

# Service Availability Policy and Charges



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- Service availability charges are one-time charges collected by the utility when a property first connects to the utility system.
- They allow the utility to recover a portion of its investment as customers connect to the system.
- They reduce the long-run cost of service to the customer by reducing the amount of investment on which the utility may earn a return.
- Service availability charges are recorded on the utility's books as contributions in aid of construction (CIAC).



# Types of Service Availability Charges

- Meter installation charges are designed to recover the cost of the meter and the installation.
- Tap-in charges are designed to recover the cost of the service line from the main to the water meter or point of connection for wastewater service.
- Main extension charges are designed to recover each customers' pro rata share of the cost of the transmission and distribution or collection lines.
- Plant capacity charges are designed to recover a portion of the utility's investment in land and treatment facilities.



# Minimum Service Availability Guideline

- At a minimum, the utility's level of CIAC should allow the utility to recover the cost of the transmission and distribution or collection system. See Rule 25-30.580(2), F.A.C., *Guidelines for Designing Service Availability Policy*.

Example:

Transmission/Distribution System Cost	<u>\$750,000</u>	= 50% Minimum
Total Water System Cost	\$1,500,000	Contribution Level
Transmission/Distribution System Cost	<u>\$750,000</u>	= \$750/ERC*
Transmission/Distribution System Capacity	1,000	Main Extension Charge

\* Equivalent Residential Connection



# Maximum Service Availability Guideline

- The utility's CIAC net of amortization should not exceed 75 percent of the utility's investment net of depreciation at design capacity. See Rule 25-30.580(1), F.A.C, *Guidelines for Designing Service Availability Policy*.

Example:

CIAC net of amortization at design capacity\*  $\frac{\$900,000}{\$1,200,000} = \leq 75\%$   
Water/wastewater system cost net of depreciation at design capacity \$1,200,000

\* Includes meter installation, main extension, and plant capacity charges



# Applications for Service Availability Policy and Charges

- Section 367.101, F.S., *Charges for service availability*, requires that a utility's service availability policy and charges be just and reasonable.
- Rule 25-30.565, F.A.C., *Application for Approval of New or Revised Service Availability Policy or Charges*, contains the filing requirements for new or revised service availability policy or charges.
- Rule 25-30.4345, F.A.C., *Notice of Requests for New or Revised Service Availability Charges or Policies and Notice of Requests for Allowance for Funds Prudently Invested (AFPI) Charges*, contains the noticing requirements for new or revised service availability policy or charges.

