

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 980561-WS
ORDER NO. PSC-98-0776-NOR-WS
ISSUED: June 5, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to amend Rules 25.30.420 and 25-30.425, Florida Administrative Code, relating to establishment of price index and pass through rate adjustments.

The attached Notice of Rulemaking will appear in the June 12, 1998 edition of the Florida Administrative Weekly.

If timely requested, a hearing will be held at the following time and place:

Florida Public Service Commission
9:30 a.m., August 5, 1998
Betty Easley Conference Center
Room 152, 4075 Esplanade Way
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, 2540

DOCUMENT NUMBER-DATE

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FPSU-RECORDS/REPORTING

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Shumard Oak Boulevard., Tallahassee, Florida 32399-0862, no later than July 6, 1998.

By ORDER of the Florida Public Service Commission, this 5th day of June, 1998.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records & Reporting

(S E A L)

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 980561-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 and effect of the rule is to update and clarify the requirements for filing for a price index or pass-through rate adjustment and to codify requirements and information now contained in Commission orders.

SUMMARY: The amendments to Rule 25-30.420 codify requirements for the agency to mail copies of the order establishing the annual price index to each utility; specifies what the index will be applied to and what the agency will consider in establishing the index; requires a utility to furnish identification and permit numbers; and requires the utility to have a certain annual report on file before notifying the agency of a price index increase. The amendments to Rule 25-30.425 require additional information from a utility; reflect changes to the law implemented; and clarify existing language.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: There should be no significant additional costs or impacts as a result of the change to the rules.

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

SPECIFIC AUTHORITY: 350.127(2), 367.081(4)(a), 367.121(1)(f), FS.
LAW IMPLEMENTED: 367.081(4), FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE 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.

HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., August 5, 1998

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THESE PROPOSED RULES ARE:
Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862.

THE FULL TEXT OF THESE PROPOSED 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. The Division of Records and Reporting 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. 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) The index shall be applied to all operation and maintenance expenses, except for amortization of rate case expense, costs subject to pass-through adjustments pursuant to section 367.081(4)(b), F.S., and adjustments or disallowances made in a utility's most recent rate proceeding. 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 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 the price index indices for major categories of operating costs, the Commission will may consider cost statistics compiled by government agencies or bodies, and may consider 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 index indices 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 (a) through (g) below with the Commission's Division of Water and Wastewater at least 60 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) - (d) No Change.

(e) The rate of return on equity 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;

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

(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 index 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).

(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 or ~~of~~ corporate undertaking in the same manner as interim rates. For purposes of this subsection, "good cause" shall include:

(a) - (5) No Change.

(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 therefor.

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

(8) No Change.

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

Law Implemented 367.081(4), F.S.

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

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 utility
regulated by the Commission, along with evidence of the utility
service rates of that governmental agency or water or wastewater
utility in effect on January 1 of each of the three preceding
years.

(b) - (2) No Change.

(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, along with evidence of the
electric power rates of the supplier in effect on January 1 of each
of the three preceding years.

(b) - (3)(b) No Change.

(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 Protection (DEP) Regulation, or because of an increase or decrease in the fees charged by DEP in connection with the National Pollutant Discharge Elimination System Program, the utility company shall file with the Commission:

(a) - (b) No Change.

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

(a) No Change.

(b) A statement, by class of customer and meter size, setting out by month the gallons of water and units of wastewater 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 on equity required by section 367.081(4)(c), F.S.; and

(d) No Change.

(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.; and

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

(6) No Change.

(8) The utility shall file an original and five copies of the verified notice and supporting documents with the Division of Water and Wastewater. The rates shall become effective 45 days after the official date of filing. The official date of filing is the date the utility files a verified notice of adjustment of rates and supporting documents that satisfy the minimum filing requirements of this rule. The Director of the Division of Water and Wastewater determines whether the filing satisfies the minimum requirements. The official date of filing for the verified notice to the Commission of adjustment in rates shall be at least 45 days before the new rates are implemented.

Specific Authority 350.127(2), 367.121(1)(f), F.S.

Law Implemented 367.081(4), F.S.

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

NAME OF PERSON ORIGINATING PROPOSED RULES: Robert Casey, Division of Water and Wastewater.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULES: Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: May 19, 1998

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DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:

Volume 24, Number 4, January 23, 1998

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.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).