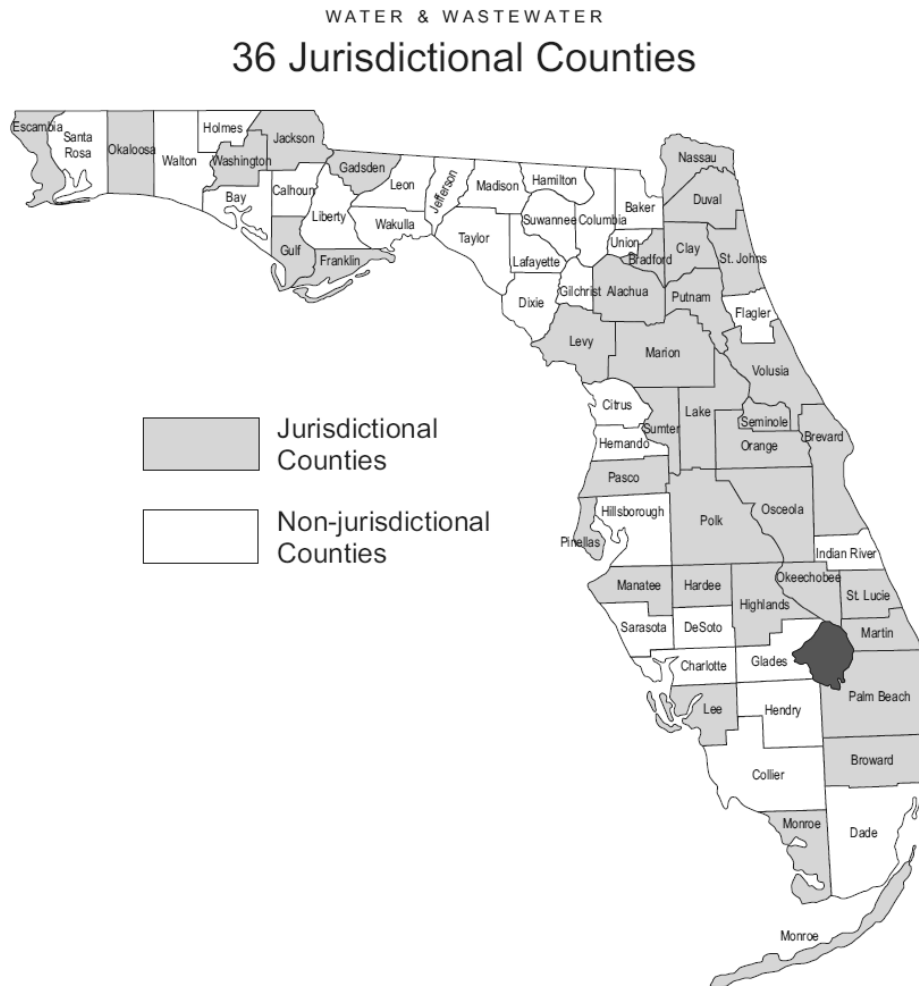


# Columbia County Utility Committee

November 26, 2010

9:00 a.m.

# Counties Under FPSC Jurisdiction



Of the 67 Counties in Florida, the FPSC has jurisdiction over 36 Counties and 31 Counties are self regulated.

# Proposed Policies and Rules

## Approval by Board Action

- Pass Through 118-225(k)(1)
- Indexing 118-225(k)(2)
- Fees 118-227(g) and (h)
- Grant Provisional Franchise 118-223(1)

## Approval by Amendment to Current Ordinance or FPSC Rules

- Proposed Board Action
- Staff Assisted Rate Case
- Staff Assisted Rate Case in Alternative Rate Setting

For all matters not covered by the Ordinance, the Board of County Commissioners may follow FPSC rules - 118-223 (17)

# Issues To Consider

- The options on the Agenda address rate adjustments. The Board also regulates rate structure and conditions of service.
- Our ordinance does not identify a role for the Utility Committee in the rate setting process.
- Rate case expenditures for the utility and the County can get passed to the customer spread over a four year period.
- Columbia County has only small private utilities that fall under County regulation.

# Pass Through

- Board may adopt by rule.
- A Pass Through is automatic and has no public hearing.
- Utility must file certified statements documenting cost increases/decreases and a statement of the proposed rates.
- Utility must file sworn affidavit or affirmation.
- Utility must provide notice to the customers
- The rates do not become effective for 45 days after Official Filing Date.

A utility can *only* pass through:

- Increase/decrease in electricity;
- Increase/decrease in ad valorem taxes (on used and useful property);
- Increase/decrease in fees charged by FDEP and/or lab related to NPDES permit (water quality testing);
- Increase/decrease in Regulatory Assessment Fee;
- Increase/decrease in purchased utilities (water or wastewater)

# Price Index

- Board would approve Index annually on or before March 31.
- Index is for major categories of O&M expense and does not include pass through items or other disallowances.
- Allows Utilities to keep up with escalating costs without expense of further Board action.
- Utility can not use an index for 1 year after a rate adjustment.
- Utility must apply to use the Index at least 60 days prior to the effective date of the rate increase.
- Utility must provide notice to customers.
- Utility shall file an affidavit or affirmation.
- Within 15 months, if the utility exceeds the approved rate of return, the Board may order a refund.
- Board can deny use of index for good cause.

# Standard Rate Case

- Lengthy and expensive process.
- Utility submits application and Minimum Filing Requirements.
- Utility provides notice to customers.
- Case goes to a Hearing before the Hearing Officer. Process does not begin until Hearing Officer determines all Minimum Filing Requirement's have been met. Hearing Officer may request additional information to be collected.
- Hearing Officer makes a recommendation to the Board.
- Board considers the recommendation and issues an order.
- Protest period begins and if protested, may go back to hearing officer for additional consideration.
- Hearing before hearing officer shall conform to Florida Rules of Civil Procedures.

# Proposed Board Action

- Utility submits application and Minimum Filing Requirements.
- Staff reviews files and utility books.
- Staff conducts customer meeting in Service Area.
- Staff prepares recommendation and Utility stipulates to the recommendation.
- Board considers recommendation at public hearing.
- Right to protest is preserved.



# Staff Assisted Rate Case (SARC)

- Utility applies for SARC and waives right to protest staff recommendation on rates.
- Staff reviews the Utility's books and assembles any information needed to make a recommendation.
- Staff conducts customer meeting in Service Area.
- At this point, it becomes a Proposed Board Action and a recommendation is made directly to the Board.
- Board considers recommendation at public hearing.
- Right to protest is preserved.

# Staff Assisted Rate Case in Alternative Rate Setting

- At times, the FPSC and other Florida Counties have allowed rate setting using an alternative method.
- Instead of using reasonable rate of return, staff would calculate the new rate based on a percentage of O&M.
- O&M increases would be limited to 50% of test year.
- Used with small, older utilities with a low rate base.
- Applied as rate of return on O&M not applied to rate. Used to determine revenue needs of utility. The percentage increase in the needed revenues would be applied as the increase in the rates.

# Provisional Franchise and Fees

- Provisional Franchise – recommend that the Board offer a franchise to existing private utilities for six months with the provision that they apply for a franchise at the end of the six months.
- Fees – recommend the Board officially adopt the fees set by the FPSC by resolution.