



# Charlotte County Government

"To exceed expectations in the delivery of public services."

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August 6, 2008

All Private-for-Profit  
Regulated Water & Wastewater Utilities

Re: 2008 Price Index

Dear Utility Owner:

Attached please find Charlotte County's application to request an index or pass-through increase. Charlotte County will use the price index established annually by the Public Service Commission. The 2008 Price Index for water and wastewater utilities is 2.39%.

For reference purposes only, also attached is the Public Service Commission's Docket No. 08005-WS-2008 price index packet. *(Note: The price index rates are the same but the regulatory fee and agency of jurisdiction are different.)*

Should you have any questions please call me at (941) 743-1542.

Sincerely,

A handwritten signature in blue ink that reads 'Roger Davis'.

Roger Davis  
Senior Analyst

enc.

## BUDGET OFFICE

18500 Murdock Circle | Port Charlotte, FL 33948-1068  
Phone: 941.743.1551 | Fax: 941.743.1286

CHARLOTTE COUNTY BOARD OF COUNTY COMMISSIONERS  
 2008 PRICE INDEX APPLICATION  
 TEST YEAR ENDED DECEMBER 31, 2007

|  | WATER     | WASTEWATER |
|--|-----------|------------|
| DEP PWS ID NO. _____   |           |            |
| DEP WWTP ID NO. _____  |           |            |
| <br>*2007 Operation and Maintenance Expenses   | <br>\$    | <br>\$     |
| LESS:  |           |            |
| (a) Pass-through Items:  |           |            |
| (1) Purchased Power  |           |            |
| (2) Purchased Water  |           |            |
| (3) Purchased Wastewater Treatment   |           |            |
| ** (4) New DEP Required Water Testing  |           |            |
| ** (5) New DEP Required Wastewater Testing   |           |            |
| (6) NPDES Fees   |           |            |
| (b) Rate Case Expense Included in<br>2007 Expenses   |           |            |
| (c) Adjustments to O & M Expenses from<br>last rate case, if applicable:                   |           |            |
| (1)  | _____     | _____      |
| (2)  | _____     | _____      |
| Costs to be Indexed  | \$        | \$         |
| Multiply by change in GDP Implicit<br>Price Deflator Index                                 | <br>_____ | <br>_____  |
|  | .0239     | .0239      |
| Indexed Costs  | \$        | \$         |
| *** Add Change in Pass-Through Items:  |           |            |
| (1)  |           |            |
| (2)  |           |            |
| Divide Index and Pass-Through Sum by<br>Expansion Factor for Regulatory<br>Assessment Fees | <br>_____ | <br>_____  |
|  | .950      | .950       |
| Increase in Revenue  | \$        | \$         |
| **** Divide by 2007 Revenue  | _____     | _____      |
| Percentage Increase in Rates   | %         | %          |
|  | =====     | =====      |

**EXPLANATORY NOTES APPEAR ON THE FOLLOWING PAGE**

## PAGE 1 NOTES

- \* This amount must match 2007 annual report.
- \* Daily, weekly, or monthly testing required by the Department of Environmental Protection (DEP) not currently included in the utility's rates. Or additional tests required by the DEP during the 12 month period prior to filing by the utility and/or changes to the frequency of existing test(s) required by the DEP during the 12 month period prior to filing by the utility.
  
- \*\*\* This may include an increase in purchased power, purchased water, purchased wastewater treatment, required DEP testing, and ad valorem taxes, providing that those increases have been incurred within the 12 month period prior to the submission of the pass-through application. Pass-through NPDES fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. DEP water and wastewater testing pass-throughs require invoices. See Rule 25-30.425, F.A.C. for more information.
  
- \*\*\*\* If rates changed after January 1, 2008, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

**ANNUALIZED REVENUE WORKSHEET**

Have the rates charged for customer services changed since January 1, 2007?

- ( ) If no, the utility should use actual revenues. This form may be disregarded.
- ( ) If yes, the utility must annualize its revenues. Read the remainder of this form.

Annualizing calculates the revenues the utility would have earned based upon 2007 customer consumption at the most current rates in effect. To complete this calculation, the utility will need consumption data for 2007 to apply to the existing rate schedule. Below is a sample format which may be used.

CALCULATION OF ANNUALIZED REVENUES\*  
Consumption Data for 2007

|                                    | Number of<br>Bill/Gal. Sold | X | Current<br>Rates | Annualized<br>Revenues |
|------------------------------------|-----------------------------|---|------------------|------------------------|
| Residential Service:               |                             |   |                  |                        |
| Bills: 5/8"x3/4" meters            | .....                       |   | .....            | .....                  |
| 1" meters                          | .....                       |   | .....            | .....                  |
| 1 2" meters                        | .....                       |   | .....            | .....                  |
| 2" meters                          | .....                       |   | .....            | .....                  |
| Gallons Sold                       | .....                       |   | .....            | .....                  |
| General Service:                   |                             |   |                  |                        |
| Bills: 5/8"x3/4" meters            | .....                       |   | .....            | .....                  |
| 1" meters                          | .....                       |   | .....            | .....                  |
| 1 2" meters                        | .....                       |   | .....            | .....                  |
| 2" meters                          | .....                       |   | .....            | .....                  |
| 3" meters                          | .....                       |   | .....            | .....                  |
| 4" meters                          | .....                       |   | .....            | .....                  |
| 6" meters                          | .....                       |   | .....            | .....                  |
| Gallons Sold                       | .....                       |   | .....            | .....                  |
| Total Annualized Revenues for 2007 |                             |   |                  | \$                     |

\* Annualized revenues must be calculated separately if the utility consists of both a water system and a wastewater system. This form is designed specifically for utilities using a base facility charge rate structure. If annualized revenues must be calculated and further assistance is needed, contact the Charlotte County Board of County Commissioners' staff at (941)743-1542.

**AFFIRMATION**

I, \_\_\_\_\_, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause \_\_\_\_\_ to exceed the range of its last \_\_\_\_\_  
(Utility Name)  
authorized rate of return on equity, which is \_\_\_\_\_.

I, the undersigned/officer of the above-named utility, have read the foregoing and declare that, to the best of my knowledge and belief, the information contained in this application is true and correct.

This affirmation is made pursuant to my request for a 2008 price index and/or pass-through rate increase, in conformance with Section 367.081(4)(c), Florida Statutes.

Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
Fax Number: \_\_\_\_\_

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

My Commission expires:

(SEAL)

\_\_\_\_\_  
Notary Public  
State of Florida

**STATEMENT OF QUALITY OF SERVICE**

\_\_\_\_\_  
(Utility Name)

[ ] does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Departments.

[ ] does have the attached active written complaint(s), corrective order(s), consent order(s), or outstanding citation(s) with the DEP or the County Health Department(s). The attachment(s) includes the specific system(s) involved with DEP permit number and the nature of the active complaint, corrective order, consent order, or outstanding citation.

This statement is intended such that the Charlotte County Board of County Commissioners can make a determination of quality of service pursuant to Chapter 3-8, Article II, Charlotte County Code.

**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Telephone Number:** \_\_\_\_\_  
**Fax Number:** \_\_\_\_\_  
**Date:** \_\_\_\_\_



**WAIVER**

\_\_\_\_\_ hereby waives the right to implement a pass-through rate increase within 30 days of filing, as provided by Section 367.081(4)(b), Florida Statutes, in order that the pass-through and index rate increase may both be implemented together 60 days after the official filing date of this notice of intention.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

(To be used if an index and pass-through rate increase are requested jointly.)

**Sec. 3-8-57.5. Price index rate adjustment.**

(1) On or before April 30 of each calendar year, the board shall adopt a price index for water and wastewater utilities equivalent to the price index established annually by the PSC, which shall be the price index used by all regulated utilities until the board authorizes a change.

(2) The index shall be applied to all operation and maintenance expenses, except for amortization of rate case expense, costs subject to pass-through adjustments pursuant to section 3-8-58, and adjustments or disallowances made in a utility's most recent rate proceeding.

(3) If a utility files its annual report on other than a calendar-year basis, the utility shall file additional supplemental information to segregate expenses, revenues and customer billing data on a calendar-year basis. The source for this pro rata distribution shall be the utility's annual reports.

(4) A utility shall not file for a price index review adjustment during the pendency of any other rate review or rate proceeding. Further, a utility shall not file for a price index rate adjustment within one year from the effective date of the last rate increase. The utility may incorporate the current price indexing in a rate adjustment application. A utility shall not use this procedure to increase any operating cost for which an adjustment has been or could be made under the pass-through provision of this Article.

(5) Any utility seeking to increase its rates based upon the board-authorized price index shall file a verified notice of intent with the board at least 60 days prior to the effective date of the increase. The adjustment in rates shall take effect on the date specified in the verified notice of intent unless the board finds that the notice of intent or accompanying materials do not comply with the requirements of law or ordinances or rules and regulations adopted by the board or relevant state law. The verified notice to the board shall be accompanied by:

a. A schedule of proposed rates which will pass the increased costs to the current customers in a fair and nondiscriminatory manner and a calculation showing how the rates were determined;

b. A computation schedule showing the increase in annual revenue that will result if the index is applied;

c. An affirmation stating the figures and calculations upon which the change in rates is based are accurate and that the change will not cause the applicant utility to exceed its last authorized rate of return. If the utility has no authorized rate of

return, the utility shall calculate a rate of return using the PSC's current leverage formula.

d. A copy of the notice to customers required by subsection (7) of this section.

e. The authorized rate of return or the calculated rate of return that the utility is affirming it will not exceed.

f. An annualized revenue figure for the Test Year used in the index calculation reflecting the rate change, along with an explanation of the calculation, if there has been any change in the utility's rates during or subsequent to the Test Year.

(6) The maximum allowable increase resulting from the application of the index shall be no greater than the price index. The provisions of this subsection do not prevent a utility from seeking a change in rates pursuant to the provisions of section 3-8-49.

(7) Not less than 15 days prior to the time a customer begins consumption at the adjusted rates, the utility shall notify each of its customers of the increase authorized and explain the reasons for the increase in writing, delivered by U.S. mail.

(8) No utility shall implement a rate increase pursuant to this Article unless the utility has on file with the board a current annual financial report as required by this Article and the utility is current in the payment of its franchise fees.

(9) If, within 15 months after the filing of a utility's annual report required by this Article, the board finds that the utility exceeded its last authorized rate of return after a price index rate adjustment was implemented either within the year for which the report was filed or in the preceding year, the board may, after hearing, order the utility to refund the difference to the rate payers with interest and adjust its rate accordingly.

**Sec. 3-8-57. Pass-through rates.**

- (a) The approved rates of any utility which receives all or any portion of its utility service from a governmental agency or from a water or wastewater utility regulated by the board and which redistributes that service to its utility customers shall be automatically increased or decreased without hearing upon verified notice to the board thirty (30) calendar days prior to its implementation of the increase or decrease that the rates charged by the governmental agency or other utility have changed. The approved rates of any utility which is subject to an increase or decrease in the rates that it is charged for electric power or the amount of ad valorem taxes assessed against its property may be increased or decreased by the utility without action by the board upon verified notice to the board thirty (30) calendar days prior to its implementation of the increase or decrease that the rates charged by the supplier of the electric power or the taxes imposed by the governmental body have changed. The new rates authorized will reflect the amount of the change of the ad valorem taxes or rates imposed upon the utility by the governmental agency, other utility or supplier of electric power. Provisions of this subsection shall not prevent a utility from seeking changes in rates pursuant to the provisions of sections 3-8-45,3-8-47 through 3-8-55 herein.
- (b) Before implementing a change in rates under this section, the utility shall file an affirmation under oath as to the accuracy of the figures and calculations upon which the change in rates is based and that the change shall not cause the utility to exceed the range of its last authorized rate of return. Whoever makes a false statement in the affirmation required hereunder which he does not believe to be true in regard to any material matter shall be guilty of a misdemeanor, punishable as provided in F.S. section 125.69.
- (c) If, within twenty-four (24) months of an adjustment in the rates as authorized by this subsection, the board finds that a utility has exceeded the range of its last authorized rate of return, it may order the utility to refund the difference to the ratepayers. This provision shall not be construed to require a bond or corporate undertaking not otherwise required.
- (d) Notwithstanding anything herein to the contrary, no utility may adjust its rates under this subsection more than two (2) times in any twelve-month period.
- (e) If any certificate holder requires a deposit from its customers, it shall pay interest at the rate of eight (8) percent to the customer on the amount of the deposit. The certificate holder may credit the customer's bill annually with the amount of interest or pay it when the customer discontinues the certificate holder's services.
- (f) The provisions of this section shall be applicable to all utilities, including those operated by a nonprofit corporation, which have been granted a certificate by the board, provided that rates and charges for nonprofit corporations shall be fixed and determined solely in accordance with this article.
- (g) Applications for rate changes shall be filed with the clerk of the board and shall be in

such form as the board may specify by rule and, except for applications for rate changes made pursuant to subsection (a), shall be accompanied by a fee as hereinafter provided.

(h) The board may withhold consent to the operation of any rate request or any portion thereof by filing an order to that effect with the clerk of the board within sixty (60) calendar days after the date of filing of the rate request. The order shall state a reason or statement of good cause for the withholding of consent. The board shall provide a copy of the order to the utility, and consent shall not be withheld for a period longer than eight (8) months following the date of filing. The new rates or any portion not consented to shall go into effect under a bond or corporate undertaking subject to refund at the expiration of such period upon notice to the board. The board shall determine whether a corporate undertaking may be filed in lieu of the bond. The utility shall keep accurate, detailed accounts of all amounts received because of such rates becoming effective under bond, subject to refund, specifying by whom and in whose behalf such amounts are paid. In its final order relating to such rate request, the board shall direct the utility to refund such portion of the increased rates which are found not to be justified and which were collected during the time periods specified. The board shall provide for the disposition of any funds not refunded, but in no event shall such funds accrue to the benefit of the utility. The board shall take final action and enter its final order within twelve (12) months of the date of filing of the request.