

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL INTERESTED PERSONS

UNDOCKETED

IN RE: AMENDMENT OF RULE 25-30.420, FLORIDA ADMINISTRATIVE CODE,
ESTABLISHMENT OF PRICE INDEX, ADJUSTMENT OF RATES; REQUIREMENT OF
BOND; FILINGS AFTER ADJUSTMENT; NOTICE TO CUSTOMERS.

ISSUED: September 26, 2018

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated rulemaking to amend Rule 25-30.420, Florida Administrative Code, to update and clarify the water and wastewater utilities' price index application.

The attached Notice of Development of Rulemaking appeared in the September 20, 2018, edition of the Florida Administrative Register. If requested in writing and not deemed unnecessary by the agency head, a rule development workshop will be scheduled and noticed in the next available Florida Administrative Register. Written requests for a rule development workshop must be submitted by October 11, 2018, to Pamela H. Page, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850, (850) 413-6214, phpage@psc.state.fl.us. A copy of the preliminary draft rule is attached.

By DIRECTION of the Florida Public Service Commission this 26th day of September,
2018.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

PHP

Notice of Development of Rulemaking

PUBLIC SERVICE COMMISSION

RULE NO: RULE TITLE

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

PURPOSE AND EFFECT: To update and clarify the price index application.

Docket No. Undocketed

SUBJECT AREA TO BE ADDRESSED: The rule establishes the process by which water and wastewater utilities may adjust rates through a price index application based on current specific expenses without the need for a rate case.

RULEMAKING AUTHORITY: 350.127(2), 367.081(4)(a), 367.121(1)(c), (f), F.S.

LAW IMPLEMENTED: 367.081(4), 367.121(1)(c), (g), F.S.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE REGISTER.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS:
Pamela H. Page, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6214, phpage@psc.state.fl.us.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.

1 **25-30.420 Establishment of Price Index, Adjustment of Rates; Requirement of Bond;**
2 **Filings After Adjustment; Notice to Customers.**

3 (1) On or before March 31 of each year, ~~The Commission shall, on or before March 31 of~~
4 ~~each year,~~ establish a price increase or decrease index as required by Section 367.081(4)(a),
5 F.S. The Office of Commission Clerk shall mail each regulated water and wastewater utility a
6 copy of the proposed agency action order establishing the index for the year, ~~and~~ a copy of the
7 application ~~and instructions for filing~~ Form PSC 1022(9/18) ~~PSC/AFD-15 (4/99)~~, entitled
8 “Index Application”, which is incorporated into this rule by reference and may be obtained
9 from [Dept of State hyperlink] and the Commission’s Division of Accounting and Finance.
10 Applications for the newly established price index will be accepted from April 1 of the year
11 the index is established through March 31 of the following year.

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

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

19 (2) Any utility seeking to increase or decrease its rates based upon the application of the
20 index established pursuant to subsection (1) and as authorized by Section 367.081(4)(a), F.S.,
21 shall file ~~an original and five copies~~ of a notice of intention and the materials listed in
22 paragraphs (a) through (i) below with the Commission’s Division of Accounting and Finance
23 at least 60 days prior to the effective date of the increase or decrease. The adjustment in rates
24 shall take effect on the date specified in the notice of intention unless the Commission finds
25 CODING: Words underlined are additions; words in ~~struck-through~~ type are deletions from
existing law.

1 that the notice of intention or accompanying materials do not comply with the law, or the rules
2 or orders of the Commission. The notice shall be accompanied by:

3 (a) Revised tariff sheets;

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

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

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

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

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

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

15 (h) A statement that the utility does not have any active written complaints, corrective
16 orders, consent orders, or outstanding citations with the Department of Environmental
17 Protection (~~DEP~~) or the County Health Department(s) or that the utility does have active
18 written complaints, corrective orders, consent orders, or outstanding citations with the
19 Department of Environmental Protection or the County Health Department(s);-

20 (i) A copy of any active written complaints, corrective orders, consent orders, or
21 outstanding citations with the Department of Environmental Protection (~~DEP~~) or the County
22 Health Department(s).

23 (3) If the Commission, upon its own motion, implements an increase or decrease in the
24 rates of a utility based upon the application of the index established pursuant to subsection (1)

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

1 and as authorized by Section 367.081(4)(a), F.S., the Commission will require a utility to file
2 the information required in subsection (2).

3 (4) Upon a finding of good cause, the Commission shall ~~may~~ require that a rate increase
4 pursuant to Section 367.081(4)(a), F.S., be implemented under a bond or corporate
5 undertaking in the same manner as interim rates. For purposes of this subsection, “good
6 cause” shall include:

7 (a) Inadequate service by the utility;

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

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

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

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

20 *Rulemaking Authority 350.127(2), 367.081(4)(a), 367.121(1)(c), (f) FS. Law Implemented*
21 *367.081(4), 367.121(1)(c), (g) FS. History—New 4-5-81, Amended 9-16-82, Formerly 25-*
22 *10.185, Amended 11-10-86, 6-5-91, 4-18-99, 12-11-03, _____.*

23
24
25 CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from
existing law.

FLORIDA PUBLIC SERVICE COMMISSION
 PRICE INDEX APPLICATION
 APPLICABLE TEST YEAR _____

Department of Environmental Protection Public Water System ID NO. _____
 Department of Environmental Protection Wastewater Treatment Plant ID NO. _____

	WATER	WASTEWATER
Operation & Maintenance Expenses ¹	\$ _____	\$ _____
LESS:		
(a) Pass-through Items:		
(1) Purchased Power	_____	_____
(2) Purchased Water	_____	_____
(3) Purchased Wastewater Treatment	_____	_____
(4) Sludge Removal	_____	_____
(5) Other ²	_____	_____
(b) Rate Case Expense Included in Expenses	_____	_____
(c) Adjustments to Operation & Maintenance Expenses from last rate case, if applicable: ³		
(1) _____	_____	_____
(2) _____	_____	_____
Costs to be Indexed	\$ _____	\$ _____
Multiply by Annual Commission-Approved Price Index	_____ %	_____ %
Total Indexed Costs	\$ _____	\$ _____
Add Change in Pass-Through Items: ⁴		
(1) _____	_____	_____
(2) _____	_____	_____
Divide Index and Pass-Through Sum by Expansion Factor for Regulatory Assessment Fees	<u> .955 </u>	<u> .955 </u>
Increase in Revenue	_____	_____
Divide by Applicable Test Year Revenue ⁵	\$ _____	\$ _____
Percentage Increase in Rates	 % =====	 % =====

FOOTNOTES APPEAR ON THE FOLLOWING PAGE

PAGE 1 FOOTNOTES

¹This amount must match last year's annual report.

²Other expense items may include increases in required Department of Environmental Protection testing, ad valorem taxes, permit fees charged by the Department of Environmental Protection or a local government authority, National Pollutant Discharge Elimination System fees, and regulatory assessment fees. These items should not be currently embedded in the utility's rates.

³This may include adjustments that follow a methodology referenced in the Order from a utility's last rate case (i.e. averaged bad debt expense or excessive unaccounted for water percentage applied to chemicals expense).

⁴This may include an increase in purchased power, purchased water, purchased wastewater treatment, sludge hauling, required Department of Environmental Protection testing, ad valorem taxes, and permit fees charged by the Department of Environmental Protection or a local government authority providing that those increases have been incurred within the 12-month period prior to the submission of the pass-through application. Pass-through National Pollutant Discharge Elimination System fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. All pass-through items require invoices. See Rule 25-30.425, F.A.C. for more information.

⁵If rates changed after January 1 of the applicable test year, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

ANNUALIZED REVENUE WORKSHEET

Have the rates charged for customer services changed since January 1, of the applicable test year?

- () If no, the utility should use actual revenues. This form may be disregarded.
- () If yes, the utility must annualize its revenues. Read the remainder of this form.

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

CALCULATION OF ANNUALIZED REVENUES*
 Consumption Data for Applicable Test Year

	Number of Bill/Gal. Sold	X	Current Rates	Annualized Revenues
Residential Service:				
Bills:				
5/8"x3/4" meters	_____		_____	_____
1" meters	_____		_____	_____
1 1/2" meters	_____		_____	_____
2" meters	_____		_____	_____
Gallons Sold	_____		_____	_____
General Service:				
Bills:				
5/8"x3/4" meters	_____		_____	_____
1" meters	_____		_____	_____
1 1/2" meters	_____		_____	_____
2" meters	_____		_____	_____
3" meters	_____		_____	_____
4" meters	_____		_____	_____
6" meters	_____		_____	_____
Gallons Sold	_____		_____	_____
Total Annualized Revenues for the Applicable Test Year				\$ _____

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

AFFIRMATION

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

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

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

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

Signature: _____
Title: _____
Telephone Number: _____
Fax Number: _____

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

My Commission expires:

(SEAL)

Notary Public
State of Florida

STATEMENT OF QUALITY OF SERVICE

Pursuant to paragraphs 25-30.420(2)(h) and (i), Florida Administrative Code,

(name of utility)

[] does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Departments.

[] does have the attached active written complaint(s), corrective order(s), consent order(s), or outstanding citation(s) with the DEP or the County Health Department(s). The attachment(s) includes the specific system(s) involved with DEP permit number and the nature of the active complaint, corrective order, consent order, or outstanding citation.

This statement is intended such that the Florida Public Service Commission can make a determination of quality of service pursuant to Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420(4)(a), Florida Administrative Code.

Name: _____

Title: _____

Telephone Number: _____

Fax Number: _____

Date: _____

NOTICE TO CUSTOMERS

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

On _____, _____ filed its notice of
(date) (name of utility)
intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected for service rendered on or after _____.
(date)

Exception

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

Signature: _____

Title: _____

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

NOTICE TO CUSTOMERS

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

On _____, _____ filed its notice of
(date) (name of utility)
intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected on your bill for service rendered on or after _____.
(date)

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