

STATE OF FLORIDA



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GENERAL COUNSEL
(850) 413-6199

Public Service Commission

July 12, 2019

Kenneth J. Plante, Coordinator
Joint Administrative Procedures Committee
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400

HAND DELIVERY

RECEIVED-FPSC
2019 JUL 12 PM 2:05
COMMISSION CLERK

Re: Docket No. 20190055-WS; Rule 25-30.420, Establishment of Price Index, Adjustment of Rates; Requirement of Bonds; Filings After Adjustment; Notice to Customers , F.A.C.

Dear Mr. Plante:

Enclosed are the following materials concerning the above referenced proposed rule:

1. A copy of the proposed rules.
2. A copy of all materials incorporated by reference in the proposed rule.
3. A copy of the F.A.R. notice.
4. A statement of facts and circumstances justifying the proposed rule.
5. A federal standards statement.
6. Statement of Estimated Regulatory Costs for the rule.

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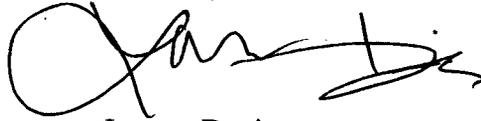
Mr. Kenneth J. Plante

July 11, 2019

Page 2

If there are any questions with respect to these rules, please do not hesitate to call me at 413-6856.

Sincerely,

A handwritten signature in black ink, appearing to read "Lauren Davis", with a large, stylized initial "L" and a long horizontal flourish extending to the right.

Lauren Davis
Senior Attorney

Enclosures

cc: Office of Commission Clerk

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

3 (1) On or before March 31 of each year, ~~The Commission shall, on or before March 31 of~~
4 ~~each year,~~ establish a price increase or decrease index as required by Section 367.081(4)(a),
5 F.S. The Office of Commission Clerk shall mail each regulated water and wastewater utility a
6 copy of the proposed agency action order establishing the index for the year and a copy of ~~the~~
7 ~~application.~~ Form PSC 1022 (9/18) PSC/AFD-15 (4/99), entitled "Index Application", which
8 is incorporated into this rule by reference and may be obtained from [Dept of State hyperlink]
9 and the Commission's Division of Accounting and Finance. Applications for the newly
10 established price index will be accepted from April 1 of the year the index is established
11 through March 31 of the following year.

12 (a) The index shall be applied to all operation and maintenance expenses, except for
13 amortization of rate case expense, costs subject to pass-through adjustments pursuant to
14 Section 367.081(4)(b), F.S., and adjustments or disallowances made in a utility's most recent
15 rate proceeding.

16 (b) In establishing the price index, the Commission will consider cost statistics compiled
17 by government agencies or bodies, cost data supplied by utility companies or other interested
18 parties, and applicable wage and price guidelines.

19 (2) Any utility seeking to increase or decrease its rates based upon the application of the
20 index established pursuant to subsection (1) and as authorized by Section 367.081(4)(a), F.S.,
21 shall file ~~an original and five copies~~ of a notice of intention and the materials listed in
22 paragraphs (a) through (i) below with the Commission's Division of Accounting and Finance
23 either by mail at 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399 or by e-mail at
24 Applications@psc.state.fl.us at least 60 days prior to the effective date of the increase or
25 decrease. Form PSC 1022 (9/18) is an example application that may be completed by the

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

1 applicant to comply with this subsection. The adjustment in rates shall take effect on the date
2 specified in the notice of intention unless the Commission finds that the notice of intention or
3 accompanying materials do not comply with Section 367.081(4), F.S. or this rule ~~the law, or~~
4 ~~the rules or orders of the Commission.~~ The notice shall be accompanied by:

- 5 (a) Revised tariff sheets;
- 6 (b) A computation schedule showing the increase or decrease in annual revenue that will
7 result when the index is applied;
- 8 (c) The affirmation required by Section 367.081(4)(c), F.S.;
- 9 (d) A copy of the notice to customers required by subsection (6);
- 10 (e) The rate of return on equity that the utility is affirming it will not exceed pursuant to
11 Section 367.081(4)(c), F.S.;
- 12 (f) An annualized revenue figure for the test year used in the index calculation reflecting
13 the rate change, along with an explanation of the calculation, if there has been any change in
14 the utility's rates during or subsequent to the test year;
- 15 (g) The utility's Department of Environmental Protection Public Water System
16 identification number and Wastewater Treatment Plant Operating Permit number;
- 17 (h) A statement that the utility does not have any active written complaints, corrective
18 orders, consent orders, or outstanding citations with the Department of Environmental
19 Protection (~~DEP~~) or the County Health Department(s) or that the utility does have active
20 written complaints, corrective orders, consent orders, or outstanding citations with the
21 Department of Environmental Protection or the County Health Department(s);
- 22 (i) A copy of any active written complaints, corrective orders, consent orders, or
23 outstanding citations with the Department of Environmental Protection (~~DEP~~) or the County
24 Health Department(s).

25 (3) If the Commission, upon its own motion, implements an increase or decrease in the

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1 rates of a utility based upon the application of the index established pursuant to subsection (1)
2 and as authorized by Section 367.081(4)(a), F.S., the Commission will require a utility to file
3 the information required in subsection (2).

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

8 (a) Inadequate service by the utility;

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

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

15 (6) No utility shall file a notice of intention pursuant to this rule unless the utility has filed
16 ~~on file~~ with the Commission an annual report as required by subsection 25-30.110(3), F.A.C.,
17 for the test year specified in the order establishing the index for the year.

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

21 *Rulemaking Authority 350.127(2), 367.081(4)(a), 367.121(1)(c), (f) FS. Law Implemented*
22 *367.081(4), 367.121(1)(c), (g) FS. History—New 4-5-81, Amended 9-16-82, Formerly 25-*
23 *10.185, Amended 11-10-86, 6-5-91, 4-18-99, 12-11-03, _____*

24

25

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from existing law.

FLORIDA PUBLIC SERVICE COMMISSION
PRICE INDEX APPLICATION
APPLICABLE TEST YEAR _____

Department of Environmental Protection Public Water System ID NO. _____
Department of Environmental Protection Wastewater Treatment Plant ID NO. _____

	WATER	WASTEWATER
Operation & Maintenance Expenses ¹	\$ _____	\$ _____
LESS:		
(a) Pass-through Items:		
(1) Purchased Power	_____	_____
(2) Purchased Water	_____	_____
(3) Purchased Wastewater Treatment	_____	_____
(4) Sludge Removal	_____	_____
(5) Other ²	_____	_____
(b) Rate Case Expense Included in Expenses	_____	_____
(c) Adjustments to Operation & Maintenance Expenses from last rate case, if applicable: ³		
(1) _____	_____	_____
(2) _____	_____	_____
Costs to be Indexed	\$ _____	\$ _____
Multiply by Annual Commission-Approved Price Index	_____ %	_____ %
Total Indexed Costs	\$ _____	\$ _____
Add Change in Pass-Through Items: ⁴		
(1) _____	_____	_____
(2) _____	_____	_____
Divide Index and Pass-Through Sum by Expansion Factor for Regulatory Assessment Fees	<u> .955 </u>	<u> .955 </u>
Increase in Revenue	_____	_____
Divide by Applicable Test Year Revenue ⁵	\$ _____	\$ _____
Percentage Increase in Rates	_____ %	_____ %
	=====	=====

PAGE 1 FOOTNOTES

¹This amount must match last year's annual report.

²Other expense items may include increases in required Department of Environmental Protection testing, ad valorem taxes, permit fees charged by the Department of Environmental Protection or a local government authority, National Pollutant Discharge Elimination System fees, and regulatory assessment fees. These items should not be currently embedded in the utility's rates.

³This may include adjustments that follow a methodology referenced in the Order from a utility's last rate case (i.e. averaged bad debt expense or excessive unaccounted for water percentage applied to chemicals expense).

⁴This may include an increase in purchased power, purchased water, purchased wastewater treatment, sludge hauling, required Department of Environmental Protection testing, ad valorem taxes, and permit fees charged by the Department of Environmental Protection or a local government authority providing that those increases have been incurred within the 12-month period prior to the submission of the pass-through application. Pass-through National Pollutant Discharge Elimination System fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. All pass-through items require invoices. See Rule 25-30.425, F.A.C. for more information.

⁵If rates changed after January 1 of the applicable test year, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

ANNUALIZED REVENUE WORKSHEET

Have the rates charged for customer services changed since January 1, of the applicable test year?

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

CALCULATION OF ANNUALIZED REVENUES*
Consumption Data for Applicable Test Year

	Number of Bill/Gal. Sold	X	Current Rates	Annualized Revenues
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 the Applicable Test 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.

AFFIRMATION

I, _____, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause _____ to exceed the range of its last authorized rate of return on equity, which is _____.

(name of utility)

I, the undersigned/officer of the above-named utility, have read the foregoing and declare that, to the best of my knowledge and belief, the information contained in this application is true and correct.

This affirmation is made pursuant to my request for a price index and/or pass-through rate increase, in conformance with Section 367.081(4), Florida Statutes.

Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Signature: _____
Title: _____
Telephone Number: _____
Fax Number: _____

Sworn to and subscribed before me this _____ day of _____, 20__.

My Commission expires:

(SEAL)

Notary Public
State of Florida

STATEMENT OF QUALITY OF SERVICE

Pursuant to paragraphs 25-30.420(2)(h) and (i), Florida Administrative Code,

(name of utility)

[] does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Departments.

[] does have the attached active written complaint(s), corrective order(s), consent order(s), or outstanding citation(s) with the DEP or the County Health Department(s). The attachment(s) includes the specific system(s) involved with DEP permit number and the nature of the active complaint, corrective order, consent order, or outstanding citation.

This statement is intended such that the Florida Public Service Commission can make a determination of quality of service pursuant to Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420(4)(a), Florida Administrative Code.

Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Name: _____
Title: _____
Telephone Number: _____
Fax Number: _____
Date: _____

NOTICE TO CUSTOMERS

Pursuant to Section 367.081(4)(a), Florida Statutes, water and wastewater utilities are permitted to adjust the rates and charges to its customers without those customers bearing the additional expense of a public hearing. These adjustments in rates would depend on increases or decreases in noncontrollable expenses subject to inflationary pressures such as chemicals, and other general operation and maintenance costs.

On _____, _____ filed its notice of
(date) (name of utility)

intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected for service rendered on or after _____.
(date)

Exception

_____ hereby waives the right to implement
(name of utility)
a pass-through rate increase within 45 days of filing, as provided by Section 367.081(4)(b),
Florida Statutes, in order that the pass-through and index rate increase may both be implemented
together 60 days after the official filing date of this notice of intention.

Signature: _____

Title: _____

(To be used if an index and pass-through rate increase are requested jointly.)

NOTICE TO CUSTOMERS

Pursuant to Section 367.081(4)(b), Florida Statutes, water and wastewater utilities are permitted to pass through, without a public hearing, a change in rates resulting from: an increase or decrease in rates charged for utility services received from a governmental agency or another regulated utility and which services were redistributed by the utility to its customers; an increase or decrease in the rates that it is charged for electric power, the amount of ad valorem taxes assessed against its used and useful property, the fees charged by the Department of Environmental Protection in connection with the National Pollutant Discharge Elimination System Program, or the regulatory assessment fees imposed upon it by the Commission; costs incurred for water quality or wastewater quality testing required by the Department of Environmental Protection; the fees charged for wastewater bio solids disposal; costs incurred for any tank inspection required by the Department of Environmental Protection or a local governmental authority; treatment plant and water distribution system operator license fees required by the Department of Environmental Protection or a local governmental authority; water or wastewater operating permit fees charged by the Department of Environmental Protection or a local governmental authority; and consumptive or water use permit fees charged by a water management district.

On _____, _____ filed its notice of
(date) (name of utility)

intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected on your bill for service rendered on or after _____.

(date)

If you should have any questions, please contact your local utility office. Be sure to have account number handy for quick reference.

Notice of Proposed Rule

PUBLIC SERVICE COMMISSION

RULE NO.: RULE TITLE:

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

PURPOSE AND EFFECT: To amend the rule to reference the updated example form that all water and wastewater utilities may use when applying for index or pass-through rate adjustments, to include the option for filing electronically by e-mail, and to update and clarify the rule.

Docket No. 20190055-WS

SUMMARY: Paragraph (1) of the rule has been amended to reference the updated example form that is sent to all water and waste water utilities to apply for the price index or pass-through rate adjustments. Paragraph (2) has been amended to include the address of the Florida Public Service Commission and the e-mail by which the utilities may submit their application. Paragraph (2) has been amended to remove the requirement that the utilities must submit 5 copies of the application when filing for the index or pass-through rate adjustments. Paragraph (4) has been amended to replace the word "may" with "shall." Other amendments have been made to update and clarify the rule.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION: The agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has been prepared by the agency. The SERC examined the factors required by Section 120.541, F.S., and concluded that the rule amendment will not have an adverse impact on economic growth, business competitiveness, or small business and that there would likely be transactional cost savings to the individual and entities, including government entities, required to comply with the rule.

The agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: based upon the information contained in the SERC.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 350.127(2), 367.081(4)(a), 367.121(1)(c), (f), FS.

LAW IMPLEMENTED: 367.081(4), 367.121(1)(c), (g), FS.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAR.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Lauren Davis, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6856, ladavis@psc.state.fl.us.

THE FULL TEXT OF THE PROPOSED RULE IS: [TYPE AND STRIKE VERSION]

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

(1) On or before March 31 of each year, ~~t~~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. The Office of Commission Clerk shall mail each regulated water and wastewater utility a copy of the proposed agency action order establishing the index for the year and a copy of ~~the application.~~ Form PSC 1022 (9/18) ~~PSC/AFD 15 (4/99)~~, entitled "Index Application", which is incorporated into this rule by reference and may be obtained from [Dept of State hyperlink] and the Commission's Division of Accounting and Finance. Applications for the newly established price index will be accepted from April 1 of the year the index is established through March 31 of the following year.

(a) through (b) No change.

(2) Any utility seeking to increase or decrease its rates based upon the application of the index established pursuant to subsection (1) and as authorized by Section 367.081(4)(a), F.S., shall file ~~an original and five copies of~~ a notice of intention and the materials listed in paragraphs (a) through (i) below with the Commission's Division of Accounting and Finance either by mail at 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399 or by e-mail at Applications@psc.state.fl.us at least 60 days prior to the effective date of the increase or decrease. Form PSC 1022 (9/18) is an example application that may be completed by the applicant to comply with this subsection. 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 Section 367.081(4), F.S. or this rule ~~the law, or the rules or orders of the Commission.~~ The notice shall be accompanied by:

(a) through (f) No change.

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

(h) A statement that the utility does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Department(s) or that the utility does have active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection or the County Health Department(s);

(i) A copy of any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Department(s).

(3) No change.

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

(a) through (b) No change.

(5) No change.

(6) No utility shall file a notice of intention pursuant to this rule unless the utility has filed on file ~~filed~~ with the Commission an annual report as required by subsection 25-30.110(3), F.A.C., for the test year specified in the order establishing the index for the year.

(7) No change.

Rulemaking Authority 350.127(2), 367.081(4)(a), 367.121(1)(c), (f) FS. Law Implemented 367.081(4), 367.121(1)(c), (g) FS. History—New 4-5-81, Amended 9-16-82, Formerly 25-10.185, Amended 11-10-86, 6-5-91, 4-18-99, 12-11-03,

NAME OF PERSON ORIGINATING PROPOSED RULE: Amber Norris

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: July 9, 2019

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: Volume 44, Number 184, September 20, 2018.

Rule 25-30.420, F.A.C.
Docket No. 20190055-WS

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

Rule 25-30.420, F.A.C., addresses the procedure by which water and/or wastewater utilities may implement an increase or decrease in rates based on the application of the Commission's price index. The rule amendments are necessary to update and clarify the rule.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards for this rule.