Commercial Revenues
- 522.3 Industrial Revenues
- 522.4 Revenues from Public Authorities
- 522.5 Multiple Family Dwelling Revenues

Note:--See note following 521 above.

524. Revenues form Other Systems

This account shall be credited with all revenues derived from wastewater services rendered to other wastewater system properties, whether operated by a public authority or a private enterprise.

WASTEWATER OPERATING REVENUE ACCOUNTS

530. Guaranteed Revenues

This account shall be credited with revenue received from developers or other persons for a period of time prior to wastewater service being established. Normally, this type of revenue is usually received to reserve or guarantee the availability of plant capacity when needed.

536. Other Wastewater Revenues

This account shall include revenues for all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

WASTEWATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

- 701. Salaries and Wages - Employees
- 703. Salaries and Wages - Officers, Directors and Majority
Stockholders
- 704. Employee Pensions and Benefits
- 710. Purchased Wastewater Treatment
- 711. Sludge Removal Expense
- 715. Purchased Power
- 716. Fuel for Power Production
- 718. Chemicals
- 720. Materials and Supplies
- 730. Contractual Services - Billing
- 731. Contractual Services - Professional
- 735. Contractual Services - Testing
- 736. Contractual Services - Other
- 740. Rents
- 750. Transportation Expenses
- 755. Insurance Expenses
- 765. Regulatory commission Expenses
- 770. Bad Debt Expense
- 775. Miscellaneous Expenses

WASTEWATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

701. Salaries and Wages - Employees

This account shall include the compensation (salaries, bonuses and other consideration of services) paid or accrued to employees of the utility company for work related to operation and maintenance of that utility company. This account shall not include the salaries and wages of officers, directors or majority stockholders of the utility company.

703. Salaries and Wages - Officers, Directors and Majority Stockholders

This account shall include the compensation (salaries, bonuses and other consideration for services) paid or accrued to officers, directors or majority stockholders of the utility company.

704. Employee Pensions and Benefits

This account shall include all accruals under employee pension plans to which the utility has irrevocably committed such funds, and payments for employee accident, sickness, hospital and death benefits or insurance therefor. Include also expenses for medical, educational or recreational activities of employees.

710. Purchased Wastewater Treatment

A. This account shall include the cost at the point of delivery of wastewater treatment provided by another entity.

B. The records supporting this account shall be so kept as to show for each entity from which wastewater treatment is purchased, point of delivery, quantity treated, basis of charges, and the cost of wastewater treatment.

711. Sludge Removal Expense

This account shall include the costs of removal of sludge if such work is performed by persons other than owners, stockholders, and employees of the utility.

715. Purchased Power

This account shall include the cost of all electric power expense incurred by the utility.

716. Fuel For Power Production

A. This account shall include the cost of fuel used in the production of power to operate the pumps and other equipment used in the wastewater treatment process. Records shall be maintained to show the quantity and cost of each type of fuel used.

WASTEWATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

B. The cost of fuel shall be charged initially to appropriate fuel accounts under account 151 - Plant Materials and Supplies, and cleared to this account on the basis of the fuel used.

718. Chemicals

This account shall include the cost of all chemicals used in the treatment of wastewater. Include also the cost (except salaries and wages includible in accounts 701 - 703) of any chemicals manufactured by the utility and used in providing utility services.

720. Materials and Supplies

This account shall include all materials and supplies used in the operation and maintenance of the wastewater system, other than materials and supplies charged to account 736 - Contractual Services - Other.

730. Contractual Services - Billing

This account shall include the costs associated with billing customers for wastewater service if such work is not performed by employees of the utility.

731. Contractual Services - Professional

This account shall include the cost of accounting, legal and engineering if such work is not performed by employees of the utility.

735. Contractual Services - Testing

This account shall include costs paid to outside laboratories for testing.

736: Contractual Service - Other

This account shall include the cost of operation and maintenance work not performed by utility employees. This account shall also include the cost of management and data processing if such work is not performed by employees of the utility.

740. Rents

This account shall include those costs associated with the rental of buildings, real property and equipment, except for the rental of automobiles and trucks which shall be included in account 750 - Transportation Expense.

WASTEWATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

750. Transportation Expenses

This account shall include all truck, automobile, construction equipment, and other vehicle expense chargeable to utility operations, except depreciation and insurance.

755. Insurance Expense

This account shall include all insurance costs applicable to the accounting period, including workman's compensation, liability, vehicle, fire and theft or robbery insurance.

Note A:--Insurance dividends and refunds shall be credited to this account.

Note B:--The cost of policies extending over a period of more than one year shall be prorated over the period of coverage. Prepaid insurance shall be charged to account 174 - Miscellaneous Current and Accrued Assets.

765. Regulatory Commission Expenses

This account shall include all expenses (except salaries of regular utility employees) incurred by the utility in connection with formal cases before regulatory commissions. This account shall not include payment of taxes which shall be reported in the taxes other than income account.

770. Bad Debt Expense

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Concurrent credits shall be made to account 143.

775. Miscellaneous Expenses

This account shall include all expenses not includible in other operating expenses accounts.

Items

1. Industry association dues for company memberships.
2. Contributions for conventions and meetings of the industry.
3. Communication service not chargeable to other accounts.
4. Trustee, registrar, and transfer agent fees and expenses.
5. Stockholders meeting expenses.
6. Dividend and other financial notices.
7. Printing and mailing dividend checks.
8. Director's fees and expenses.
9. Publishing and distributing annual reports to stockholders.

WASTEWATER OPERATION AND MAINTENANCE EXPENSE ACCOUNTS

10. Public notices of financial, operating and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisition of property.
11. Write off of expenditures for preliminary surveys, plans, investigations, etc., included in account 183 - Preliminary Survey and Investigation Charges, relative to projects which have been abandoned.