

1 A bill to be entitled
 2 An act relating to water and wastewater utilities;
 3 creating s. 367.0819, F.S.; providing for recovery through
 4 a surcharge of certain costs relating to water and
 5 wastewater system improvement projects; requiring
 6 utilities to submit tariffs reflecting the surcharge for
 7 recovery of such costs to the Florida Public Service
 8 Commission for approval and to provide specified notice of
 9 such tariff filings; specifying a limitation for the
 10 surcharge amount; providing requirements for billing,
 11 reconciliation, and adjustment of the surcharge; providing
 12 project eligibility criteria; providing requirements for
 13 notice, maintenance, and availability of certain records;
 14 providing an effective date.

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 16 Be It Enacted by the Legislature of the State of Florida:

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 18 Section 1. Section 367.0819, Florida Statutes, is created
 19 to read:

20 367.0819 Recovery of costs for system improvement
 21 projects.--

22 (1) To promote utility investment in system improvement
 23 projects, the commission shall allow for recovery through a
 24 surcharge of prudently incurred capital costs related to
 25 projects to enhance water quality, fire protection reliability,
 26 and long-term system viability pursuant to this section.

27 (2) A utility seeking to establish a surcharge pursuant to
 28 this section must:

29 (a) Submit, for commission approval, tariffs establishing
30 a formula for calculation of rates reflecting the surcharge,
31 which rates provide for recovery of depreciation and return on
32 investment for each eligible project. For any rate class, the
33 surcharge may not exceed 8 percent of otherwise applicable rates
34 and charges approved by the commission.

35 (b) Provide notice of the initial tariff filing to each
36 customer in the affected service area and publish notice of the
37 filing within the affected service area pursuant to commission
38 rule.

39 (3) A surcharge established pursuant to this section shall
40 be:

41 (a) Presented as a separate line item on the customer
42 bill. Any changes in the surcharge must be reflected on the
43 first bill the customer receives following such change.

44 (b) Subject to an annual reconciliation based on a
45 reconciliation period of 12 months ending December 31 of each
46 year. The revenue received under the surcharge for the
47 reconciliation period shall be compared to the eligible costs of
48 the utility for that period. The difference between revenue and
49 costs shall be recovered or refunded, as appropriate, over a 12-
50 month period beginning on April 1 of each year. Revenues in
51 excess of system improvement costs shall be refunded with
52 interest to customers.

53 (c) Reset at zero as of the effective date of new base
54 rates that provide for prospective recovery of the annual costs
55 that had previously been recovered under the surcharge.
56 Thereafter, only the fixed costs of new eligible projects that

57 have not previously been reflected in the base rate of the
58 utility shall be reflected in the quarterly updates of the
59 surcharge.

60 (4) A project is eligible for recovery of costs through
61 the surcharge if:

62 (a) It is completed and placed into service after the test
63 year upon which base rates were last established for the utility
64 by the commission; and

65 (b) It is a construction and improvement project that is
66 used for the production, treatment, transmission, storage,
67 distribution, or provision of potable or recycled water to the
68 public or for the collection, transportation, or disposal of
69 sewage for the public. Such projects include, but are not
70 limited to, water quality improvement projects designed to
71 achieve primary or secondary water standards as determined by
72 the department; wastewater quality improvement projects; main,
73 service line, and valve replacement; main cleaning and relining;
74 fire and flushing hydrant installation, maintenance, and
75 replacement; main extension to eliminate dead ends;
76 interconnection projects; water, wastewater, and reuse meter
77 installation, maintenance, and replacement; collection sewer
78 cleaning and relining; and manhole replacement, cleaning, and
79 rehabilitation.

80 (5) Upon approval of the surcharge, the utility shall
81 maintain and make available for public inspection during normal
82 business hours at each utility location a detailed schedule for
83 each completed project, including the plant account number and
84 title, the category of the project, the project name and

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85 description, the cost of the project in the month of closing,
86 and the month and year of closing. Notice of the availability of
87 the schedules for public inspection shall be posted in each
88 office of the utility.

89 Section 2. This act shall take effect July 1, 2010.