

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rules)
25-4.018, 25-4.0185, 25-6.014,)
and 25-7.014, F.A.C., Reporting)
Requirements for Diversified)
Utilities.)
_____)

DOCKET NO. 870585-PU
ORDER NO. 20976
ISSUED: 4/4/89

NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to amend Rule 25-4.018, Annual Reports; Rule 25-4.0185, Periodic Reports; Rule 25-6.014, Records and Reports in General; and Rule 25-7.014, Records and Reports in General.

The attached Notice of Rulemaking will appear in the April 7, 1989 edition of the Florida Administrative Weekly. If requested, a hearing will be held at the following time and place:

9:30 a.m., Monday, May 15, 1989
Room 106, Fletcher Building
101 East Gaines Street
Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL, 32399, no later than April 28, 1989.

By Direction of the Florida Public Service Commission, this 4th day of APRIL, 1989.



STEVE TRIBBLE, Director
Division of Records & Reporting

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FLORIDA PUBLIC SERVICE COMMISSION

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RULE TITLE:	RULE NO.:
Annual Reports	25-4.018
Periodic Reports	25-4.0185
Records and Reports in General	25-6.014
Records and Reports in General	25-7.014

PURPOSE AND EFFECT: The purpose of the proposed rule amendments is to establish additional reporting requirements for investor-owned electric utilities (IOUs), local exchange telephone companies (LECs), and natural gas local distribution companies (LDCs) regarding their affiliates and transactions with affiliates. The additional information will provide the Florida Public Service Commission (FPSC) with greater detail on affiliates and affiliate transactions than that currently submitted in utilities' annual reports.

SUMMARY: The proposed rule amendments would require IOUs, LECs, and LDCs to submit the following additional informational filings on affiliated activities: (1) an initial, one-time set of filings within 45 days of adoption of the proposed amendments or within 45 days of coming under FPSC jurisdiction, (2) additional filings with annual reports, and (3) periodic (quarterly) filings.

Within 45 days of adoption of the proposed rule amendments or coming under FPSC jurisdiction, utilities would be required to file names of their affiliates, including partnerships, minority interests, and joint ventures. They would also be required to provide, by type of transaction, descriptions of methodologies or rationals used to determine transfer-price and cost-allocation bases for transactions between utilities and affiliates. Types of transactions between utilities and affiliates to be accounted for under the proposed amendments would consist of transfers of goods and services, cost allocations, and transfers of assets or rights to use assets. Under the proposed amendments, no utility would be

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required to account for tariffed transactions with affiliates and electric IOUs would not be required to account for fuel and fuel transportation transactions with affiliates. Finally, utilities would be required to file summaries of all contracts with affiliates, including terms, prices, quantities, and durations within 45 days of adoption of the proposed rule amendments.

In annual reports, utilities would continue to be required to report changes in corporate structure and file updated organizational charts under the proposed amendments. However, they would also be required to file summaries of affiliated transactions by affiliate during the previous year. Utilities would further be required to develop and maintain detailed backup records of the summary reports of affiliated transactions to facilitate auditing and financial analysis by Commission staff.

Under the proposed amendments utilities would be required to report affiliated transactions quarterly when those transactions involve amounts in excess of \$500,000 (\$25,000 for LDCs), land, or property sales. In quarterly reports, utilities would also be required to report changes in corporate structure (such as mergers, reorganizations, and formation of new affiliates) and provide summaries of new contracts, amendments to existing contracts, agreements, or arrangements with affiliates for purchases, sales, or leases of land, goods, or services.

The proposed amendments adopt Form PSC/AFA/6 () for reporting affiliate information.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1), F.S.

LAW IMPLEMENTED: 364.03, 364.17, 366.04(2)(a), 366.05(1), F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THESE RULES:

COSTS TO AGENCY

Implementation of the reporting requirements of the proposed rule amendments will increase the FPSC's administrative costs by necessitating the hiring of additional personnel to review and audit the information submitted. Recurring costs associated with

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the four and one-half positions which would be required range from \$144,681 to \$223,659. Additional costs for computers for these employees is estimated to be \$17,250.

COSTS AND BENEFITS TO PARTIES DIRECTLY AFFECTED

In general, implementation of the proposed amendments would require utilities to incur short-run, nonrecurring costs. Implementation would necessitate expenditures for the following tasks: redesigning of existing computerized accounting systems; data entry; additional supplies, and employee training. Annual recurring expenditures for data storage and computer time would likely be minimal. Overall, most utilities would probably experience some minor costs to comply with the proposed amendments; however, these costs are not expected to significantly increase rates.

Costs of the recurring data base are not expected to be significant because the filings would merely require an updating of information currently provided in utility annual reports. In addition, the initial filings would require companies to provide the methodologies used to determine bases of transfer prices and cost allocations for transactions between utilities and their affiliates. Costs of this activity are not expected to be significant because the filing would likely require simply generalizing the methodologies used to determine transfer prices and cost allocations in the past.

The major portion of costs of the proposed rule amendments are additional accounting costs of utilities. However, these costs are not expected to be significant because most information required under the proposed amendments is likely to be already available to utilities within their accounting systems. Therefore, the majority of costs to utilities is expected to consist of extracting the specific information required under the proposed rule amendments and compiling it into a report for distribution to the Commission.

Compliance is expected to cost \$647,287 in statewide

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nonrecurring costs, and \$533,784 in statewide recurring costs. The bulk of these total statewide compliance costs would be incurred by telephone utilities: 82 percent of nonrecurring costs, and 90 percent of recurring costs.

By providing better information on affiliate relationships, the proposed rule amendments are expected to enhance the Commission's ability to ensure that ratepayers pay only costs incurred in the provisions of regulated services and retain the use of, or receive fair compensation for, assets paid for by ratepayers.

IMPACT ON SMALL BUSINESSES

The proposed rule amendments would affect small natural gas utilities. Reporting requirements of small utilities are expected to be minimal to the extent that small businesses are less likely than larger utilities to be diversified. However, those small utilities that are diversified may possess opportunities to shift costs or assets between unregulated affiliates and regulated enterprises.

In general, the proposed amendments may benefit small businesses because they would tend to promote fair competition among all (regulated affiliates and unaffiliated) competitors in unregulated industries. To the extent that the proposed amendments enable the Commission to reduce or prevent subsidization of unregulated activities by ratepayers of diversified utilities, the ability of small unaffiliated businesses to compete with diversified utilities may be expected to improve.

IMPACT ON COMPETITION

The proposed amendments are not expected to directly affect competition either between utilities or in the general Florida economy. However, in the context of promotion of fair competition described above, the proposed amendments may be considered beneficial to the general Florida economy to the extent that the competitive process is enhanced.

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IMPACT OF EMPLOYMENT

The proposed amendments are not expected to significantly affect utility employment, with the possible exception of some increase in accounting or clerical employment. The effects of the proposed amendments are not expected to be sufficiently large in utility industries to significantly affect employment in the general Florida economy.

METHODOLOGY

Data requests were distributed to utilities to provide the information on which the economic impact analysis was based. Additional information was obtained through personal communications with utility staff. Costs to the agency were based on information provided by the Division of Auditing and Financial Analysis. Standard cost-benefit analysis was performed to determine the effects on employment and competition of the proposed rules.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., Monday, May 15, 1989

PLACE: Room 106, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THESE RULES AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32301

THE FULL TEXT OF THE RULES IS:

25-4.018 Annual Reports.

(1) Each telephone company shall file with the Commission annual reports as required by the Florida Statutes, on forms prescribed by the Commission. These reports shall be certified correct by a responsible accounting official of the utility and shall be filed on or before March 31, for the preceding calendar year. The filing date may be extended only by written permission

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of the Commission. Authorization for the correction of any errors found in the reports and replies to inquiries propounded by the Commission Staff shall be furnished in writing within fifteen (15) days from the date of the Commission's letter.

(2)(a) In addition the utility shall file with the original and each copy of the annual report form, or separately, within 30 days after the filing date for the form, a letter or report signed by independent certified public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the U.S., attesting to the conformity in all material respects of the following schedules of the Federal Communication Commission annual report form, as amended and supplied by the Florida Public Service Commission, with the Commission's applicable uniform system of accounts, as amended by the Florida Public Service Commission:

1. Schedule 10 Balance Sheet
2. Schedule 11 Income and Retained Earnings
3. Schedule 12A Analysis of Telephone Plant
4. Schedule 12D Source and Application of Funds
5. Schedule 14A Analysis of Depreciation Reserve
6. Schedule 24 Long Term Debt
7. Schedule 34 Operating Revenue
8. Schedule 35 Operating Expenses

Statement certification includes applicable notes relating thereto and published accounting releases.

(2)(b) Each local exchange telephone company shall file, with each annual report, on forms prescribed by the Commission, Schedules 1-4 of Form PSC/AFA/6(), the following information on its affiliates and affiliated transactions:

1. Any changes in its corporate structure including partnerships, minority interests, and joint ventures and an updated organizational chart.
2. A summary of affiliated transactions, by affiliate

and by type of transaction, completed during the previous year. This summary shall include the gross dollar amount of the transaction and a reference to any relevant contract or agreement. Reporting for asset transfers or the rights to use assets shall include:

- a. An indication that title has passed and the names of the purchasing and selling parties;
 - b. A description of the asset or right transferred; and,
 - c. A description of the financial or other considerations associated with the transfer.
3. Listing of employees earning more than \$30,000 annually transferred to/from the local exchange telephone company to an affiliate company. The listing shall contain the following information:
- * Old job assignment for the utility;
 - * New job assignment at the affiliate;
 - * Transfer permanent or temporary; and,
 - * If temporary, expected duration of assignment.
4. An affidavit certifying that all affiliated transfer prices or affiliated cost allocations were determined consistent with the methods reported to the Commission under this rule.

(2)(c) Each local exchange telephone company shall also be required to keep a detailed backup report of the summary report to facilitate auditing and analysis. Each local exchange telephone company shall maintain a clear audit trail from the summary report through the general ledger to the source documents supporting the transaction.

(2)(b)(d) The preceding schedules (25-4.018(2)(a)(b)) shall be modified in content or number as directed by the Commission or as necessary to conform with generally accepted auditing standards and generally accepted accounting principles.

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Specific Authority: 350.127(2), F.S.

Law Implemented: 364.17, F.S.

History: Revised 12/1/68, Amended 3/31/76, formerly 25-4.18,
Amended 12/16/86.

25-4.0185 Periodic Reports.

(1) Each telephone company shall file with the Commission's Division of Communications the information required by Commission Form PSC/CMU 28 (12/86), which is incorporated into this rule by reference. Form PSC/CMU 28 (8/86), entitled Engineering Data Requirements, effective on December, 1986 may be obtained from the Commission's Division of Communications.

(a) The information required by schedules 1 and 21 of Form PSC/CMU 28 (12/86) shall be reported on an annual basis and shall be filed on or before the end of the month following the reporting year.

(b) The information required by schedules 2 through 18 inclusive and schedule 20 of Form PSC/CMU 28 (12/86) shall be reported on a quarterly basis and shall be filed on or before the end of the month following the reporting quarter.

(c) The information required by Schedule 19 of Form PSC/CMU 28 (12/86) shall be reported on a semi-annual basis and shall be filed on or before the end of the month following the second and fourth quarters.

(d) Each interexchange telephone company shall only report the information required by schedule 13 of Form PSC/CMU 28 (12/86). This information shall be reported on a quarterly basis and shall be filed on or before the month following the reporting quarter.

(2) Each interexchange telephone company subscribing to Feature Group C or D access from a local exchange telephone company shall file with the Commission's Division of Communications the information required by Commission Form PSC/CMU 29 (12/86), reported on a quarterly basis, on or before the end of

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the month following the reporting quarter. Form PSC/CMU 29 (12/86), entitled Interexchange Carrier Serving Arrangements, is incorporated into this rule by reference, was effective on August 5, 1986 and may be obtained from the Commission's Division of Communications.

(3) Within 45 days of the adoption of this subsection or within 45 days of coming under the jurisdiction of the Commission, each local exchange telephone company shall file, on prescribed forms, Schedules 5, 6, and 7 of Form PSC/AFA/6(), with this Commission:

(a) The names of affiliated companies, including partnerships, minority interests, and joint ventures.

(b) A description, by type of transaction, of the bases of transfer prices (i.e. market, competitive bid, cost, cost plus), and cost allocations (direct charge, formula, etc.) and how the bases are determined. Excluding tariffed transactions, the types of affiliated transactions to be accounted for are:

1. Affiliated transfers of goods or services;
2. Affiliated cost allocations; and,
3. Affiliated transfers of assets or the right to use assets (i.e. real property, personal property, and intangible property). Intangible property includes but is not limited to: rights to access customer files, rights to computer software, pole attachment rights, copyrights, and patent rights associated with utility company research and development.

(c) A listing of all contracts and leases with affiliated companies and a synopsis of each contract including, but not limited to, the terms, price, quantity, amount, and duration.

(d) Definitions

1. Utility - Any utility subject to the ratemaking jurisdiction of the Florida Public Service Commission.

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2. Affiliate - Any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a utility. Ownership of 5% or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof.
3. Affiliated Transaction - Any transaction in which both a local exchange company and an affiliate thereof are each participants other than transactions related to the filing of consolidated tax returns.

(4) Each local exchange telephone company shall provide quarterly notice of the following events, in writing, on forms prescribed by the Commission, Schedules 1, 8, and 9 of Form PSC/AFA/6(), for each preceding quarter:

(a) Individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should not be reported (after the first such transaction) except annually. However, each land or property sale transaction, even though similar sales recur, should be reported as a "non-recurring" item for the quarter in which it occurs.

(b) Mergers, reorganizations, formation of a new affiliate or subsidiary, or other change in corporate structure.

(c) Execution of new contracts, agreements, or arrangements with affiliated companies for the purchase, lease, or sale of land, goods, or services including amendments to existing contracts, agreements, or arrangements, with the exception of tariffed items, and a synopsis of each new or amended contract, agreement, or arrangement. The synopsis shall include, but not be limited to, the terms, price, quantity, amount, and duration.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.03, 364.17, F.S.

History: New 12/16/86.

25-6.014 Records and Reports in General.

(1) Except as provided in Subsection (2), each investor-owned electric utility shall maintain its accounts and records in conformity with the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities as revised April 1, 1987. All inquiries relating to interpretation of the Uniform System of Accounts shall be submitted to the Commission's Division of Electric and Gas in writing.

(2) For ratemaking purposes only, each investor-owned electric utility shall accrue unbilled base rate revenues, excluding those base rate revenues recoverable through other cost recovery or adjustment mechanisms.

(3) Each utility shall file with the Commission annual reports on forms prescribed by the Commission. These reports shall be verified by a responsible accounting officer of the utility making the report and shall be due on or before April 30 for the preceding calendar year. The utility shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report attesting to the conformity, in all material respects, of the schedules listed on the general instruction page of the appropriate Federal Energy Regulatory Commission annual report form supplied by the Commission, with the Commission's applicable uniform system of accounts (statement certification includes applicable notes) and published accounting releases. The letter or report of attestation shall be signed by an independent certified public accountant or an independent licensed public accountant. The filing date can be extended only by written permission of the Commission. Authorization for the correction of any errors found in the reports and replies to inquiries propounded by the Commission

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staff shall be furnished in writing within fifteen days from the date of the Commission's letter.

(4) Each utility shall maintain continuing property records in conformity with the plant accounts prescribed in the Uniform System and Classification of Accounts. It shall be compiled on the basis of original cost (or other book cost consistent with the provision of the Uniform System and Classification of Accounts). The record or records supplemental thereto shall contain such detailed description and classification of property record units that will permit their ready identification and verification. They shall be maintained in such manner as will meet the following basic objectives:

(a) The functional use, description and location of property units in service.

(b) Costs associated with property units to assure accurate accounting for retirements.

(c) The determination of the age, service life or other data necessary for depreciation studies.

(5) Each utility shall furnish to the Commission at such time and in such form as the Commission may require, the results of any required tests and summaries of any required records. Each utility shall also furnish the Commission with any information concerning its facilities or operation which the Commission may request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with its Annual Report to the Commission.

(6) Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission may make at any reasonable time a personal visit to the utility's offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which may appear necessary in the discharge of Commission duties. During such visits the utility shall provide the staff member(s)

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with adequate and comfortable working and filing space, consistent with prevailing conditions and climate and comparable with the accommodations provided the company's outside auditors.

(7) The Commission has prescribed the Federal Energy Regulatory Commission's Uniform System of Accounts for Public Utilities and Licensees, as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities as revised April 1, 1987 to be used by Rural Electric Cooperative and Municipal Electric Utilities operating within the State. All inquiries relating to interpretations of the Uniform System of Accounts shall be submitted to the Commission's Division of Electric and Gas in writing.

(8) Each investor-owned electric utility, Rural Electric Cooperative and Municipal Electric Utility shall file with the Commission its chart of accounts as of the effective date of this Rule showing compliance with the Uniform System and Classification of Accounts as prescribed by the Commission, and shall also periodically file revisions of said chart of accounts.

(9) Within 45 days the adoption of this subsection or within 45 days of coming under the jurisdiction of the Commission, each investor owned electric utility shall file, on prescribed forms, Schedules 5, 6, and 7 of Form PSC/AFA/6(), with this Commission:

(a) The names of affiliated companies, including partnerships, minority interests, and joint ventures.

(b) A description, by type of transaction, of the bases of transfer prices (i.e. market, competitive bid, cost, cost plus), and cost allocations (direct charge, formula, etc.) and how the bases are determined. Excluding tariffed transactions and fuel and fuel transportation, the types of affiliated transactions to be accounted for are:

1. Affiliated transfers of goods or services;
2. Affiliated cost allocations; and,

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3. Affiliated transfers of assets or the right to use assets (i.e. real property, personal property, and intangible property). Intangible property includes but is not limited to: rights to access customer files, rights to computer software, pole attachment rights, copyrights, and patent rights associated with utility company research and development.

(c) A listing of all currently effective contracts and leases, excluding fuel and fuel transportation contracts or leases by electric utilities, with affiliated companies and a synopsis of each contract including, but not limited to, the terms, price, quantity, amount, and duration.

(d) Definitions

1. Utility - Any utility subject to the ratemaking jurisdiction of the Florida Public Service Commission.
2. Affiliate - Any entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a utility. Ownership of 5% or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof.
3. Affiliated Transaction - Any transaction in which both a utility and an affiliate thereof are each participants other than transactions related to the filing of consolidated tax returns.

(10) Each investor-owned electric utility shall file with each annual report, on forms prescribed by the Commission, Schedules 1-4 of Form PSC/AFA/6(), the following information on its affiliates and affiliated transactions.

(a) Any changes in its corporate structure including partnerships, minority interests, and joint ventures and an updated organizational chart.

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(b) A summary of affiliated transactions, by affiliate and by type of transaction, completed during the previous year. This summary shall include the gross dollar amount of the transaction and a reference to any relevant contract or agreement. Reporting for asset transfers or the rights to use assets shall include:

1. An indication that title has passed and the names of the purchasing and selling parties;
2. A description of the asset or right transferred; and,
3. A description of the financial or other considerations associated with the transfer.

(c) Listing of employees earning more than \$30,000 annually transferred to/from the local exchange telephone company to an affiliate company. The listing shall contain the following information:

- * Old job assignment for the utility;
- * New job assignment at the affiliate;
- * Transfer permanent or temporary; and,
- * If temporary, expected duration of assignment.

(d) An affidavit certifying that all affiliated transfer prices or affiliated cost allocations were determined consistent with the methods reported to the Commission under this rule.

(11) Each investor-owned electric utility shall also be required to keep a detailed backup report of the summary report to facilitate auditing and analysis. Each investor-owned electric utility shall maintain a clear audit trail from the summary report through the general ledger to the source documents supporting the transaction.

(12) Each investor-owned electric utility shall provide quarterly notice of the following events, in writing, on forms prescribed by the Commission, Schedules 1, 8, and 9 of Form PSC/AFA/6() for each preceding quarter:

(a) Individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed

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\$500,000 should not be reported (after the first such transaction) except annually. However, each land or property sale transaction, even though similar sales recur, should be reported as a "non-recurring" item for the quarter in which it occurs.

(b) Mergers, reorganizations, formation of a new affiliate or subsidiary, or other change in corporate structure.

(c) Execution of new contracts, agreements, or arrangements with affiliated companies for the purchase, lease, or sale of land, goods or services including amendments to existing contracts, agreements, or arrangements, with the exception of tariffed items, and a synopsis of each new or amended contract, agreement, or arrangement. The synopsis shall include, but not be limited to, the terms, price, quantity, amount, and duration.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.04(2)(a), 366.05(1), F.S.

History: Amended 7/29/69, 2/4/76, 8/21/79, 1/2/80, 11/18/82, formerly 25-6.14, Amended 10/1/86, 11/02/87.

25-7.014 Records and Reports in General.

(1) Except as provided in subsection (2), each natural gas utility shall maintain its accounts and records in conformity with the Uniform System and Classification of Accounts prescribed by the Federal Energy Regulatory Commission in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, for Major Utilities as revised, April 1, 1987. All inquiries relating to interpretation of the Uniform System and Classification of Accounts shall be submitted to the Commission's Division of Electric and Gas in writing.

(a) Each utility shall establish and maintain continuing property records in conformity with the plant accounts prescribed in the Uniform System and Classification of Accounts. It shall be compiled on the basis of original cost (or other book cost consistent with the provisions of the Uniform System and Classification of Accounts). The record or records supplemental

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thereto shall contain such detailed description and classification of property record units that will permit their ready identification and verification. They shall be maintained in such manner as will meet the following basic objectives:

1. An inventory of property record units which may be readily checked for proof of physical existence.
2. The association of costs with such property record units to assure accurate accounting for retirements.
3. The determination of dates of installation and removal of plant to provide data for use in connection with depreciation studies.

(2) For ratemaking purposes only, each investor-owned natural gas utility shall accrue unbilled base rate revenues, excluding those base rate revenues recoverable through other cost recovery or adjustment mechanisms.

(3) Each utility shall file with the Commission annual reports on forms prescribed by the Commission. These reports shall be verified by a responsible accounting officer of the utility making the report and shall be due on or before April 30 for the preceding calendar year. The utility shall also file with the original and each copy of the annual report form or separately within 30 days, a letter or report attesting to the conformity, in all material respects, of the following schedules listed on the general instruction page of the appropriate Federal Energy Regulatory Commission annual report form supplied by the Commission, with the Commission's applicable uniform system of accounts (statement certification includes applicable notes) and published accounting releases:

- (a) Comparative Balance Sheet - Statement A
- (b) Statement of Income - Statement C
- (c) Statement of Retained Earnings - Statement D
- (d) Statement of Changes in Financial Position - Statement E
- (e) Long Term Debt

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- (f) Reconciliation of Book Income with Taxable Income
- (g) Gas Plant in Service
- (h) Accumulated Provisions for Depreciation of Gas Utility
Plant
- (i) Gas Operating Revenues (exclude column (d) through (g))
- (j) Gas Operation and Maintenance Expenses

The letter or report of attestation shall be signed by an independent certified public accountant or an independent licensed public accountant. Any utility which is on a fiscal year other than the calendar year may file the above referenced schedules and certification letter on a fiscal year basis, within 90 days from the close of its fiscal year. A complete annual report, except for the certification letter, shall be filed on a calendar year basis by all utilities using fiscal year other than the calendar year.

(4) Each utility shall furnish to the Commission at such time and in such form as the Commission may require, the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operation which the Commission 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 Commission.

(5) On and after the effective date of these rules, the results of all tests, summaries, records and reports required of gas utilities by reason of these rules or other orders of the Commission (including the Annual Financial Report) shall, where appropriate, be reported on a therm basis rather than a volumetric or MCF basis.

(6) Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission staff may make at any reasonable time a personal visit to the utility's

offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which may appear necessary in the discharge of Commission duties.

During such visits the utility shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with prevailing conditions and climate and comparable with the accommodations provided the company's outside auditors.

(7) Each natural gas utility shall file with the Commission its chart of accounts as of the effective date of this rule, showing compliance with the Uniform System and Classification of Accounts as prescribed by the Commission, and shall also periodically file revisions of said chart of accounts.

(8) Within 45 days of the adoption of this subsection or within 45 days of coming under the jurisdiction of the Commission, each natural gas utility shall file, on prescribed forms, Schedules 5, 6, and 7 of Form PSC/AFA/6(), with this Commission:

(a) The names of affiliated companies, including partnerships, minority interests, and joint ventures.

(b) A description, by type of transaction, of the bases of transfer prices (i.e. market, competitive bid, cost, cost plus), and cost allocations (direct charge, formula, etc.) and how the bases are determined. Excluding tariffed transactions the types of affiliated transactions to be account for are:

1. Affiliated transfers of goods or services;
2. Affiliated cost allocations; and,
3. Affiliated transfers of assets or the right to use assets (i.e. real property, personal property, and intangible property). Intangible property includes but is not limited to: rights to access customer files, rights to computer software, pole attachment rights, copyrights, and patent rights associated with utility company research and development.

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(c) A listing of all contracts and leases with affiliated companies and a synopsis of each contract including, but not limited to, the terms, price, quantity, amount, and duration.

(d) Definitions

1. Utility - Any utility subject to the ratemaking jurisdiction of the Florida Public Service Commission.
2. Affiliate - Any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with a utility. Ownership of 5% or more of the voting securities of an entity shall be conclusively deemed to constitute the control thereof.
3. Affiliated Transaction - Any transaction in which both a utility and an affiliate thereof are each participants other than transactions related to the filing of consolidated tax returns.

(9) Each natural gas utility shall file, with each annual report, on forms prescribed by the Commission, Schedules 1-4, of Form PSC/AFA/6(), the following information in its affiliates and affiliated transactions:

(a) Any changes in its corporate structure including partnerships, minority interests, and joint ventures and an updated organizational chart.

(b) A summary of affiliated transactions, by affiliate and by type of transaction, completed during the previous year. This summary shall include the gross dollar amount of the transaction and a reference to any relevant contract or agreement. Reporting for asset transfers or the rights to use assets shall include:

1. An indication that title has passed and the names of the purchasing and selling parties;
2. A description of the asset or right transferred; and,
3. A description of the financial or other

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considerations associated with the transfer.

(c) Listing of employees earning more than \$30,000 annually transferred to/from the natural gas utility to an affiliate company. The listing shall contain the following information:

- * Old job assignment for the utility;
- * New job assignment at the affiliate;
- * Transfer permanent or temporary; and,
- * If temporary, expected duration of assignment.

(d) An affidavit certifying that all affiliated transfer prices or affiliated cost allocations were determined consistent with the methods reported to the Commission under this rule.

(10) Each natural gas utility shall also be required to keep a detailed backup report of the summary report to facilitate auditing and analysis. Each jurisdictional utility shall maintain a clear audit trail from the summary report through the general ledger to the source documents supporting the transaction.

(11) Each natural gas utility shall provide quarterly notice of the following events, in writing, on forms prescribed by the Commission, Schedules 1, 8, and 9 of Form PSC/AFA/6(), for each preceding quarter:

(a) Individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should not be reported (after the first such transaction) except annually. However, each land or property sale transaction, even through similar sales recur, should be reported as a "non-recurring" item for the quarter in which it occurs.

(b) Mergers, reorganizations, formation of a new affiliate or subsidiary, or other change in corporate structure.

(c) Execution of new contracts, agreements, or arrangements with affiliated companies for the purchase, lease, or sale of land, goods, or services including amendments to existing contracts, agreements, or arrangements, with the exception of tariffed items, and a synopsis of each new or amended contract,

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agreement, or arrangement. The synopsis shall include, but not be limited to, the terms, price, quantity, amount, and duration.

Specific Authority: 366.05(1), 350.127(2), F.S.

Law Implemented: 366.05(1), F.S.

History: Amended 7/19/72, Repromulgated 1/8/75, 5/4/75, Amended 12/30/75, 9/28/81, 11/18/82, formerly 25-7.14, Amended 10/1/86, 4/4/88.

NAME OF PERSON ORIGINATING PROPOSED RULE: Mark Cicchetti

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULES:
Florida Public Service Commission

DATE PROPOSED RULES APPROVED: March 7, 1989

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.