

MEMORANDUM

October 15, 1997

RECEIVED

OCT 16 1997

8:45

FPSC - Records/Reporting

TO : DIVISION OF RECORDS & REPORTING

FROM : MARY ANNE HELTON, ASSOCIATE GENERAL COUNSEL *wait*

RE : DOCKET NO. 971334-EG - PROPOSED AMENDMENTS TO RULES 25-6.0426, F.A.C., RECOVERY OF ECONOMIC DEVELOPMENT EXPENSES, AND 25-7.042, F.A.C., RECOVERY OF ECONOMIC DEVELOPMENT EXPENSES

Enclosed is a Notice of Proposed Rule Development. Industry distribution is all investor-owned electric and natural gas utilities as well as the Office of Tourism, Trade, and Economic Development. This document must be issued with five working days.

Attachments

cc: Wanda Terrell

ECONDEVL.MRD

see 1

*Labels - 85/17
for ed -*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO: 971334-EG

IN RE: PROPOSED AMENDMENTS TO RULES 25-6.0426, F.A.C., RECOVERY OF ECONOMIC DEVELOPMENT EXPENSES, AND 25-7.042, F.A.C., RECOVERY OF ECONOMIC DEVELOPMENT EXPENSES

NOTICE OF PROPOSED RULE DEVELOPMENT

TO ALL ELECTRIC INVESTOR-OWNED UTILITIES, NATURAL GAS INVESTOR-OWNED UTILITIES, THE OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT AND ALL INTERESTED PERSONS

ISSUED: October 16, 1997

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated the development of Rules 25-6.0426 and 25-7.042, Florida Administrative Code, to amend provisions relating to recovery of economic development expenses for electric and natural gas investor-owned utilities.

The attached Notices of Proposed Rule Development will appear in the October 24, 1997, edition of the Florida Administrative Weekly. If timely requested and not deemed unnecessary by the Commission, a rule development workshop will be held at the following time and place:

Florida Public Service Commission
10:00 a.m., Thursday, November 20, 1997
Betty Easley Conference Center
Room 171, 4075 Esplanade Way
Tallahassee, Florida

The request must be submitted in writing and received by the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, no later than November 14, 1997.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

DOCUMENT NUMBER-DATE

10620 OCT 16 5

FPSC-RECORDS/REPORTING

DOCKET NO. 971334-EG
PAGE 2

By Direction of the Florida Public Service Commission, this
16th day of October, 1997.

A handwritten signature in cursive script, appearing to read "Blanca S. Bayó", written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records & Reporting

(S E A L)

MAH

DOCKET NO. 971334-EG
PAGE 3

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO: 971334-EG

RULE TITLE:

RULE NO.:

Recovery of Economic Development

25-6.0426

Expenses

PURPOSE AND EFFECT: The purpose of the amendments shown below is to update the rule to reflect the Office of Tourism, Trade, and Economic Development's responsibilities concerning the economic development criteria, to increase the percentage of expenses to be reported on a utility's surveillance report and earnings review as required by subsection (2), and to strike modified minimum filing requirements from subsection (5).

SUBJECT AREA TO BE ADDRESSED: Recovery of economic development expenses for electric investor-owned utilities.

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), F.S.

LAW IMPLEMENTED: 288.035, F.S.

IF REQUESTED AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 10:00 a.m., Thursday, November 20, 1997

PLACE: Betty Easley Conference Center, Room 171, 4075 Esplanade Way, Tallahassee, FL 32399-0850

THE WORKSHOP REQUEST MUST BE SUBMITTED IN WRITING WITHIN 21 DAYS OF THE DATE OF THIS NOTICE TO THE COMMISSION'S DIVISION OF RECORDS AND REPORTING, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FL 32399-0850.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS: Elisabeth Draper, Division of Electric and Gas, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

25-6.0426 Recovery of Economic Development Expenses

(1) Pursuant to Section 288.035, Florida Statutes, the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections (2) and (3), provided that such expenses are prudently incurred and are consistent with the criteria established by Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida Administrative Code, adopted by the Department of Commerce, and as subsequently modified by the Office of Tourism, Trade, and Economic Development.

(2) Prior to each utility's next rate change enumerated in subsection (5), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of (a)

the amount approved in each utility's last rate case escalated for customer growth since that time, or (b) ~~25~~ 90 percent of the expenses incurred for the reporting period so long as such does not exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(3) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (5) the Commission will determine the level of sharing of prudent economic development costs and the future treatment of these expenses for surveillance purposes.

(4) Each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report required by Rule 25-6.1352, Florida Administrative Code. Each utility shall make a line item adjustment on its income statement schedule to remove the appropriate percentage of economic development expenses incurred for the reported period consistent with subsections (2) and (3).

(5) Requests for changes relating to recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case ~~or~~ in a limited scope proceeding for the individual utility, ~~or in a modified minimum filing requirement proceeding for the individual utility.~~

Specific Authority: 288.035(3), 350.127(2), F.S.

Law Implemented: 288.035, F.S.

History: New 07/12/95, _____.

DOCKET NO. 971334-EG
PAGE 6

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO: 971334-EG

RULE TITLE:

RULE NO.:

Recovery of Economic Development

25-7.042

Expenses

PURPOSE AND EFFECT: The purpose of the amendments shown below is to update the rule to reflect the Office of Tourism, Trade, and Economic Development's responsibilities concerning the economic development criteria, to increase the percentage of expenses to be reported on a utility's surveillance report and earnings review as required by subsection (2), and to strike modified minimum filing requirements from subsection (5).

SUBJECT AREA TO BE ADDRESSED: Recovery of economic development expenses for natural gas investor-owned utilities.

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), F.S.

LAW IMPLEMENTED: 288.035, F.S.

IF REQUESTED AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 10:00 a.m., Thursday, November 20, 1997

PLACE: Betty Easley Conference Center, Room 171, 4075 Esplanade Way, Tallahassee, FL 32399-0850

THE WORKSHOP REQUEST MUST BE SUBMITTED IN WRITING WITHIN 21 DAYS OF THE DATE OF THIS NOTICE TO THE COMMISSION'S DIVISION OF RECORDS AND REPORTING, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FL 32399-0850.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT IS: Paul Lowery, Division of Electric and Gas, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS:

25-7.042 Recovery of Economic Development Expenses

(1) Pursuant to Section 288.035, Florida Statutes, the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitations contained in subsections (2) and (3), provided that such expenses are prudently incurred and are consistent with the criteria established by Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida Administrative Code, adopted by the Department of Commerce, and as subsequently modified by the Office of Tourism, Trade, and Economic Development.

(2) Prior to each utility's next rate change enumerated in subsection (5), the amounts reported for surveillance reports and earnings review calculations shall be limited to the greater of (a)

the amount approved in each utility's last rate case escalated for customer growth since that time, or (b) ~~95~~ 90 percent of the expenses incurred for the reporting period so long as such does not exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(3) At the time of each utility's next rate case and for subsequent rate proceedings enumerated in subsection (5) the Commission will determine the level of sharing of prudent economic development costs and the future treatment of these expenses for surveillance purposes.

(4) Each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report required by Rule 25-7.1352, Florida Administrative Code. Each utility shall make a line item adjustment on its income statement schedule to remove the appropriate percentage of economic development expenses incurred for the reported period consistent with subsections (2) and (3).

(5) Requests for changes relating to recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case ~~or~~ in a limited scope proceeding for the individual utility, ~~or in a modified minimum filing requirement proceeding for the individual utility.~~

Specific Authority: 288.035(3), 350.127(2), F.S.

Law Implemented: 288.035, F.S.

History: New 07/12/95, _____.

RUTLEDGE, ECENIA, UNDERWOOD, PURNELL & HOFFMAN

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

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215 SOUTH MONROE STREET, SUITE 420
TALLAHASSEE, FLORIDA 32301-1641

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TELEPHONE (850) 681-6788
TELECOPIER (850) 681-6515

October 22, 1997

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FPSC - Records/Reporting

**Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center
Room 110
Tallahassee, Florida 32399-0850**

Re: Florida PSC Docket No. 971034-PU


Dear Ms. Bayo:

The undersigned represents Florida Public Utilities Company ("FPU"). FPU is interested in the above-referenced docket. Please provide copies of all notices, CASRs, orders, staff recommendations, pleadings and other documents filed, served or issued in the above-referenced docket to the following:

**William B. Willingham, Esq.
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee, Florida 32302-0551
(904) 681-6788 (phone)
(904) 681-6515 (fax)**

Thank you for your assistance in this matter.

Sincerely,


William B. Willingham

WBW/rl