

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

March 8, 1990

TO : DIRECTOR OF RECORDS AND REPORTING  
FROM : DIVISION OF APPEALS (SMITH, AS HEARING OFFICER) DES  
RE : DOCKET NO.: 891203-GU

CASE: AMENDMENT OF RULE 25-7.0131, F.A.C., REGULATORY ASSESSMENT FEE  
FOR GAS UTILITIES, MUNICIPALS, AND DISTRICTS

AGENDA: 03/20/90 - CONTROVERSIAL AGENDA - PARTIES MAY NOT PARTICIPATE

PANEL : FULL COMMISSION

CRITICAL DATES: NONE

RULE STATUS DEADLINE: RULE MUST BE FILED FOR ADOPTION WITHIN 21 DAYS  
AFTER AGENDA

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ISSUE AND RECOMMENDATION SUMMARY

ISSUE 1: Should the Commission adopt the hearing officer's recommended final version of Rule 25-7.0131, F.A.C., increasing the regulatory assessment fee for investor-owned gas utilities from 0.125 percent to 0.375 percent and assessing a fee of 0.1919 percent for municipals and gas districts? (Attachment 1).

RECOMMENDATION: Yes. The recommended final version of the rule is the same as originally proposed for investor-owned gas utilities and the 0.1919 percent assessment for municipals and special districts was stipulated to at hearing based on revised revenue figures for these utilities.

DOCUMENT NUMBER-DATE

02098 MAR -7 1990

FPSC-RECORDS/REPORTING

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Docket No. 891203-GU

ISSUE 2: Should this docket be closed after the rule is filed for adoption with the Secretary of State?

RECOMMENDATION: Yes.

#### DISCUSSION

ISSUE 1: Should the Commission adopt the hearing officer's recommended final version of Rule 25-7.0131, F.A.C., increasing the regulatory assessment fee for investor-owned gas utilities from 0.125 percent to 0.375 percent and a assessing fee of 0.1919 percent for municipals and gas districts?

RECOMMENDATION: Yes. The recommended final version of the rule is the same as orginally proposed for investor-owned gas utilities and the 0.1919 percent assessment for municipals and special districts was stipulated to at hearing based on revised revenue figures for these utilities.

STAFF ANALYSIS: On December 5, 1989, the Commission voted to propose an amendment to Rule 25-7.0131, F.A.C. - Regulatory Assessment Fee for Gas Utilities, Municipals, and Districts. The proposed rule increased the regulatory assessment fee for IOUs from 0.125 to 0.375 percent of gross operating revenues derived from intrastate business. The amendment also proposed establishing a regulatory assessment fee for gas, municipals, and gas districts at a rate of 0.25 percent of gross operating revenues.

The FAW Notice was published on December 22, 1989. No comments or requests for hearing were filed by the IOUs; however, on January 12, 1990, Clearwater Gas System, the City of Leesburg, Lake Apopka Natural Gas District, and Okaloosa Gas District jointly filed a petition for hearing. The petition contested the methodology used to allocate the cost of regulation to the

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municipals and gas districts and challenged the level of the proposed fee as excessive.

Through a series of meetings with the Commission staff, the protesting parties agreed to drop the issue of allocation methodology. They also supplied the Commission staff with revised revenue projections for municipals and gas districts which indicated that the 0.25 percent fee proposed in the rule was higher than necessary to cover the cost of regulating these utilities. The staff and the utilities agreed that the proper assessment fee should be 0.1919 percent of gross operating revenues.

A hearing was held on January 29, 1990, before the Director of Appeals, David Smith, acting as hearing officer. Representatives for the municipals and gas districts read a statement of position into the record and submitted an attached computation of revenues for 1988, 1989, and 1990. The statement and attachment were admitted as Exhibit 2 (Attachment 2). Staff submitted an exhibit showing the Commission's revenue and cost comparison using proposed rate changes. That document was identified as Exhibit No. 3 (Attachment 3).

The parties stipulated that the correct revenue projections for the municipals and gas districts for 1990 was \$114,961,510. They further stipulated that the rule should be adopted, incorporating a 0.1919 percent regulatory assessment fee for municipals and gas districts. Thereupon, the hearing concluded.

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Based on the stipulation of the parties, the hearing officer recommends that the Commission adopt a final version of Rule 25-7.0131, establishing 0.1919 percent as the regulatory assessment fee for municipals and gas districts. The assessment fee of 0.375 percent proposed for IOUs will remain unchanged since no comments or request for hearing were filed on this issue.

A copy of the rule showing the amendments as proposed but including the new percentage for municipals and gas district is attached. The applicable percentages are restated as decimal fractions.

ISSUE 2: Should this docket be closed after the rule is filed for adoption with the Secretary of State?

RECOMMENDATION: Yes.

STAFF ANALYSIS: The final rule must be filed for adoption with the Secretary of State within 21 days of the Commission's agenda vote. Thereafter, the docket may be closed.

DES:prl  
Attachments

25-7.0131 Regulatory Assessment Fees; Gas Utilities, Gas  
Municipals, and Gas Districts.

(1) As applicable and as provided in s. 350.113, F.S. (1985) and s. 366.14, F.S. 1989), each gas utility, municipal, or gas district shall remit a ~~fee~~ based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee and ~~each gas utility shall pay a regulatory assessment fee in the amount of one-eighth of one percent of its gross operating revenues derived from intrastate business.~~ Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$25 shall be imposed.

(a) Each investor-owned gas utility shall pay a regulatory assessment fee in the amount of 0.375 percent of its gross operating revenue derived from intrastate business, excluding sales for resale between public utilities, municipal gas utilities, and gas districts or any combination thereof.

(b) Each municipal or gas district shall pay a regulatory assessment fee in the amount of 0.1919 percent of its gross operating revenue derived from intrastate business, excluding sales for resale between public utilities, municipal gas utilities, and gas district or any combination thereof.

(2) Regulatory assessment fees are due each January 30 for the preceding period or any part of the period from July 1 until December 31, and on July 30 for the preceding period or any part of the period from January 1 until June 30. The regulatory assessment fees shall be remitted with the Commission's Regulatory Assessment Fee Return form PSC/EAG 3, PSC/EAG - or PSC/EAG - (Rev. - - - ) which are hereby incorporated by reference. Each utility, municipal, and gas district shall have up to and including the due date in which to:

(a) Remit the total amount of its fee, or

CODING: Words underlined are additions; words in struck-through type are deletions from existing law.

1 (b) Remit an amount which the utility, municipal, or gas  
2 district estimates is its full fee, or  
3 (c) Seek and receive from the Commission a 30-day extension  
4 of its due date.  
5 (3) Where the utility, municipal, or gas district remits less  
6 than its full fee pursuant to subsection (2)(b) of this rule, the  
7 remainder of the full fee shall be due on or before the 30th day  
8 from the due date and shall, where the amount remitted was less  
9 than 90% of the total regulatory assessment fee, include interest  
10 as provided by subsection (5)(b) of this rule.  
11 (4) Where a utility, municipal, or gas district receives a  
12 30-day extension of its due date pursuant to subsection (2)(c) of  
13 this rule, then the utility, municipal, or gas district shall  
14 remit a charge in addition to the regulatory assessment fee, as  
15 set out in s. 350.113 (5), P.S. (1985).  
16 (5) The delinquency of any amount due to the Commission from  
17 the utility, municipal, or gas district pursuant to the provisions  
18 of s. 350.113, P.S. (1985) and this rule, begins with the first  
19 day after any date established as the due date either by operation  
20 of this rule or by an extension pursuant to this rule.  
21 (a) A penalty, as set out in s. 350.113, P.S. (1985) shall  
22 apply to any such delinquent amounts.  
23 (b) Interest at the rate of 12% per annum shall apply to any  
24 such delinquent amounts.  
25 Specific Authority: 350.127(2), P.S., 366.14, P.S. (1989)  
26 Law Implemented: 350.113, P.S., 366.14, P.S. (1989)  
27 History: New 5/18/83, formerly 25-7.131, Amended 10/16/86.  
28  
29  
30  
31

CODING: Words underlined are additions; words in  
struck-through type are deletions from existing law.

**INVESTOR-OWNED NATURAL GAS UTILITIES  
REGULATORY ASSESSMENT FEE RETURN  
FLORIDA PUBLIC SERVICE COMMISSION**

**FOR PSC USE ONLY**

	0601001
\$ _____	003001
\$ _____	P
	0601001
\$ _____	004010
	I

STATUS:  
ACTUAL RETURN \_\_\_\_\_  
ESTIMATED RETURN \_\_\_\_\_

PERIOD COVERED:  
 JAN. 1 - JUN. 30, 19\_\_\_\_  
 JUN. 30 - DEC. 31, 19\_\_\_\_  
 JAN. 1 - DEC. 31, 19\_\_\_\_

F.E.I. NO. : \_\_\_\_\_

TELEPHONE NO. : \_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

LINE NO.	ACCOUNT CLASSIFICATION	INTRASTATE AMOUNTS
1.	<u>GAS SERVICE REVENUES:</u>	
2.	RESIDENTIAL SALES (480)	\$ _____
3.	COMMERCIAL SALES (481)	_____
4.	INDUSTRIAL SALES (481)	_____
5.	OTHER SALES TO PUBLIC AUTHORITIES (482)	_____
6.	INTERDEPARTMENTAL SALES (484)	_____
7.	TOTAL SALES TO ULTIMATE CONSUMERS	\$ _____
8.	SALES FOR RESALE (483)	_____
9.	TOTAL NATURAL GAS SERVICE REVENUES	\$ _____
10.	REVENUES FROM MANUFACTURED GAS	_____
11.	TOTAL GAS SERVICE REVENUES:	\$ _____
12.	<u>OTHER OPERATING REVENUES:</u>	
13.	INTRACOMPANY TRANSFERS (485)	\$ _____
14.	FORFEITED DISCOUNTS (487)	_____
15.	MISCELLANEOUS SERVICE REVENUES (488)	_____
16.	REVENUE FROM TRANSPORTATION OF OTHERS' GAS (489)	_____
17.	SALES OF PRODUCTS EXTRACTED FROM NATURAL GAS (490)	_____
18.	REVENUE FROM NATURAL GAS PROCESSED BY OTHERS (491)	_____
19.	INCIDENTAL GASOLINE AND OIL SALES (492)	_____
20.	RENT FROM GAS PROPERTY (493)	_____
21.	INTERDEPARTMENTAL RENTS (494)	_____
22.	<u>OTHER GAS REVENUES (495):</u>	
23.	PURCHASED GAS ADJUSTMENT OVER/UNDER RECOVERIES	_____
24.	CONSERVATION COST RECOVERY OVER/UNDER RECOVERIES	_____
25.	UNBILLED REVENUES	_____
26.	OTHER (SPECIFY)	_____
27.	<u>PROVISION FOR RATE REFUND (496):</u>	
28.	PIPELINE REFUNDS	_____
29.	OTHER REFUNDS	_____
30.	TOTAL OTHER OPERATING REVENUES	\$ _____
31.	TOTAL GAS OPERATING REVENUES	\$ _____
32.	<u>ADJUSTMENTS: (SPECIFY)</u>	
33.	_____	\$ _____
34.	_____	_____
35.	_____	_____
36.	TOTAL ADJUSTMENTS	\$ _____
37.	REVENUES SUBJECT TO REGULATORY ASSESSMENT FEE	\$ _____
38.	<u>REGULATORY ASSESSMENT FEE DUE:</u>	
39.	3/8 of 1% of LINE 37 (0.00375)	\$ _____
40.	LESS: APPROVED PRIOR-PERIOD OVERPAYMENT	_____
41.	LESS: PAYMENT FOR JAN. 1 - JUN. 30 PERIOD	_____
42.	NET REGULATORY ASSESSMENT FEE DUE	\$ _____
43.	PENALTY FOR LATE PAYMENT	_____
44.	INTEREST FOR LATE PAYMENT	_____
45.	TOTAL AMOUNT DUE	\$ _____

\* AS PROVIDED FOR IN SECTION 350.113 (F.S.), THE MINIMUM ANNUAL FEE IS \$25.

I, the undersigned owner/officer of the above-named utility, have read the foregoing. Under the penalties of perjury, I declare that, to the best of my knowledge and belief, the above is a true and correct statement of gross revenues derived from intrastate business for the period indicated.

COMPANY OFFICIAL: \_\_\_\_\_ TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_  
(Signature)

**GAS MUNICIPALS AND GAS DISTRICTS  
REGULATORY ASSESSMENT FEE RETURN  
FLORIDA PUBLIC SERVICE COMMISSION**

**FOR PSC USE ONLY**

\$ \_\_\_\_\_ 0601002  
003001  
\$ \_\_\_\_\_ P  
0601002  
004010  
\$ \_\_\_\_\_ I

**STATUS:**

ACTUAL RETURN \_\_\_\_\_  
ESTIMATED RETURN \_\_\_\_\_

**PERIOD COVERED:**

JAN. 1 - JUN. 30, 19\_\_\_\_  
 JUN. 30 - DEC. 31, 19\_\_\_\_

F.E.I. NO. : \_\_\_\_\_

TELEPHONE NO. : \_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

<u>LINE NO.</u>	<u>ACCOUNT CLASSIFICATION</u>	<u>INTRASTATE AMOUNTS</u>
1.	GAS SERVICE REVENUES:	\$ _____
2.	OTHER OPERATING REVENUES:	\$ _____
3.	OTHER GAS REVENUES:	\$ _____
4.	TOTAL GROSS REVENUES:	\$ _____
5.	LESS:	
	a) SALES FOR RESALE:	\$ _____
	b) SALES FOR ELECTRIC GENERATION TO ELECTRIC COOPERATIVES, MUNICIPALS, AND INVESTOR-OWNED UTILITIES:	\$ _____
6.	REVENUES SUBJECT TO REGULATORY ASSESSMENT FEE:	\$ _____
7.	REGULATORY ASSESSMENT FEE DUE* [0.001919 of LINE 6]	\$ _____
8.	LESS: APPROVED PRIOR-PERIOD OVERPAYMENT	\$ _____
9.	NET REGULATORY ASSESSMENT FEE DUE	\$ _____
10.	PENALTY FOR LATE PAYMENT	_____
11.	INTEREST FOR LATE PAYMENT	_____
12.	TOTAL AMOUNT DUE	\$ _____

\* AS PROVIDED FOR IN SECTION 350.113 (F.S.), THE MINIMUM ANNUAL FEE IS \$25.

I, the undersigned owner/officer of the above-named utility, have read the foregoing. Under the penalties of perjury, I declare that, to the best of my knowledge and belief, the above is a true and correct statement of gross revenues derived from intrastate business for the period indicated.

COMPANY OFFICIAL: \_\_\_\_\_ (Signature) TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_



## STATEMENT OF POSITION

The City of Leesburg, the City of Clearwater, the City of Tallahassee, the Okaloosa Natural Gas District and the Lake Apopka Natural Gas District each filed a request for hearing on the Commission's proposed amendment to Rule 25-7.0131, F.A.C. to impose a regulatory assessment fee on municipal and special district natural gas utilities.

Prior to the hearing, PSC staff and counsel for the named municipals and districts met in an attempt to resolve the issues raised by the request. In an effort to expeditiously and cost-effectively resolve this matter, the named municipals and districts have agreed to the following:

First, the appropriate 1990 revenue projection on which to base the regulatory assessment fee rate for municipals and districts is \$114,961,510. The revenue projections were provided by the respective cities and districts in response to PSC staff questions or specific requests by petitioners.

Second, municipals and special districts should be aggregated for purposes of establishing a regulatory assessment rate inasmuch as the regulatory jurisdiction of the commission is the same for both types of natural gas utilities.

Third, for purposes of this proceeding, the appropriate amount of regulatory costs to attribute to municipals and districts, including the 6% service charge imposed by Ch. 215, Florida Statutes, is \$220,604.

Fourth, the appropriate regulatory assessment rate is .001919. The Commission's rule should be revised to reflect this rate.

Finally, Petitioners believe that regulatory assessment rates should be set to cover the cost of regulation of a particular industry or class within an industry. The on-going process of cost allocation, revenue projection, and establishment of a proper rate, needs continued scrutiny. Petitioners, as public entities, must continually review and refine their costing methodologies and projection techniques to ensure that their ratepayers and taxpayers do not pay inappropriate rates. We respectfully urge the Commission to do likewise in order to ensure that the costs of regulation are appropriately distributed and assessed.

MUNICIPALS AND GAS DISTRICTS  
REVENUES - HISTORIC AND PROJECTED  
FOR YEARS 1988, 1989, 1990

<u>MUNICIPALS AND DISTRICTS</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Blountstown, City of	681,292	326,615	327,000
Century, Town of	392,087	322,392	344,000
Chattahoochee, City of	270,975	228,669	270,000
Chipley, City of	394,549	390,000	395,000
Clearwater, City of	8,798,000	8,616,000	8,836,000
Crescent City, City of	68,846	64,006	72,200
Defuniak Springs, City of	846,874	830,000	912,000
Escambia County Utilities	509,068	457,495	500,000
Ft. Meade, City of	255,930	258,700	261,000
Ft. Pierce Utilities	4,127,982	4,210,990	4,489,100
Gainesville Gas	12,859,909	12,200,000	12,875,000
Gulf Breeze, City of	601,246	567,000	615,000
Havana, Town of	427,198	356,247	357,630
Jasper, City of	307,776	275,459	340,000
Jay, Town of	114,598	106,560	110,000
Lake Apopka Natural Gas	4,368,306	4,669,891	4,809,970
Lake City, City of	1,761,374	1,748,649	1,778,000
Leesburg, City of	3,566,500	3,897,800	4,100,646
Live Oak, City of	636,415	538,809	587,612
Madison, City of	1,017,840	1,021,000	1,058,000
Marianna, City of	1,084,016	1,062,000	1,300,000
Milton, City of	2,866,000	2,365,000	2,853,000
Oklaoosa County Gas	13,812,140	13,897,285	14,852,726
Palatka Gas Authority	1,459,363	1,234,391	1,333,090
Pensacola Energy Services	29,540,330	27,204,140	30,000,000
Perry, City of	1,357,000	1,291,000	1,300,000
Quincy Municipal Gas	1,194,000	1,000,000	1,200,000
Reedy Creek Utilities	2,594,785	3,253,129	4,108,035
Starke, City of	708,846	723,123	741,201
Sunrise, City of	2,352,100	2,300,000	2,600,000
Tallahassee, City of	9,249,800	9,000,000	11,270,300
Williston, City of	364,566	326,516	365,000
	=====	=====	=====
	108,589,711	104,742,866	114,961,510

FLORIDA PUBLIC SERVICE COMMISSION  
REVENUE & COST COMPARISON USING PROPOSED RATE CHANGES

(F-3) 01/29/90

MAXIMUM ASSESSMENT RATE	COMMUNICATIONS	WATER & SEWER	RAILROAD	ELECTRIC			GAS		TOTAL ASSESSMENT FEES	TOTAL REGULATORY COSTS	ASSESSABLE REVENUES	
				INVESTOR-OWNED	MUNICIPALITIES	REA	INVESTOR-OWNED	MUNICIPALS & DISTRICTS			TOTAL	% INCREASE
	0.1250%*	4.5000%*	N/A	0.1250%*	0.0156%*	0.0156%*	0.5000%*	0.2500%*				
1987 (1987-88)												
Assessable Revenue	\$3,663,152,000	\$127,277,360		\$4,856,030,800	\$1,320,275,200	\$594,041,600	\$322,552,800					
Assessable Rate	1/8 of 1%	2 1/2%		1/12 of 1%	1/64 of 1%	1/64 of 1%	1/64 of 1%	1/8 of 1%			\$12,804,129,760	68
Assessable Fee	\$4,578,940	\$3,181,934		\$5,713,359	\$206,293	\$92,944	\$403,191					
Regulatory Cost	\$5,137,640	\$4,892,892	-0-	\$4,937,042	\$129,303	\$44,464	\$1,228,126		\$14,176,661			
Cost to Revenue Less 6% Trf	0.1492%	4.0897%		0.0766%	0.0104%	0.0000%	0.4051%			\$16,369,475		
										0.1352%		
1988 (1988-89 ACTUAL)												
Assessable Revenue	\$3,945,364,000	\$135,825,760	\$0	\$7,149,400,800	\$1,458,201,600	\$650,215,600	\$293,814,400				\$12,432,872,160	63
Assessable Rate	1/8 of 1%	2 1/2%		1/12 of 1%	1/64 of 1%	1/64 of 1%	1/8 of 1%					
Assessable Fee	\$4,931,705	\$3,395,644	-0-	\$5,957,834	\$227,844	\$101,604	\$367,260					
Regulatory Cost	\$5,828,494	\$5,283,524	-0-	\$4,608,906	\$251,506	\$251,506	\$1,226,731		\$14,981,899			
Cost to Revenue Less 6% Trf	0.1572%	4.0756%		0.0686%	0.0183%	0.0411%	0.4442%			\$17,370,667		
										0.1356%		
1989 (1989-90 Estimate)												
Assessable Revenue	\$4,079,720,000	\$129,960,720		\$7,114,628,800	\$1,425,254,400	\$653,913,600	\$330,328,800				\$12,732,806,320	11
Assessable Rate	1/8 of 1%	2 1/2%		1/8 of 1%	1/64 of 1%	1/64 of 1%	1/8 of 1%					
Assessable Fee	\$5,099,650	\$3,224,018	-0-	\$6,093,286	\$222,696	\$102,174	\$412,911					
Regulatory Cost	\$6,135,118	\$5,886,680	-0-	\$5,152,373	\$281,163	\$281,163	\$1,371,778		\$17,954,735			
Cost to Revenue Less 6% Trf	0.1600%	4.8561%		0.0770%	0.0210%	0.0457%	0.4410%			\$19,108,275		
				(0)						0.1480%		
1990 (1990-91 Estimate)												
Assessable Revenue	\$4,240,800,000	\$115,297,022		\$7,434,780,400	\$1,500,172,800	\$682,048,000	\$336,971,202	\$114,961,510			\$14,425,036,934	58
Assessable Rate	0.1250%	**** 4.5000%		0.1250%	0.0156%	0.0156%	0.3750%	0.1919%				
Assessable Fee	\$5,381,000	\$5,188,366	-0-	\$9,293,483	\$234,027	\$104,399	\$1,263,642	\$220,611				
Regulatory Cost	\$6,425,789	\$6,171,495	-0-	\$5,308,453	\$289,680	\$289,680	\$1,230,994	\$207,360	\$21,607,529			
** Cost to Revenue Less 6% Trf	0.1612%	5.6944%		0.0760%	0.0205%	0.0452%	0.3750%	0.1919%		\$19,923,459		
		(A)					(A)	(A)		0.1469%		

(A) Proposed assessment rates of 0.3750% for Gas, 1/8, and 0.1919% for Gas Municipals and Districts effective 1990.  
(B) Rail Transportation Sunset, October 1985.

(1) Revenue assessment rate fractions are converted into decimals as follows:

- 0.5000% = 1/2 of 1%
- 0.3750% = 3/8 of 1%
- 0.2500% = 1/4 of 1%
- 0.1919% = 1/5 of 1%
- 0.1667% = 1/6 of 1%
- 0.1250% = 1/8 of 1%
- 0.0833% = 1/12 of 1%
- 0.0625% = 1/16 of 1%
- 0.0156% = 1/64 of 1%
- 2.5000% = 2 1/2%
- 4.5000% = 4 1/2%

\*\*\*\* THE ASSESSMENT RATE OF 2 1/2% WAS APPLIED AGAINST 1/2 OF THE 1990 ASSESSABLE REVENUE FOR THE FIRST SIX MONTHS OF 1990 AND 4 1/2% FOR THE LAST SIX MONTHS.

\*\* THE CALCULATION FOR FIGURING THE "COST TO REVENUE LESS 6% TRF" IS AS FOLLOWS:  
--REGULATORY COST / ( ASSESSABLE REVENUE x 94% ) IE. \$6,425,789 / (\$4,240,800,000 x 94%) = 0.1612%