

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendment of Rules 25-30.420, F.A.C., Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings after Adjustment; Notice to Customers; and 25-30.425, F.A.C., Pass Through Rate Adjustment

DOCKET NO. 980561-WS

STAFF COMMENTS

Staff provides the following response to comments of the Joint Administrative Procedures Committee Staff Attorney (JAPC) regarding Rule 25-30.420, F.A.C., on price index establishment and rate adjustments, and to the direct testimony of Brian P. Armstrong for Florida Water Services Corporation (Florida Water) regarding Rule 25-30.425, F.A.C., on pass through rate adjustments. Staff recommends several rule changes to address the concerns of the JAPC. The changes are shown in Attachment A to these comments.

**25-30.420 (1):** The application for a price index increase should be adopted as a form and incorporated by reference. (Attachment B.)

**25-30.420 (1) (b):** This subsection addresses the data the Commission will or may consider. The rule currently provides what the Commission "may" consider. The Commission's proposed rule provides that the Commission "will" use cost statistics compiled by government agencies, but that it "may" consider other data in establishing the index. To respond to JAPC's comments that the term "may" confers unbridled discretion and

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- AFA \_\_\_\_\_
- APP \_\_\_\_\_
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- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTU \_\_\_\_\_

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that the rule lacks adequate standards governing when the Commission will consider other data, staff recommends changing "may" to "will." The change merely requires the Commission to "consider" (review and weigh) cost data supplied by utility companies or other interested parties, and applicable wage and price guidelines. It does not bind the Commission to utilizing the information in determining the index, but the Commission should have reasons if it chooses not to use the information. Staff also recommends striking the phrase "other relevant available data" because it is too broad to require.

**25-30.420 (3):** Staff recommends the following changes (shown as shaded:

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

This change is recommended to address the JAPC's concern about the use of the term "may". The change does not affect the Commission's discretion to implement an increase or decrease in rates upon its own motion because that authority and discretion is conferred by statute. It is unnecessary to restate it in the rule, however, the remainder of the rule gives notice to utilities that certain information must be submitted. Thus, the rule should be changed rather than deleted altogether.

25-30.420(4): This section of the rule provides:

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~~ 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.

The JAPC attorney takes issue with the use of the terms "may" and "good cause." Although he recognizes that two examples of "good cause" are included in the rule, he states that they do not supply sufficient criteria to apprise the reader of the factors to be considered by the Commission. Staff disagrees.

In a letter responding to the JAPC comments, Staff asserted that the statute being implemented by this rule provision directs the Commission to adopt precisely this language. Specifically, section 367.081(4)(a), Florida Statutes, provides:

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.

Staff also responded that the term "good cause" means if there is a legitimate reason and that the rule currently states two legitimate reasons. Staff further disagreed with the JAPC

comment that the term is capable of numerous and inconsistent interpretations because that has not been the Commission's experience. As of this filing, the JAPC has not replied to the Commission's response. Staff does not recommend any changes to the current provision at this time.

**Rule 25-30.420(5):** Staff recommends deleting section (5). This section provides for the Commission to require a Class A or Class B utility to file rate case MFRs pursuant to rule 25-30.436, F.A.C., for the purpose of determining whether the utility has exceeded its last authorized return on equity. As a practical matter, the Commission has never invoked this provision of the rule for the purpose of determining a utility's earnings position. The Commission staff typically requests a staff audit of the utility for that purpose. In addition, the Commission retains broad authority to initiate rate proceedings on its own motion pursuant to sections 367.081(2)(a) or 367.0822, F.S. Therefore, the reiteration of that authority in this rule is unnecessary.

**Response to Direct Testimony of Brian P. Armstrong**

**Rule 25-30.425(1)(a) and (2)(a):** The Commission has proposed amending these two sections of the pass through rule to require utilities to file evidence of the utility service rates of the governmental agency or water and wastewater utility, and the electric power rates of the supplier, that were in effect on January 1 of each of the three preceding years. The purpose of

obtaining this information is to determine if the utility's customers have received the benefit of any decrease in the cost of purchased water service, wastewater service, or electric power, or whether the utility is filing for a pass through increase that includes amounts already in its approved rates.

Before responding to the specific comments of Mr. Armstrong, it is important to provide the context of the rule proposal. In December, 1995, Pasco County decreased its bulk water and wastewater rates to all its customers for the period January 1, 1996 through September, 1999. The county notified Commission staff of the pending rate reduction in December, 1995. Ultimately, the county delayed implementing the rate decrease until April 1, 1996, to give the nine Commission regulated utilities in the county an opportunity to contact the Commission and incorporate the reduction into their rates. Only three of the utilities actually filed a reduction; another was in the process of a staff assisted rate case and the reduction was incorporated in that case. The Commission issued orders to the remaining five utilities to show cause why they should not be required to reduce rates to reflect the purchased water or wastewater decrease.

Separate dockets were opened for each utility and the final outcomes varied slightly. The Commission, however, made two significant decisions in each case. The first was that it has the authority to initiate rate decreases on its own motion.

The second decision was that it would require rate decreases to reflect pass through decreases only if a utility is meeting or exceeding the minimum of its last authorized range of return on equity. In re: Florida Water Services Corporation, Order No. PSC-97-0680-FOF-WS (6/11/97); In re: Mad Hatter Utility, Inc., Order No. PSC-97-0681-FOF-SU (6/11/97); In re: Aloha Utilities, Inc., Order No. PSC-97-0682-FOF-WS (6/11/97); In re: Forest Hills Utilities, Inc., Order No. PSC-97-0457-FOF-WU (4/22/97); In re: Hudson Utilities, Inc., Order No. PSC-97-0458-FOF-SU (4/22/97).

Staff agrees with Mr. Armstrong that the process should not be complicated. While the earnings test is an appropriate concept, in this instance its application in the Pasco County cases served to create additional staff and utility effort and expense. Additional data requests were made and disagreements arose over the accuracy of annual reports as the basis for determining a utility's earnings posture. Since the use of the information required by the proposed rule will not result in decreased rates unless the utility requests it, the point at which an earnings test is required is not reached.

The proposed rule change is an effort to simplify the pass through decrease procedure, and leave the discretion to initiate a decrease with the utility. It is not the staff's intent to force a decrease with this rule change, however, the Commission must be able to ensure that there is not a double

recovery by the utility of a particular expense when a subsequent increase is passed through. Staff believes the Commission not only has the authority, but that it has the duty to make this determination.

The information required is the rates in effect for the utility's purchased water, wastewater, and electric power for each of the three previous years. This information is the same type as is presently required in (3)(a) of the rule for processing an ad valorem tax pass through rate adjustment. If the utility has experienced a decrease in rates since its last increase, and did not file for a pass through decrease as provided by section 367.081(4)(b), then Staff believes the utility is not entitled to the full amount of the increase. To do otherwise would allow the utility a double recovery of the expense, a result that could not have been intended by the Legislature. Contrary to Mr. Armstrong's assertion, the Commission has the specific authority to require such information under section 367.121(1)(c), F.S.

Attachment C shows a hypothetical example of how the double recovery would occur. Year zero shows an existing purchased water cost of \$0.50, and a utility rate of \$0.75, giving the utility a profit margin of \$0.25. In year one, the utility experiences a \$0.25 increase in purchased water to \$0.75 from its supplier. The utility files for a pass through rate adjustment and receives a \$0.25 increase in its rates to

\$1.00, still giving the utility a \$0.25 profit margin. In year two, the utility experiences a \$0.25 decrease in purchased water to \$0.50 from its supplier, and elects not to file for a pass through rate decrease, leaving its rate at \$1.00, with a profit margin of \$0.50. In year three, the utility experiences a \$0.50 increase in purchased water cost to \$1.00. The utility files for a pass through increase of \$0.50 to increase its rate to \$1.50.

Staff contends that the utility, by not coming in for a pass through decrease in year two, already has \$0.25 of the increase in its rates, and it should only be allowed an additional \$0.25 increase to \$1.25, allowing the utility a \$0.25 profit margin. Granting the utility its requested \$1.50 rate would give the utility a \$0.50 profit margin on a prospective basis, resulting in double recovery of the expense, which Staff believes is unfair to the utility ratepayers. This methodology would not decrease the utility's rates, it would only reduce the amount of the utility's requested increase by netting the decrease which was not filed for, against the requested increase.

This "netting" procedure is not to make adjustments of prior years' expenses as Mr. Armstrong stated in his testimony, it is a ratemaking procedure used to guarantee that the expenses which are being requested to be passed-through are not already included in the utility's rates. If a scenario

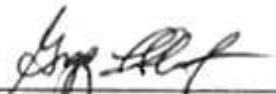


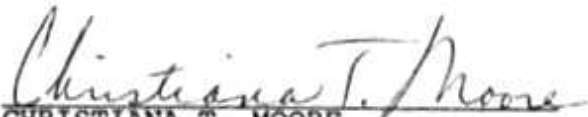
occurred where a reduction in rates did result from the netting, the utility would have the option of withdrawing its application, and no further action would be taken by the Commission, provided the utility was not overearning.

Mr. Armstrong's testimony goes on to say that: "To be consistent with the proposed offsetting of decreases, the proposed rule should allow the utility to recover increases from prior years which might have been foregone." Staff believes this should not be done because utilities control this and they choose whether and when to file for an increase, and whether and when to file for a decrease. More often than not, utilities do not elect to file for decreases, which leaves the Commission to review the utility rates in subsequent proceedings, and see that the utility customers are protected.

Mr. Armstrong presents a scenario questioning "whether the Commission will begin offsetting an increase in one expense, for example, purchased water, against one or more prior years' decrease(s) in any other pass through expense, e.g. ad valorem taxes." At no time has Staff ever suggested this action, and Staff has no intention of making such a proposal. In fact, what Florida Water is suggesting with pass through decreases is exactly the scenario they have presented. They are proposing not doing anything with decreases in purchased water, wastewater, or electric power service. The effect of this would be that the extra \$0.25 profit margin as shown in Staff's

pass through filings. Because the meaning of the existing language has not been the subject of dispute, Staff believes the proposed change is not necessary and can be stricken.

  
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\_\_\_\_\_  
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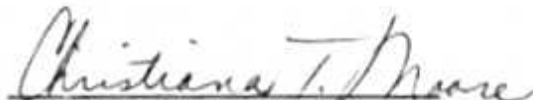
**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U.S. Mail this 13th day of November, 1998 to the following:

Brian P. Armstrong, Esquire  
Matthew J. Feil, Esquire  
Florida Water Services Corporation, Inc.  
1000 Color Place  
Apopka, FL 32703

Stephen C. Burgess, Esquire  
Office of Public Counsel  
111 West Madison Street, Room 812  
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P. O. Box 551  
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CHRISTIANA T. MOORE

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

3 (1) The Commission shall, on or before March 31 of each year,  
4 establish a price increase or decrease index as required by section  
5 367.081(4)(a), F. S. The Division of Records and Reporting shall  
6 mail each regulated water and wastewater utility a copy of the  
7 proposed agency action order establishing the index for the year  
8 and a copy of the application. Form PSC/WAW 15 ( / ), entitled  
9 "Index Application", is incorporated into this rule by reference  
10 and may also be obtained from the Commission's Division of Water  
11 and Wastewater. Applications for the newly established price index  
12 will be accepted from April 1 of the year the index is established  
13 through March 31 of the following year.

14 (a) The index shall be applied to all operation and  
15 maintenance expenses, except for amortization of rate case expense,  
16 costs subject to pass-through adjustments pursuant to section  
17 367.081(4)(b), F.S., and adjustments or disallowances made in a  
18 utility's most recent rate proceeding. ~~In determining major~~  
19 ~~categories of operating costs to which the index will apply, the~~  
20 ~~Commission may consider whether the cost category is material to~~  
21 ~~the operation of water and wastewater utilities, whether the cost~~  
22 ~~category is applicable to all utilities regardless of size and~~  
23 ~~geographic location, and whether sufficient data is available~~  
24 ~~regarding price increases or decreases.~~

25 (b) In establishing the price index indices ~~for major~~

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1 ~~categories of operating costs~~, the Commission will ~~may~~ consider  
2 cost statistics compiled by government agencies or bodies, cost  
3 data supplied by utility companies or other interested parties, and  
4 applicable wage and price guidelines, ~~or other relevant available~~  
5 ~~data.~~

6 (2) Any utility seeking to increase or decrease its rates  
7 based upon the application of the index indices established  
8 pursuant to subsection (1) and as authorized by section  
9 367.081(4) (a), F. S., shall file an original and five copies of a  
10 notice of intention and the materials listed in (a) through (g)  
11 below with the Commission's Division of Water and Wastewater at  
12 least 60 days prior to the effective date of the increase or  
13 decrease. The adjustment in rates shall take effect on the date  
14 specified in the notice of intention unless the Commission finds  
15 that the notice of intention or accompanying materials do not  
16 comply with the law, or the rules or orders of the Commission. The  
17 notice shall be accompanied by:

18 (a) Revised tariff sheets;

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

21 (c) The affirmation required by section 367.081(4) (c), F. S.;

22 (d) A copy of the notice to customers required by subsection  
23 (6);

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

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

5 (g) The utility's Department of Environmental Protection  
6 Public Water System identification number and Wastewater Treatment  
7 Plant Operating Permit number.

8 (3) ~~If t~~The Commission, upon its own motion, ~~may~~ implement~~g~~ an  
9 increase or decrease in the rates of a utility based upon the  
10 application of the ~~index indices~~ established pursuant to subsection  
11 (1) and as authorized by section 367.081(4)(a), F. S., ~~t~~The  
12 Commission ~~will~~may require a utility to file ~~any of~~ the information  
13 required in subsection (2).

14 (4) Upon a finding of good cause, the Commission may require  
15 that a rate increase pursuant to section 367.081(4)(a), F. S., be  
16 implemented under a bond ~~or of~~ corporate undertaking in the same  
17 manner as interim rates. For purposes of this subsection, "good  
18 cause" shall include:

19 (a) Inadequate service by the utility;

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

23 (5) After a rate adjustment pursuant to this rule, the  
24 Commission may require a utility to file with it such information  
25 required in Rule 25-30.436, F. A. C., that is necessary to

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1 determine whether the utility has exceeded its last authorized rate  
2 of return on equity.

3 (6) Prior to the time a customer begins consumption at the  
4 rates established by application of the index, the utility shall  
5 notify each customer of the increase ~~(or decrease)~~ authorized and  
6 explain the reasons therefor.

7 (7) No utility shall file a notice of intention ~~implement a~~  
8 ~~rate increase~~ pursuant to this rule unless the utility has on file  
9 with the Commission an a-current annual report as required by Rule  
10 25-30.110(3), F. A. C., for the test year specified in the order  
11 establishing the index for the year.

12 (8) No utility shall implement a rate increase pursuant to  
13 this rule within one year of the official date that it filed a rate  
14 proceeding, unless the rate proceeding has been completed or  
15 terminated.

16 Specific Authority 350.127(2), 367.081(4)(a), 367.121(1)(c),  
17 367.121(1)(f)F.S.

18 Law Implemented 367.081(4), 367.121(1)(c), 367.121(1)(g), F.S.

19 History--New 4-5-81, Amended 9-16-82, Formerly 25-10.185, Amended  
20 11-10-86, 6-5-91, \_\_\_\_\_.

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1 25-30.425 Pass Through Rate Adjustment. The verified notice  
2 to the Commission of an adjustment of rates under the provisions of  
3 section 367.081(4)(b), F. S., shall be made in the following  
4 manner:

5 (1) Prior to an adjustment in rates because of an increase or  
6 decrease in purchased utility service, the utility shall file:

7 (a) A certified copy of the order, ordinance or other  
8 evidence whereby the rates for utility service are increased or  
9 decreased by the governmental agency or by a water or wastewater  
10 utility regulated by the Commission, along with evidence of the  
11 utility service rates of that governmental agency or water or  
12 wastewater utility in effect on January 1 of each of the three  
13 preceding years.

14 (b) A statement setting out by month the charges for utility  
15 services purchased from the governmental agency or regulated  
16 utility for the most recent 12-month period.

17 (c)1. A statement setting out by month the gallons of water or  
18 wastewater treatment purchased from the governmental agency or  
19 regulated utility for the most recent 12-month period. If  
20 wastewater treatment service is not based on a metered flow, the  
21 number of units by which the service is measured shall be stated.

22 2. A statement setting out by month gallons of water and  
23 units of wastewater service sold by the utility for the most recent  
24 12-month period.

25 (d) A statement setting out by month the gallons of water or

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1 wastewater treatment purchased from any other government entity or  
2 utility company.

3 (e) A statement setting out by month the gallons of water  
4 pumped or wastewater treated by the utility filing the verified  
5 notice.

6 (f) If the total water available for sale is in excess of  
7 110% of the water sold, a statement explaining the unaccounted for  
8 water.

9 (2) Prior to an adjustment in rates because of an increase or  
10 decrease in the charge for electric power the utility shall file  
11 with the Commission:

12 (a) A certified copy of the order, ordinance or other  
13 evidence which establishes that the rates for electric power have  
14 been increased or decreased by the supplier, along with evidence of  
15 the electric power rates of the supplier in effect on January 1 of  
16 each of the three preceding years.

17 (b) A schedule showing, by month, the charges for electric  
18 power and consumption for the most recent 12 month period, the  
19 charges that would have resulted had the new electric rates been  
20 applied, and the difference between the charges under the old rates  
21 and the charges under the new rates.

22 (c) A statement outlining the measures taken by the utility  
23 to conserve electricity.

24 (3) Prior to an adjustment in rates because of an increase or  
25 decrease in ad valorem taxes the utility shall file with the

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1 Commission:

2 (a) A copy of the ad valorem tax bills which increased or  
3 decreased and copies of the previous three years' bills; if copies  
4 have been submitted previously, a schedule showing the tax total  
5 only is acceptable; and

6 (b) A calculation of the amount of the ad valorem taxes  
7 related to that portion of the water or wastewater plant not used  
8 and useful in providing utility service.

9 (4) Prior to an adjustment in rates because of an increase or  
10 decrease in the costs of water quality or wastewater quality  
11 testing required by the Department of Environmental Protection  
12 (DEP) Regulation, or because of an increase or decrease in the fees  
13 charged by DEP in connection with the National Pollutant Discharge  
14 Elimination System Program, the utility company shall file with the  
15 Commission:

16 (a) A copy of the invoice for testing;

17 (b) Calculation of the amortized amount.

18 (5) In addition to (1), (2), and (3), and (4) above, the  
19 utility shall also file:

20 (a) A schedule of proposed rates which will pass the  
21 increased or decreased costs on to the customers in a fair and  
22 nondiscriminatory manner and on the basis of current customers, and  
23 a calculation showing how the rates were determined;

24 (b) A statement, by class of customer and meter size, setting  
25 out by month the gallons of water and units of wastewater service

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1 | sold by the utility for the most recent 12 month period. This  
2 | statement shall not be required in filings for the pass through of  
3 | increased regulatory assessment fees or ad valorem taxes.†

4 | (c) The affirmation reflecting the authorized rate of return  
5 | on equity required by section 367.081(4)(c), F. S.; and

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

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

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

11 | (g) The utility's DEP Public Water System identification  
12 | number and Wastewater Treatment Plant Operating Permit number;

13 | (6) In order for the Commission to determine whether a  
14 | utility which had adjusted its rates pursuant to section  
15 | 367.081(4)(b), F. S., has thereby exceeded the range of its last  
16 | authorized rate of return, the Commission may require a utility to  
17 | file the information required in Rule 25-30.437, F. A. C., for the  
18 | test year specified.

19 | (7) Prior to the time a customer begins consumption at the  
20 | adjusted rates, the utility shall notify each customer of the  
21 | increase authorized and explain the reasons for the increase.

22 | (8) The utility shall file an original and five copies of the  
23 | verified notice and supporting documents with the Division of Water  
24 | and Wastewater. The rates shall become effective 45 days after the  
25 | official date of filing. ~~The official date of filing is the date~~

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1 ~~the utility file a verified notice of adjustment of rates and~~  
2 ~~supporting documents that satisfy the minimum filing requirements~~  
3 ~~of this rule. The Director of the Division of Water and Wastewater~~  
4 ~~determines whether the filing satisfies the minimum requirements.~~  
5 The official date of filing for the verified notice to the  
6 Commission of adjustment in rates shall be at least 45 days before  
7 the new rates are implemented.

8 Specific Authority 350.127(2), 367.121(1)(c), 367.121(1)(f), F.S.  
9 Law Implemented 367.081(4), 367.121(1)(c), 367.121(1)(g), F.S.

10 History--New 6-10-75, Amended 4-5-79, 4-5-81, 10-21-82, Formerly  
11 25-10.179, Amended 11-10-86, 6-5-91, \_\_\_\_\_.

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FLORIDA PUBLIC SERVICE COMMISSION

\_\_\_\_ (year) INDEX APPLICATION  
 TEST YEAR ENDED DECEMBER 31, \_\_\_\_

DEP FWS ID NO. _____	<u>WATER</u>	<u>WASTEWATER</u>
DEP WWTIP ID NO. _____		
* ____ Operation and Maintenance Expenses \$		\$
(year)		
LESS:		
(a) Pass-through Items:		
(1) Purchased Power		
(2) Purchased Water		
(3) Purchased Wastewater Treatment		
** (4) DEP Required Water Testing		
*** (5) DEP Required Wastewater Testing		
(6) NPDES Fees		
(b) Rate Case Expense Included in		
____ (year) Expenses		
(c) Adjustments to O & M Expenses from		
last rate case, if applicable:		
(1)	_____	_____
(2)		
Costs to be Indexed	\$	\$
Multiply by change in GDP Implicit		
Price Deflator Index	_____	_____
Indexed Costs	\$	\$
****Add Pass-Through Items:		
(1)		
(2)		
Divide Index and Pass-Through Sum by		
Expansion Factor for Regulatory		
Assessment Fees	_____	_____
Increase in Revenue	\$	\$
*****Divide by ____ (year) Revenue	_____	_____
Percentage Increase in Rates	%	%
	-----	-----

EXPLANATORY NOTES APPEAR ON THE FOLLOWING PAGE

PAGE 1 NOTES

- This amount must match \_ \_ \_ \_ (year) annual report.
- Testing for volatile organic and unregulated contaminants pursuant to DEP Rule 62-550.590, F.A.C., and lead and copper testing pursuant to DEP Rule 62-551.450, F.A.C.
- Routine daily, weekly, or monthly testing required by the Department of Environmental Protection (DEP) not currently included in the utility's rates.
- This may include an increase in purchased power, purchased water, purchased wastewater treatment, required DEP testing, and ad valorem taxes, providing that those increases have been incurred within the 12 month period prior to the submission of the pass-through application. Pass-through NPDES fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. DEP water and wastewater testing pass-throughs require invoices. See Rule 25-30.425, F.A.C. for more information.
- If rates changed after January 1, \_ \_ \_ \_ , the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Appendix 'B' for instructions and a sample format.

**ANNUALIZED REVENUE WORKSHEET**

Have the rates charged for customer services changed since January 1, \_  
 \_ \_ \_ ?

( ) 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 \_ \_ \_ \_ (year) customer consumption at the most current rates in effect. To complete this calculation, the utility will need consumption data for \_ \_ \_ \_ (year) to apply to the existing rate schedule. Below is a sample format which may be used.

**CALCULATION OF ANNUALIZED REVENUES\***

Consumption Data for \_ \_ \_ \_ (year)

	<u>Number of</u> <u>Bill/Gal. Sold</u>	<u>Current</u> <u>X Rates</u>	<u>Annualized</u> <u>Revenues</u>
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 _ _ _ _ (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.

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	Year 0	Year 1	Year 2	Year 3
Purchased Water Cost	\$0.50	\$0.75	\$0.50	\$1.00
Utility Rates	\$0.75	\$1.00	\$1.00	\$1.25
Utility Proposal			\$1.00	\$1.50

