

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 Wastewater)	ORDER NO. 24567
Utilities.)	
_____)	ISSUED: 5/21/91

NOTICE OF ADOPTION OF RULE AMENDMENT

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has adopted the amendments to Rules 25-30.420 and 25-30.425, F.A.C., relating to Indexes and Pass-throughs for Water and Wastewater Utilities without changes.

The rule amendment was filed with the Secretary of State on May 17, 1991, and will be effective on June 6, 1991. A copy of the relevant portions of the certification filed with the Secretary of State is attached to this Notice.

This docket is closed upon issuance of this notice.

By Direction of the Florida Public Service Commission, this
21st day of MAY, 1991.


STEVE TRIBBLE Director
Division of Records & Reporting

(S E A L)

MCB

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DOCUMENT NUMBER-DATE

05091 MAY 21 1991

SC-RECORDS/REPORTING

CERTIFICATION OF
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES
FILED WITH THE
DEPARTMENT OF STATE

I do hereby certify:

/X/ (1) The time limitations prescribed by paragraph 120.54(11)(a), F.S., have been complied with; and

/X/ (2) There is no administrative determination under section 120.54(4), 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(11)(b), F.S. They are filed not less than 28 days after the notice required by subsection 120.54(1), F.S., and;

/X/ (a) And 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

/ (c) Are filed within 21 days after the adjournment of the final public hearing on the rule; or

/ (d) Are filed within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

/ (e) Are filed within 21 days after the date the transcript was received by this agency.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the

DEPARTMENT OF STATE
TALLAHASSEE, FLORIDA
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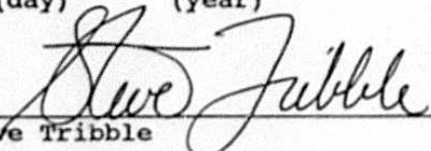
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undersigned agency by and upon their filing with the Department of State.

<u>Rule No.</u>	<u>Rulemaking Authority</u>	<u>Specific Law Being Implemented, Interpreted or Made Specific</u>
25-30.420	367.081(4) (a)	367.081(4) (a)
25-30-425	367.121(1) (f)	367.081(4) (b)

Under the provision of paragraph 120.54(13)(a), 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)



Steve Tribble
Director, Division of Records & Reporting
Title

Number of Pages Certified

(S E A L)

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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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.

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

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

18 (2) Any utility seeking to increase or decrease its rates
19 based upon the application of the indices established pursuant to
20 subsection (1) and as authorized by section 367.081(4)(a), F.S.,
21 shall file a notice of intention with the Commission at least 60
22 days prior to the effective date of the increase or decrease. The
23 adjustment in rates shall take effect on the date specified in the
24 notice of intention unless the Commission finds that the notice of
25 intention or accompanying materials do not comply with the

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1 the rules or orders of the Commission. The notice shall be
2 accompanied by:

- 3 (a) Revised tariff sheets;
- 4 (b) A computation schedule showing the increase or decrease
5 in annual revenue that will result when the index is applied;
- 6 (c) The affirmation required by section 367.081(4)(c), F.S.;
- 7 (d) A copy of the notice to customers required by subsection
8 (6);
- 9 (e) The rate of return that the utility is affirming it will
10 not exceed pursuant to section 367.081(4)(c), F.S.;
- 11 (f) An annualized revenue figure for the test year used in
12 the index calculation reflecting the rate change, along with an
13 explanation of the calculation, if there has been any change in the
14 utility's rates during or subsequent to the test year.
- 15 (3) The Commission, upon its own motion, may implement an
16 increase or decrease in the rates of a utility based upon the
17 application of the indices established pursuant to subsection (1)
18 and as authorized by section 367.081(4)(a), F.S. The Commission
19 may require a utility to file any of the information required in
20 subsection (2).
- 21 (4) Upon a finding of good cause, the Commission may require
22 that a rate increase pursuant to section 367.081(4)(a), F.S., be
23 implemented under a bond of corporate undertaking in the same
24 manner as interim rates. For purposes of this subsection, "good
25 cause" shall include:

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1 (a) Inadequate service by the utility;

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

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

10 (6) Prior to the time a customer begins consumption at the
11 rates established by application of the index, the utility shall
12 notify each customer of the increase (or decrease) authorized
13 and explain the reasons therefore.

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

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

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

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

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

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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 manner:

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

6 (a) A certified copy of the order, ordinance or other
7 evidence whereby the rates for utility service are increased or
8 decreased by the governmental agency or by a water or wastewater
9 sewer utility regulated by the Commission.

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

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

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

23 (d) A statement setting out by month the gallons of water or
24 wastewater sewage treatment purchased from any other government
25 entity or utility company.

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

4 (f) If the total water available for sale is in excess of
5 110% of the water sold, a statement explaining the unaccounted for
6 water.

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

10 (a) A certified copy of the order, ordinance or other
11 evidence which establishes that the rates for electric power have
12 been increased or decreased by the supplier;

13 (b) A schedule showing, by month, the charges for electric
14 power and consumption for the most recent 12 month period, the
15 charges that would have resulted had the new electric rates been
16 applied; and the difference between the charges under the old rates
17 and the charges under the new rates.

18 (c) A statement outlining the measures taken by the utility
19 to conserve electricity.

20 (3) Prior to an adjustment in rates because of an increase or
21 decrease in ad valorem taxes the utility shall file with the
22 Commission:

23 (a) A copy of the ad valorem tax bills which increased or
24 decreased and copies of the previous three years' bills; if copies
25 have been submitted previously, a schedule showing the tax total

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1 only is acceptable; and

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

5 (4) Prior to an adjustment in rates because of an increase or
6 decrease in the costs of water quality or wastewater quality
7 testing required by the Department of Environmental Regulation, the
8 company shall file with the Commission:

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

10 (b) Calculation of the amortized amount.

11 (5) In addition to (1), (2) and (3) above, the utility
12 shall also file:

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

17 (b) A statement, by class of customer and meter size, setting
18 out by month the gallons of water and units of wastewater sewage
19 service sold by the utility for the most recent 12 month period.
20 This statement shall not be required in filings for the pass-
21 through of increased regulatory assessment fees or ad valorem
22 taxes.

23 (c) The affirmation reflecting the authorized rate of return
24 required by section 367.081(4)(c), F.S.; and

25 (d) A copy of the notice to customers required by subsection

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1 (7) ~~(6)~~ of this rule.

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

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

5 (6) ~~(5)~~ In order for the Commission to determine whether a
6 utility which had adjusted its rates pursuant to section
7 367.081(4)(b), F.S., has thereby exceeded the range of its last
8 authorized rate of return, the Commission may require a utility to
9 file the information required in Rule 25-30.437, F.A.C., for the
10 test year specified.

11 (7) ~~(6)~~ Prior to the time a customer begins consumption at
12 the adjusted rates, the utility shall notify each customer of the
13 increase authorized and explain the reasons for the increase.

14 (8) ~~(7)~~ The official date of filing for the verified notice
15 to the Commission of adjustment in rates shall be at least 45 ~~30~~
16 days before the new rates are implemented.

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

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

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

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Rules 25-30.420
 25-30.425
 Docket No. 901022-WS

SUMMARY OF RULE

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 its 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, 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(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 month

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period when the utility seeks to pass through increases in regulatory assessment fees and ad valorem taxes.

SUMMARY OF HEARINGS ON THE RULE

No hearing was requested.

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

The proposed amendments to the Index and Pass-Through rules, Rule 25-30.420 and Rule 25-30.425, Florida Administrative Code, are designed to further conform the rules to the requirements of Section 367,081, Florida Statutes. Both rules are amended to change the word "sewer" to "wastewater". The addition of subsection (8) to the Index rule incorporates the statutory prohibition against implementation of a rate increase under the rule within a year of the date the utility filed a rate proceeding. New subsection (4) of the Pass-Through rule requires a utility to demonstrate the cost of water and wastewater quality testing required by the Department of Environmental Regulation before the utility can pass the cost on to its ratepayers. Subsection (5)(b) of the Pass-Through rule exempts filings for the pass-through of increased regulatory assessment fees or ad valorem taxes from the requirement that the utility file a statement reporting the gallons and units of water and wastewater sold over the most recent 12 month period.

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