

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 2, 2007
TO: Office of Public Counsel (Party of Record) and Interested Persons *RG*
FROM: Rosanne Gervasi, Senior Attorney, Office of the General Counsel
RE: Docket No. 070183-WS – Proposed Adoption of Rule 25-30.4325, F.A.C., Water Treatment Plant Used and Useful Calculations

VIA ELECTRONIC MAIL

Please note that an informal meeting between Commission staff, the Office of Public Counsel and interested persons in the above-referenced docket has been scheduled at the following time and place:

Friday, October 12, 2007 at 10:00 a.m.
Room 154, Gerald Gunter Building
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0862.

The purpose of the meeting is to identify the issues to be addressed at the hearing. Staff's preliminary list of issues and proposed stipulations are attached to this notice. Please come to the meeting prepared to discuss these items. Persons participating by phone may call 1-888-808-6959 and dial conference code 4136206.

RG/mrd
Attachment
070183-10-12meeting.rg.doc

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Docket No. 070183-WS
Proposed Adoption of Rule 25-30.4325, F.A.C.
Water Treatment Plant Used and Useful

Staff's Preliminary Issues

1. Should a water treatment system with only one well be considered 100% used and useful?
2. Should a water treatment system whose service area is built out be considered 100% used and useful?
3. Should economies of scale be considered in determining used and useful?
4. If the actual flow data is not available, should 1.1 gallon per minute (gpm) per ERC be used to represent peak demand?
5. What is the appropriate peaking factor for systems with storage capacity?
6. What is the appropriate peaking factor for systems without storage capacity?
7. Should fire flow be included in peak demand for water treatment systems with fire hydrants and no storage?
8. Should the amount of fire flow included in peak demand be based on either the local fire flow requirement or a default of 500 gpm?
9. Should 100% of the peak day be included in peak demand in the used and useful calculation for storage?
10. Should a separate used and useful calculation be made for high service pumps?
11. If a separate used and useful calculation is made for high service pump, what is the appropriate calculation?

Proposed Stipulations:

1. No adjustment should be made for excess unaccounted for water of 10% or less.
2. The used and useful calculation for water treatment systems with or without storage should be determined using gallons per day.
3. If there is an unusual occurrence on the peak day in the test year, then the average of the 5 peak days in a 30 day period should be used for peak demand.
4. Fire flow should be included in the used and useful calculation for systems with storage.
5. A hydro pneumatic tank is not considered usable storage.
6. The following definitions are stipulated:

(1) Definitions.

(a) A water treatment system includes all facilities, such as wells and treatment facilities, excluding storage, necessary to produce, treat, and deliver potable water to a transmission and distribution system.

(e) Excessive unaccounted for water (EUW) is finished potable water produced in excess of 110 percent of the accounted for usage, including water sold; other water used, such as for flushing or fire fighting; and water lost through line breaks.

7. The following portions of the rule are stipulated:

(4) A water treatment system is considered 100 percent used and useful if:

(a) The system is the minimum size necessary to adequately serve existing customers plus an allowance for growth and fire flow; or

(b) The service territory the system is designed to serve is mature or built out and there is no potential for expansion of the service territory; or

(c) 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. However, if the pumping capacity is restricted by a limiting factor such as the treatment capacity or draw down limitations, then the firm reliable capacity is the capacity of the limiting component or restriction of the water treatment system. In a system with multiple wells, if a utility believes there is justification to consider more than one well out of service in determining firm reliable capacity, such circumstance will be considered. The utility must provide support for its position, in addition to the analysis excluding only the largest well.

(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.

(11) In its used and useful evaluation, the Commission will consider other relevant factors, such as whether flows have decreased due to conservation or a reduction in the number of customers.