

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rule)
25-6.024, F.A.C., Rate of)
Return Report)

DOCKET NO. 911111-EI
ORDER NO. PSC-92-0161-FOF-EI
ISSUED: 04/07/92

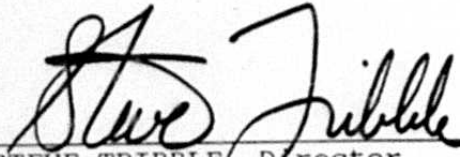
NOTICE OF ADOPTION OF RULE AMENDMENT

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has adopted the amendments to Rule 25-6.024, F.A.C., relating to rate of return, without changes.

The rule (amendment) was filed with the Department of State on April 3, 1992 and will be effective on April 23, 1992. A copy of the relevant portions of the certification filed with the Secretary of State is attached to this Notice.

This docket is closed upon issuance of this notice.

By Direction of the Florida Public Service Commission, this
7th day of APRIL, 1992.



STEVE TRIBBLE, Director
Division of Records & Reporting

(S E A L)

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DOCUMENT NUMBER-DATE

03332 APR -7 1992

FPSC-RECORDS/REPORTING

CERTIFICATION OF
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES
FILED WITH THE
DEPARTMENT OF STATE

I do hereby certify:

/X/ (1) The time limitations prescribed by paragraph 120.54(11)(a), F.S., have been complied with; and

/X/ (2) There is no administrative determination under section 120.54(4), F.S., pending on any rule covered by this certification; and

/X/ (3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(11)(b), F.S. They are filed not less than 28 days after the notice required by subsection 120.54(1), F.S., and;

/X/ (a) And are filed not more than 90 days after the notice; or

/ (b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

/ (c) Are filed within 21 days after the adjournment of the final public hearing on the rule; or

/ (d) Are filed within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

/ (e) Are filed within 21 days after the date the transcript was received by this agency.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the

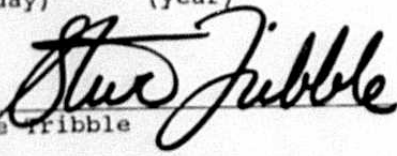
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undersigned agency by and upon their filing with the Department of State.

<u>Rule No.</u>	<u>Rulemaking Authority</u>	<u>Specific Law Being Implemented, Interpreted or Made Specific</u>
25-6,024	350.127(2)	350.117(1), 366.04(2)(f), 366.05(1)

Under the provision of paragraph 120.54(13)(a), F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



Steve Fribble
Director, Division of Records & Reporting
Title

Number of Pages Certified

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1 **25-6.024 Rate of Return Report.**

2 (1) Each electric utility shall file the following rate of
3 return data using Commission Form PSC/AFA14 (/), which is
4 incorporated by reference into this rule. Form PSC/AFA14, entitled
5 "Investor-Owned Electric Utility Earnings Surveillance Report," may
6 be obtained from the Commission's Division of Auditing and
7 Financial Analysis, within 45 days after the end of each month:

8 (a) Actual (per book) rate of return computed on a
9 jurisdictional average rate base for the twelve-month period ended
10 with the month being reported.

11 **(b)** Jurisdictional average rate of return computed using
12 Commission policies, practices, and adjustments in accordance with
13 the utility's most recent rate case for the twelve-month period
14 ended with the month being reported. This includes the adjustments
15 specifically stated in the order and also adjustments made by the
16 utility that were not at issue, but were accepted by the Commission
17 without direct reference in the order.

18 **(c)** ~~(b)~~ An adjusted (pro forma including annualized rate
19 increases/decreases) rate of return computed on a jurisdictional
20 year end rate base for the twelve-month period ended with the month
21 being reported. The adjustments shall be consistent with those
22 made in the utility's most recently completed rate proceeding.

23 **(d)** Required rates of return (low, midpoint, high) calculated
24 in accordance with Section 366.071(5)(b)(2), F.S., for the twelve-
25 month period ended with the month being reported.

**CODING: Words underlined are additions; words in
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TALLAHASSEE, FLORIDA

1 (e) Selected financial integrity indicators, including an
2 FPSC adjusted average jurisdictional earned return on common
3 equity, calculated for the twelve-month period ended with the month
4 being reported.

5 (2) The report shall be filed monthly by the 15th day of the
6 second month following the month being reported.

7 (3) ~~(2)~~ Requests for extensions of time in which to file must
8 be submitted in writing to the Commission prior to the due date for
9 the data.

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

11 Law Implemented: 350.117(1), 366.04(2)(f), 366.05(1), F.S.

12 History: New 11/18/92, formerly 25-6.24

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Rule 25-6.024
Docket No. 911111-EI

SUMMARY OF RULE

SUMMARY: The proposed revision of Rule 25-6.024, F.A.C., merely codifies existing filing practices. Commission Form PSC/AFA 14, entitled "Investor-Owned Electric Utility Earnings Surveillance Report," would be required of IOUs, and is incorporated by reference under the proposed rule change. Also, the proposed rule revision includes new language regarding the required filing dates of the rate of return reports.

SUMMARY OF HEARINGS ON THE RULE

No hearing was requested and none was held

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

The purpose of these rule amendments is to incorporate current filing practices into the rule.

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CERTIFICATION OF
PUBLIC SERVICE COMMISSION

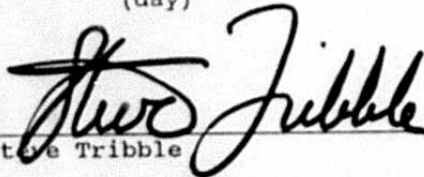
FORM INCORPORATED BY REFERENCE IN RULE 25-6.024

FILED WITH THE DEPARTMENT OF STATE

Pursuant to Rule 1S-1.005, Florida Administrative Code, I hereby certify that the attached is a true and complete copy of Form PSC/AFA 14 (/91), "Investor-Owned Electric Utility Earnings Surveillance Report", which is incorporated by reference in Rule 25-6.024, Florida Administrative Code.

Under the provisions of paragraph 120.54(13)(a), F.S., the incorporated material takes effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



Steve Tribble

Director, Division of Records & Reporting
Title

Number of Pages Certified

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TALLAHASSEE, FLORIDA

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED ELECTRIC UTILITY
EARNINGS SURVEILLANCE REPORT

PURSUANT TO
RULE 25-6.024
FLORIDA ADMINISTRATIVE CODE

FILED
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CALLHANSEN, FLORIDA

PSC/AFA14 (/91)

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INVESTOR-OWNED ELECTRIC UTILITY

RATE OF RETURN REPORT

UNIFORM SCHEDULES

The monthly rate of return surveillance report consists of the following uniform schedules;

- Schedule 1 - Rate of Return Report Summary
- Schedule 2 - Average Rate of Return
- Schedule 3 - Year End Rate of Return
- Schedule 4 - Capital Structure
- Schedule 5 - Financial Integrity Indicators

The above schedules represent the data that is to be filed by each electric utility on a uniform basis as referenced in Florida Public Service Commission Rule 25-6.024. An investor-owned electric utility may, at its own option, include any additional schedules that it deems appropriate or necessary for further explanation or clarification of the data reported.

Requests for extension of time in which to file must be submitted in writing prior to the due date for the data to the following:

Florida Public Service Commission
Division of Auditing and Financial Analysis
Bureau of Revenue Requirements
101 East Gaines Street
Tallahassee, FL 32399-0865

SCHEDULE 1

RATE OF RETURN REPORT SUMMARY

The purpose of this schedule is to summarize the results of the calculations required by the other schedules. This summary also provides a composite overview of the utility's current earnings on a single page.

Although this schedule only summarizes other schedules, it is necessary to define a few of the terms utilized in the schedule. These are as follows:

Per Books - This term means that the amounts reported represent the amounts as recorded in the accounting records of the utility.

Actual per books rate base would include CWIP and/or NFIP on which AFUDC is not charged and projects which are ineligible for AFUDC treatment per FPSC Rule 25-6.0141. The working capital allowance should be adjusted only to exclude those amounts that are includible in the capital structure.

Actual per books NOI would be computed consistent with the per books rate base determination. Since the actual per books rate base includes the total amount of CWIP and NFIP, a portion of which may be accruing AFUDC, the per books earned rate of return calculated using this rate base and the per books NOI could be materially distorted. In order to calculate a more appropriate per books earned rate of return, the actual per books NOI should be adjusted to include the earnings from AFUDC. The FPSC Adjustments column should reflect the reversal of the AFUDC earnings related to the adjustments to CWIP and NFIP to reduce these amounts to the last authorized level included in rate base. A footnote is provided in the income statement schedules for reporting the earnings from AFUDC.

FPSC Adjustments - The adjustments reflected in this column should represent all of the adjustments required to adjust the per books amounts in accordance

with Commission policies, practices, and adjustments made in the utility's most recent rate case. This includes the adjustments made by the utility that were not at issue, but were accepted by the Commission without direct reference in the order. However, those adjustments that can be considered to be annualizing or pro forma should not be included.

Pro Forma Adjustments - This type of adjustment refers to those adjustments that would distort the utility's earned rate of return if they were included in the "FPSC Adjustments" category. The most specific example is the effect of a recent rate increase/decrease. When a rate increase/decrease becomes effective, the operating revenues and related expenses are annualized as though the rate increase had actually been in effect for the entire preceding 12 month period. Unless the new rates have been in effect for that one year period, the utility would not have actually billed those new rates for the entire 12 month period. Therefore, it would not be appropriate to include those revenues in the income statement for the purposes of evaluating the utility's earned rate of return. This indicator should provide a forward look for earnings and a forecast of future performance on a regulatory basis.

SCHEDULE 2
AVERAGE RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the average earned rate of return on a Per Books; FPSC Adjusted; and Pro Forma basis. This schedule consists of the following three pages:

- Page 1 - Rate Base
- Page 2 - Income Statement
- Page 3 - System Adjustments

The terms, "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. Except for these items, Schedule 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital can be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

In addition, the FPSC Adjusted rate base should reflect the level of CWIP and NFIP, that was otherwise eligible for AFUDC per Rule 25-6.0141, allowed in the utility's most recent rate case or the actual amount, whichever is lower.

SCHEDULE 3
YEAR END RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the year-end earned rate of return on a Per Books; FPSC Adjusted; and Pro Forma basis. This schedule consists of the following three pages:

- Page 1 - Rate Base
- Page 2 - Income Statement
- Page 3 - System Adjustments

The terms, "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. Except for these items, Schedule 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital can be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

For the purposes of this schedule, the working capital allowance should be calculated on an average basis rather than on a year end basis.

SCHEDULE 3
YEAR END RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the year-end earned rate of return on a Per Books; FPSC Adjusted; and Pro Forma basis. This schedule consists of the following three pages:

- Page 1 - Rate Base
- Page 2 - Income Statement
- Page 3 - System Adjustments

The terms, "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. Except for these items, Schedule 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital can be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

For the purposes of this schedule, the working capital allowance should be calculated on an average basis rather than on a year end basis.

SCHEDULE 4
CAPITAL STRUCTURE

This schedule shows the computation of the average and year end required rates of return on a FPSC Adjusted and year end basis. Inherent in this computation is the reconciling of the amount of capital with the rate base using the same procedures employed by the Commission in the utility's last rate proceeding. The terms "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. It is necessary, however, to explain the following terms:

Specific - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and the capital structure on a basis other than pro rata.

Pro Rata - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and capital structure on a pro rata basis.

Except for these two terms, this schedule is self explanatory.

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SCHEDULE 5

FINANCIAL INTEGRITY INDICATORS

This schedule presents the data and calculations for developing the utility's financial integrity indicators. This schedule is self-explanatory.