

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rules 25-30.420)	DOCKET NO. 901022-WS
and 25-30.425, F.A.C., Indexes and)	
Pass-Throughs for Water and)	ORDER NO. 24339
Wastewater Utilities.)	
_____)	ISSUED: 4/9/91

NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to amend Rules 25-30.420, and 25-30.425, F.A.C., relating to Indexes and Pass-Throughs for Water and Wastewater Utilities.

The attached Notice of Rulemaking will appear in the April 12, 1991, edition of the Florida Administrative Weekly. If requested, a hearing will be held at the following time and place:

9:30 a.m., Monday, May 13, 1991
Room 122, Fletcher Building
101 East Gaines Street
Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399, no later than May 3, 1991.

By Direction of the Florida Public Service Commission, this
9th day of APRIL, 1991.


 STEVE TRIBBLE, Director
 Division of Records & Reporting

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DOCUMENT NUMBER-DATE

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FSC-RECORDS/REPORTING

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 2

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 901022-WS

RULE TITLE:

RULE NO.:

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

25-30.420

Pass Through Rate Adjustment.

25-30.425

PURPOSE AND EFFECT:

The purpose of the proposed amendments to Rule 25-30.420, Florida Administrative Code, the Index rule, is to change the word "sewer" to "wastewater", and to incorporate the statutory prohibition against implementation of a rate increase within one year of the official date the utility filed a rate proceeding. The effect of the proposed amendments is to reflect the retitling of Chapter 367, Florida Statutes to "Water and Wastewater Systems", and to implement the Legislature's intent to protect utility customers from a succession of rate increases while a rate proceeding is pending.

The purpose and effect of the proposed amendments to Rule 25-30.425, Florida Administrative Code, the Pass-Through rule, is also to change the word "sewer" to "wastewater", and to incorporate the requirement of section 367.081 (4) (b), Florida Statutes, that if a utility wishes to pass through the costs of water or wastewater quality testing required by the Department of Environmental

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 3

Regulation, the utility must file a copy of the testing invoice and a calculation of the amortized amount with the Commission. The proposed amendments also provide that a utility will not be required to include a statement of gallons of water and units of wastewater service sold in its filings for the pass-through of increased regulatory assessment fees or ad valorem taxes

SUMMARY:

Section 367.081, Florida Statutes, requires the implementation of procedures by which a utility may implement an increase or decrease in its rates based on Commission established price indexes for increases or decreases in major categories of operating costs incurred by water and wastewater utilities. Section 367.081 also prescribes the circumstances in which a utility may pass on an increase or decrease in the rates it pays for utility service that it then distributes to its customers. The proposed amendments to Rules 25-30.420 and 25-30.425, Florida Administrative Code, further conform the Commission's Index and Pass-Through Rules to the statute.

The amendments change the word "sewer" to "wastewater." Rule 25-30.420(8), Florida Administrative Code, prohibits a utility from implementing a rate increase under the provisions of the rule within one year of the official date that it filed a rate proceeding, unless the rate proceeding has been completed or terminated. Rule 25-30.425(4), Florida Administrative Code,

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 4

requires a utility to submit an invoice and a calculation of the amortized amount of the costs of water and wastewater quality testing required by the Department of Environmental Regulation before adjusting rates to reflect that cost. Rule 25-30.425(5)(b), Florida Administrative Code, provides that a utility will not be required to submit a statement setting out by month the gallons of water or wastewater service sold for the most recent 12 month period when the utility seeks to pass through increases in regulatory assessment fees and ad valorem taxes.

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

LAW IMPLEMENTED: 367.081(4)(a)(b), F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS THESE RULES: The proposed changes are not expected to have an appreciable economic impact upon water and wastewater utilities or their customers.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULES MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., May 13, 1991

PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS THESE RULES AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 5

Service Commission, 101 East Gaines Street, Tallahassee, Florida
32399

THE FULL TEXT OF THE THESE RULES ARE:

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.

(a) In determining major categories of operating costs to which the index will apply, the Commission may consider whether the cost category is material to the operation of water and wastewater sewer utilities, whether the cost category is applicable to all utilities regardless of size and geographic location, and whether sufficient data is available regarding price increases or decreases.

(b) In establishing price indices for major categories of operating costs, the Commission may consider cost statistics compiled by government agencies or bodies, cost data supplied by utility companies or other interested parties, applicable wage and price guidelines, or other relevant available data.

(2) Any utility seeking to increase or decrease its rates based upon the application of the indices established pursuant to subsection (1) and as authorized by section 367.081(4)(a), F.S., shall file a notice of intention with the Commission at least 60

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 6

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

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 7

(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 of 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) After a rate adjustment pursuant to this rule, the Commission may require a utility to file with it such information required in Rule 25-30.436, F.A.C., that is necessary to determine whether the utility has exceeded its last authorized rate of return.

(6) 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 therefore.

(7) No utility shall implement a rate increase pursuant to this rule unless the utility has on file with the Commission a current annual report as required by Rule 25-30.110(3), F.A.C.

(8) 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

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 8

terminated.

Specific Authority: 367.081(4)(a), F.S.

Law Implemented: 367.081(4)(a), F.S.

History: New 4/5/81, Amended 9/16/82, Transferred from 25-10.185 and Amended 11/9/86.

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 [sewer] utility regulated by the Commission.

(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 ~~sewage~~ treatment purchased from the governmental agency or regulated utility for the most recent 12-month period. If wastewater ~~sewage~~ treatment service is not based on a metered flow, the number of units by which the service is measured shall be stated.

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 9

2. A statement setting out by month gallons of water and units of wastewater ~~sewage~~ 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 ~~sewage~~ treatment purchased from any other government entity or utility company.

(e) A statement setting out by month the gallons of water pumped or wastewater ~~sewage~~ 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;

(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

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 10

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 ~~sewer~~ 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 Regulation, the company 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) and (3) 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

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 11

out by month the gallons of water and units of wastewater sewage 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 required by section 367.081(4)(c), F.S.; and

(d) A copy of the notice to customers required by subsection ~~(7)~~ ~~(6)~~ of this rule.

(e) Revised tariff sheets reflecting the increased rates; and

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

~~(6)~~ ~~(5)~~ 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.

~~(7)~~ ~~(6)~~ 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.

~~(8)~~ ~~(7)~~ The official date of filing for the verified notice to the Commission of adjustment in rates shall be at least 45 ~~30~~ days before the new rates are implemented.

ORDER NO. 24339
DOCKET NO. 901022-WS
PAGE 12

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

Law Implemented: 367.081(4)(b), F.S.

History: New 6/10/75, Amended 4/5/79, 4/5/81, 10/21/82,
Transferred from 25-10.179 and Amended 11/9/86.

NAME OF PERSON ORIGINATING PROPOSED RULES: Chuck Hill, Director of
Water and Wastewater

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULES:
Florida Public Service Commission

DATE PROPOSED RULES APPROVED: March 12, 1991

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.