

A RESOLUTION ADOPTING THE SUPPLEMENTAL RULES TO THE ST. JOHNS COUNTY WATER AND SEWER UTILITIES REGULATORY ORDINANCE.

WHEREAS, the Board of County Commissioners of St. Johns County, Florida, has made the following determinations:

1. Section 22 of the St. Johns County Water and Sewer Utilities Regulatory Ordinance (the Ordinance) provides that the Board of County Commissioners (the Board) may adopt such Rules as are reasonably necessary and appropriate for the proper administration and enforcement of the Ordinance.

2. It is necessary and appropriate for the proper administration and enforcement of the Ordinance to adopt the attached Supplemental Rules.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of St. Johns County, Florida:

SECTION 1.

The Board does hereby adopt the Supplemental Rules to the St. Johns County Water and Sewer Utilities Regulatory Ordinance which are attached hereto.

SECTION 2.

The said Supplemental Rules shall take effect on the same date that the St. Johns County Water and Sewer Utilities Regulatory Ordinance shall become effective.

PASSED AND DULY ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, THIS 19th DAY OF DECEMBER, 1989.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA

BY: Craig Maguire
Chairman

ATTEST:

Rosemary Jones
Deputy Clerk

Hearing 12-19-89

SUPPLEMENTAL RULES
TO THE ST. JOHNS COUNTY
WATER AND SEWER UTILITIES REGULATORY ORDINANCE

SUBMITTED BY
DON C. SCURLOCK, JR.
SCURLOCK AND ASSOCIATES

DECEMBER 14, 1989

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PART I - GENERAL PROVISIONS

1.1 RULES FOR GENERAL APPLICATION.

The rules hereinafter set forth are for general application and are subject to such changes and modifications, permitted by law, as the St. Johns County Board of County Commissioners from time to time may determine advisable. The rules are subject to such exceptions as the Board may consider just and reasonable in individual cases. These rules are supplementary to the St. Johns County Water and Sewer Utilities Regulatory Ordinance.

1.2 DEFINITIONS.

For the purpose of these regulations the following definitions shall apply:

- (1) "Authority" means the St. Johns County Water and Sewer Authority.
- (2) "Board" means the Board of County Commissioners for St. Johns County.
- (3) "Certificate" means a Franchise Certificate granted by the Board to provide service in a specific territory.
- (4) "Clerk of the Board" means the Clerk of the Circuit Court serving as clerk and accountant of the Board.
- (5) "Contracts and Agreements" means special contracts entered into by the Utility for the sale of commodity or services in a manner or subject to provisions not specifically covered by its filed standard rate schedules.
- (6) "Ordinance" means Ordinance 89- of the Code of Ordinances of St. Johns County, Florida.
- (7) "Rate" means the price or charge for utility service.
- (8) "Rate schedule" means the rate or charge for the particular classification of service, plus the several provisions necessary for billing, including all special terms and conditions under which service shall be furnished at such rate or charge.
- (9) "Rule" or "Rules" means these rules, the Supplemental Rules to the St. Johns County Water and Sewer Utilities Ordinance.
- (10) "Standard forms" means and includes all standard contract or agreement forms for execution between the utility and its customers.
- (11) "Tariff" means the assembled volume containing the "rules", "regulations", "rate schedules", "standard forms", "contracts", and other material required by these regulations as filed with the Authority.

(12) "Utility" as used in these rules, means and include all water systems, sewersystems, and water and sewer systems which are, or may hereafter be, subject to the jurisdiction of the Board.

1.3 APPLICATION AND SCOPE.

(1) These rules shall, as appropriate, apply to all water systems and/or sewer systems which are now, or may hereafter be, subject to the jurisdiction of the Board. They are intended to define and promote good utility practices, adequate and efficient service to the public at reasonable cost, and to establish the rights and responsibilities of both the utility and the customer.

(2) In any case where compliance with any of these rules introduces unusual hardship, or if unreasonable difficulty is involved in compliance with any particular rule, application may be made to the Authority for modification of the rule, or for temporary exemption from its requirements, provided that the utility shall submit with such application a full and complete statement of reason therefor.

(3) No deviation from these rules shall be permitted unless authorized in writing by the Board.

(4) The adoption of these rules shall in no way preclude the Board, upon complaint, upon its own motion, or upon the application of any utility, from altering or amending them, in whole or part either by ordinance or resolution, or from requiring any other or additional service, equipment, facility or standard, or from making such modification with respect to their application as may be found necessary to meet exceptional conditions.

(5) The adoption of these rules shall not, in any way, relieve any utility from any of its duties under the laws of this state.

1.4 NOTICE OF INTENTION.

(1) When a utility intends to apply for a certificate of authorization, a transfer, a deletion, or an extension of service, the utility shall obtain from the Authority a list of water and sewer utilities entitled to receive notice. The request for the list shall include a legal description of the area to be covered in the application. A legal description is a description with township, range and land sections as specific references. It shall be easily plotted on an official county or city property tax map.

(2) Thereafter, the utility shall give notice of its intention in accordance with this subsection.

(a) The notice shall be appropriately styled:
Application for (water) (sewer) (water and sewer) certificate;
Application for transfer of (water) (sewer) (water and sewer)

certificate; Notice of extension (or deletion) of (water) (sewer) (water and sewer) service;

(b) The notice shall state the name and address of the applicant, a description of the territory to be served, deleted or transferred;

(c) The notice shall be given by certified mail or personal delivery to the Authority, the governing body of any municipality within a 4-mile radius of the system, and water or sewer utility within a 4-mile radius of the boundary of the territory proposed to be served;

(2) The notice shall be published once each week for two consecutive weeks in a newspaper of general circulation in the territory proposed to be served.

(3) Each utility described in Section 4A(a) of the Ordinance shall be exempted from the notice of intention when it applies for a certificate of authorization.

1.5 WRITTEN OBJECTION.

(1) A written objection for all applications for certificate changes, except an extension pursuant to Section 6 of the Ordinance, is timely made if it is within twenty (20) days of the last day of the required notice, or within twenty (20) days of the official date of filing, whichever is later.

(2) A written objection to an extension pursuant to Section 6 of the Ordinance, is timely made if it is within thirty (30) days of the last day of the required notice.

1.6 APPLICATIONS FOR CERTIFICATES.

(1) Each utility subject to regulation by the Authority shall apply by completing an application form prescribed and supplied by the Board, and submitting the original of that completed application form and ten (10) copies to the Authority.

(2) When a utility is seeking a certificate for a water system and a sewer system, separate applications shall be filed for each. No combined applications shall be considered by the Authority.

(3) In addition to meeting the requirements of Section 4 of the Ordinance, the utility shall provide:

(a) Its full, accurate name and address;

(b) The character of its organization, i.e., corporation, partnership, individual proprietorship, association;

(c) The name and addresses of any corporate officers and directors or the names and addresses of any persons owning an interest in the utility which is not a corporation;

(d) The date the utility was established;

(e) The number of its active connections by meter size and customer class and the related equivalent residential connections in operation on the date the Ordinance became or will become applicable to the applicant;

(f) Consistent with a model tariff which the utility may obtain from the Authority, all rates, classifications, charges, rules and regulations for service furnished or to be furnished, and an explanation, if necessary, of any discrepancy or difference between rates to be charged and rates being charged on the date of the application. If the applicant has rates and charges in effect at the time of the application, a statement shall be submitted which indicates the date the rates were established, and by what authority they were established. If the applicant is a new utility seeking approval of initial rates, a cost study supporting the requested rates shall be submitted.

(g) Territory proposed to be served, including:

1. Detailed map showing existing lines and facilities and extensions thereof under construction, and the territory served thereby, said map to be of sufficient scale and detail to enable correlation with a description of the territory professed to be served on the effective date of the ordinance.

2. Statement relating the capacity of existing lines and facilities and extensions thereof under construction.

(h) Description of the territory to be served using metes and bounds with township, range and section reference.

(i) Serial number or numbers and respective date or dates of approval of engineering plans and specifications for any existing and/or proposed water or sewer system given by the Florida Department of Health and Rehabilitative Services, Division of Health. Permit number or numbers and respective date or dates of issuance of any permit for sewer systems issued by the Department of Environmental Regulation.

(j) Detailed statement (balance sheet) of financial condition of the applicant showing sufficient assets and liabilities of every kind and character.

(k) Statement of profit and loss (operating statement) of applicant for the preceding calendar or fiscal year, if applicant has operated for such period, or any lesser period if applicant has not operated for a full year.

(l) Certified financial statements of the applicant shall be filed if they exist.

(m) A statement listing those providing the principal funding to the utility, along with their financial statement and copies of any financial agreements.

(n) A schedule showing the projected cost of the proposed system(s) and the related capacity of each system in equivalent residential connections (ERCs) and gallons per day.

(o) A schedule showing the projected operating expenses of the proposed system when 80% of the designed capacity of the system is being utilized.

(p) A schedule showing the projected capital structure including the methods of financing for the construction and operation of the utility in the initial years of the development.

(q) A description of the types of customers anticipated, i.e., single family homes, mobile homes, duplexes, golf course, clubhouse, commercial, etc.

(r) The fiscal year of the utility.

1.7 APPLICATION FOR AUTHORITY TO TRANSFER.

(1) Except in the case of a sale, transfer, or assignment to a governmental agency, any application to the Authority which seeks approval of the sale, transfer, or assignment of the utility's certificate, facilities, or any portion thereof, or majority organizational control, shall be filed jointly by both the seller and the buyer. Deviations from this rule shall only be permitted for good cause shown, and only after such good cause is established in writing by the applicant. The aforementioned Application shall be submitted in original and ten (10) copies, which shall include:

- (a) The full name and address of the seller;
- (b) The full name and address of the buyer;
- (c) The type of business organization of the buyer (corporation, partnership, individual proprietorship);
- (d) The names and addresses of corporate officers and directors, or;
- (e) The names and addresses of the owners;
- (f) The date and state of incorporation or organization;
- (g) The names and locations of any other public utilities owned by the buyer;
- (h) An affidavit showing compliance with Rule 1.5;
- (i) A copy of the contract for sale, which should include or provide for the disposition of;
 - 1. customer deposits and interest on those deposits;

2. any guaranteed revenue contracts;
3. developer agreements;
4. customer advances;
5. a balance sheet which lists the assets purchased, and liabilities assumed (or not assumed), and shows the amount of contributions-in-aid-of-construction and its accumulated depreciation;
6. payment of regulatory assessment fees.

(j) a statement from the buyer as to the financing of the purchase;

(k) a statement of fact relied upon by the seller to show that the transfer is in the public interest, including a summary of the buyer's experience in water and/or sewer utility operations and a showing of the buyer's financial ability to provide the service;

(l) The appropriate filing fee, as required by Rule 3.2;

(m) the rate base of the transferor as of the date of transfer, or if the transfer has not taken place, the most current date available;

(n) the proposed rate base of the transferee as of the date of transfer;

(o) a statement setting out the reasons for the inclusion of an acquisition adjustment if one is requested;

(p) if the books and records of the transferor are not available for inspection by the Authority, a statement by the transferee that a good faith, extensive effort has been made to obtain such books and records of inspection by the Authority.

(2) Change of Ownership.

(a) In case of change of ownership or control of a utility which places the operation under a different or new utility, or when its name is changed, the utility which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating utility (unless authorized to change by the Board), and shall, within ten (10) days, issue and file a notice adopting, ratifying, and making its own rates, rules, classifications and regulations of the former operating utility on file with the Authority and effective at the time of such change of ownership or control.

(b) New Utility. Within thirty (30) days after the filing of such adoption notice by a new utility which then had

no tariff on file with the Authority, said utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or make application to the Authority for such other tariff as it may propose to put into effect in lieu thereof.

(c) Utility already in business. Within thirty (30) days after the filing of such adoption notice by a utility which then had a tariff on file with the Authority, said utility shall issue and file in its own name rate schedules and regulations on additional or revised sheets of its existing tariff, or by a complete reissue of its existing tariff, which shall set out the rates and regulations of the predecessor utility then in effect and adopted by it, or make application to the Authority for such other rates and regulations as it may propose to put into effect in lieu thereof.

1.8 REQUIREMENT FOR CALENDAR YEAR FISCAL YEAR.

Effective March 31, 1990, each utility which is not already operating on a calendar year fiscal year basis shall establish January 1 through December 31 as the utility's fiscal year, commencing with fiscal year 1990.

PART II - RECORDS AND REPORTS

2.1 RECORDS.

Unless otherwise authorized by the Board, each utility shall preserve and maintain its records at an office or offices of the utility within St. Johns County, and shall keep those records open for inspection during business hours by the staff of the Authority;

2.2 IN GENERAL.

Each utility shall furnish to the Authority, at such time and in such forms as the Authority may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Authority with any information concerning the utility's facilities or operation that the Authority may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Authority, as required by Section 19 of the Ordinance.

2.3 ANNUAL REPORTS: FILING EXTENSIONS.

Each utility shall file with the Authority annual reports on forms prescribed by the Authority. The obligation to file an annual report for any year shall apply to any utility which is subject to the Authority's jurisdiction as of December 31st of that year, whether or not the utility has actually applied for, or been issued a certificate.

(1) The Authority shall send one blank copy of the appropriate annual report form to each utility company. The failure of a utility to receive a report form shall not excuse the utility from its obligation to timely file the annual report. An original and two (2) copies of the annual reports shall be filed with the Authority within ninety (90) days of the close of the fiscal year for the utility filing the annual report. Annual reports are considered filed on the day they are postmarked or received and logged in by the Authority;

(2) An annual report is considered on file if it is properly addressed, with sufficient postage, and postmarked no later than the due date. If an annual report is sent by registered mail, the date of the registration is the postmark date. The registration is evidence that the annual report is delivered. If an annual report is sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the postmark date. The postmarked certified mail receipt is evidence that the return was delivered.

(3) A utility may file a written request for an extension of time with the Authority. One extension of thirty (30) days will be automatically granted upon request. A request for a longer extension must be accompanied by a statement of good cause

and shall specify the date by which the report will be filed.

2.4 ANNUAL REPORTS: CONTENTS.

The appropriate annual report form required from each utility shall be determined by using the following three classes of utilities: Class A (those having annual water and/or sewer operating revenues of \$750,000 or more); Class B (those having annual water and/or sewer revenues of \$150,000 to \$749,999); Class C (annual water and/or sewer revenues of less than \$150,000.) The class to which a utility belongs shall be determined by using the higher of the average of its annual water or sewer operating revenues for each of the last three preceding years.

(1) Class A utilities shall file the annual report entitled "Water and/or Sewer Utilities with Gross Revenues of \$750,000 and over".

(2) Class B utilities shall file the annual report entitled "Water and/or Sewer Utilities with Gross Revenues of \$150,000 but less than \$750,000 each".

(3) Class C utilities shall file the annual report entitled "Water and/or Sewer Utilities with Gross Revenues of \$150,000 or less".

2.5 ANNUAL REPORTS, PENALTY FOR NONCOMPLIANCE.

A penalty may be assessed against any utility that fails to file an annual report or for an extension in the following manner:

(1) Failure to file an annual report within ninety (90) days of the close of the utility's fiscal year;

(2) Failure to file a complete annual report.

Any utility that fails to comply with this rule shall be subject to the penalties as provided in the Ordinance and/or specified by these Rules. No final determination of noncompliance or assessment of penalty shall be made by the Board except after notice and an opportunity to be heard, as provided by applicable law.

2.6 INCOMPLETE REPORTS.

(1) The Authority shall provide written notification to the utility if its report does not contain information required by Section 2.4 of this rule. The utility shall file the missing information no later than thirty (30) days after the date of notification of the omission by the Authority. If the utility fails to file the information within that period, the report will be deemed delinquent and the utility may be subject to a penalty.

(2) An incomplete report will remain incomplete until the missing information is filed with the Authority on the appropriate Authority form.

2.7 INCORRECT FILING.

If a utility files an incorrect annual report, it shall be considered delinquent and subject to a penalty on the same basis as a utility that fails to timely file an annual report. The failure of a utility to receive a report form for the correct class of utility shall not excuse the utility from its obligation to timely file the annual report for the correct class of that utility.

2.8 INSUFFICIENT COPIES.

A utility that fails to file one original and two copies of its annual report shall be subject to a penalty. The Authority will provide the utility with written notice that insufficient copies were received. A penalty may be avoided if, within twenty (20) days after the date of the notice, the utility files the missing copies or requests that the Authority copy its report for it and remits the appropriate fee for the copying.

2.9 OTHER PENALTIES.

The penalties that may be assessed a utility for failure to file an annual report in compliance with the foregoing shall be separate and distinct from penalties that may be imposed for other violations of the requirements of the Authority or the Ordinance.

2.10 UNIFORM SYSTEM OF ACCOUNTS FOR WATER AND SEWER UTILITIES.

(1) Water and sewer utilities shall, effective January 1, 1990, maintain its accounts and records in conformity with the 1984 NARUC Uniform System of Accounts adopted by the National Association of Regulatory Utility Commissioners. All inquiries related to the interpretation of these uniform systems of accounts shall be submitted to the Authority in writing. Note: The National Association of Regulatory Utility Commissioners published separate uniform systems of accounts for three classes of water and sewer utilities: Class A (defined as those having annual water or sewer operating revenues of \$750,000 or more); Class B (defined as those having annual water or sewer operating revenues of \$150,000 or more but less than \$750,000); Class C (defined as those having annual water or sewer revenues of less than \$150,000.) Copies of these systems of accounts may be purchased from the office of said Association, Post Office Box 684, Washington, D.C. 20044.

(2) Accounts 469 and 530 - Guaranteed Revenues for water and sewer utilities respectively is created. This account shall be credited with revenue collected through Guaranteed Revenues or the Allowance for Funds Prudently Invested.

2.11 ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

(1) Construction work in progress (CWIP) that is not included in rate base may accrue allowance for funds used during construction (AFUDC), under the following conditions:

(a) Eligible projects. The following projects may be included in the CWIP and accrue AFUDC:

1. Projects that involve gross additions to plant in excess of \$5,000 and

a. are expected to be completed in excess of sixty (60) days after commencement of construction, or

b. were originally expected to be completed in sixty (60) days or less, but are not ready for service after sixty (60) days.

(b) Ineligible projects. The following projects may be included in CWIP, but may not accrue AFUDC:

1. Projects, or portions thereof, that do not exceed the level of CWIP included in rate base in the company's last rate case.

2. Projects where gross additions to plant are less than \$5,000.

3. Projects expected to be completed in less than sixty (60) days after commencement of construction.

4. Property that has been classified as Property Held for Future Use.

(c) Unless otherwise authorized by the Authority, the following projects may not be included in CWIP nor accrue AFUDC:

1. Projects that are reimbursable by another party.

2. Projects that have been cancelled.

3. Purchases of assets which are ready for service when acquired.

4. Portions of projects providing service during the construction period.

(d) Other conditions. Accrual of AFUDC is subject to the following conditions:

1. Accrual of AFUDC is not to be reversed when a project originally expected to be completed in excess of sixty (60) days is completed in sixty (60) days or less;

2. AFUDC may not be accrued retroactively if a project expected to be completed in sixty (60) days or less is subsequently suspended for six (6) months, or is not ready for service after sixty (60) days;

3. When a project is completed and ready for service, it shall be immediately transferred to the appropriate plant account(s) or Account 106, Completed Construction Not Classified, and may no longer accrue AFUDC;

4. Where a work order covers the construction of more than one property unit, the AFUDC accrual shall cease on the costs related to each unit when that unit reaches an in-service status;

5. When the construction activities for an on-going project are expected to be suspended for a period exceeding six (6) months, the utility shall notify the Authority of the suspension and the reason(s) for the suspension, and shall submit a proposed accounting treatment for the suspended project; and,

6. When the construction activities for a suspended project are resumed, the previously accumulated costs of the project may not accrue AFUDC if such costs have been included in rate base for rate-making purposes. However, the accrual of AFUDC may be resumed when the previously accumulated costs are no longer included in rate base for rate-making purposes.

(e) Subaccounts. Account 105, Construction Work in Progress, shall be subdivided so as to segregate the cost of construction projects that are eligible for AFUDC from the cost of construction projects that are ineligible for AFUDC.

(2) The applicable AFUDC rate shall be determined as follows:

(a) The most recent 12-month average embedded cost of capital, except as noted below, shall be derived using all sources of capital and adjusted using adjustments consistent with those used by the Authority in the utility's last rate case.

(b) The cost rates for the components in the capital structure shall be the midpoint of the last allowed return on common equity, the most recent 12-month average cost of short term debt and customer deposits and a zero cost rate for deferred taxes and 3% investment tax credits. The cost of long-term debt and preferred stock shall be based on end of period cost. The cost of 4% and 10% investment tax credits shall be the weighted cost of capital calculated in a manner consistent with the final IRS Regulation Section 1.46-6 published May 22, 1986. The annual percentage rate shall be calculated to two decimal places.

(c) A utility that has not had its equity return set in a rate case shall calculate its return on common equity by

applying the most recent water and sewer equity leverage formula.

(3) Discounted monthly AFUDC rate. A discounted monthly AFUDC rate, calculated to six decimal places, shall be employed to insure that the annual AFUDC charged does not exceed authorized levels.

(a) The formula used to discount the annual AFUDC rate to reflect monthly compounding is as follows:

$$M = [(1 + A/100)^{1/12} - 1] \times 100$$

Where:

M = discounted monthly AFUDC rate

A = Annual AFUDC rate

(b) The monthly AFUDC rate, carried out to six decimal places, shall be applied to the average monthly balance of eligible CWIP that is not included in rate base.

(4) The following schedules shall be filed with each petition for change in AFUDC rate:

(a) Schedule A. A schedule showing the capital structure, cost rates and weighted average cost of capital that are the basis for the AFUDC rate in subsection (2).

(b) Schedule B. A schedule showing capital structure adjustments including the unadjusted capital structure, reconciling adjustments and adjusted capital structure that are the basis for the AFUDC rate in subsection (2).

(c) Schedule C. A schedule showing the calculation of the monthly AFUDC rate using the methodology set out in this rule.

(5) No utility may charge or change its AFUDC rate without prior Board approval. The new AFUDC rate shall be effective the month following the end of the 12-month period used to establish that rate, and may not be retroactively applied to a previous fiscal year unless authorized by the Board.

(6) Each utility charging AFUDC shall include with its Annual Report to the Authority, Schedules A and B identified in subsection (4) of this rule, as well as disclosure of the AFUDC rate it is currently charging.

(7) The Authority may, on its own motion, initiate a proceeding to revise a utility's AFUDC rate.

(8) Paragraphs (a) and (b) of subsection (1) shall not be effective for any utility until it implements final rates in a general rate case initiated after the effective date of this

rule. The foregoing notwithstanding, these provisions will become effective for all utilities no later than January 1, 1990.

2.12 SYSTEM MAPS AND RECORDS.

Unless otherwise authorized by the Board, each utility shall maintain on file at its principal office located within the County, suitable maps, drawings and/or records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities.

2.13 RECORD OF COMPLAINTS.

(1) Each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers.

(2) The record shall include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint, and the date of the disposition of the complaint.

2.14 TARIFFS.

(1) Each utility shall adopt and file tariffs in accordance with Part 8 of these Rules.

(2) No utility may modify or revise its rules or regulations or its schedules of rates and charges until the utility files with the Authority, and receives approval from the Board for any such modification or revision, except as authorized by these rules.

(3) Each utility shall maintain for customer inspection, upon request, during regular business hours, a copy of the Utility's tariffs, rules, regulations and schedules.

2.15 DEPRECIATION.

(1) For the purpose of the rule, the following definitions apply:

(a) Account - Water and sewer plant accounts are defined in the NARUC Uniform System of Accounts adopted by Rule 2.10.

(b) Amortization - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

(c) Asset - Any owned physical object (tangible) or right (intangible) having economic value to its owner.

(d) Average Remaining Life - The future expected service in years of the surviving plant at a given age.

(e) Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L. Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life}}$$

(f) Average Service Life - The economic service life that can be reasonably expected from the plant type in question. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

(g) Capitalization - Measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or
2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized;
3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life, and that were made to keep the property in an ordinary efficient operating condition, shall be accounted for as a maintenance expense.

(h) Cost of removal - The cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

(i) Depreciation - As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation, and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life of the depreciable investment.

(j) Function - defined as follows:

<u>Water</u>	<u>Sewer</u>
Source of Supply (Accounts 311 to 317)	Collection Plant (Accounts 351 to 356)

Pumping Plant
(Accounts 321 and 328)
Water Treatment Plant
(Accounts 331 to 332)
(Con't.)

Pumping Plant
Accounts 361 to 365)
Treatment & Disposal Plant
(Accounts 371 to 375)

Water

Sewer

Transmission & Distribution
Plant
(Accounts 341 to 349)
General Plant
(Accounts 390 to 399)

General Plant
(Accounts 390 to 399)

(k) Mortality Data - see plant activity data.

(l) Net Salvage - The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

(m) Original Cost - As applied to utility plant, the cost of such property to the person first devoting it to public service.

(n) Plant Activity Data - Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

(o) Property Retired - As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

(p) Remaining Life Depreciation Rate - The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question, and on the net unrecovered capital for that investment or account.

$$\text{R.L. Rate} = \frac{100\% - \text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$$

The average remaining life for an account or sub-account is a function of known planned retirement, or of the average age of that account and its appropriate mortality table.

(q) Replacing or Replacement - The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

(r) Reserve - The accumulated provision for depreciation. The accumulated depreciation reserve is the net of depreciation accruals (expenses) and retired investment as well as any appropriate adjustments or transfers.

(s) Reserve Activity Data - Annual depreciation expense, retirements, transfers or adjustments and end of year

balance for the accumulated provision for depreciation.

(t) Retirement Units - Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included. The NARUC Uniform System of Accounts gives A and B utilities the option of either adopting the Authority's list of retirement units or no later than December 31st of the year it first becomes subject to this system of accounts, filing with the Authority a list of the items of property it proposes to account for as retirement units.

(u) Salvage Value - The amount received for property retired, less any expenses incurred in connection with the sale, or in preparing the property for sale, or if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

(2) The average service life and salvage components for each class of utility, as listed in the NARUC Uniform System of Accounts, are as follows:

(a) Water System Guideline Average Service Lives:

Account	Description	Large Utility (Class A & B)	Small Utility (Class C)	Small Utility Function Composite	Net Salvage %
1.	Source of Supply			28	
311	Structures & Improvements	33 ¹	28 ¹		
	Frame	28	25		
	Masonry	30	27		
	Reinf. Concrete	40	37		
	Steel (Tanks or sheds)	25	22		
	Fiberglass	20	18		
312	Collecting Reservoirs	50	40		
313	Lake or River Intake	40	40		
314	Drilled & Cased Well (Floridan or Non-Corrosive)	30	27		
	Shallow Well (Sand aquifer or Cor- rosive Water)	20	18		
315	Infiltration Galleries	40	40		
316	Supply Mains	35	32		

317	Other Water Source Plant	17	12	
2.	Pumping Plant			20
321	Structures and Improvements (see 311 subcategories)	33 ¹	28 ¹	
323	Other Power Plant Equipment Gas Engine Auxil. Pumping & Generator Drive	20	17	
325	Electric Pumping Equipment	20	15	
326	Diesel Pumping Equipment	20	17	
327	Hydraulic Pumping Equipment	20	17	
328	Other Pumping Equipment	20	17	
3.	Water Treatment Plant			21
331	Structures & Improvements (See 311 for sub- categories)	33 ¹	28 ¹	
332	Water Treatment Equipment	22 ¹	17 ¹	
	Chlorination Equip.	10	7	
	Other Mechanical Equipment	25	20	
4.	Transmission & Distribution Plant		36	
341	Structures & Improvements (see 311 for sub- categories)	33 ¹	28 ¹	
342	Distribution Reservoirs and Stand Pipes	37 ¹	33 ¹	
	Steel Pneumatic Tank	35	30	
	Concrete Ground Storage Reservoir	40	37	

343	Transmission & Distribution Mains	43 ¹	38 ¹	
	Galvanized Steel-Pipe & Fittings	35	33	
	Black Steel Pipe	20	18	
	Plastic Pipe	45	40	
	Asbestos - Cement Cast Iron or Ductile Iron	40	35	
	Valves/Valve Boxes	25	20	
344	Fire Mains	33	30	
345	Services	40	35	
346	Meters	20	17	
347	Meter Boxes/Vaults	20	17	
348	Hydrants	45	40	
349	Other Transmission Equipment	25	20	
5.	General Plant			
390	Structures & Improvements	40 ¹	35 ¹	
	Reinforced Concrete Building	45	40	
	Masonry Building	40	35	
	Wood Building	35	30	
	Steel Building	40	35	
	Tanks or Sheds	25	20	
391	Office Furniture & Equipment	15	15	
	Computers	6	6	
392	Transportation Equipment	6	6	10
393	Stores Equipment	18	18	14 (composite of 393-399)
394	Tools, Shop & Garage Equipment	16	15	
395	Laboratory Equip.	15	15	
396	Power Operated Equipment	12	10	5
397	Communication Equipment	10	10	10

398	Miscellaneous Equipment	15	15
399	Other Tangible Property	10	10

(b) Sewer System Guideline Average Service Lives:

Account	Description	Large Utility (Class A & B)	Small Utility (Class C)	Small Utility Function Composite ³
1.	Collection System			35
351	Structures & Improve. Above Grade	32 ¹	27 ¹	
	Reinforced Concrete	38	35	
	Masonry	30	27	
	Frame	28	25	
	Steel	25	22	
	Below Grade			
	Concrete	35	32	
	Steel	22	20	
352	Collection Sewers	40 ¹	35 ¹	
	Force ²	30	27	
	Gravity ²	45	40	
	Special Collection	40	37	
	Manholes	30	27	
353	Service Connections ²	38	35	
354-				
355	Flow Measuring Devices	5		
356	Other Collection Plant (lift stations)	25	22	
2.	Pumping Plant			18
361	Structures & Improvements	32 ¹	27 ¹	
362	Receiving Wells	30	25	
363	Electric Pumping Equipment	18	15	
		20		

364	Diesel Pumping Equipment	18	15
365	Other Pumping Equipment	18	15
3.	Treatment/Disposal Plant		18
371	Structures & Improvements (see 351)	32 ¹	27 ¹
372	Treatment/Disposal Equipment Blowers, motors, pumps, electric controls Chlorination Equip. Other Mechanical Equipment	18 ¹ 15 10 23	15 ¹ 12 7 18
373	Plant Sewers	35	32
374	Outfall Sewer Lines	30	30
375	Other Treatment/ Disposal Equipment	18	15

4. GENERAL PLANT - See Water System Guidelines for General Plant.

(c) For the purposes of paragraphs 2(a) and (b), the following apply:

1. ¹denotes composite life.
2. ²Plastic pipe footnote - assumes use of AWWA standard pipe only. Assumes AWWA DR18 used for all mains of 6" or more, except that 24" pipe would be AWWA DR25.
3. ³To be used only when acceptable company plant balances are not available for developing composites using account lives.
4. ⁴Net Salvage Zero except as indicated.

(3) Except as listed in Sections (5) and (6) of this rule, average service life depreciation rates based on the guideline lives and salvages shall be used in rate proceedings before the Authority or Board.

(4) (a) All Class A and B utilities shall maintain depreciation rates and reserve activity by account as prescribed by the Board.

(b) All Class C utilities shall maintain depreciation rates and reserve activity data by function or account as prescribed by the Board.

(5) (a) At the time a utility applies for a change in its revenue rates and charges, it may also petition for average service life depreciation rates different from those in the above schedule if it can justify the service lives that the utility is proposing in lieu of the guideline lives. That justification should be in the form of historic data, technical information or utility planning for the affected accounts or sub-accounts. Common causes of need for different depreciation rates include composition of account, adverse environmental conditions, high growth or regulatory changes.

(b) A utility filing for such a revision of depreciation rates shall submit ten (10) copies of the filing to the office of the Authority.

(c) For each account or function of depreciable plant addressed in the filing, the following shall be included:

1. A comparison of current and proposed depreciation rates and service lives. The proposed effective date of the new rates shall be identified.

2. A comparison of depreciation expenses resulting from current rates with those produced by the proposed rates. Plant balances used in this calculation shall be those as of the effective date of the proposed rates.

3. A general narrative defining the service environment of the applicant utility and the factors (e.g., composition of account, growth, environmental conditions, regulatory changes) leading to the present application for a revision in rates in the affected accounts.

4. Any statistics, data, analyses or calculations used in the development of the proposed average service lives.

(6) A utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates under the following conditions:

(a) A Class A or B utility has maintained both plant activity data by account and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten (10) years, or since the inception of the utility, whichever is less.

(b) A Class C utility has maintained both plant activity data and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for

either at least ten (10) years, or since the inception of the utility, whichever is less.

(7) Prior to the date of retirement of major installations, the Board may approve capital recovery schedules to correct associated calculated deficiencies in recovery where a utility demonstrates that retirement of the installation or group of installations is prudent, and the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(8) Contributions-in-Aid-of-Construction - Adequate records to account for CIAC must be maintained by the utility. Where adequate records separating CIAC from utility investments are maintained by account, depreciation rates shall be applied separately to contributed and non-contributed plant with the resulting amortization of contributed plant not considered an expense for rate making purposes. Where CIAC records are not kept by account, the depreciation rates shall be applied to the entire depreciable plant. The CIAC plant shall then be amortized either by account, function or bottom line depending on availability of supporting information. The amortization rate shall be that of the appropriate account or function where supporting documentation is available to identify the account or function of the related CIAC plant. Otherwise, the composite plant amortization rate shall be used. The depreciation expense then is the net of depreciation expense for total plant less the amortization of CIAC plant. The non CIAC depreciation reserve is the net of depreciation reserve for total plant less the accumulated amortization of CIAC plant.

PART III - FEES

3.1 REGULATORY ASSESSMENT FEES.

(1) Amount of Fee. As applicable and as provided in Section 17 of the Ordinance, each utility shall remit a fee based upon its gross operating revenue. This fee shall be referred to as a Regulatory assessment fee, and each utility shall pay a Regulatory assessment fee in the amount of 4½% of its gross revenues derived from a utility's operations within the county. Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$25 shall be imposed.

(2) Remittance of Fees. Regulatory assessment fees are due and should be paid as required by Section 17 of the Ordinance. Each utility shall have up to and including the due date in which to:

- (a) Remit the total amount of its fee, or
- (b) Remit an amount which the utility estimates as its full fee, or
- (c) Seek and receive from the Authority a 30-day extension of its due date.

3.2 FEES REQUIRED TO BE PAID BY WATER AND SEWER UTILITIES.

(1) When a utility files any application for certification, extension, transfer, rate change or authorization to collect or change service availability charges, the utility shall remit a fee. This fee may be waived by the Authority upon a showing of good cause.

(2) The amount of the fee to be filed pursuant to subsection (1) of this rule shall be based upon the existing or proposed capacity of the system or extension, as follows:

- (a) for systems or extensions service from 1 to 999 persons, \$500.00;
- (b) for systems or extensions service from 1,000 to 4,999 persons, \$1,000.00;
- (c) for systems or extensions serving from 5,000 to 9,999 persons, \$1,500.00;
- (d) for systems or extensions serving 10,000 or more persons, \$2,500.00.

3.3 DELINQUENCY. The delinquency of any amount due to the Authority from the utility pursuant to the provisions of the Ordinance, and this rule, begins with the first day after any date established as the due date either by operation of the Ordinance, this rule, or by an extension pursuant to this rule.

(1) The Authority shall provide each utility with written notice of the date that payment of the regulatory fee is due at least thirty (30) days prior to such date. If any utility fails to pay the required fee by such date the Authority shall estimate the amount of fee due from such information as it may be able to obtain from any source and shall add 5 percent of such amount to the fee as a penalty if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during the time in which the failure continues, not to exceed a total penalty of 25 percent. The Authority shall collect the fee and penalty, plus interest and all costs of collection, from the utility. However, no penalty shall be added to the fee if a return is made and the fee is paid before the date fixed in the notice given by the Authority.

(2) Interest at the rate of 12% per annum shall apply to any such delinquent amounts.

(3) The Authority, pursuant to Section 3.1(2)(c) of these Rules, for good cause shown by written request, may extend for a period not to exceed 30 days the time for paying any fee or for filing any report related thereto. If any extension is granted, there shall be collected a charge of 0.75 percent of the fee to be remitted for an extension of 15 days or less, or a charge of 1.5 percent of the fee for an extension of more than 15 days. No other penalty or interest shall be collected if such fee is remitted within the extension time granted. In lieu of paying the charge imposed by this subsection, a utility which remits an estimated fee payment by such date shall be granted a 30-day extension period in which to file and remit the actual fee due without the charge provided in this section being imposed, unless the estimated fee payment remitted is less than 90 percent of the actual fee due for such period.

(4) The Authority for good cause shown, by written request, may waive any of the penalties established above.

PART IV - SERVICE PROVISIONS

4.1 DEFINITIONS FOR THE PURPOSE OF THIS PART.

(1) "Customer" shall mean any person, firm, association, corporation, governmental agency, or similar organization who has an agreement to receive service from the utility;

(2) "Main" shall mean a pipe, conduit or facility which conveys utility service to individual services or to other mains;

(3) "Meter" shall mean any device used to measure service rendered to a customer by a utility;

(4) "Point of delivery" for sewer systems shall mean the point where the service pipe is connected to the utility company's main.

(5) "Point of delivery" for water systems shall mean the outlet connection of the meter for metered service, or the point at which the utility's piping connects with the customer's piping for non-metered service.

(6) "Service Connection" shall mean the point of connection of the customer's piping with the meter or service pipe owned by the utility.

(7) "Service Pipe" shall mean the pipe between the utility's mains and the point of delivery and shall include all of the pipe, fittings and valves necessary to make the connection excluding the meter.

4.2 PLANT AND FACILITIES.

(1) Each utility shall maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the Department of Environmental Regulation.

(2) Each utility shall make reasonable effort to warn and protect the public from any danger which exists or arises on account of the utility's equipment or facilities.

(3) Each water utility shall operate and maintain in safe, efficient, and proper condition, all of its facilities and equipment used to distribute, regulate, measure or deliver service up to and including the point of delivery into the piping owned by the customer.

(4) Each sewer utility shall operate and maintain in safe, efficient, and proper condition, its facilities and equipment used to collect and regulate the flow of sewage in the sewer mains. The sewer utility may require that each customer be responsible for cleaning and maintaining sewer laterals to the point of delivery.

(5) Each utility which provides both water and sewer service shall operate and maintain in safe, efficient, and proper condition, all of its facilities to the point of delivery.

(6) Each utility shall maintain suitable maps, drawings, and records of its system and facilities to show size, location, character, date of installation and installed cost of major items of plant and extension of facilities. The above documentation shall be filed with the Authority.

(7) Each utility shall inspect its plant and facilities in such a manner and with such frequency as may be necessary to insure that the plant and facilities are maintained in proper condition for rendering safe and adequate service.

4.3 SERVICE FACILITIES.

(1) Each water utility shall provide a service pipe of suitable capacity from its main up to and including the customer's service control valve and meter box for water service to the customer. Each water utility shall provide a service control valve and meter box. The utility may locate the service control valve and the meter box at, or near, the customer's curb or property line.

(2) Each sewer utility shall provide the service pipe to the service connection, and may locate the connection at or near the customer's curb or property line.

(3) Each utility shall provide service facilities at its own expense unless the utility's tariff provides otherwise.

(4) All service facilities shall remain the property of the utility.

4.4 EXTENT OF SYSTEM WHICH UTILITY SHALL MAINTAIN.

Each utility, unless specifically relieved in any case by the Board from such obligation, shall operate and maintain in safe, efficient and proper condition all of the facilities and equipment used in connection with the collection and regulation of flow of sewage in the sewer mains and the distribution, regulation, measurement and delivery of water service to the customer up to and including the point of delivery into the piping owned by the customer. The utility may require that each customer shall be responsible for cleaning and maintaining sewer laterals to the service connection.

4.5 CHANGE IN CHARACTER OF SERVICE.

Any substantial change to be made by the utility in the conditions or character of service rendered which would impair the safe, efficient use of the equipment of customers shall not be made without the prior approval of the Board, and without adequate notice to the customers. Any such change shall be accompanied by a general inspection and adjustment of customer

equipment that would be affected thereby to the extent necessary that such equipment may operate as efficiently and give as good service as was possible before the change. This shall be done promptly, without direct charge, and with a minimum of inconvenience to the customer.

4.6 ACCIDENTS.

(1) Each utility shall keep a record of any accident which endangers the public or the utility's employees, or disrupts the utility's service facilities in such a manner as could have caused substantial property damage, serious personal injury or death.

(2) Each utility shall furnish its accident reports to the Authority upon request of the Authority's staff.

4.7 CONTINUITY OF SERVICE.

(1) Each utility shall make all reasonable efforts to provide continuous service. Should interruption in service occur, however, each utility shall re-establish service with the shortest delay consistent with the safety of its customers and the general public.

(2) Each utility shall schedule, if possible, any necessary interruptions in service at a time anticipated to cause the least inconvenience to its customers. Each utility shall notify its customers prior to scheduled interruptions.

(3) Where public fire protection is provided by the mains affected by the interruption, the utility shall notify the Fire Chief or any other public official responsible for fire protection, that an interruption has occurred or will occur. Additionally, the utility shall notify that person when service is or is anticipated to be restored.

(4) Where a customer's water or sewer service is interrupted and remains out of service in excess of forty-eight (48) hours after the customer has notified the utility of the interruption, the utility shall refund to that customer the pro-rata portion of the month's charges for the period of days during which service was not provided. This paragraph applies only to utilities which have service tariffs that provide for charges on a non-metered rate. The utility may refund the amount owed as credit toward the customer's subsequent bill for service.

4.8 RECORD AND REPORT OF INTERRUPTIONS.

Each utility shall maintain a record of all interruptions in service which affect twenty percent (20%) or more of its customers. The record shall show the cause of the interruption, its date, time, duration, remedy, and steps taken to prevent reoccurrence.

4.9 MEASUREMENT OF SERVICE FOR WATER UTILITIES.

(1) Except as provided in subsection (2) of this rule, each utility shall measure water sold upon the basis of metered volume sales unless the Board approves flat rate service arrangements for that utility.

(2) A utility may provide flat rate on estimated service for:

(a) Temporary service where the utility can readily estimate water use;

(b) Public and private fire protection service;

(c) Water used for street sprinkling and sewer flushing when provided for by contract between the utility and the municipality or other local governmental authority.

(3) To measure service, each utility shall use meters which conform to the Standards for Cold Water Meters as adopted by the American Waterworks Association. Copies of these manuals and standards may be obtained from the American Waterworks Association, Publication Sales Department, 6666 West Quincy Avenue, Denver, Colorado 80235.

4.10 METER INSTALLATION.

(1) Generally, each utility shall locate meters at or near the customer's curb or property line. When it is impractical to locate meters at or near the customer's curb or property line, the utility may locate a meter in any other reasonably convenient or accessible place which affords protection against damage.

(2) When meters are grouped, the utility shall tag each meter to identify the customer whose services are measured by that meter.

(3) Each utility shall install an accessible service control valve on the inlet side of each meter.

4.11 METER READINGS.

(1) The utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days, on the corresponding day of each meter reading period.

(2) The utility shall read the register of each meter in the same units that the utility uses for billing purposes, except that a water meter may register in gallons or in cubic feet.

(3) The service meters shall be marked to indicate the units measured by that meter.

(4) The meter shall be marked with any constant or

multiplier that the utility uses to determine the amount of service used by a customer.

4.12 METER ACCURACY REQUIREMENTS.

Each utility shall employ water meters which register within the accuracy limits set forth in this chart:

Accuracy Limits in Percentages

Meter Type	Maximum Rate	Intermediate Rate	Minimum Rate New	Rate Repaired
Displacement	98.5-101.5	98.5-101.5	95-101.5	90-101.5
Current	97 -102	None	95-102	90-102
Compound*	97 -103	97 -103	95-103	90-103

*The minimum required accuracy for compound meters at any rate within the "changeover" range of flows shall be 85%.

4.13 METER TEST METHODS.

(1) Each utility shall test its displacement type cold water meters on at least the three rates of flow set forth in the following chart:

Meter Size Inches	Normal Test Flow Limits GPM	Test Flow Gallons Per Minute		
		Minimum	Median	Maximum
5/8	1- 20	1/4	2	15
3/4	2- 30	1/2	3	25
1	3- 50	3/4	4	35
1-1/2	5- 100	1-1/2	8	50
2	8- 160	2	15	100
3	16- 300	4	20	150
4	28- 500	7	40	200
6	48- 1,000	12	60	500

(2) Each utility shall test its current, compound and fire-service type meters on at least three rates of flow: one at the minimum test flow, and two or more within the normal test flow limits of the table set forth in subsection (1) of this rule, with the upper test flow to be at a rate as high as practicable.

(3) Each utility shall test its compound meters within the "changeover" range of flows to determine overall operational efficiency and accuracy of registration.

(4) A utility may test any displacement type meter after installation if the meter is three inches or larger. However, each utility shall test its current, compound and fire-service

type meters in place to achieve maximum accuracy, and may install a test tee in the outlet piping to facilitate and reduce the cost of testing for meters which are three inches or larger.

(5) Each utility may affix a seal to each of its tested and adjusted meters. The utility may affix the seal in such manner that it would have to be broken before any adjustment to meter registration could be achieved.

4.14 METER TESTING EQUIPMENT.

(1) Each utility providing metered water service shall either provide the necessary standard facilities, instruments and other equipment for testing meters in compliance with Rule 4.13, or enter into arrangements with other utilities or agencies for the testing of the utility's meters.

(2) (a) Standard meters may be used by the utility for field tests of meter accuracy provided that they are tested and calibrated to permit the testing of meters within the limits of accuracy set out in Rule. 4.13.

(b) Testing and calibration of the standard meters shall be done either by the utility with its volumetric or weight standard equipment, or by an approved laboratory.

(c) Testing and calibration of the standard meters shall be done at least once every sixty (60) days while the standard meter is in use.

4.15 PERIODIC METER TESTS.

Each utility shall inspect and test a representative sample of its meters in service at least once during the intervals set out in this rule.

<u>Size of Meter</u>	<u>Maximum Interval Between Tests</u>
5/8"	10 years
3/4"	8 years
1"	6 years
1-1/2"	4 years
2"	4 years
3"	3 years
4"	2 years
6"	1 year

4.16 METER TEST BY REQUEST.

(1) (a) Upon written request of any customer whose meter has not been tested within one-half the maximum interval provided in Rule 4.15, the utility shall make field test for accuracy of that customer's meter.

(b) The utility may not charge for any field test performed pursuant to paragraph (a) of this subsection.

(2) (a) The utility may require a deposit to defray cost of any bench test requested by any customer. However, the deposit may not exceed the following schedule:

<u>Meter Size (inches)</u>	<u>Fee</u>
5/8 and 3/4	\$20.00
1 and 1/2	\$25.00
2 and over	Actual Cost of Test

(b) The utility may retain the deposit if the customer's meter is found to register accurately or below accuracy.

(c) The utility shall refund the deposit if the customer's meter is found to register in excess of prescribed accuracy limits.

(3) The Authority may provide a representative to observe or supervise any bench test upon written request from the customer or utility. The utility shall advise the customer of the customer's right to witness the bench test.

(4) The utility shall provide the customer with a written report of the results of any test performed pursuant to this rule.

(5) A meter shall in no way be disturbed after the utility has received notice that application has been made for a test by the customer unless a representative of the Authority is present, or unless authority to do so is first given in writing by the Authority or by the customer.

(6) At the request of the customer, the utility shall make arrangements for a meter test to be conducted by an independent meter testing facility of the customer's choosing. The customer shall be responsible for negotiating and paying to the independent meter testing facility any fee charged for such a test. Such independent meter testing facilities shall, at minimum, conform to the requirements of the American Waterwork's Association Water Meters Selection, Installation, Testing, and Maintenance (AWWA-MG1972.) Where appropriate, the meter may be field tested. The customer shall be responsible for all the costs to the utility associated with a meter test by an independent meter testing facility. The utility shall provide a detailed estimate of such costs and may require payment of such costs prior to the actual meter test. If the meter is found to be running fast in excess of the limits established by these rules, such costs shall be refunded, but if within the allowable limit, the utility may retain the costs.

4.17 RECORD OF METER TESTS.

(1) Each utility shall preserve the original records of all meter tests at least until the same meter is retired.

(2) These records shall include:

(a) sufficient information to identify the meter;

(b) the reason for the test;

(c) date of test and reading of the meter;

(d) the computed accuracy before and after the repair;
and,

(e) any other data taken at the time of the test which would permit the convenient checking of the test results.

PART V - RATE CHANGES

5.1 DEFINITIONS.

In this part, the following definitions shall apply:

(1) "Applicant" means a utility which seeks Board approval for a rate increase for service to its customers.

(2) "Customer classification" means that service provided by the utility at rates which reflect a difference between types of customers, such as residential, industrial, wholesale, or general.

5.2 PASS THROUGH RATE ADJUSTMENT.

The verified notice to the Authority of an adjustment of rates under the provisions of Section 8(e)(2) of the Ordinance shall be made in the following manner:

(1) Prior to an adjustment in rates because of an increase or decrease in purchased utility service, the utility shall file:

(a) A certified copy of the order, ordinance or other evidence whereby the rates for utility service are increased or decreased by the governmental agency, or by a water or sewer utility regulated by the Board.

(b) A statement setting out by month the charges for utility services purchased from the governmental agency or regulated utility for the most recent 12-month period.

(c) 1. A statement setting out by month the gallons of water or sewage treatment purchased from the governmental agency or regulated utility for the most recent 12-month period. If sewage treatment service is not based on a metered flow, the number of units by which the service is measured shall be stated.

2. A statement setting out by month the gallons of water and units of sewage service sold by the utility for the most recent 12-month period.

(d) A statement setting out by month the gallons of water or sewage treatment purchased from any other government entity or utility company.

(e) A statement setting out by month the gallons of water pumped or sewage treated by the utility filing the verified notice.

(f) If the total water available for sale is in excess of 110% of the water sold, a statement explaining the unaccounted for water.

(2) Prior to an adjustment in rates because of an increase or decrease in ad valorem taxes, the utility shall file with the Authority:

(a) A copy of the ad valorem tax bills which increased or decreased and copies of the previous three years' bills; if copies have been submitted previously, a schedule showing the tax total only is acceptable; and

(b) A calculation of the amount of the ad valorem taxes related to that portion of the water or sewer plant not used and useful in providing utility service.

(3) In addition to (1) and (2) above, the utility shall also file:

(a) A schedule of proposed rates which will pass the increased or decreased costs on to the customers in a fair and non-discriminatory manner and on the basis of current customers, and a calculation showing how the rates were determined;

(b) A statement, by class of customer and meter size, setting out by month the gallons of water and units of sewage service sold by the utility for the most recent 12-month period;

(c) The affirmation reflecting the authorized rate of return as required by these rules.

(d) A copy of the notice to customers required by subsection (6) of this rule.

(e) Revised tariff sheets reflecting the increased rates; and

(f) The rate of return that the utility is affirming it will not exceed pursuant to these rules.

(4) In order for the Authority to determine whether a utility, which had adjusted its rates pursuant to Section 8 of the Ordinance, has thereby exceeded the range of its last authorized rate of return, the Authority may require a utility to file the information required in Rule 5.6, as applicable, for the test year specified.

(5) Prior to the time a customer begins consumption at the adjusted rates, the utility shall notify each customer of the increase authorized and explain the reasons for the increase.

(6) The official date of filing for the verified notice to the Authority of adjustment in rates shall be at least thirty (30) days before the new rates are implemented.

5.3 TEST YEAR APPROVAL.

Prior to the filing of an application for a general rate increase, a utility shall submit to the Authority a written

request for approval of a test year, supported by a statement of reasons and justifications showing that the requested test year is representative of utility operations. The Authority will then approve or disapprove the request within thirty (30) days from the official date of filing. The Authority may require in any approval of a test year, a time limit within which an application for rate increase must be filed. In the event no such time limit is imposed, the provisions of Section 5.4 shall apply. The Authority shall disapprove such test year only upon a written finding that the same is unrepresentative. In disapproving the requested test year, the Authority may suggest another test year. Within thirty (30) days of the Authority's approval or disapproval of a test year, upon request of any interested person the Authority may review the approval or disapproval of such test year.

5.4 APPLICATION FOR RATE INCREASE.

Upon approval of a test year, a utility seeking a rate increase shall file an application for a rate increase and ten (10) copies of that application with the Authority. Such application for a rate increase shall be filed within six (6) months from the date of the Authority's approval of the test year. In the event an application for a rate increase is not filed within six (6) months from approval of the test year, the test year approval shall terminate automatically and be of no further force and effect.

5.5 GENERAL INFORMATION REQUIRED IN APPLICATION FOR RATE INCREASE.

Each applicant for a rate increase shall provide the following general information to the Authority:

(1) The name of the applicant as it appears on the applicant's certificate, and the address of the applicant's principal place of business;

(2) The type of business organization under which the applicant's operations are conducted; the date on which the applicant became licensed to do business in Florida; if the applicant is a corporation, the date of incorporation.

(3) The number of the Authority order, or order of the Florida Public Service Commission, if any, which previously considered the applicant's rate for the system(s) involved.

5.6 RATE AND ACCOUNTING INFORMATION REQUIRED IN APPLICATION FOR RATE INCREASE.

Each application for a rate increase shall provide the following accounting information to the Authority.

(1) A schedule showing the applicant's investment, or shareholder's equity, and the rate of return for the test year.

(2) A schedule showing constructed or proforma computations for the test year, and a 13-month average for the test year of the applicant's rate base. This schedule shall be supported by the following sub-schedules;

(a) Either the original cost of plant used and useful in the public service as of the date first dedicated to public service, indicating the cost of original construction and yearly additions by dollar amount, or the original cost of plant used and useful in the public service as previously approved by the Authority, or the Florida Public Service Commission, and yearly additions by dollar amount.

(b) The total amount of money invested by the applicant, equity or debt, in plant used and useful;

(c) Construction work in progress, separately identifying that amount on which interest is being charged during construction.

(d) Customer advances for construction currently outstanding;

(e) Total contributions-in-aid-of-construction, separately identifying the monthly balance for the test year of tap fees, connection fees, main extension charges, contributions-in-aid-of-construction, and customer advances for construction;

(f) Accumulated depreciation;

(g) Allowance for working capital, as forth-five (45) days of the annual operation and maintenance expense for the test year.

(h) A schedule of materials and supplies, showing a 13-month average for the test year. The applicant may submit a transcript, if available, of the materials and supplies account for the time period set out in this paragraph.

(3) A schedule showing, by primary account, the monthly balance in plant for the test year, and the annual balance for the previous year.

(4) A statement outlining the applicant's depreciation practices and the applicant's depreciation rates. If the applicant uses a composite depreciation rate, the applicant shall detail the derivation of that rate.

(5) A comparative balance sheet for the beginning and end of the test year.

(6) A constructed income statement for the test year showing the effect of the requested rates, and any known change in operating revenue or expense. If applicable, the applicant shall state its basis for allocating any expenses which are in

common, or are shared with a commonly owned, controlled or operated company.

(7) A schedule detailing monthly expenses by primary accounts for the test year.

(8) In accordance with generally accepted accounting principles, a statement of the application of funds, including a statement showing the increases or decreases in working capital for the test year.

(9) A schedule of tax expenses during the test year, segregated by taxing authority. The schedule shall include those taxes which the applicant passes on to the consumer, and those taxes which the applicant records as operating expenses. As to those taxes which the utility records as operating expenses, the schedule shall detail the account number used by the applicant to record the expense. The schedule shall also show the applicant's tax payments and accruals, with a further category for Federal Income Tax credits.

(10) If the applicant obtains its debt financing from an affiliated source, the applicant shall submit information to show that the cost of the debt financing is no greater than the cost of such financing from non-affiliated sources.

(11) A schedule of present and proposed rates, with a calculation of the revenue at each rate in accordance with the billing analysis required by subsection (14) of this rule.

(12) A schedule showing the funds received by the applicant for the test year. In providing this schedule, the applicant shall categorize miscellaneous funds into types, such as reconnection fees, transfer fees, surcharge fees, connection charges, premises visit charge in lieu of discontinuous charge, and main extension charges.

(13) A schedule showing, by month and customer classification, the number of customers billed or served during the test year.

(14) A list of outstanding agreements with rates or conditions different from those approved in the applicant's tariff on file with the Authority.

(15) A schedule showing the amount of any taxes paid by the applicant to any municipality or county during the test year, and the method by which the applicant collects that tax from its customers.

(16) A schedule showing the current and proposed service availability charges including, but not limited to tapping fees, meter installation fees, connection charges, and main extension charges.

(17) Copies of all Guaranteed Revenue Contracts with a schedule showing billings and receipts by month for each customer classification.

(18) Class A utilities whose service classes include industrial customers shall provide a fully allocated class cost of service study showing customer, base (commodity), and extra capacity (demand) components under present and proposed rates. This study shall include rate of return by class and load (demand) research studies used in the cost allocation. An industrial customer, for the purpose of this rule, is defined as being engaged in industrial or processing activity in which average daily water usage for the test year exceeds 350,000 gallons per day.

5.7 ENGINEERING INFORMATION REQUIRED IN APPLICATION FOR RATE INCREASE.

Except as provided by Rule 5.11, each applicant for a rate increase shall provide the following engineering information to the Authority:

(1) A map identifying, by section, range, and township, the territory which the applicant is certified to serve at the end of the test year. The map shall include any areas to which the applicant has extended service to, or for which the applicant has given notice of its intention to serve.

(2) A detailed map showing the location and size of the applicant's distribution and collection lines, as well as its plant sites; and

(3) If applicable, a schedule showing by month for the test year, the quantity of water produced, purchased, interchanged, and delivered to the system, sold, used by the company, interexchanged and unaccounted for by the applicant, in million gallons per day, giving both the average and peak loads.

(4) If applicable, a schedule showing the total volume of wastewater treated by the applicant during the test year, in million gallons per day, giving both the average and peak loads.

5.8 ENGINEERING INFORMATION REQUIRED IN APPLICATION FOR RATE INCREASE BY UTILITIES SEEKING TO RECOVER THE COST OF INVESTMENT FOR PLANT CONSTRUCTION REQUIRED BY GOVERNMENTAL AUTHORITY.

If an applicant proposes to include in its plant investment the cost of investment in property required by a "duly authorized governmental authority" pursuant to Section 8(c) of the Ordinance, the applicant shall provide the following engineering information to the Authority;

(1) A copy of the order or directive of the agency which required the applicant to improve a particular service.

(2) An estimate by an independent engineer, establishing the cost of the applicant's compliance with the regulatory order, or directive, and the period of time required for completion of construction.

(3) An analysis showing that portion of the proposed rate increase which relates to the financial support required for the improvement.

(4) A recent statement from a registered professional engineer that the approved plan, when executed, will not unreasonably exceed the system's need to meet the requirements for improvements in capacity or costs.

(5) A copy of the order or directive of the agency which will not unreasonably exceed either the requirements imposed upon the system for improvements in capacity, or costs.

5.9 DUPLICATE ENGINEERING INFORMATION.

If the applicant believes the information required is currently on file with the Authority, the applicant may request that it be exempted from filing the information. The request should be made to the Authority.

5.10 BURDEN OF PROOF AND AUDIT PROVISIONS.

In each instance, the utility must be able to support any schedule submitted, as well as any adjustments or allocations relied on by the utility. The work sheets, etc. supporting the schedules and data submitted must be organized in a systematic and rational manner so as to enable Authority personnel to verify the schedules in an expedient manner and minimum amount of time.

Utilities may request a waiver of specific parts of the above rule from the Authority by submitting a written statement setting forth the reason, in detail, why the waiver should be granted.

5.11 NOTICE AND PUBLIC INFORMATION ON GENERAL RATE INCREASE REQUEST.

(1) Upon the filing of a petition for a general rate increase, the Authority may require the utility to mail a copy of the petition to the chief executive officer of the governing body of each municipality within the service area affected.

(2) The Authority may require that, within fifteen (15) days after the utility has satisfied the minimum filing requirements (MFRs), the utility place a copy of the MFRs at its official headquarters, and at a business office or other suitable location contained within its service area. In such case the copies of the MFRs shall be available for public inspection during regular business hours.

(3) (a) The Authority may require that within fifteen (15) days after the time schedule for the case has been mailed to the utility, the utility shall prepare a synopsis of the rate request. The synopsis shall be approved by the Authority or its staff prior to distribution and shall include:

1. A summary of the section of the MFRs showing a comparison of the present and proposed rates for major services;

2. A statement of the anticipated major issues involved in the rate case;

3. A description of the rate-making process and the time schedule established for the rate case;

4. The locations at which complete MFRs are available.

(b) The Authority may require that copies of the synopsis shall be distributed to the same locations as required for the MFRs.

(4) (a) The Authority may require that within thirty (30) days after the rate case time schedule has been mailed to the utility, the utility shall begin sending a notice approved by the Authority or its staff to its customers containing:

1. A statement that the utility has applied for a rate increase and the general reasons for the request;

2. The locations at which copies of the MFRs and synopsis are available;

3. The time schedule established for the case, and the dates, times and locations of any hearings that have been scheduled; and,

4. A comparison of current rates and service charges, and the proposed new rates and service charges.

(b) Such notice shall be completed at least fourteen (14) days prior to the first scheduled public hearing, if one is to be held.

(5) The Utility shall give written notice of any hearing to its customers pursuant to Section 20 of the Ordinance.

(6) After the Board's issuance of an order granting or denying a rate change, the utility shall give notice to its customers of the order and the revised rates. The notice shall be approved in advance by the Authority or its staff and transmitted to the customers with the first bill containing the new rates.

PART VI - SERVICE AVAILABILITY

6.1 APPLICABILITY.

The provisions of this part shall apply to a utility when it files for a change in its service availability policy or charges, or when the Authority initiates a proceeding to require the utility to change such policy or charges.

6.2 DEFINITIONS.

When used in this part or in service availability policies, or in service availability contracts or agreements, the following terms have the following meanings:

(1) "Active Connection" means a connection to the utility's system at the point of delivery of service, whether or not service is currently being provided.

(2) "Customer Connection Charge" means any payment made to the utility for the cost of installing a connection from the utility's water or sewer lines, including but not limited to the cost of piping and the meter installation fee.

(3) "Contribution-in-aid-of-construction (CIAC)" means any amount or item of money, services, or property received by a utility from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public. The term includes system capacity charges, main extension charges and customer connection charges.

(4) "Contributor" means a person, builder, developer or other entity who makes a contribution-in-aid-of-construction.

(5) "Customer Installation" means all the facilities on the customer's side of the point of delivery.

(6) "Developer's Agreement" means a written agreement setting forth in detail the terms and conditions under which a utility will render service to a developer's property.

(7) "Economic Feasibility" means a test by which the annual operating income of a utility to be earned from prospective customers within the area to be served by a proposed extension of facilities, is divided by the investment in such facilities to determine if the utility will earn a fair return on its investment in the proposed extension.

(8) "Equivalent Residential Connection (ERC)" means:

(a) 350 gallons per day;

(b) The number of gallons a utility demonstrates is the average daily flow for a single residential unit; or²

(c) The number of gallons which has been approved by the Department of Environmental Regulation for a single residential unit.

(9) "Guaranteed Revenue Agreement" means a written agreement by which an applicant agrees to pay a charge designed to cover the utility's costs including, but not limited to, the cost of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility, for facilities that are subject to the agreement, a portion of which may not be used and useful to the utility or its existing customers.

(10) "Hydraulic Share" means the pro rata share of the capabilities of the utility's facilities to be made available for service to the contributor. The pro rata share is multiplied by the unit cost (per gallon) of providing the facilities to determine the proportional share of the cost thereof to be borne by the contributor.

(11) "Inspection Fee" means either the actual or the average cost to the utility of inspecting, or having inspected, the facilities constructed by a contributor or by an independent contractor for connection to the facilities of the utility.

(12) "Main Extension Charge" means a charge made by the utility for the purpose of covering all or part of the utility's capital costs in extending its off-site water or sewer facilities to provide service to specified property. The charge is determined on the "hydraulic share" basis or other acceptable method reasonably related to the cost of providing the service.

(13) "Meter Installation Fee" means the amount authorized by the Board which is designed to recover the cost of installing the water measuring device at the point of delivery, including materials and labor required.

(14) "Off-Site Facilities" means either the water transmission mains and facilities, or the sewage collection trunk mains and facilities, or the sewage collection trunk mains and facilities, including but not limited to manholes, sewage force mains and sewage pumping stations, the purpose of which is either to provide water service to properties within the service territory of the service utility, or to collect sewage received from properties within the territory.

(15) "On-Site Facilities" means the portion of the water distribution system, or the sewage collection and treatment system that has been, or is to be, located wholly within the property to which service is to be extended. If off-site facilities cross the property of the customer via an easement, the on-site facilities shall mean the water distribution system, or the sewage collection system that is located on the customer's property, exclusive of the off-site facilities.

(16) "Refundable Advance" means money paid, or property transferred, to a utility by the applicant for the installation of facilities which may not be used and useful for a period of time. The advance is made so that the proposed extension may be rendered economically feasible. The advance is returned to the applicant over a specified period of time in accordance with a written agreement as additional users connect to the system.

(17) "Service Availability Policy" means the section of the utility's tariff which sets forth a uniform method of determining the system capacity charge, or other charges to be paid, and conditions to be met, by applicants for service in order to obtain water or sewer service.

(18) "Special Service Availability Contract" means an agreement for charges for the extension of service which is not provided for in the utility's service availability policy.

(19) "System Capacity Charge" means the charge made by a utility for each new connection to the system, which charge is designed to defray a portion of the cost of the utility system.

(20) "Treatment Facilities" means the facilities used for the production and treatment of water, or for the treatment and disposal of sewage.

6.3 RESPONSIBILITY OF UTILITY TO PROVIDE SERVICE.

It is the responsibility of the utility to provide service within its certificated territory in accordance with the terms and conditions of file with the Authority.

6.4 RESPONSE TO APPLICATIONS FOR EXTENSION OF SERVICE WITHIN A UTILITY'S CERTIFICATED TERRITORY, COST ESTIMATES.

(1) A utility shall respond to a request for extension of service within its certificated territory when the request is made on an application form supplied by the utility and submitted by a person or entity having a title interest in the property for which service is requested, or by the duly authorized agent of such person or entity.

(2) Within thirty (30) days after receipt of the application, the utility shall notify the applicant in writing that service can or cannot be made available within a reasonable time.

(a) If service can be made available within a reasonable time, the written response shall state that the utility will be obligated to service the applicant only after a contract or a developer's agreement is properly executed by both parties.

(b) If service cannot be made available within a reasonable time, the utility shall notify the applicant and the

Authority of the reasons why service cannot be made available, and an estimate of when it can be made available.

(3) (a) If the utility notifies an applicant that service is available, the following shall apply:

1. If the request is for service to a single residence or single commercial facility, the utility shall furnish a cost estimate of the proposed extension, and a preliminary sketch of the extension.

2. If the request is for service to a development, and the developer will be providing the necessary facilities for the extension, or will be paying for the construction of such facilities, the developer shall be responsible for the planning, design, and the developing of construction drawings to extend the existing facilities to serve the proposed development, in accordance with Florida law. In such cases, the utility shall furnish general construction specifications, an estimate of the costs to be borne by the applicant, and a quotation of advances to be made upon execution of a developer's agreement or other service agreement. The estimate shall include the cost of meters which are covered by tariff provisions for meter installation fees.

(b) The sketches, and estimates of costs to be borne by the applicant, which are to be prepared by the utility, shall be prepared, as applicable, and delivered to the applicant within seventy-five (75) days after the date of application.

(c) In estimating the connection costs to be borne by the applicant, the following shall apply:

1. If the utility decides to install facilities for its future benefit that are larger than normally required in the requested extension, the incremental cost for the larger facilities shall not be included in the cost estimate, but shall be covered by utility investment or by refundable advance agreement.

2. If more than one customer is to be served by a facility, the costs to be charged to a particular customer shall be determined according to the hydraulic demand of that customer, or in accordance with some other acceptable method reasonably related to the cost of providing service.

6.5 AGREEMENTS FOR SERVICE, PERFORMANCE UNDER AGREEMENTS.

(1) Upon acceptance of the utility's proposal and estimates provided under Rule 6.4, the appropriate service agreement or developer's agreement shall be executed by both parties.

(2) Payment may be required by the utility at the time of execution to cover the additional utility costs of preparing engineering plans and cost estimates of construction required to serve the property, and other engineering, administrative or

legal expenses prudently incurred by the utility in the execution or performance of the agreement. The advance deposit shall not exceed ten percent (10%) of the total charges to be paid by the applicant under the agreement or the additional engineering, administrative and legal expenses prudently incurred by the utility, whichever is greater.

(3) (a) Upon execution of a developer agreement or appropriate service availability agreement, the utility may charge and collect a reasonable amount, up to the total charges due under the agreement, to extend services. Upon the collection of the charges, the utility shall reserve the necessary treatment capacity for the applicant for a period of time specified in the agreement.

(b) Unless the utility can sell the reserved capacity, the charges collected shall not be refunded should the applicant not proceed further with the development. The agreement shall set forth the period of time within which a sale of the reserved capacity will require a refund to the applicant, which time period shall not be less than four (4) years.

(4) Upon execution of the service agreement or developer's agreement, and receipt of any advance deposit or other payment, the utility and applicant will proceed with final engineering plans and specifications that each is responsible for, and shall submit such plans and specifications to the appropriate regulatory agencies for approval. The utility will be allowed a reasonable period of time from the date of the execution of the agreement to complete the final engineering plans and construct the off-site facilities to serve the applicant.

(5) An applicant may use its engineer to prepare plans and specifications for its on-site development. However, such plans and specifications and the on-site water or sewer facilities will be subject to the utility's inspection and approval. An appropriate inspection and plan review fee may be charged by the utility.

6.6 CONSTRUCTION.

(1) The size, type and quality of materials and their location in facilities to be constructed for the extension of service to customers shall be specified by the utility.

(2) Construction of the facilities may be done by the utility or, at its option, a construction agency acceptable to it. The utility may prescribe reasonable inspection requirements to ensure that the materials and workmanship meet prescribed standards when the construction of the facilities is done by a construction agency.

(3) In determining the length of a water or sewer main extension necessary to render service at a particular point, the distance from such point to the existing main shall be along a

line drawn in accordance with proper construction and engineering standards.

6.7 APPROVAL OF CONTRACTS.

(1) Each special service availability contract shall be approved by the Board prior to becoming effective.

(2) Each special service availability contract and developer's agreement shall be accompanied by a statement from the utility affirming the current treatment plant connected load, the current treatment plant capacity, and the amount of capacity reserved under the agreement or contract. In lieu of this information, the utility may file a copy of its Department of Environmental Regulation permit application.

6.8 RATE OF RETURN.

The rate of return required of an applicant by a utility pursuant to a guaranteed revenue agreement shall not exceed the return authorized the utility by the Board, or the Public Service Commission, in its most recent rate case, or in the absence of such determination, a rate of return calculated by using the appropriate rate of return on equity authorized by the Board pursuant to Section 8 of the Ordinance, or the Public Service Commission, on the utility's investment in the plant and system expansion that provides service to the applicant.

6.9 APPLICATION FOR APPROVAL OF A NEW SERVICE AVAILABILITY POLICY OR MODIFICATION OF SERVICE AVAILABILITY CHARGES.

(1) Each application for a service availability policy or charges shall be filed in original and ten (10) copies.

(2) Within twenty (20) days prior to or simultaneously with the filing of an application, the utility shall begin providing notice. The notice shall be given:

(a) By publishing an advertisement once each week, for three (3) consecutive weeks, in a newspaper of general circulation in the service area involved; and

(b) By certified mail or personal delivery to the Authority and the governing body of any incorporated municipality located within a 4-mile radius.

(c) By certified mail or personal delivery to anyone who has executed a developer's agreement with the utility which is still in effect, or who has filed a written request, or who has received a written estimate for service within the past twelve (12) months.

(3) The notice shall contain:

(a) A statement that the utility has applied for a change in its service availability policy; and

(b) A statement that the requested service availability fee increase is to pay for growth in the utility system, and the requested increased fees are to be paid by new (not yet actively connected to the utility system) and not existing customers; and

(c) The location within the service territory where copies of the application are available for inspection; and

(d) A comparison of the present and proposed policy and charges; and

(e) A statement that any comments concerning the policy changes should be addressed to the Authority; and

(f) The utility's address, telephone number, and business hours.

(4) Each application shall include the following, if applicable:

(a) A statement indicating how the notice provisions have been complied with, including a copy of the actual notice(s).

(b) The name of the applicant, the applicant's principal place of business, and each local office from which company operations are conducted. The applicant's name shall be as it appears on the certificate issued by the Board.

(c) The number of the Board or Public Service Commission order, if any, which previously considered the charges or service availability policy for the system involved.

(d) A statement explaining the basis for the requested changes in charges and conditions.

(e) A schedule showing the original cost of any existing treatment plants, the water transmission and distribution system, and the sewage collection system, by N.A.R.U.C. account numbers as required by Rule 2.10, and the related capacity of each system as of ninety (90) days prior to application.

(f) A detailed statement of accumulated depreciation for the plant listed in (e) above as of ninety (90) days prior to application.

(g) A schedule showing the number of active customers on line ninety (90) days prior to the time of application by meter size, by customer class, and the related equivalent residential connections required by these rules.

(h) A detailed statement defining the capacity of the treatment facilities in terms of ERCs as used in developing the proposed service availability charges.

(i) A detailed statement defining the capacity of the distribution or collection system in terms of ERCs as used in developing the proposed service availability charges.

(j) Provide a list of outstanding developer agreements.

(k) A detailed statement by a registered professional engineer showing the cost, by N.A.R.U.C. account numbers, and capacity of proposed plant expansion, and a timetable showing projected construction time.

(l) A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing system.

(m) If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state or federal regulatory authorities, copies of the order(s) or correspondence directing the expansion or upgrading.

(n) A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.

(o) A summary schedule of how the proposed service availability charge was calculated.

(p) A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures, and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.

(q) A statement of the existing and proposed on-site and off-site main installation charges or policy.

(5) Upon filing of the application and supporting exhibits, the utility shall place copies thereof at its local office of the utility serving the area affected by the charges and conditions, and such copies shall be made available for public inspection.

6.10 GUIDELINES FOR DESIGNING SERVICE AVAILABILITY POLICY.

(1) A utility's service availability policy shall be designed in accordance with the following guidelines:

(a) The maximum amount of contributions-in-aid-of-construction, net of amortization, should not exceed eighty percent (80%) of the total original cost, net of accumulated depreciation of the utility's facilities and plant when the facilities and plant are at their designed capacity; and

(b) The minimum amount of contributions-in-aid-of-construction should not be less than the percentage of such facilities and plant that is represented by the water

transmission and distribution system, and sewage collection system.

(2) In any case where compliance with the guidelines of subsection (1) introduces unusual hardship or unreasonable difficulty, and the Authority, utility, or interested party shows that it is not in the best interests of the customers of the utility to require compliance, the Board may exempt the utility from the guidelines.

6.11 DEVELOPER SERVICE AVAILABILITY CHARGES.

Subject to the limitation in Rule 6.11, service availability charges for real estate developments shall not be less than the cost of installing the water transmission and distribution facilities and sewage collection system, and not more than the developer's hydraulic share of the total cost of the utility's facilities, and the cost of installing the water transmission and distribution facilities, and sewage collection system.

PART VII - CUSTOMER RELATIONS

7.1 INITIATION OF SERVICE.

(1) A utility may require that application for service be made in writing and in substantial accordance with the forms prescribed by the utility. However, the utility shall treat a completed application as notice that service is desired, and as an expression of the applicant's willingness to conform to the utility's service rules and regulations which are in effect and on file with the Authority.

(2) Upon an applicant's compliance with utility's reasonable rules regarding service initiation, the utility shall initiate service without unreasonable delay. To insure effectiveness of its rules regarding service and the initiation of service, a utility shall set out its rules or policies in its tariff, and those rules or policies shall have uniform application.

7.2 CUSTOMER DEPOSITS.

(1) Each utility's tariff shall contain their specific criteria for determining the amount of initial deposit. Each utility may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the utility's rules for prompt payment of bills. Credit will be deemed so established if:

(a) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested. A satisfactory guarantor shall, at the minimum, be a customer of the utility with a satisfactory payment record. A guarantor's liability shall be terminated when a residential customer whose payment of bills is secured by the guarantor meets the requirements of subsection (5) of this rule. Guarantors providing security for payment of residential customers' bills shall only be liable for bills contracted at the service address contained in the contract of guaranty;

(b) The applicant pays a cash deposit;

(c) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

(2) Receipt for deposit. A receipt shall be issued to each customer which shall reflect the date of deposit and the amount deposited.

(3) Record of deposits. Each utility having on hand deposits from customers shall keep records to show:

(a) the name of each customer making the deposit;

(b) the premises occupied by the customer when the deposit was made;

(c) the date and amount of deposit; and

(d) a record of each transaction concerning such deposit.

(4) Interest on deposits. Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of four and one-half percent (4½%) per annum, until such time as the Board sets a new interest rate.

The deposit interest shall be simple interest in all cases, and settlement shall be made annually, either in cash or by credit on the current bill. This does not prohibit any public utility from paying a higher rate of interest than required by this rule. No customer depositor shall be entitled to receive interest on his deposit until and unless a customer relationship and the deposit have been in existence for a continuous period of six (6) months; then he shall be entitled to receive interest from the date of the commencement of the customer relationship and the placement of the deposit.

(5) Refund of deposits. After a customer has established a satisfactory payment record and has had continuous service for a period of twenty-five (25) months, the utility shall refund the customer's deposits, plus interest, providing the customer has not, in the preceding twelve (12) months, (a) made more than one late payment of a bill (after the expiration of twenty (20) days from the date of mailing or delivery by the utility); (b) paid with a check refused by a bank; (c) been disconnected for nonpayment, or at any time; (d) tampered with the meter; or, (e) used service in a fraudulent or unauthorized manner. Nothing in this rule shall prohibit the company from refunding at any time a deposit. For the purpose of this subsection, the word refund shall mean either the return to the customer of the amount deposited, or the crediting of the same amount to that customer's outstanding account.

(6) Refund of deposit upon termination of service when service is discontinued. Upon termination of service, the deposit and accrued interest may be credited against the final account and the balance, if any, shall be returned promptly to the customer, but in no event later than thirty (30) days after service is discontinued.

(7) New or additional deposits. A utility may require, upon reasonable written notice of not less than thirty (30) days, such request or notice being separate and apart from any bill for service, a new deposit, where previously waived or returned, or an additional deposit, in order to secure payment of current bills; provided, however, that the total amount of required deposit should not exceed an amount equal to the average actual charge for water and/or sewer service for two (2) billing periods for the 12-month period immediately prior to the date of notice.

In the event the customer has had service less than twelve (12) months, then the utility shall base its new or additional deposit upon the average monthly billing available.

7.3 TEMPORARY SERVICE.

(1) Upon compliance with subsection (3) of this rule, a utility may require an applicant customer to pay all the anticipated costs of installing and removing facilities and materials for temporary service.

(2) When temporary service is terminated, the utility shall credit the customer with the reasonable salvage value of the service facilities and materials if the customer has made advance payment pursuant to subsection (1) of this rule.

(3) Each utility shall set out in its tariff a definition of any policy or rules regarding temporary service.

7.4 REFUSAL OR DISCONTINUANCE OF SERVICE.

(1) Until adequate facilities can be provided, a utility may refuse to serve an applicant if, in the best judgment of the utility, it does not have adequate facilities, and/or supply to render the service applied for, or if the service is of character that is likely to affect unfavorably service to other customers.

(2) As applicable, the utility may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the customer shall be given notice and allowed a reasonable time to comply with any rule, or remedy any deficiency:

(a) For noncompliance with and/or violation of any state or County law or regulation governing such utility service;

(b) For failure or refusal of the customer to correct any deficiencies or defects in his piping and/or equipment which are reported to him by the utility;

(c) For the use of utility service for any other property or purpose than that described in the application;

(d) For failure or refusal to provide adequate space for the meter and/or service equipment of the utility;

(e) For failure or refusal to provide the utility with a deposit to insure payment of bills in accordance with the utility's regulation;

(f) For neglect or refusal to provide reasonable access to the utility for the purpose of reading meters, or inspection and maintenance of equipment owned by the utility;

(g) For nonpayment of bills or noncompliance with utility's rules and regulations in connection with the same, or a different type, or a different class of utility service furnished to the same customer at the same premises by the same or affiliated utility only after there has been a diligent attempt to have the customer comply, including at least five (5) days written notice to the customers. Such notice shall be separate and apart from any bill for service;

(h) Without notice in the event of a condition known to the utility to be hazardous;

(i) Without notice in the event of tampering with regulators, valves, piping, meter or other facilities furnished and owned by the utility;

(j) Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the utility, before restoring service, may require the customer to make, at his own expense, all changes in piping or equipment necessary to eliminate illegal use, and to pay an amount reasonably estimated as the deficiency in revenue resulting from such fraudulent use.

(3) Service shall be restored when cause for discontinuance has been satisfactorily adjusted.

(4) In case of refusal to establish service, or whenever service is discontinued, the utility shall notify the applicant or customer in writing of the reason for such refusal or discontinuance.

(5) The following shall not constitute sufficient cause for refusal of service to an applicant or customer:

(a) Delinquency in payment for service by a previous occupant of the premises, unless such previous occupant will receive benefit from such service;

(b) Failure to pay for appliances or equipment purchased from the utility;

(c) Failure to pay for a different class of service, except where two or more classes of service are rendered to the same customer at the same premises;

(d) Failure to pay the bill of another customer as guarantor thereof.

(6) No utility shall intentionally discontinue service to any customer, between 12:00 noon on a Friday, and 8:00 a.m. the following Monday, or between 12:00 noon on the day preceding a public holiday, and 8:00 a.m. the next working day; provided, however, that this prohibition shall not apply when:

- (a) Discontinuance is requested by or agreed to by the customer; or
- (b) A hazardous condition exists; or
- (c) Meters or other utility-owned facilities have been tampered with; or
- (d) Service is being obtained fraudulently or is being used for unlawful purposes.

7.5 TERMINATION OF SERVICE BY CUSTOMER.

A utility may require a customer to give reasonable notice of his or her intention to discontinue service. Until the utility receives such notice, a customer may be held responsible for all service rendered.

7.6 CUSTOMER BILLING.

- (1) Except as provided in this rule, a utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; the amount of the bill; as applicable, gross and/or net billing, and/or discount or penalty; final discount or penalty date; and the delinquent date, or the date after which the bill becomes past due.
- (2) If the utility estimates the bill, the utility shall indicate on the bill that the amount owed is an estimated amount.
- (3) When service is rendered for less than fifty percent (50%) of the normal billing cycle, the utility shall prorate the base facility charges as though the normal billing cycle were thirty (30) days, except that the utility may elect not to issue an initial bill for service if the service is rendered during a time period which is less than fifty percent (50%) of the normal billing cycle. Instead, the utility may elect to combine the amount owed for the service rendered during the initial time period with the amount owed for the next billing cycle, and issue a single bill for the combined time period. For service taken under flat rate schedules, fifty percent (50%) of the normal charges may be applied.
- (4) A utility may not consider a customer delinquent in paying his or her bill until the twenty-first (21st) day after the utility has mailed or presented the bill for payment.
- (5) Each utility shall establish each point of delivery as an independent customer and shall calculate the amount of the bill accordingly, except where physical conditions make it necessary to use additional meters or points of delivery for one class of service to a single customer on the same premises, or where such multiple meters or delivery points are used for the convenience of the utility.

(6) The utility shall maintain a record of each customer's account for the most current two (2) years so as to permit reproduction of the customer's bills during the time that the utility provided service to that customer.

(7) In the event of unauthorized use of service by a customer, a utility may bill the customer on a reasonable estimate of the service taken. In addition, the utility may assess a fee to defray the cost of restoring service to such a customer, provided that the fee is specified in the utility's tariff.

7.7 ADJUSTMENT OF BILLS FOR METER ERROR.

(1) In meter tests made by the Authority or by the utility at the request of the customer, the accuracy of registration of the meter and its performance in service shall be judged by its averaged error. The average meter error shall be considered to be the algebraic average of the errors at the test rate flows set out in these rules. Any adjustment of charges which is made in accordance with this rule shall be based on the average error thus derived.

(2) Fast meters. Whenever a meter tested is found to register fast in excess of the tolerance permitted under Rule 3.13, the utility shall refund to the customer the amount billed in error for one-half the period from the time the meter was last tested, not to exceed twelve (12) months, except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to, but not beyond such date, based upon available records. The refund shall not include any part of the minimum charge.

(3) Slow meters.

(a) Except as provided by this paragraph, a utility may backbill in the event that a meter is found to be slow, non-registering or partially registering. A utility may not backbill for any period greater than twelve (12) months from the date it notifies a customer that his or her meter is slow, non-registering or partially registering. If it can be ascertained that the meter was slow, non-registering or partially registering for less than twelve (12) months prior to notification, then the utility may backbill only for the lesser period of time. In any event, the customer may extend the payments of the backbill over the same amount of time for which the utility issued the backbill. Nothing in this subsection shall be construed to limit the application of subsection (5) of this rule.

(b) Whenever a meter tested is found to register slow in excess of the tolerance established under these rules, the utility may bill the customer in accordance with this subsection. If the utility has required a deposit as permitted under these, the customer may be billed only for that portion of the unbilled error which is in excess of the deposit retained by the utility.

(c) In the event of a non-registering, or a partially registering meter, unless the provisions of subsection (4) of this rule apply, a customer may be billed on an estimated amount based on previous bills for similar usage.

(4) It shall be understood that when a meter is found to be in error in excess of the prescribed accuracy limits, fast or slow, the figure to be used for calculating the amount of refund or charge in (2) or (3)(b) above shall be that percentage of error as determined by the test.

(5) In the event of unauthorized use, the customer may be billed on a reasonable estimate of the service taken. The utility may assess a fee to defray the cost of restoring service provided such charge is specified in the tariff.

7.8 CUSTOMER SERVICE CHARGES.

(1) When a utility has disconnected service for proper cause as specified in Rule 7.4, the utility may charge a reasonable fee to defray the cost of restoring service provided that the fee is specified in the utility's tariff.

(2) When an applicant requests temporary service, the utility may charge a reasonable fee pursuant to Rule 7.3, to defray the cost of installing and removing facilities and materials.

(3) Nothing in this rule prohibits a utility from having other customer service charges, as long as the same are specified in the utility's tariff.

7.9 BACKBILLING.

A utility may not backbill customers for any period greater than 12 months for any undercharge in billing which is the result of the utility's mistake. The utility shall allow the customer to pay for the unbilled service over the same time period as the time period during which the underbilling occurred, or some other mutually agreeable time period. The utility shall not recover in a ratemaking proceeding, any lost revenues which inure to the utility's detriment on account of this provision.

7.10 COMPLAINTS.

(1) A utility shall make a full and prompt acknowledgement and investigation of all customer complaints, and shall respond fully and promptly to all customer requests.

(2) For the purpose of this rule the word "complaint" used in this rule shall mean an objection made to the utility by the customer as to the utility's charges, facilities or service, where the disposal of the complaint requires action on the part of the utility.

(3) Replies to inquiries by the Authority's staff shall be furnished within thirty (30) days from the date of the inquiry and shall be in writing, if requested.

7.11 REFUNDS.

(1) Applicability. With the exception of deposit refunds, all refunds ordered by the Board shall be made in accordance with the provisions of this Rule, unless otherwise ordered by the Authority.

(2) Timing of Refunds. Refunds must be made within ninety (90) days of the Board's order unless a different time frame is prescribed by the Board.

(3) Basis of Refund. Where the refund is the result of a specific rate change, including interim rate increases, and the refund can be computed on a per customer basis, that will be the basis of the refund. However, where the refund is not related to specific rate changes, such as a refund for overearnings, the refund shall be made to customers of record as of a date specified by the Board. In such case, refunds shall be made on the basis of usage. Per customer refund refers to a refund to every customer receiving service during the refund period. Customer of record refund refers to a refund to every customer receiving service as of a date specified by the Board.

PART VIII - CONSTRUCTION AND FILING OF TARIFFS

8.1 GENERAL PROVISION.

(1) No rules and regulations, or schedules of rates and charges, or modifications or revisions of the same, shall be effective until filed with and approved by the Board as provided by the ordinance.

(2) Upon acceptable showing by any utility, the Board may waive or modify, as to that utility, the provisions of any rules herein contained, except when such provisions are fixed by the express requirements of the ordinance.

(3) No deviation from these rules shall be permitted unless authorized in writing by the Board.

8.2 INFORMATION TO PUBLIC.

(1) Each utility shall maintain for public inspection, in each office where application for service may be made, schedules applicable to all territory the business of which is commonly transacted at such office, showing all rates and charges made or enforced, all standard forms of contract or agreement, and all rules, regulations and classifications relating to rates, charges or service used or available for use, and all general privileges and facilities granted or allowed. The same shall be readily accessible to the public at all times during office hours, and on demand by any person during such office hours shall be produced for examination.

(a) A printed notice shall be kept posted by each utility in a public and conspicuous place in each office where application for service may be made stating that its schedules, including rules and regulations and standard contract and agreement forms, are on file at that office, and are open to examination by any person.

8.3 GENERAL FILING INSTRUCTIONS.

(1) Each utility shall file with the Authority tariffs applicable to all territory served by it, showing all rates, classifications, and charges for service subject to the jurisdiction of the Authority furnished by the utility, and all rules and regulations relating thereto, except that the rates and charges for a specific item of equipment and/or special service arrangements for an individual customer need not be filed where the utility's tariff provides the basis for such charge.

All tariffs, as well as any supplements, revisions, modifications, or changes to any portion thereof, shall be submitted to the Authority in quadruplicate and in the form prescribed herein. After acceptance, one stamped copy will be returned to the utility, which shall be the notice to the utility that the filing has been accepted and approved.

(2) If a utility furnishes more than one kind of utility service (water and sewer), a separate tariff must be filed for each kind of service.

(3) All tariff-related material submitted to the Authority shall be accompanied by a letter of transmittal which lists the sheets being transmitted.

(4) If acknowledgement of the filing be desired, the letter of transmittal shall be sent in duplicate with a request that the duplicate be returned.

8.4 INFORMATION TO ACCOMPANY FILINGS.

(1) Except in the case of schedules published under authority of an Order of the Board, each letter of transmittal shall be accompanied by the following items in connection with each service classification in which any change is proposed, viz:

(a) As applicable, a tabulation in typical bill form setting forth, at representative consumption levels, the charges applicable under the present and proposed rates, if any, together with the differences expressed in dollars and in percent;

(b) The estimated gross increase or decrease in annual revenues resulting therefrom, if ascertainable.

(2) Whenever a new or additional service classification or rate schedule is filed with the Authority, the information required by (1) above need not be furnished. In lieu thereof, a statement shall be filed stating the purpose and reason for the new service classification or schedule and, if determinable, the estimated annual revenue to be derived therefrom, and the estimated number of customers to be served thereby.

(3) The Company shall provide a coded copy of each tariff sheet filed showing changes to the existing tariff sheet. Changes shall be indicated by inserting and underlining new words; words to be deleted shall be lined through with hyphens.

8.5 SIZE AND FORM OF TARIFFS.

All tariffs filed under these rules shall be submitted in loose leaf form on 8-1/2" by 11" sheets, printed, typewritten, mimeographed or produced by similar process on a good grade of bond paper of durable quality, using one side of the paper only. All copies must be clear and legible, and sufficient margin shall be so allowed on each sheet for a left-hand binding edge so that when the rate book is open, all printed matter will be in view.

8.6 NUMBERING AND GENERAL DATA REQUIRED FOR EACH SHEET.

The numbering and general data required by this rule and listed below shall appear on each sheet in the rate book,

excepting the front and back covers and the individual sheets of special contracts.

(1) Every sheet (or page) in the rate book shall be numbered. Any system which provides for an orderly arrangement of the tariff is acceptable.

(2) Each sheet shall bear the name of the utility, which shall appear in the upper left-hand corner of the sheet.

(3) The First issue of each sheet in the rate book shall be marked "Original Sheet" in the upper right-hand corner of the sheet. As an example:

Original Sheet No. 1, or Original Sheet No. 5.2.

(4) Revised sheets in the rate book shall be marked with the serial number of the revision in the upper right-hand corner, and the number of the sheet it replaces. As an example:

First Revised Sheet No. 1
Cancels Original Sheet No. 1
or
Fourth Revised Sheet No. 5.2
Cancels Third Revised Sheet No. 5.2.

(5) At the bottom of each sheet shall appear the name and title of the issuing officer of the utility.

8.7 NUMBERING OF SUPPLEMENTS AND ADDITIONS.

(1) When new or additional service classifications or rate schedules are to be established, the sheets containing such classifications or schedules shall follow the last sheets in the rate schedules section of the appropriate classification, and be given the next consecutive sheet number or numbers.

(2) When revisions or additions to existing schedules or sheets require more space, one or more sheets shall be issued to which the same sheet number shall be given with a letter suffix; for example, if changes are made in Original Sheet No. 5.2 and more than one sheet is required to show the changed or new matter, the new sheet shall be issued as First Revised Sheet No. 5.2-A, etc.

8.8 DESCRIPTION OF INDIVIDUAL SHEETS OR SECTIONS.

(1) Front Cover. The front cover shall adequately identify the volume as the rate book or tariff filed by the particular utility with the Authority governing the sale of the specific utility service provided.

(2) Title Page. The title sheet shall be a repetition of the front cover except that it shall be Sheet No. 1 of the rate book (upper right-hand corner), and shall have thereon the general information required by Rule 8.6 of these regulations.

(3) Table of Contents. In rate books of less than thirty (30) sheets, the table of contents may serve as a detailed subject index for the entire volume, or for all sections the size of which does not require an individual index.

(4) Description of Territory Served.

(a) A brief, general description and/or map (8-1/2 x 11 inches) of the territory served by the utility shall be provided in this section.

(b) Where the brevity of the description permits, this data may be placed on the title page (Rule 9.2) in which case this section may be omitted.

(5) Miscellaneous. There should be placed in this section any information or data of a general nature which the utility believes pertinent or informative, and which does not belong under any of the specified captioned sections.

(6) Technical Terms and Abbreviations. This section shall contain full and concise information as to the meaning of all technical and special terms and abbreviations, and of all reference marks used in the regulations or rate schedules.

(7) Index of Rules and Regulations. There shall be set forth in this section a detailed index of the utility's rules and regulations to facilitate ready reference to any particular rule.

(8) Rules and Regulations.

(a) This section shall include all rules, regulations, practices, services, classifications, exceptions and conditions made or observed relative to the utility service furnished which are general and apply to all or many of the rate schedules.

(9) Rate Schedules.

(a) Only one rate schedule shall be placed on a single sheet.

(b) The following information, as applicable, shall be shown in connection with every rate schedule:

1. Identification of schedules. In any tariff in which a number of schedules are shown applicable to various uses, each schedule shall be identified by a letter or letters and/or a number. The letters used for schedule designation shall be indicative of the class of service to which the schedule is applicable; e.g., G or GS for General Service; R or RS for Residential, etc.

2. Availability. The availability clause shall define the areas or communities in which the rate schedule is effective. Where schedules are available in a large number of communities, the list of communities and available rate schedules

shall be complete and accurate, in which case the availability of a rate schedule may be indicated by reference to such indexed list. (Example: Available within the corporate limits of....., or See Sheet No.....for availability.)

3. Applicability. The applicability clause shall define the class of customer or type of use to which the rate schedule applies.

4. Limitations of service. Any limitations or restrictions applicable to service under the particular rate schedule should be clearly stated.

5. Rate or rates.

6. Terms of payment. Where the rate or rates are subject to discount or penalty, this clause shall state the conditions governing such provision.

7. Billing adjustments. Where the rates are subject to the application of adjustment clauses such as fuel, purchase, commodity, or tax clauses, the provisions governing such application shall be clearly stated. Where any given clause is applicable to all or many of the rates employed, such clause may be set forth on separate sheets, together with an index of the rates to which it applies, in which case each rate schedule may make reference to such sheet and index.

(h) Demand charges. Where a demand component is used in the rate structure, there shall be set forth a clause defining the method of determination of demand.

(i) Term of service. If the rate shown is subject to usage over any specified minimum period, that fact should be stated.

(j) Additional clauses. Any other clauses which modify or have application to the rate set forth should be included, where applicable.

(k) Miscellaneous. Any special rules, regulations, provisions or privileges which the utility may require or permit.

(10) Contracts and agreements.

(a) Wherever a special contract is entered into by a utility for the sale of its product or services in a manner or subject to the provisions not specifically covered by its filed regulations and standard approved rate schedules, such contract must be approved by the Board prior to its execution. Accompanying each contract shall be complete and detailed justification for the deviation from the utility's filed regulations and standard approved rate schedules. If such special contracts are approved by the Board, a conformed copy of the contract shall be placed on file with the Authority before its effective date.

(b) Each utility shall make provision to file with the Authority a conformed copy of all such special contracts which are currently in effect, and which have not been previously filed.

(c) If the number and size of such special contracts warrant, they may be placed in a separate binder.

(11) Standard forms.

(a) An exact copy of all standard forms (uniform contracts, agreements, riders, service applications, service extension agreements or other forms) where the same pertains to subscriber and/or customer services, shall be included in this section.

(b) All such forms shall be given a number so that reference can be made to them.

(c) When any such form is changed, altered, or amended, the revised issue shall be filed with the Authority.

(d) If such standard forms are numerous, this section shall be prefaced with an index.

(12) Withdrawal of Tariffs. Every utility desiring to withdraw or cancel any tariff or any provision of a tariff which is considered no longer effective or necessary, shall file with the Authority an informal application setting forth its reasons for desiring to withdraw or cancel such tariff or tariff provision, and requesting permission to withdraw same.

PART IX - AUTHORITY PRACTICE AND PROCEDURE

9.1 PRACTITIONERS.

(1) To practice law before the Authority, one must either be licensed to practice law in the State of Florida, or licensed to practice law elsewhere in the United States, and sponsored by a person licensed to practice law in the State of Florida.

(2) Nothing in this rule precludes self-representation by any party. However, the right of self-representation does not allow non-lawyer corporate officers to represent the legal interests of their corporations before the Authority.

9.2 PRINCIPAL OFFICE.

The street address of the principal office of the Authority is 4020 Lewis Speedway, St. Augustine, Florida, and its present zip code is 32085.

9.3 MEETINGS OF THE AUTHORITY.

Pursuant to section 3(n) of the Ordinance, the Authority shall meet as often as necessary, but not less than monthly. Generally, these meetings shall take place on the fourth Thursday of each month at its principal office, but they may take place at other times and in other places from time to time as necessary.

Generally, the Authority will conduct its public business at its regularly scheduled meetings with advice, assistance and recommendations from its staff. With regard to proposed Authority action, the Authority may call upon others to answer questions or elicit information.

PART X - DECISIONS DETERMINING SUBSTANTIAL INTERESTS

10.1 SCOPE AND TITLE OF RULES.

This part shall apply in all proceedings in which substantial interests of a party are determined by the Authority or the Board. This part shall be construed to secure the just, speedy, and inexpensive determination of every proceeding. Specifically, this part applies to all proceedings under the Ordinance.

10.2 PARTIES.

(1) Parties in any proceeding conducted in accordance with the Ordinance and these rules are applicants, petitioners, protestants, respondents, or intervenors. Parties shall be entitled to receive copies of all pleadings, motions, notices, orders, and other matters filed in a proceeding, and shall be entitled to all rights afforded under the Ordinance and these rules. According to the nature of the proceeding, the term "party" may include the Authority.

(2) If it appears that the determination of the rights of parties in a proceeding will necessarily involve a determination of the substantial interests of persons who are not parties, the presiding officer may, upon motion of a party, or upon his or her own initiative enter an order requiring that the absent person be notified of the proceeding and be given an opportunity to be joined as a party of record.

10.3 FILING, SERVICE OF DOCUMENTS, AND COMPUTATION OF TIME.

(1) Filing. Filing with the Board shall be accomplished by filing with the Clerk of the Board. Filing with the Authority shall be accomplished by filing with the Administrative Office of the Authority, and may be made by U. S. Mail. Filing shall be completed upon receipt by the Clerk of the Board or Administrative Office of the Authority; provided, however, that during the course of a hearing before the Authority or Board, the presiding chairman may accept a document for filing. The date a document is submitted for filing shall be noted by the person making the filing on the first page of the document filed.

(2) Service. A copy of all documents filed pursuant to these rules shall be served on each of the parties no later than the date of filing. In the event that the parties are so numerous that this requirement is onerous, the Authority or Board on motion may limit the number of copies to be served. Service by mail shall be completed upon mailing.

(3) Method and Proof of Service.

(a) When service is required or permitted to be made upon a party represented by an attorney, service shall be made upon the attorney unless service upon the party is ordered by the Authority or Board. Service on the attorney or party shall be

made by hand delivery or by mail to the last known address. Delivery of a copy within this rule shall mean handing it to the attorney or to the party, or leaving it at the party's or attorney's usual office with the clerk or other person in charge, or if there is no one in charge, leaving it in a conspicuous place within the office, or if the office is closed, leaving it at the party's or attorney's usual place of abode with some person of the family above fifteen (15) years of age, and informing that person of the contents.

(b) When an attorney or a party certifies in substance:

"I certify that a copy hereof has been furnished to (here insert name or names) by (delivery) (mail) this _____ day of _____, 19____.

Signature"

the certificate shall be taken as prima facie evidence of service in compliance with this rule.

(4) Additional Time after Service by Mail. Whenever a party is required or permitted to do an act within a prescribed time after service of a document, other than an order, ~~and~~ the document is served by mail, five (5) days shall be added to the prescribed time, except that responses or objections to notices filed pursuant to the Act or these Rules shall be filed within the time specified by these Rules, and set forth within the Notice. Any action required by order of the Board or Authority shall be completed on the specified date, if any, in the order.

(5) Computation of Time. In computing any period of time prescribed or allowed by these rules, by order of a presiding officer, or by any applicable statute, the day of the act from which the designated period of time begins to run shall not be included. The last day of the period shall be included unless it is a ~~Friday~~ day, Sunday or legal holiday in which event the period shall run until the end of the next day, which is neither a Saturday, Sunday, nor a legal holiday. As used in these rules, legal holiday means those days designated in §110.117, Florida Statutes, and any other day the Authority's offices are closed.

10.4 DISCOVERY.

Upon authorization of the Authority or Board, parties may obtain discovery through the means and in the manner provided in Rules 1.280 through 1.400, Florida Rules of Civil Procedure. The presiding officer may issue appropriate orders to effectuate the purposes of discovery and to prevent delay and may impose appropriate sanctions under Rule 1.380, Florida Rules of Civil Procedure, except that such sanctions may not include contempt or the award of expenses unless specifically authorized by statute. Sanctions may also include dismissal.

10.5 MISCELLANEOUS MATTERS.

(1) Consolidation. If there are separate matters before the presiding officer which involve similar issues of law or fact, or identical parties, the matters may be consolidated if it appears that consolidation would promote the just, speedy and inexpensive resolution of the proceedings, and would not unduly prejudice the rights of a party. Any party to a proceeding may request that it be consolidated with proceedings, or the presiding officer may on his or her own initiative order separate proceedings to be consolidated.

(2) Procedure. Generally, the Florida Rules of Civil Procedure govern in proceedings before the Authority or the Board under this part, except that the provisions of these rules supercede the Florida Rules of Civil Procedure where conflict arises between the two.

10.6 FORMAL PROCEEDINGS.

(1) Formal proceedings shall be conducted by the Board pursuant to the provisions of the Ordinance.

(2) After the case is assigned for hearing before the Authority, in the event the hearing and deciding panels are not identical, any member of the deciding panel who was not actually present at the hearing shall so indicate for the record, and shall also be able to attest, for the record, that he or she has read and reviewed the record or transcript of the hearing.

PART XI - PREHEARING PROCEDURES

11.1 INITIATION OF FORMAL PROCEEDINGS.

(1) Applicability. This section shall apply to all hearings held pursuant to the Ordinance. This rule shall not apply to the extent that a proceeding is governed by a rule or sections of the Ordinance which prescribe alternative procedures.

(2) Initial Pleading. The initial pleading shall be entitled as either an application, petition, order, or notice as set forth in subsections (3) (4) (5) and (6).

(3) Application. An application is appropriate when a person seeks permission from the Authority to engage in an activity subject to Board jurisdiction.

(4) Petition. A petition is appropriate when:

(a) A person seeks authority to change its rates or service, or seeks some other action not otherwise specified in these rules; or

(b) A substantially affected person seeks some other action to change the rate or service of a person subject to Board jurisdiction, or seeks some other action not otherwise specified in these rules.

(5) Orders and Notices. Upon its own motion, the Authority may issue an order or notice initiating a proceeding. Such order or notice shall be served upon all persons named therein. The Authority may also transmit notice of its action to other persons requesting such notice, and shall publish such notice in appropriate newspapers of general circulation in the County.

(6) Form and Content.

(a) Except for orders or notices issued by the Authority, each initial pleading should generally contain:

1. The name of the Authority and the Authority's file number, if known;

2. The name and address of the applicant, complainant or petitioners, and an explanation of how his or her substantial interests will be, or are affected;

3. A statement of all known disputed issues of material fact. If there are none, the petition must so indicate;

4. A concise statement of the ultimate facts alleged, as well as the rules and statutes which entitle the petitioner to relief;

5. A demand for relief; and

6. Other information which the applicant or petitioner contends is material.

(b) Application. An application shall be governed by the Ordinance, or these rules, as applicable to applications for authority. In the absence of a specific form and content, the application shall conform to this rule.

(c) When a petitioner seeks relief against another person, the petition shall include the name and address of the person against whom relief is sought, in addition to the requirements of paragraph (a) of this subsection.

(d) Petitions and applications shall conform to all applicable rules and sections of the Ordinance as to form and content, in addition to the requirements of paragraph (a) of this subsection.

(7) Amendments. A petition or application may be amended prior to the filing of a responsive pleading or the setting of a hearing date by the Authority or the Board, by filing and serving an amended initial pleading in the manner prescribed for filing and serving an original petition or application. Otherwise, the petitioner or applicant may amend its initial pleading only upon order of the presiding officer.

(9) Disposition.

(a) Where an application or petition has been filed, the Authority may:

1. Deny the petition if it does not adequately state a substantial interest in the Authority determination, if it is untimely, or otherwise premature;

2. Issue an order where neither the Ordinance nor any rule mandates a hearing as a matter of course;

3. Set the matter for hearing before the Authority.

(b) Where a petition on an order has been filed, the Authority may:

1. Deny the petition if it does not adequately state a substantial interest in the prior determination, or if it is untimely or otherwise premature;

2. Grant the petition and determine if a hearing is required.

(c) The Authority shall promptly give written notice to all parties of the action taken on the petition, and shall state with particularity its reasons therefore.

(10) Service of Initial Pleadings. Where a petition seeks relief against a person is filed, a copy of the petition shall be served on all persons named therein. Where a petition on a proposed Authority order is filed, a copy shall be served on all parties of record.

11.2 ANSWERS AND MOTIONS.

(1) Answers. A respondent or intervenor may file an answer within twenty (20) days of service of the petition. An answer to an order or notice by the Authority, which asserts a violation of the Ordinance, rule or order, or initiating a formal proceeding, may be filed within the time stated in the order or notice, or in the absence of a stated time, within twenty (20) days of issuance of the order or notice.

(2) Motions. Motions may be filed in opposition to the proceeding, or for other purposes during the proceeding.

(a) Motions in opposition to an order, notice, or petition which may be filed by any party, include motions to dismiss, to strike, and for a more definite statement. Such motions shall be filed within the time provided for filing an answer. In the event such a motion is denied, an answer or other responsive pleading may be filed within ten (10) days after issuance of an order denying the motion.

(b) All motions shall be in writing unless made on the record during a hearing, and shall fully state the action requested and the grounds relied upon. In all proceedings, the original written motion shall be filed. Every written motion may be accompanied by, or included in, a concise written memorandum stating the grounds upon which the motion is based. Other parties to a proceeding may, within seven (7) days after service of a written motion, file written memorandum in opposition.

(3) Default. Where an order or initial pleading has been served on a party, and such order or initial pleading seeks a penalty or other specific relief against a person, failure to file a timely answer or motion in response thereto shall constitute a default. The Authority, upon determining that a default has occurred, shall so indicate in the file, and shall return all papers filed by the defaulting party, except those seeking to set aside the default. A default will be set aside only upon a showing of a failure to serve the order or initial pleading, fraud, or any other good cause as determined by the Authority.

11.3 NOTICE OF HEARINGS.

The Authority or the Board shall set the time and place for all hearings before the Authority or the Board, respectively, and shall issue notice thereof of all parties of record, in accordance with ~~Section 20~~ of the Ordinance.

11.4 CONTINUANCES.

The Authority or the Board may grant a continuance of a hearing for good cause shown, or upon stipulation of all parties. Requests for continuance shall be made in writing or upon oral motion at the hearing. Except in cases of emergency, requests for continuance must be made at least five (5) days prior to the date noticed for the hearing.

11.5 DISMISSAL.

The failure or refusal of a party to comply with any lawful order may be cause for dismissing the party from the proceeding.

PART XII - CONDUCT OF A FORMAL HEARING BEFORE THE AUTHORITY

12.1 WITNESSES.

(1) All witnesses shall be sworn and subject to examination and cross-examination.

(2) The Authority may allow members of the general public to appear as witnesses at a hearing, and to present oral or written communications without the necessity of being a party or intervenor. The presiding officer may set fair and reasonable conditions on such appearances, and the communications shall be subject to cross-examination challenge and rebuttal.

12.2 PLEADINGS.

(1) Pleadings shall substantially conform to the Florida Rules of Civil Procedure as to content, form, size, signatures, and certifications.

(2) Pleadings shall refer to the file number assigned by the Authority.

(3) Pleadings shall be served on all parties, and the original and ten (10) copies of all pleadings shall be submitted to the Authority.

12.3 EVIDENCE.

(1) Oral evidence shall be taken only on oath or affirmation.

(2) Each party shall have the right, in accordance with Florida law: to present evidence relevant to the issues; to cross-examine opposing witnesses; to impeach any witness, regardless of which party first called that witness to testify; and to rebut the evidence presented against it.

(3) Any relevant evidence shall be admitted if it is the sort of evidence which is normally admissible in civil trials in Florida, or which reasonably prudent persons are accustomed to relying upon in the conduct of their affairs. Hearsay evidence may be used to supplement or explain other evidence, but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. Irrelevant and unduly repetitious evidence may be excluded.

(4) (a) Upon the parties' own initiative, or by requirement of the Authority, direct testimony may be submitted in the form of written testimony. Such direct testimony shall be typed on standard 8-1/2" x 11" transcript quality paper, double-spaced, with twenty-five (25) numbered lines, and a sufficient left margin to allow for binding. The Authority may require all parties to prefile direct testimony, if applicable, and shall provide reasonable notice to the parties of the date testimony shall be prefiled. All prefiled testimony shall be

preceded with a succinct summation of its contents, under the heading "Executive Summary." This rule shall not limit the presentation of reports or written analyses, over a reasonable period.

(b) Upon providing copies of written direct testimony to all parties of record, a witness may enter that testimony into the record as though read, at which time the witness shall become subject to cross-examination, and his or her testimony shall become subject to the evidentiary rules set out in subsection (3) of this rule.

12.4 RECORDATION.

The Authority shall have the responsibility of preserving the testimony at formal proceedings and hearings. Proceedings shall be reported by a certified court reporter, or by recording instruments. Any party to a hearing may, at its own expense, provide a certified court reporter if the Authority does not. At hearings during which the services of a court reporter have been retained, any party who wishes a written transcript of the testimony shall order the same at its own expense. If a court reporter records the proceedings, the recordation shall become the official transcript.

PART XIII - ORDERS

13.1 EXECUTION OF ORDERS.

An order of the Authority shall be signed by its chairman or presiding officer. An order of the Board shall be signed by its chairman or presiding officer. All orders shall be placed in the files maintained for this purpose by the staff of the Authority as to orders of the Authority, and by the Clerk of the Board as to orders of the Board.

13.2 ISSUANCE OF ORDERS.

A notice of entry of an order, or a copy of an order, shall be furnished by depositing it in the U. S. Mail after signing of the order to all parties of record. Furnishing of such notice, or copy of the order, shall be done by the staff of the Authority as to the Authority's orders, and by the Clerk of the Board as to the Board's orders.. A certificate thereof shall be signed by a member of the staff of the Authority or the Clerk of the Board. The date of said certificate shall be deemed the date of issuance of the order for all time periods dependent upon the date of issuance under the Order, the Ordinance or these Rules.

13.3 NOTICE OF OBJECTION TO CONFIRMATION OF ORDERS.

(1) A notice of objection to confirmation of a preliminary order shall be in writing and filed with the Clerk of the Board. A notice of objection to confirmation shall include:

(a) The name and address of the person objecting to the confirmation.

(b) A statement of the facts which show the person objecting is adversely affected by the preliminary order if effective.

(c) (i) A statement which shows that the preliminary order is contrary to the facts and/or

(ii) A statement which shows that the preliminary order is contrary to law.

(d) A demand for relief.

(e) A certificate showing that the notice of objection to confirmation was served upon all parties of record to the proceeding.

(2) **Time.** A notice of objection to confirmation of a preliminary order shall be filed with the Clerk of the Board within ten (10) days after issuance of the order.

(3) Response. A response to a notice of objection to confirmation may be filed with the Clerk of the Board within ~~seven~~ (7) days of service of the objection to which the response is directed.

(4) Recommended Order. A notice of objection to confirmation of a recommended order may be filed with the Clerk of the Board at any time prior to the hearing of the Board, or may be filed at the hearing with the Board.

13.4 PETITION FOR REVIEW OF A FINAL ORDER.

(1) A petition for review of a final order of the Authority shall be in writing and filed with the Clerk of the Board. A petition for review shall include:

(a) The name and address of the person requesting review.

(b) A statement of the facts that show the person requesting review is adversely affected by the final order.

(c) (i) A statement which shows that the final order is contrary to the facts and/or

(ii) A statement which shows that the final order is contrary to law.

(d) A demand for relief.

(e) A certificate showing that the petition for review was served upon all parties of record to the proceeding.

(2) Time. A petition for review shall be filed with the Clerk of the Board within ten (10) days after issuance of the final order.

(3) Response. A response to a petition for review may be filed with the Clerk of the Board within seven (7) days of service of the petition to which the response is directed.

13.5 AUTHORIZATIONS BY THE AUTHORITY.

If any authorization, approval or denial required or allowed under the Rules to be made by the Authority shall adjudicate the substantive rights or interests of any party, and such adjudication is expressly or impliedly required to be finally determined by the Board under the terms of the Ordinance, then such authorization, approval or denial shall be made by the Authority only by a preliminary or recommended order, and shall only take effect upon confirmation by the Board.

PART XIV - MISCELLANEOUS

14.1 APPROVAL OF BOND.

(a) Any bond, corporate undertaking, or escrow shall be approved as to form and execution by the Clerk of the Board. The original bond, escrow, or corporate undertaking shall be filed with the Clerk of the Board.

14.2 ENFORCEMENT PROVISIONS.

(1) If any utility, by any authorized officer, agent, owner, or employee, knowingly refuses to comply with, or willfully violates any provision of the St. Johns County Water and Sewer Utilities Regulatory Ordinance, or any lawful rule or order of the Board, such utility shall incur a penalty for each such offense of not more than five hundred and 00/100 dollars (\$500.00), to be fixed, imposed and collected by the Board. However, any penalty assessed by the Board for a violation of Section 13(b) of the St. Johns County Water and Sewer Utilities Regulatory Ordinance shall be reduced by any penalty assessed by any state agency for the same violation. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the utility, enforceable by the Board. The proceeds from the enforcement of any such lien shall be deposited into the general revenue fund of the Board.

(2) The Board has the power to impose upon any entity that is subject to its jurisdiction under the St. Johns County Water and Sewer Utilities Regulatory Ordinance, and that is found to have refused to comply with, or to have willfully violated, any lawful rule or order of the Board or any provision of this article, a penalty for each offense of not more than five hundred and 00/100 dollars (\$500.00), which penalty shall be fixed, imposed and collected by the Board; or the Board may, for any such violation, amend, suspend or revoke any certificate issued by it. Each day that such refusal or violation continues constitutes a separate offense. Each penalty shall be a lien upon the real and personal property of the entity, enforceable by the Board. The collected penalties shall be deposited into the general revenue fund of the Board.