

VOTE SHEET

OCTOBER 19, 1999

RE: DOCKET NO. 960258-WS - Petition to adopt rules on margin reserve and imputation of contributions-in-aid-of-construction on margin reserve calculation, by Florida Waterworks Association.

Issue 1: Should the Commission adopt changes to Rule 25-30.431?

Recommendation: Yes. The Commission should adopt Rule 25-30.431 with the changes recommended by staff and shown in Attachment 1 to staff's 10/7/99 memorandum.

MODIFIED

Approved with suggested changes made by Florida Waterworks Association at conference (attached to vote sheet)

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures: Susan Clark, Joe Turcia, J. Terry Wease]

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE
12812 OCT 20 99
FPC-REG/REG/REPORTING

VOTE SHEET

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(Continued from previous page)

Issue 2: Should the rule as approved by the Commission be filed for adoption with the Secretary of State and the docket closed?

Recommendation: Yes. The rule should be filed for adoption after the changes are published in the Florida Administrative Weekly.

APPROVED

COMMISSION AGENDA CONFERENCE, OCTOBER 19, 1999

ITEM NO. 3 CHANGES TO RULE 25-30.431

FLORIDA WATERWORKS ASSOCIATION

ALTERNATIVE LANGUAGE

25-30.431 Used and Useful Considerations ~~Margin Reserve~~

~~(1) "Margin reserve" is defined as the amount of plant capacity needed to preserve and protect the ability of utility facilities to serve existing and future customers in an economically feasible manner that will preclude a deterioration in quality of service and prevent adverse environmental and health effects.~~

~~(2) "Margin reserve period" is defined as the time period needed to install the next economically feasible increment of plant capacity.~~

~~(3) Margin reserve is an acknowledged component of the used and useful rate base determination that when requested and justified shall be included in rate case filed pursuant to section 367.001, Florida Statutes.~~

~~(1)(4) Unless otherwise justified, the margin reserve period for water source and treatment facilities and wastewater treatment and effluent facilities will be 18 months. In determining whether another margin reserve period is justified property is needed to serve customers more than five full years~~

after the end of the test period, as provided by section 367.081(2)(a)2., Florida Statutes (1999), the Commission shall consider the rate of growth in the number of equivalent residential connections (ERCs); the time needed to meet the guidelines of the of the Department of Environmental Protection (DEP) for planning, designing, and construction of plant expansion; and the technical and economic options available for sizing increments of plant expansion.

~~(2)(5)(a) Margin reserve for Pproperty needed to serve customers after the end of the test year water source and treatment facilities and wastewater treatment and effluent disposal facilities~~ shall be calculated as follows:

$$EG \times \underline{PTMP} \times \underline{UD} = \underline{PNMR}$$

where:

EG = Equivalent Annual Growth in ERCs determined pursuant to (b) or (c) below, not to exceed 5 percent per year

PTMP = Post Test Year Margin Reserve Period determined pursuant to ~~subsection (4)~~ section 367.081(2)(a)2.b. and c., Florida Statutes (1999)

UD = Unit of measurement utilized Demand per ERC (customer demand applied in the used and useful calculations for plant components water and wastewater facilities)

PNMR = Property needed Margin reserve expressed in the units of measurement utilized gallons per

~~day (GPD)~~

(b) The equivalent annual growth in ERCs (EG) is measured in terms of the projected annual growth and shall be calculated in Schedules F-9 and F-10 of Form PSC/WAW 19 for Class A Utilities and Form PSC/WAW 20 for Class B utilities, incorporated by reference in Rule 25-30.437.

(c) The utility shall also submit a linear regression analysis using average ERCs for the last 5 years. The utility may submit other information that will effect growth in ERCs.

~~(3)(6)~~ As part of its application filed pursuant to Rule 25-30.437, the utility shall submit its most recent wastewater capacity analysis report, if any filed with DEP.

~~(7) Contributions in aid of construction (CIAC) shall be imputed when a margin reserve is authorized. The amount of imputed CIAC shall be determined based on 50 percent of the number of ERCs included in the margin reserve period and the projected CIAC that will be collected from those ERCs. However, the imputed CIAC shall not exceed the rate base component associated with margin reserve.~~

END