

STATE OF FLORIDA

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Public Service Commission

October 1, 2003

Mr. Carroll Webb
Joint Administrative Procedures Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 030712-GU - Proposed Amendment of Rules 25-7.014, 25-7.015, 25-7.135, and 25-7.1352, 25-7.1353 and Proposed Repeal of Rule 25-7.1351, F.A.C.

Dear Mr. Webb:

The Commission has approved the adoption of the amendments to Rules 25-7.014, 25-7.015, 25-7.135, 25-7.1352, and 25-7.1353 and repeal of Rule 25-7.1351, without changes.

We plan to file the rule for adoption on October 9, 2003.

Sincerely,

A handwritten signature in cursive script that reads "Marlene K. Stern".

Marlene K. Stern
Senior Attorney

ADOPTION7014.MKS

Enclosure

cc: Division of the Commission Clerk
and Administrative Services

DOCUMENT NUMBER 041

8-1-00 29460

FPSC-COMMISSION CLERK

1 **25-7.014 Records and Reports in General.**

2 (1) Each natural gas utility shall maintain its accounts and
3 records in conformity with the Uniform System of Accounts for
4 Natural Gas Companies (USOA) as found in the Code of Federal
5 Regulations, Title 18, Subchapter F, Part 201, for Major Utilities
6 as revised, April 1, 2002 ~~2000~~, and as modified below. All
7 inquiries relating to interpretation of the USOA shall be submitted
8 to the Commission's Division of Economic Regulation in writing.

9 (2) Each utility shall establish and maintain continuing
10 property records in conformity with the plant accounts prescribed
11 in the USOA. The records shall be compiled on the basis of
12 original cost or other book cost consistent with the provisions of
13 the USOA. The continuing property records or records supplemental
14 thereto shall contain such detailed description and classification
15 of property record units that will permit their ready
16 identification and verification. They shall be maintained in such
17 manner as will meet the following basic objectives:

18 (a) An inventory of property record units which may be
19 readily checked for proof of physical existence;

20 (b) The association of costs with such property record units
21 to assure accurate accounting for retirements; and

22 (c) The determination of dates of installation and removal of
23 plant to provide data for use in connection with depreciation
24 studies.

25 (3) For ratemaking purposes only, each investor-owned natural

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1 gas utility shall accrue unbilled base rate revenues, excluding
2 those base rate revenues recoverable through other cost recovery or
3 adjustment mechanisms.

4 (4) Each utility shall furnish to the Commission at such time
5 and in such form as the Commission may require, the results of any
6 required tests and summaries of any required records. The utility
7 shall also furnish the Commission with any information concerning
8 the utility's facilities or operation which the Commission may
9 request and require for determining rates and judging the practices
10 of the utility. All such data, unless otherwise specified, shall
11 be consistent with and reconcilable with the utility's Annual
12 Report to the Commission.

13 (5) The results of all tests, summaries, records and reports
14 required by the Commission (including the Annual Report) shall,
15 where appropriate, be reported on a therm basis rather than a
16 volumetric or MCF basis.

17 (6) Upon direction of the Commission, or in the performance
18 of delegated staff duties, any member of the Commission staff may
19 make at any reasonable time a personal visit to the utility's
20 offices or other places of business, and may inspect any facility,
21 records, accounts, books, reports, and papers of the utility which
22 may appear necessary in the discharge of Commission duties. During
23 such visits the utility shall provide staff members with adequate
24 and comfortable working and filing space, consistent with
25 prevailing conditions and climate and comparable with the

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1 accommodations provided the utility's outside auditors.

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

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

4 History: Amended 7/19/72, Repromulgated 1/8/75, 5/4/75, Amended
5 12/30/75, 9/28/81, 11/18/82, formerly 25-7.14, Amended 10/1/86,
6 4/4/88, 7/20/89, 12/27/94, 4/22/96.

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9 **25-7.015 Location and Preservation of Records.**

10 (1) All records that a utility is required to keep, by reason
11 of these or other rules prescribed by the Commission, shall be kept
12 at the office or offices of the utility within the state, unless
13 otherwise authorized by the Commission. Such records shall be open
14 for inspection by the Commission or its authorized representatives
15 at any and all reasonable times.

16 (2) Any utility that keeps its records outside of the state
17 shall reimburse the Commission for the reasonable travel expense
18 incurred by each Commission representative during any review of the
19 out-of-state records of the utility or its affiliates. Reasonable
20 travel expenses are those travel expenses that are equivalent to
21 travel expenses paid by the Commission in the ordinary course of
22 its business.

23 (a) The utility shall remit reimbursement for out-of-state
24 travel expenses within 30 days from the date the Commission mails
25 the invoice.

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1 (b) The reimbursement requirement in subsection (2) shall be
2 waived:

3 1. For any utility that makes its out-of-state records
4 available at the utility's office located in Florida or at another
5 mutually agreed upon location in Florida within 10 working days
6 from the Commission's initial request. If a utility would like
7 more than 10 working days, it must submit a request for approval of
8 a time extension stating the date by which it would like to make
9 the records available. A request for approval of a time extension
10 shall only be granted for good cause. To establish good cause for
11 a time extension, the utility must show that:

12 a. the nature of the issues, the volume of the records, or the
13 type of record is such that assembling and providing the
14 records requires more than 10 days;

15 b. the utility has worked diligently to assemble the records;
16 and

17 c. the additional time requested is both reasonable and
18 necessary given the utility's particular circumstances.

19 ~~If 10 working days is not reasonable because of the complexity~~
20 ~~and nature of the issues involved or the volume and type of~~
21 ~~material requested, the Commission may establish a different time~~
22 ~~frame for the utility to bring records into the state. For~~
23 individual data requests made during an audit, the response time
24 frame established in Rule 25-7.0151, Florida Administrative Code,
25 shall control; or

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1 2. For a utility whose records are located within 50 miles
2 of the Florida state line.

3 (3) All records shall be preserved in accordance with the
4 Federal Energy Regulatory Commission's regulations, Title 18,
5 Subchapter F, Part 225, Code of Federal Regulations, entitled
6 "Preservation of Records of Natural Gas Companies" as revised,
7 April 1, 2002 ~~1994~~, which is incorporated by reference into this
8 rule, with the exception of the records listed in section (3)(a) of
9 this rule. Item 64 (Records of predecessors and former associates)
10 ~~of the Schedule of records and periods of retention contained in~~
11 ~~Title 18, Subchapter F, Section 225.3, Code of Federal Regulations.~~
12 Instead, utilities shall retain records listed in section (3)(a) of
13 this rule for the periods indicated. ~~of acquired companies until~~
14 ~~permission for disposal is petitioned for and approved by the~~
15 ~~Florida Public Service Commission.~~

16 (a) The Code of Federal Regulations Items listed below are
17 exceptions to the Schedule of Records and Periods of Retention
18 contained in Title 18, Subchapter F, Section 225.3, Code of Federal
19 Regulations:

20 1. Item 2(a), minute books of stockholders', directors', and
21 directors' committee meetings, earlier of 20 years or termination
22 of corporation's existence;

23 2. Item 6(a)(1), general ledgers, 20 years;

24 3. Item 6(a)(2), ledgers subsidiary or auxiliary, 20 years;

25 4. Item 7, journals: general and subsidiary, 20 years;

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1 5. Item 8(a), journal vouchers and journal entries, 20
2 years;

3 6. Item 20(a), appraisals and valuations made by the company
4 of its properties or investments or of the properties or
5 investments of any associated companies (includes all records
6 essential thereto.), 10 years after appraisal.

7 ~~(b)(a)~~ However, all source documents retained as required by
8 Title 18, Subchapter F, Part 225, Code of Federal Regulations shall
9 be maintained in their original form for a minimum of three years,
10 or for any lesser period of time specified for that type of record
11 in Title 18, Subchapter F, Part 225, Code of Federal Regulations,
12 after the date the document was created or received by the utility.
13 This paragraph does not require the utility to create paper copies
14 of documents where the utility would not otherwise do so in the
15 ordinary course of its business. A utility may request approval to
16 ~~The Commission may~~ waive the requirement that documents be retained
17 in their original form. Such request must show ~~upon a showing by~~
18 ~~a utility~~ that the utility ~~it~~ employs a storage and retrieval
19 system that consistently produces clear, readable copies that are
20 substantially equivalent to the originals, and clearly reproduces
21 handwritten notations on documents.

22 ~~(c)(b)~~ The utility shall maintain written procedures
23 governing the conversion of source documents to a storage and
24 retrieval system, which procedures ensure the authenticity of
25 documents and the completeness of records. Records maintained in

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1 the storage and retrieval system must be easy to search and easy to
2 read.

3 Specific Authority: 366.05(1)(9), & (11), 366.08, 366.093(1),
4 350.127(2), F.S.

5 Law Implemented: 366.05(1)(9) & (11), 366.08, 366.093(1), F.S.

6 History: Amended 7/19/72, Repromulgated 1/8/75, Amended 12/30/75,
7 9/28/81, 11/28/82, 10/1/86, 4/4/88, 11/13/95.

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10 **25-7.135 Annual Reports.**

11 (1) Each investor-owned natural gas utility shall file annual
12 reports with the Commission on Commission Form PSC/ECR 020-G(/)
13 ~~20-(4/96)~~ which is incorporated by reference into this rule. Form
14 PSC/ECR 020-G 20, entitled "Annual Report of Natural Gas
15 Utilities", may be obtained from the Commission's Division of
16 Economic Regulation. These reports shall be verified by a
17 responsible accounting officer of the company making the report and
18 shall be due on or before April 30 for the preceding calendar year.
19 A utility may file a written request for an extension of time with
20 the Division of Economic Regulation no later than April 30. One
21 extension of 31 days will be granted upon request. A request for
22 Commission approval of a longer extension must be accompanied by a
23 statement of good cause and shall specify the date by which the
24 report will be filed. Good cause means a demonstration that the
25 utility has worked diligently to prepare the report and that the

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1 additional time period requested to submit the report is both
2 reasonable and necessary.

3 (2) The utility shall also file with the original and each
4 copy of the annual report form, or separately within 30 days, a
5 letter or report, signed by an independent certified public
6 accountant, attesting to the conformity in all material respects of
7 the Comparative Balance Sheet, Statement of Income, and ~~Statement~~
8 ~~of Cash Flows~~ and any applicable notes from Form PSC/ECR 020-G 20
9 with the Commission's applicable uniform system of accounts and
10 published accounting releases.

11 (3) Any utility which is on a fiscal year other than the
12 calendar year may file the schedules and certification letter
13 required by subsection (2) on a fiscal year basis within 90 days
14 from the close of its fiscal year. A complete annual report,
15 except for the certification letter, shall also be filed on a
16 calendar year basis by these utilities.

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

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

19 History: New 12/27/94, amended 4/15/96.

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23 **25-7.1351 Diversification Reports.**

24 ~~(1) Each new investor owned gas utility shall file~~
25 ~~information on its affiliates and affiliated transactions on~~

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1 ~~Commission Form PSC/ECR 16 (12/94) which is incorporated into this~~
2 ~~rule by reference. Form PSC/ECR 16, entitled "Analysis of~~
3 ~~Diversification Activities", may be obtained from the Commission's~~
4 ~~Division of Economic Regulation.~~

5 ~~(2) Definitions~~

6 ~~(a) Affiliate - Any entity that directly or indirectly~~
7 ~~through one or more intermediaries, controls, is controlled by, or~~
8 ~~is under common control with a gas utility. Ownership of 5 percent~~
9 ~~or more of the voting securities of an entity shall be conclusively~~
10 ~~deemed to constitute the control thereof.~~

11 ~~(b) Affiliated Transaction - Any transaction in which both a~~
12 ~~gas utility and an affiliate thereof are each participants other~~
13 ~~than transactions related to the filing of consolidated tax~~
14 ~~returns.~~

15 ~~(3) Within 45 days of coming under the jurisdiction of the~~
16 ~~Commission, each investor-owned gas utility shall file Schedules 1,~~
17 ~~7, and 8 of Form PSC/ECR 16 with the Division of Economic~~
18 ~~Regulation.~~

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

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

21 History: New 12/27/94, amended 4/15/96.

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24 **25-7.1352 Earnings Surveillance Report.**

25 (1) Each investor-owned natural gas utility shall file rate

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1 of return data using Commission Form PSC/ECR 013-G (/) 13 ~~(5/96)~~,
2 which is incorporated by reference into this rule. Form PSC/ECR
3 013-G 13, entitled "Investor-Owned Natural Gas Utility Earnings
4 Surveillance Report," may be obtained from the Commission's
5 Division of Economic Regulation.

6 (2) The report shall be filed:

7 (a) Quarterly Monthly, by the 15th day of the second month
8 following the reported quarter month for natural gas utilities with
9 25,000 ~~50,000~~ or more customers.

10 ~~(b) Quarterly, by the 15th day of the second month following~~
11 ~~the reported quarter for natural gas utilities with fewer than~~
12 ~~50,000 customers and more than 5,000 customers.~~

13 ~~(b)(c)~~ Semiannually, by the 15th day of the second month
14 following the reported period for natural gas utilities with 25,000
15 ~~5,000~~ or fewer customers.

16 (3) A utility may file a written request for an extension of
17 time with the Division of Economic Regulation prior to the due date
18 of the report. One extension of 31 days will be granted upon
19 request. A request for Commission approval of a longer extension
20 must be accompanied by a statement of good cause and shall specify
21 the date by which the utility proposes to file the report. the
22 ~~report will be filed.~~ Good cause means a demonstration that the
23 utility has worked diligently to prepare the report and that the
24 additional time period requested to submit the report is both
25 reasonable and necessary.

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1 Specific Authority: 350.127(2), F.S.
2 Law Implemented: 350.117(1), 366.04(2)(f), F.S.
3 History: New 11/18/82, formerly 25-7.24, Amended 4/23/92, formerly
4 25-7.024, Amended 6/10/94, 5/8/96.

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7 **25-7.1353 Forecasted Earnings Surveillance Report.**

8 (1) Each investor-owned natural gas utility with more than
9 50,000 customers ~~that is not under an incentive regulation plan or~~
10 ~~not subject to an earnings cap~~ shall file with the Commission its
11 forecasted financial information on Commission Form PSC/ECR 023-G
12 (/) 23 ~~(1/95)~~ which is incorporated into this rule by reference.
13 Form PSC/ECR 023-G 23, entitled "Investor-Owned Natural Gas Utility
14 Forecasted Earnings Surveillance Report", may be obtained from the
15 Commission's Division of Economic Regulation. The report shall be
16 verified by the responsible officer of the utility making the
17 report. The report shall be due no later than 60 days after the
18 end of the fiscal year, and shall contain the forecasted financial
19 information for the following fiscal year.

20 (2) A utility may file a written request for an extension of
21 time with the Division of Economic Regulation no later than 60 days
22 after the end of the fiscal year. One extension of 15 days will be
23 granted upon request. A request for approval of a longer extension
24 must be accompanied by a statement of good cause and shall specify
25 the date by which the utility proposes to file the report. ~~report~~

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1 ~~will be filed.~~ Good cause means a demonstration that the utility
2 has worked diligently to prepare the report and that the additional
3 time period requested to submit the report is both reasonable and
4 necessary.

5 (3) If during the course of the forecast fiscal year the
6 utility should revise its forecasted financial information as a
7 result of a change in a forecast assumption such that its
8 forecasted annual return on equity changes by more than 25 basis
9 points, whether as a result of a single or several events or
10 assumptions, the utility shall provide the Commission with the
11 following information within 30 days of the revised forecast:

12 (a) A description of the revised forecast assumptions or
13 other events that caused the forecasted return on equity to be
14 revised.

15 (b) An estimate of the revised annual return on equity.

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

17 Law Implemented: 350.117(1), 366.05(1), F.S.

18 History: New 1/11/95.

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