

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

M E M O R A N D U M

December 5, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF APPEALS (MOORE) *ATM*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (LESTER) *HL*
DIVISION OF ELECTRIC & GAS (BASS) *CP*
DIVISION OF RESEARCH & REGULATORY REVIEW (HEWITT) *PH*

RE: DOCKET NO. 961382-PU - PROPOSED REPEAL OF SUBSECTIONS
(4), (5), AND (6) OF RULE 25-8.002, F.A.C., CONTENTS OF
APPLICATION; PARAGRAPHS (1)(a) AND (1)(d) OF RULE 25-
8.003, F.A.C., REQUIRED EXHIBITS; AND RULE 25-8.008,
F.A.C., COMMISSION ACTIONS

AGENDA: DECEMBER 17, 1996 - REGULAR AGENDA - RULE PROPOSAL -
INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: S:\PSC\APP\WP\961382PU.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose the repeal of subsections (4), (5), and (6) of Rule 25-8.002, F.A.C., Contents of Application; paragraphs (1)(a) and (1)(d) of Rule 25-8.003, F.A.C., Required Exhibits; and Rule 25-8.008, F.A.C., Commission Action?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Chapter 25-8, Florida Administrative Code, entitled "Application for Authority to Issue and Sell Securities," sets forth the Commission's rules governing the forms and procedures public utilities must follow when seeking to issue and sell securities. Under Section 366.04(1), Florida Statutes, the Commission has jurisdiction over the issuance and sale of securities by public utilities, which specifically includes the authority to approve security issuances and sales.

Staff analyzed Chapter 25-8 and recommends subsections (4), (5), and (6) of Rule 25-8.002, F.A.C., Contents of

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Application; paragraphs (1) (a) and (1) (d) of Rule 25-8.003, F.A.C., Required Exhibits; and Rule 25-8.008, F.A.C., Commission Action, be repealed. The effect of the repeal of these rules will be to streamline the application procedure by decreasing the amount of paperwork to be filed, which will reduce application costs for public utilities. Staff recommends the following rules for repeal because they duplicate other requirements or are no longer necessary:

Rule 25-8.002(4): This subsection requires the application to list the name, title, and addresses of the principal officers of the applicant. Because this information is not essential for staff to process a securities application, this subsection can be repealed. If it is needed, the information can be obtained from annual reports or by requesting it from the applicant.

Rule 25-8.002(5): This subsection states the application must contain a description of the general character of the applicant's business, together with a map of the territory served. Because this information is not essential for staff to process a securities application, this subsection can be repealed. Moreover, electric and gas utilities are already required to file maps of territories served under Rules 25-9.023(1), 25-6.016(1), and 25-7.016(1).

Rule 25-8.002(6): This subsection states the application must contain a general statement describing the facilities owned or operated by the applicant. Because this information is not necessary for staff to process a securities application, this subsection can be repealed. If the information is needed for some reason, it can be requested from the applicant.

Rule 25-8.003(1)(a): This paragraph requires the applicant to file its articles of incorporation as Exhibit A to its application. Because this information is not necessary for staff to process a securities application, this paragraph can be repealed. If it is determined the information is necessary, it can be obtained from either the applicant or the Secretary of State's Division of Corporations.

Rule 25-8.003(1)(d): This paragraph requires the applicant to file a map as Exhibit D. Because this information is not essential for staff to process a securities application, this paragraph can be repealed. Moreover, electric and gas utilities are already required to file maps of territories served under Rules 25-9.023(1), 25-6.016(1), and 25-7.016(1).

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Rule 25-8.008: This rule states that the Commission will consider the application and dispose of it within 30 days of the filing date. This deadline is not set by statute; therefore, the requirement and rule can be repealed.

Statement of Estimated Regulatory Costs: The rule repeals should create no additional costs to the Commission and no transactional costs to the electric utilities. No impact on small businesses, counties, or cities is foreseen.

ISSUE 2: If no requests for hearing or comments are filed, should the rule amendments as proposed be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Unless comments or requests for hearing are filed, the rules as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

CTM/

Attachments:
Rules
Statement of Estimated Regulatory Costs

1
2 25-8.002 Contents of Application. Each application for the
3 authority to issue and sell securities shall contain in the manner
4 and form and in the order indicated by this rule:

5 (1) The exact name of the applicant and address of its
6 principal business office.

7 (2) The State under which incorporated, the date of
8 incorporation, and the states in which domesticated.

9 (3) The name and address of the person authorized to receive
10 notices and communications in respect to the application.

11 ~~(4) The names, titles and addresses of the principal officers~~
12 ~~of the applicant.~~

13 ~~(5) A description of the general character of the applicant's~~
14 ~~business, together with a designation of the territory served,~~
15 ~~including a map showing that territory.~~

16 ~~(6) A general statement briefly describing the facilities~~
17 ~~owned or operated by the applicant.~~

18 (4) ~~(7)~~ A statement detailing items contained in paragraphs (a)
19 through (g) of this subsection for each class and series of capital
20 stock and funded debt. The statement shall reflect the latest
21 twelve months period shown on the balance sheet submitted with the
22 application as Exhibit A B under Rule 25-8.003(1) (a) ~~(b)~~.

23 (a) A brief description;

24 (b) The amount authorized (face value and number of shares);

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2 (c) The amount outstanding (exclusive of any amount held in
3 the treasury);

4 (d) The amount held as reacquired securities;

5 (e) The amount pledged by applicant;

6 (f) The amount owned by affiliated corporations;

7 (g) The amount held in any fund.

8 (5)~~(8)~~ A brief statement of each proposed transaction. Such
9 statement shall show:

10 (a) The kind and nature of the securities;

11 (b) The maximum principal amount of debt securities, and the
12 maximum amount of equity securities;

13 (c) Present estimate of the interest rate(s) for the debt
14 securities and the dividend rate(s) for the preference or preferred
15 stocks, which estimate may be stated in terms of current rates for
16 comparable securities.

17 (6)~~(9)~~ A statement showing in reasonable detail the purposes
18 for which the securities are to be issued.

19 (a) If one of the purposes is the construction, completion,
20 extension, or improvement of the facilities, identify the major
21 generating plants and transmission lines requiring certification of
22 need by the Commission. Also include the capital requirements
23 needed for those projects and the actual capital expended to date.

24 (b) If one of the purposes is the reimbursement of the
25 treasury of the applicant for expenditures against which securities

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2 have not been issued, submit a statement giving in reasonable
3 detail such expenditures, the amounts and accounts to which
4 charged, the associated credits, if any, and the periods during
5 which the expenditures were made.

6 (c) If one of the purposes is the refunding of obligations,
7 describe in reasonable detail the obligations to be refunded,
8 including the character, principal amounts, discount or premium
9 applicable thereto, date of issue and date of maturity, and all
10 other material facts concerning such obligations.

11 (7)~~(10)~~ The facts relied upon by the applicant to show that
12 each issue will be for some lawful object within the corporate
13 purposes of the applicant and compatible with the public interest
14 and is reasonably necessary or appropriate for such purposes.

15 (8)~~(11)~~ The name and address of counsel who will pass upon the
16 legality of the proposed issues, and names of any firms of which
17 they, or any of them, are members.

18 (9)~~(12)~~ A statement as to whether or not any application,
19 registration statement, etc., with respect to the transaction or
20 any part thereof is required to be filed with any other State or
21 Federal regulatory body and, if so, the name and address of each
22 such body.

23 (10)~~(13)~~ A statement of the measure of control or ownership
24 exercised by or over the applicant as to any public utility: where
25 there are any intercorporate relationships through holding

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2 companies, ownership or securities or otherwise, a statement
3 regarding the nature and extent of such relationship; if not a
4 member of any holding company system, a statement to that effect.

5 Specific Authority 366.05 FS.

6 Law Implemented 366.04 (1) FS.

7 History--Repromulgated 1-8-75, Amended 10-12-81, Formerly 25-8.02,
8 Amended 7-27-86, _____.

9
10 25-8.003 Required Exhibits.

11 (1) The applicant shall file either one certified and five
12 uncertified copies or one certified copy, one uncertified copy, and
13 a copy on diskette of the following exhibits as part of its initial
14 application or as an amendment to its initial application where
15 appropriate or where indicated by this rule.

16 (a) Exhibit A. ~~A copy of the applicant's charter or articles~~
17 ~~of incorporation with amendments to date.~~

18 ~~(b) Exhibit B.~~ The following schedules:

19 1. Balance Sheet. A balance sheet prepared as provided by the
20 Federal Energy Regulatory Commission's Uniform System of Accounts
21 showing the balance in each account at the close of the calendar
22 year preceding the filing of the application, and also showing the
23 balance in account at the end of the latest 12-month period
24 available prior to the filing of the application.

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2 2. Summary of Utility Plant and Accumulated Provision for
3 Depreciation, Amortization, and Depletion. A summary of utility
4 plant, amortization, and depletion prepared as provided by the
5 Uniform System of Accounts showing the balance in each account at
6 the close of the calendar year preceding the filing of the
7 application, and also showing the balance in each account at the
8 end of the latest 12-month period available prior to the filing of
9 the application.

10 3. Income Statement. An income statement prepared as provided
11 by the Uniform System of Accounts showing the balance in each
12 account at the close of the calendar year preceding the filing of
13 the application, and also showing the balance in each account at
14 the end of the latest 12-month period available prior to the filing
15 of the application.

16 4. Retained Earnings. A statement of retained earnings as
17 provided by the Uniform System of Accounts, and prepared in the
18 same manner and for the same period as the income statement in
19 paragraph (b)~~(e)~~ of this subsection.

20 5. A statement of all known contingent liabilities except
21 minor items involving relatively small amounts, as of the date of
22 the application.

23 6. A utility may, however, satisfy the requirements of Exhibit
24 A B by providing the following in lieu of the schedules listed in
25 items (1.) through (5.) above:

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2 (i) The financial statements and accompanying footnotes as
3 they appear in the utility's Annual Report on Form 10-K, as filed
4 with the United States Securities and Exchange Commission, for the
5 most recent fiscal year ended prior to the filing of the
6 application;

7 (ii) The financial statements and accompanying footnotes as
8 they appear in the utility's most recent Quarterly Report on Form
9 10-Q, as filed with the United States Securities and Exchange
10 Commission prior to the filing of the application; and

11 (iii) Any amendments or changes to the financial information
12 presented in the utility's most recent Form 10-K and Form 10-Q as
13 filed with the Securities and Exchange Commission which the utility
14 has filed prior to the filing of the application.

15 (b)~~(e)~~ Exhibit B ~~E~~. The following projected financial
16 information, reflecting the applicant's most recent official
17 forecast.

18 1. Sources and Uses of Funds Statement. Information
19 identifying sources and uses of funds should be prepared for the
20 period covered by the proposed issuance of securities. This
21 information need not project the applicant's net income. If a
22 utility opts to file Forms 10-K and 10-Q pursuant to subparagraph
23 25-8.003(1) (a)~~(b)~~6., a separate sources and uses of funds statement
24 is not required if the Forms 10-K and 10-Q cover the period of
25 issuance.

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2 2. Construction Budget. A Construction Budget for Gross
3 Property Additions should be prepared for the same period as the
4 Sources and Uses of Funds Statement.

5 ~~(d) Exhibit D. The map required under Rule 25-8.002(5).~~

6 (2) Where the utility has previously filed with the Commission
7 the information to be contained in its application or in Exhibit A
8 or B, C, ~~or D~~ and where the previous filing is current or
9 up-to-date, the Commission will accept specific reference to that
10 filing in lieu of a separate filing to meet the requirements of
11 this rule.

12 (3) A utility filing information required by this rule, Rule
13 25-8.002, or Rule 25-8.009 need not file information which
14 duplicates that already provided pursuant to another requirement of
15 this chapter, but shall make specific reference to where such
16 information may be found in the filing.

17 Specific Authority 366.05 FS.

18 Law Implemented 364.04 (1) FS.

19 History--Repromulgated 1-8-75, Amended 10-1-75, 12-20-75, 10-12-81,
20 Formerly 25-8.03, Amended 7-27-86, 7-27-95, _____.

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22 25-8.008 Commission Action. ~~After preliminary study or~~
23 ~~investigation of an application by staff, the Commission will give~~
24 ~~full consideration to the application and dispose of it either upon~~
25 ~~an examination of the filing or after public notice and an~~

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~~opportunity for hearing on the application, whichever is
appropriate in the premises. Such disposition will ordinarily be
accomplished within thirty (30) days after the date on which filing
is completed.~~

Specific Authority 366.05 FS.

Law Implemented 366.04 (1) FS.

History--Repromulgated 1-8-75, Amended 10-12-81, Formerly 25-8.08₄

Repealed _____.

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M E M O R A N D U M

October 18, 1996

TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) ~~3H~~ *AM*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR PROPOSED REPEAL OF RULES 25-8.002(4)-(6), CONTENTS OF APPLICATIONS; 25-8.003(1)(A), REQUIRED EXHIBITS; AND 25-8.008: APPLICATIONS FOR AUTHORITY TO ISSUE AND SELL SECURITIES, FAC

SUMMARY OF THE RULE

Currently, these rules outline the requirements for filing applications with the Commission for authority to issue and sell securities. Information about the applying company is included, as well as a general description of the company's business and a map of the territory served. The proposed changes would eliminate nonessential or duplicative rules.

ESTIMATED NUMBER AND DESCRIPTION OF INDIVIDUALS AND ENTITIES REQUIRED TO COMPLY

Electric Investor Owned Utilities (IOUs) and gas utilities are required to apply for authority to issue and sell securities with the Commission. There are five IOUs and nine gas utilities regulated by the Commission in Florida.

DIRECT COSTS TO THE AGENCY AND OTHER STATE OR LOCAL GOVERNMENT ENTITIES

There should be no additional costs to the Commission but a slight decrease in paperwork and staff time. No other state or local government entities should have additional costs.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES REQUIRED TO COMPLY

There should be no transactional cost to comply with the proposed rule repeals other than the minimal effort to no longer submit unnecessary paperwork.

IMPACT ON SMALL BUSINESSES, SMALL COUNTIES, OR SMALL CITIES

No impact on small businesses is foreseen, as none of the affected utilities qualify as a small business as defined by s. 288.703 F.S. No impact is foreseen on small counties and cities as defined in s. 120.52, F.S. Therefore, there would be no need for tiered rule requirements.

REASONABLE ALTERNATIVE METHODS

There are no alternative methods available to achieve the purpose of reducing unnecessary rules and paperwork.

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