

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SECOND NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL INTERESTED PERSONS

DOCKET NO. 160239-WS

IN RE: PROPOSED AMENDMENT OF RULE 25-30.445, F.A.C., GENERAL
INFORMATION AND INSTRUCTIONS REQUIRED OF WATER AND WASTEWATER
UTILITIES IN AN APPLICATION FOR A LIMITED PROCEEDING

ISSUED: December 19, 2016

On July 27, 2016, the Florida Public Service Commission staff (staff) initiated rulemaking to amend Rule 25-30.445, Florida Administrative Code (F.A.C.), to require that in an application for a limited proceeding, a water utility must provide copies of all customer complaints that it has received during the past five years regarding secondary water quality standards set by the Department of Environmental Protection, along with its most recent secondary water quality test results.

Notice is hereby given pursuant to Section 120.54, Florida Statutes, that staff additionally seeks to eliminate the requirement in Rule 25-30.445(8), F.A.C., that a limited proceeding shall not be filed for underearnings in lieu of a general rate case.

If requested in writing and not deemed unnecessary by the agency head, a rule development workshop will be scheduled and noticed in the next available Florida Administrative Register. Written comments and/or requests for a rule development workshop must be submitted to Rosanne Gervasi, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850) 413-6224, rgervasi@psc.state.fl.us, by January 9, 2017. A copy of the updated preliminary draft rule is attached.

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By DIRECTION of the Florida Public Service Commission this 19th day of December, 2016.



CARLOTTA S. STAUFFER
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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1 **25-30.445 General Information and Instructions Required of Water and Wastewater**
2 **Utilities in an Application for a Limited Proceeding.**

3 (1) Each applicant for a limited proceeding shall provide the following general information
4 to the Commission:

5 (a) The name of the applicant as it appears on the applicant's certificate and the address of
6 the applicant's principal place of business;

7 (b) The type of business organization under which the applicant's operations are
8 conducted; if the applicant is a corporation, the date of incorporation; the names and addresses
9 of all persons who own 5 percent or more of the applicant's stock; or the names and addresses
10 of the owners of the business.

11 (c) The number(s) of the Commission order(s), if any, in which the Commission most
12 recently considered the applicant's rates for the system(s) involved.

13 (d) The address within the service area where the application is available for customer
14 inspection during the time the rate application is pending.

15 (e) A statement signed by an officer of the utility that the utility will comply with the
16 noticing requirements in Rule 25-30.446, F.A.C.

17 (2) In a limited proceeding application:

18 (a) Each schedule shall be cross-referenced to identify related schedules.

19 (b) Except for handwritten official company records, all data in the petition and
20 application shall be typed.

21 (c) The original and seven copies shall be filed with the Office of Commission Clerk.

22 (3) A filing fee as required in Rule 25-30.020, F.A.C., shall be submitted at the time of
23 application.

24 (4) The following minimum filing requirements shall be filed with the utility's application
25 for limited proceeding for a Class A or B water or wastewater utility:

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1 (a) A detailed statement of the reason(s) why the limited proceeding has been requested.

2 (b) If the limited proceeding is being requested to recover costs required by a
3 governmental or regulatory agency, provide the following:

4 1. A copy of any rule, regulation, order or other regulatory directive that has required or
5 will require the applicant to make the improvement or the investment for which the applicant
6 seeks recovery.

7 2. An estimate by a professional engineer, or other person, knowledgeable in design and
8 construction of water and wastewater plants, to establish the projected cost of the applicant's
9 investment and the period of time required for completion of construction.

10 (c) A schedule that provides the specific rate base components for which the utility seeks
11 recovery. Supporting detail shall be provided for each item requested, including:

12 1. The actual or projected cost(s);

13 2. The date the item will be or is projected to be placed in service;

14 3. Any corresponding adjustments that are required as a result of adding or removing the
15 requested component(s) from rate base, which may include retirement entries; and

16 4. Any other relevant supporting information.

17 (d) If the utility's application includes a request for recovery of plant in service,
18 accumulated depreciation and depreciation expense, supporting detail shall be provided by
19 primary account as defined by the NARUC Uniform System of Accounts, in accordance with
20 Rule 25-30.110, F.A.C.

21 (e) A calculation of the weighted average cost of capital shall be provided for the most
22 recent 12-month period, using the mid-point of the range of the last authorized rate of return
23 on equity, the current embedded cost of fixed-rate capital, the actual cost of short-term debt,
24 the actual cost of variable-cost debt, and the actual cost of other sources of capital which were
25 used in the last individual rate proceeding of the utility. If the utility does not have an

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1 authorized rate of return on equity, the utility shall use the current leverage formula pursuant
2 to Section 367.081(4)(f), F.S.

3 (f) If the utility is requesting recovery of operating expenses, the following information
4 shall be provided:

5 1. A detailed description of the expense(s) requested;

6 2. The total cost by primary account pursuant to the NARUC Uniform System of
7 Accounts;

8 3. Supporting documentation or calculations; and

9 4. Any allocations that are made between systems, affiliates or related parties. If

10 allocations are made, submit full detail that shows the total amount allocated, a description of
11 the basis of the allocation methodology, the allocation percentage applied to each allocated
12 cost, and the workpapers supporting the calculation of the allocation percentages.

13 (g) Calculations for all items that will create cost savings or revenue impacts from the
14 implementation of the requested cost recovery items.

15 (h) If the utility includes any other items where calculations are required, supporting
16 documentation shall be filed that reflects the calculations or assumptions made.

17 (i) A calculation of the revenue increase including regulatory assessment fees and income
18 taxes, if appropriate.

19 (j) Annualized revenues for the most recent 12-month period using the rates in effect at the
20 time the utility files its application for limited proceeding and a schedule reflecting this
21 calculation by customer class and meter size.

22 (k) A schedule of current and proposed rates for all classes of customers.

23 (l) Schedules for the most recent 12-month period showing that, without any increased
24 rates, the utility will earn below its authorized rate of return in accordance with Section
25 367.082, F.S. The schedules shall consist of a rate base, net operating income and cost of

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1 capital schedule with adjustments to reflect those consistent with the utility's last rate
2 proceeding.

3 (m) If the limited proceeding is being requested to change the current rate structure,
4 provide a copy of all workpapers and calculations used to calculate requested rates and
5 allocations between each customer class. The test year should be the most recent 12-month
6 period. In addition, the following schedules, which are incorporated herein by reference, from
7 Form PSC/AFD 19-W (11/93), entitled "Class A Water and/or Wastewater Utilities Financial,
8 Rate and Engineering Minimum Filing Requirements", should be provided. The schedules can
9 be obtained from the Commission's Division of Accounting and Finance.

10 1. Schedule E-2, entitled "Revenue Schedule at Present and Proposed Rates".

11 2. Schedule E-14, entitled "Billing Analysis Schedules". Only two copies are required.

12 (n) Revised tariff sheets should not be filed with the application.

13 (o) A water utility's application for limited proceeding shall also include:

14 1. A copy of all customer complaints that the utility has received regarding DEP secondary
15 water quality standards during the past five years; and

16 2. A copy of the utility's most recent secondary water quality standards test results.

17 (5) In addition to the requirements stated in subsections (1) through (3), the following
18 minimum filing requirements shall be filed with the utility's application for limited proceeding
19 for a Class C water or wastewater utility:

20 (a) A detailed statement of the reason(s) why the limited proceeding has been requested.

21 (b) If the limited proceeding is being requested to recover costs required by a
22 governmental or regulatory agency, provide a copy of any rule, regulation, order or other
23 regulatory directive that has required or will require the applicant to make the improvement or
24 the investment for which the applicant seeks recovery.

25 (c) A schedule that provides the specific rate base components for which the utility seeks

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1 recovery, if known. Supporting detail shall be provided for each item requested, including:

- 2 1. The actual or projected cost(s);
3 2. The date the item will be or is projected to be placed in service;
4 3. Any corresponding adjustments, if known, that are required as a result of adding or
5 removing the requested component(s) from rate base, which may include retirement entries;
6 and

7 4. Any other relevant supporting information, if known.

8 (d) If the utility is requesting recovery of operating expenses, provide an itemized
9 description of the expense(s), including the cost and any available supporting documentation
10 or calculations.

11 (e) Provide a description of any known items that will create cost savings or revenue
12 impacts from the implementation of the requested cost recovery items.

13 (f) A calculation of the revenue increase including regulatory assessment fees and income
14 taxes, if applicable.

15 (g) Annualized revenues for the most recent 12-month period using the rates in effect at
16 the time the utility files its application for limited proceeding and a schedule reflecting this
17 calculation by customer class and meter size.

18 (h) A Class C water utility's application for limited proceeding shall also include:

19 1. A copy of all customer complaints that the utility has received regarding DEP secondary
20 water quality standards during the past five years; and

21 2. A copy of the utility's most recent secondary water quality standards test results.

22 (6) In evaluating whether the utility's request is improper for a limited proceeding, the
23 Commission will consider factors such as:

24 (a) Whether the utility's filing includes more than 4 separate projects for which recovery is
25 sought and the requested rate increase exceeds 30 percent. Corresponding adjustments for a
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1 given project are not subject to the above limitation;

2 (b) Whether the utility has not had a rate case in more than seven years and the requested
3 rate increase exceeds 30 percent; or

4 (c) Whether the limited proceeding is filed as the result of the complete elimination of
5 either the water or wastewater treatment process and the requested rate increase exceeds 30
6 percent.

7 (7) The utility shall provide a statement in its filing to the Commission which addresses
8 whether the utility's rate base has declined or whether any expense recovery sought by the
9 utility is offset by customer growth since its most recent rate proceeding or will be offset by
10 future customer growth expected to occur within one year of the date new rates are
11 implemented.

12 ~~(8) A limited proceeding application shall not be filed for underearnings in lieu of a~~
13 ~~general rate case.~~

14 *Rulemaking Authority 350.127(2), 367.121(1)(a) FS. Law Implemented 367.081, 367.0812,*
15 *367.0822, 367.121(1)(a), 367.145(2) FS. History—New 3-1-04, Amended_____.*

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