



Water and Wastewater

CUSTOMER MEETING

Frequently Asked Questions

The Florida Public Service Commission has jurisdiction over privately-owned water and wastewater utilities in Florida. Systems owned by local governments or nonprofit homeowners associations or cooperatives are exempt from Commission regulation.

Florida Statutes require the Commission to fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. Utilities are allowed to recover the prudent expenses associated with operating and maintaining water and wastewater systems, as well as a fair return on the utility's investment.

1) Why was this date and location chosen for the customer meeting?

The date set for a customer meeting is determined by a number of factors. Florida Statutes contain deadlines by which the Commission is required to make a decision on a utility's request to increase its rates. The Commission cannot dictate when a utility files for a rate case, so the timing of the customer meeting is dependent on when the utility files its application.

If a meeting is held in person, the Commission evaluates the location of the customers served by the utility and identifies an area that could serve as a central meeting point near the service area. Once the central meeting point is chosen, the Commission searches for appropriate meeting facilities that can accommodate the number of customers expected to attend. Some customers prefer morning meetings, while others prefer evening meetings. The Commission seeks to obtain as much input as possible, so if customers are unable to attend the meeting, the Commission allows customers to file comments either by mail or electronically.

2) Why is my water and wastewater bill for my residence outside Florida a fraction of the costs of my bill in Florida? Why do people who reside within a few miles of me pay substantially less than I do for water and wastewater service?

There are many factors that cause water and wastewater rates to differ among systems. The size and age of the system, the quality of the raw water, and the utility's investment in its facility all have a significant impact on the cost of providing service. Even if a utility is in close proximity to another utility, the operating costs of the two utilities can be quite different. In addition, government-owned water and wastewater utilities are not required to pay federal and state income taxes or property taxes.

3) How much profit is a utility allowed to earn?

Florida Statutes allow water and wastewater utilities to earn a return on their prudent investment in facilities needed to serve existing customers and potential growth over the next five years. The amount of profit, or return on investment, included in rates is based on the utility's

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cost of debt, as well as a return on the utility's equity investment. Each year, the Commission establishes the allowed return on equity for water and wastewater utilities based on market conditions. While the Commission establishes an allowable rate of return on investment, the Commission does not guarantee the utility will fully recover that return. Fluctuations in expenses and customer demand can have a significant impact on whether a utility's achieves its authorized rate of return.

4) Why do I have to pay a base facility charge for months when I am not in residence?

The Commission sets rates based on the number of customers served by the utility and the demand those customers are expected to place on the system. The system that serves your community must be continually maintained to ensure that it functions properly, even when some customers are not in residence. While you may not require service every day of the year, service must be available on demand. So utilities are allowed to collect a base facility charge each month, regardless of whether a customer is using the service. If seasonal customers were not charged the base facility charge when they are not in residence, then the utility's rates would have to be even higher to allow the utility to collect the total revenues they are entitled to receive.

5) Why is there a separate charge for wastewater service? Why do I pay for wastewater service based on my water usage?

There are unique costs associated with providing water and wastewater service; therefore the Commission sets separate revenue requirements for each service. Because there are no meters for wastewater service, the Commission determines the demand a customer places on the wastewater system and the resulting rate to be paid for wastewater service based on the amount of water a customer uses.

6) My water smells and tastes bad. My water leaves a brown stain on my toilet and clothes. Is it safe to drink?

The rotten egg smell in water is caused by Hydrogen Sulfide, which is common in Florida's underground water, particularly in coastal areas. The brown coloration is from minerals, such as iron, that occur naturally in the water. Your utility may be able to improve the quality of the water, but the process can be expensive. The taste and color of the water does not necessarily indicate that the water is unsafe to drink. The Florida Department of Environmental Protection is responsible for monitoring the quality of the water you are provided.

7) Why did I receive a boil water notice?

The Florida Department of Environmental Protection requires utilities to issue a precautionary boil water notice when the water pressure drops below a certain level. It is a precautionary measure taken by the utility and does not necessarily mean that your water supply is contaminated. Water pressure keeps pollutants from entering the underground pipes that bring drinking water to your house or business. When the pressure is lost, contaminants can seep into the pipes. So it is important to disinfect tap water to kill any bacteria or viruses that may have entered the water or use an alternative source of water, such as bottled water, if you receive a precautionary boil water notice. The Florida Department of Environmental Protection's rules contain the requirements utilities must follow to issue and rescind precautionary boil water notices.