DOCKET NO. 070183-WS

CERTIFICATION OF

PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES

FILED WITH THE

DEPARTMENT OF STATE

I do hereby certify:

/x/ (1) That all statutory rulemaking requirements of Chapter 120, F.S., have been complied with; and

/x/ (2) There is no administrative determination under subsection 120.56(2), F.S., pending on any rule covered by this certification; and

/x/ (3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(3)(e), F.S. They are filed not less than 28 days after the notice required by paragraph 120.54(3)(a), F.S., and;

/ / (a) Are filed not more than 90 days after the notice; or

/ / (b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

/x/ (c) Are filed more than 90 days after the notice, but not less than 21 days nor more than 45 days from the date of publication of the notice of change; or

/ / (d) Are filed more than 90 days after the notice, but not less than 14 nor more than 45 days after the adjournment of the final public hearing on the rule; or

/ / (e) Are filed more than 90 days after the notice, but within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

// (f) Are filed more than 90 days after the notice, but within 21 days after the date the transcript was received by this agency; or

// (g) Are filed not more than 90 days after the notice, not including days the adoption of the rule was postponed following notification from the Joint Administrative Procedures Committee that an objection to the rule was being considered; or

// (h) Are filed more than 90 days after the notice, but within 21 days after a good faith written proposal for a lower cost regulatory alternative to a proposed rule is submitted which substantially accomplishes the objectives of the law being implemented; or

// (i) Are filed more than 90 days after the notice, but within 21 days after a regulatory alternative is offered by the small business ombudsman.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

Rule No.

25-30.4325

Under the provision of subparagraph 120.54(3)(e)6., F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective:_____
(month) (day) (year)

ANN COLE
Commission Clerk

_____
Number of Pages Certified

RG

25-30.4325 Water Treatment and Storage Used and Useful Calculations

(1) Definitions.

(a) A water treatment system includes all facilities, such as wells and treatment facilities, excluding storage and high service pumping, necessary to pump and treat potable water.

(b) Storage facilities include ground or elevated storage tanks and high service pumps.

(c) Peak demand for a water treatment system includes the utility's maximum hour or day demand, excluding excessive unaccounted for water, plus a growth allowance based on the requirements of Rule 25-30.431, Florida Administrative Code, and, where fire flow is provided, a minimum of either the fire flow required by the local governmental authority or 2 hours at 500 gallons per minute.

(d) Peak demand for storage includes the utility's maximum day demand, excluding excessive unaccounted for water, plus a growth allowance based on the requirements of Rule 25-30.431, Florida Administrative Code, and, where provided, a minimum of either the fire flow required by the local governmental authority or 2 hours at 500 gallons per minute.

(e) Excessive unaccounted for water (EUW) is unaccounted for water in excess of 10 percent of the amount produced.

(2) The Commission's used and useful evaluation of water treatment system and storage facilities will consider the prudence of the investment, economies of scale, and other relevant factors including whether flows have decreased due to conservation or to a reduction in the number of customers.

(3) Separate used and useful calculations shall be made for the water treatment system and storage facilities. An alternative calculation may also be provided, along with supporting documentation and justification, including service area restrictions, factors involving treatment

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

capacity, well drawdown limitations, changes in flow due to conservation or to a reduction in the number of customers, and alternative peaking factors.

(4) A water treatment system is considered 100 percent used and useful if the service territory the system is designed to serve is built out and there is no apparent potential for expansion of the service territory or the system is served by a single well.

(5) The used and useful calculation of a water treatment system is made by dividing the peak demand by the firm reliable capacity of the water treatment system.

(6) The firm reliable capacity of a water treatment system is equivalent to the pumping capacity of the wells, excluding the largest well for those systems with more than one well.

(a) Firm reliable capacity is expressed in gallons per minute for systems with no storage capacity.

(b) Firm reliable capacity is expressed in gallons per day, based on 16 hours of pumping, for systems with storage capacity.

(7) Peak demand is based on a peak hour for a water treatment system with no storage capacity and a peak day for a water treatment system with storage capacity.

(a) Peak hour demand, expressed in gallons per minute, shall be calculated as follows:

1. The single maximum day (SMD) in the test year where there is no unusual occurrence on that day, such as a fire or line break, less excessive unaccounted for water, divided by 1440 minutes in a day, times 2 [((SMD-EUW)/1,440) x 2], or

2. If the actual maximum day flow data is not available, 1.1 gallons per minute per equivalent residential connection (1.1 x ERC).

(b) Peak day demand, expressed in gallons per day, shall be calculated as follows:

1. The single maximum day in the test year where there is no unusual occurrence on that day, such as a fire or line break, less excessive unaccounted for water (SMD-EUW), or

2. If the actual maximum day flow data is not available, 787.5 gallons per day per equivalent residential connection (787.5 x ERC).

(8) The used and useful calculation of storage is made by dividing the peak demand by the usable storage of the storage tank. Usable storage capacity less than or equal to the peak day demand shall be considered 100 percent used and useful. A hydropneumatic tank is not considered usable storage.

(9) Usable storage determination shall be as follows:

(a) An elevated storage tank shall be considered 100 percent usable.

(b) A ground storage tank shall be considered 90 percent usable if the bottom of the tank is below the centerline of the pumping unit.

(c) A ground storage tank constructed with a bottom drain shall be considered 100 percent usable, unless there is a limiting factor, in which case the limiting factor will be taken into consideration.

(10) To determine whether an adjustment to plant and operating expenses for excessive unaccounted for water will be included in the used and useful calculation, the Commission will consider all relevant factors, including whether the reason for excessive unaccounted for water during the test period has been identified, whether a solution to correct the problem has been implemented, or whether a proposed solution is economically feasible.

Specific Authority: 350.127(2), 367.121(1)(f) FS.

Law Implemented: 367.081(2), (3) FS.

History: New _____.

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Rule 25-30.4325
Docket No. 070183-WS

SUMMARY OF RULE

The rule will formalize the Commission's practice in calculating used and useful percentages for water treatment plants and storage facilities in rate proceedings.

SUMMARY OF HEARINGS ON THE RULE

A full evidentiary hearing on the rule was held on January 22, 2008, pursuant to Section 120.54(3)(c)2., F.S. Based on evidence received at the hearing, the Commission, at its April 8, 2008, agenda conference, voted to adopt its proposed rule with changes and resume the rulemaking proceeding.

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

Used and useful calculations for water treatment systems have been addressed differently in past rate cases before the Commission. There has been a substantial amount of staff time, as well as utility and consultant time, spent on this used and useful calculations in past rate proceedings. This also involves a substantial amount of rate case expense, which ultimately is passed onto the utility's ratepayers. This rule standardizes the water treatment plant and storage facilities used and useful calculations, thus simplifying the process. Ultimately, the amount of time spent by staff, utility personnel, and consultants will be drastically reduced, thereby eliminating a portion of rate case expense and regulatory costs.