

By Senator Bennett

21-00790B-11

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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  
 4           through a quarterly surcharge of certain costs  
 5           relating to water and wastewater system improvement  
 6           projects; defining a "non-revenue producing project;"  
 7           requiring utilities to submit surcharge tariffs  
 8           reflecting the surcharge calculation for recovery of  
 9           such costs to the Florida Public Service Commission  
 10          for approval and to provide specified notice of such  
 11          surcharge tariff filings; providing for the automatic  
 12          approval of the surcharge tariff within a specified  
 13          period after filing the surcharge tariff with the  
 14          commission; requiring the surcharge notice be  
 15          presented as a separate line item on the customer's  
 16          bill; specifying a limitation for the surcharge  
 17          amount; providing requirements for billing,  
 18          reconciliation, and quarterly adjustment of the  
 19          surcharge; specifying a limitation for recovery of  
 20          project costs; providing project eligibility criteria;  
 21          specifying water and wastewater treatment criteria;  
 22          providing requirements for notice, maintenance, and  
 23          availability of certain records; authorizing the  
 24          commission to review specified projects; providing  
 25          that surcharges are subject to refund under certain  
 26          conditions; providing an effective date.

28   Be It Enacted by the Legislature of the State of Florida:  
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30 Section 1. Section 367.0819, Florida Statutes, is created  
31 to read:

32 367.0819 Recovery of costs for system improvement  
33 projects.-

34 (1) (a) In order to promote utility investment in system  
35 improvement projects, the commission shall allow a utility to  
36 recover prudently incurred capital costs related to nonrevenue-  
37 producing projects to enhance water quality, fire protection  
38 reliability, and long-term system viability through a quarterly  
39 surcharge collected pursuant to this section. The costs of  
40 existing or new facilities to serve new customers are not  
41 recoverable through this recovery surcharge.

42 (b) For purposes of this section, a "non-revenue producing  
43 project" means a project that is not constructed or installed  
44 for the purpose of serving a new customer.

45 (2) A utility seeking to establish a surcharge pursuant to  
46 this section must:

47 (a) Submit, for commission approval, the proposed surcharge  
48 tariff establishing a formula for the calculation of rates  
49 reflecting the surcharge, which rates provide for recovery of  
50 depreciation and return on investment for each eligible project.  
51 The return on investment for each eligible project must be based  
52 on the utility's last authorized rate of return. The surcharge  
53 must be calculated, applied, and recovered in accordance with  
54 the utility's last authorized rate structure so that the total  
55 amount of the surcharge revenue recovered by the utility in any  
56 one year does not exceed 8 percent of the utility's total annual  
57 water and wastewater service revenues for the previous year.

58 (b) Provide notice of the initial surcharge tariff filing

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59 to each customer in the affected service area and publish notice  
60 of the surcharge filing within the affected service area  
61 pursuant to commission rule.

62 (3) A surcharge tariff submitted by a utility in compliance  
63 with the requirements of subsection (2) shall be approved as a  
64 matter of right within 60 days after filing the surcharge tariff  
65 with the commission.

66 (4) A surcharge established pursuant to this section shall  
67 be:

68 (a) Presented as a separate line item on the customer's  
69 bill. Any changes in the surcharge must be reflected on the  
70 first bill the customer receives following the change of the  
71 surcharge.

72 (b) Revaluated on a quarterly basis to reflect the costs of  
73 eligible projects placed into service. The utility shall file  
74 the supporting data to increase or reduce the surcharge with the  
75 commission for each revaluation. The utility shall deliver the  
76 supporting data to the Office of Public Counsel at least 10 days  
77 before the effective date of the modified surcharge.

78 (c) Subject to an annual reconciliation of revenues and  
79 costs based on a reconciliation period of 12 months ending  
80 December 31 of each year. The revenue received from the  
81 surcharge for the reconciliation period shall be compared to the  
82 eligible costs of the utility for that period. The difference  
83 between revenue and costs shall be recovered or refunded, as  
84 appropriate, over a 12-month period beginning on April 1 of each  
85 year. Revenues in excess of system-improvement costs shall be  
86 refunded with interest to customers.

87 (d) Reset at zero as of the effective date of new base

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88 rates that provide for prospective recovery of the costs that  
89 had previously been recovered under the surcharge. Thereafter,  
90 only the costs of new eligible projects that have not previously  
91 been included in the base rate of the utility shall be reflected  
92 in the quarterly surcharge.

93 (5) Recovery of project costs pursuant to this section does  
94 not preclude such costs from being included in the base rate in  
95 subsequent rate proceedings. However, a project cost recovered  
96 in base rates may not be recovered through a surcharge  
97 established pursuant to this section.

98 (6) A project is eligible for recovery of costs through the  
99 surcharge if it is:

100 (a) Completed and placed into service after the test year  
101 upon which base rates were last established by the commission  
102 for the utility; and

103 (b) For the construction of nonrevenue-producing and  
104 improvement projects that are used for the production,  
105 treatment, transmission, storage, distribution, or provision of  
106 potable or recycled water to the public or for the collection,  
107 transportation, or disposal of wastewater for the public. Such  
108 projects may include, but are not limited to, water quality  
109 improvement projects designed to achieve primary or secondary  
110 water standards as determined by the Department of Environmental  
111 Protection, the United States Environmental Protection Agency,  
112 or any other governmental entity having similar regulatory  
113 jurisdiction; wastewater quality improvement projects; main,  
114 service line, and valve replacement; main relining and  
115 rehabilitation; fire and flushing hydrant installation and  
116 replacement; main extension to eliminate dead ends;

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117 interconnection projects; water, wastewater, and reuse meter  
118 installation and replacement; wastewater collection,  
119 replacement, relining, and rehabilitation; and manhole  
120 replacement and rehabilitation.

121 (7) Water and wastewater treatment includes production of  
122 any sodium solution, excluding sodium hypochlorite, used in  
123 conjunction with the treatment process, but does not include the  
124 onsite manufacturing of liquid chlorine or bleach.

125 (8) Upon approval of the surcharge tariff, the utility  
126 shall maintain and make available for public inspection during  
127 normal business hours at each utility location or on the  
128 utility's website a detailed schedule for each completed  
129 project, including the plant account number and title, the  
130 category of the project, the project name and description, the  
131 cost of the project in the month of closing, and the month and  
132 year of closing. Notice of the availability of the schedules for  
133 public inspection shall be posted in each office of the utility.

134 (9) The commission may review the prudence of all projects  
135 subject to the surcharge in the utility's subsequent rate  
136 proceeding. Revenues from such surcharges are subject to refund  
137 if the commission subsequently determines that the costs of a  
138 project were not prudently incurred or that the project is not  
139 used and useful in the public service.

140 Section 2. This act shall take effect July 1, 2011.