

MARYLAND PUBLIC SERVICE COMMISSION

General Instructions to Accompany Form MDSARC-1 Water/Wastewater Staff Assisted Rate Case Application

**Pursuant to Public Utilities Article § 4-203 C
And Code of Maryland Regulations 20.70.09 and 20.75.08**

Form MDSARC-1 for a Staff Assisted
Water/Wastewater Rate Case can be
downloaded from the Commission's
website:

<http://www.psc.state.md.us/water/>



Commission Staff Contact

Jason Cross

jason.cross@maryland.gov

(410) 767 - 8007

General Instructions

In order for a Staff Assisted Rate Application to be accepted for processing, the water and/or sewage disposal company must complete all information requested within Form MDSARC-1. If there is any reason that the utility is not able to complete any section, please provide an explanation for why the information is not available as an attachment to the application. A glossary included definitions of certain terms used throughout the form is included as the last page of the application.

Please note that Section III of the application refers to the Company's water systems and Section IV refer to wastewater systems.

The Commission Staff will notify the Company at the time that a docket is opened. A utility requesting a rate adjustment through this application must provide notice to customers at the time that the Commission Staff opens a docket with the Commission. The utility must use the template provided on the last page of this instructions manual. The utility must file a copy of this notice with the Commission as soon as possible after the docket has been opened together with the proof that the notice has been sent to customers.

In order to ensure a timely processing of this application, please attach any additional information that the utility believes would assist the Commission Staff in its review. Any attachments or exhibits should be labeled and listed according to Section VI of the application form. Additionally, as previously noted, please provide an explanation for any missing information.

Seven copies of the completed application should be submitted with a cover sheet to:

The Office of the Executive Director
Maryland Public Service Commission
6 St. Paul Street, 17th Floor
Baltimore, Maryland 21202

Additional Notes:

Completed for the Calendar Year Ending – the Company should chose the most recent calendar year for which the Company has complete data and information. Each part of the Application should be completed based on the 12 months indicated on the cover page of the Application.

Required Attachments and Exhibits – the following websites contain relevant information for the Company regarding each of the following attachments.

SDAT Compliance –
<http://dat.maryland.gov/businesses/Pages/default.aspx>

Water Appropriations Permit and NPDES Permit -
<http://mde.maryland.gov/programs/Permits/WaterManagementPermits/Pages/waterpermits.aspx>

Glossary

Plant in Service	Represents all fixed assets used in supplying service to customers.
Pumping Plant	Pumping structures and other fixed assets would provide service.
Water Treatment Plant	Fixed assets used in the process of making water potable.
General Plant	Fixed structures used in the provision of service such as buildings, pipes, etc.
Other Plant	Other fixed structures not recorded in other categories used to provide service.
Working Capital	Represents the day to day costs of funding operations. In lieu of a lead/lag study, applicants may present a 45 day standard or 1/8 use of annual operation and maintenance expense
Accumulated Depreciation	Represents the accumulated cost of plant obsolescence since a component of plant commenced operation. It represents the cost of depreciation expensed through the income statement.
Contributed Property	Represents the cost of public utility property used in providing service to customers not funded by the applicant.
Deferred Income Taxes	Represents differences in taxation due to the use of accelerated tax attributes at the federal level. The difference between accelerated depreciation standard taxation is deducted from invested capital.
Unaccounted for Water	Represents the difference between water produced and/or purchased and water consumption.
Revenues	Reflects the monies collected from customers for the provision of service.
Non-Sales Revenues	Reflects monies collected from customers not related to provision of regulated service, such as late payments or turn-off charges.

Cost of Capital Analysis

The Commission Staff will provide a calculated overall rate of return in its report. The Company may provide its own calculations and analysis for an alternative cost of capital to be reviewed by the Staff. The analysis must include: (1) capital structure, (2) cost of debt analysis, (3) cost of equity analysis, and (4) overall cost of capital including a full detailed explanation and all data used. If the Company is including its own analysis, it must attach all applicable calculations and a full detailed description explaining why the Staff calculated rate of return and overall return on equity are not appropriate for the Company.

RATE CASE NOTICE

(MONTH, YEAR)

Application for increase in (water/wastewater) rates in (name of company and location) by

(Company Name)

CASE NO. (XXXX)

ON (MONTH DAY, YEAR), (COMPANY NAME) FILED AN APPLICATION WITH THE MARYLAND PUBLIC SERVICE COMMISSION (“PSC” OR THE “COMMISSION”) FOR AN ADJUSTMENT IN (WATER/WASTEWATER) RATES. THE COMMISSION’S STAFF HAS REVIEWED THE FILING AND HAS MADE A RECOMMENDATION FOR THE ADJUSTMENT TO THE COMMISSION.

QUESTIONS & ANSWERS

Is there an opportunity for public input for this rate adjustment?

Yes. A public comment hearing regarding this request will be held on (date and time) at (location).

Written public comments on this matter should be filed by (date). The comments shall be addressed to Terry J. Romine Executive Secretary, Maryland Public Service Commission, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202, and should reference Case No. (XXXX).

How much will my bill change?

A current bill for a residential customer using (X) gallons is (\$). Commission Staff has reviewed the Company’s request and has currently recommended that this would be (\$). The second page of this notice details the recommended changes. You may use this information and your individual usage to estimate the amount of the increase you will see as a result of this rate adjustment.

Where can I find additional information about this case?

Using the Commission’s website (www.psc.state.md.us), you may find more detailed information including all public filings in this case. On the left side of the home page in the **Case Search** box, choose **Case/Docket No. (e.g. xxxx)** and type in the Case No. (XXXX).