

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF DEVELOPMENT OF RULEMAKING

TO

ALL INTERESTED PERSONS

UNDOCKETED

IN RE: Proposed amendments to Rule 25-6.014, F.A.C., Records and Reports in General, Rule 25-6.015, F.A.C., Location and Preservation of Records, Rule 25-7.014, F.A.C., Records and Reports in General, Rule 25-7.015, F.A.C., Location and Preservation of Records, and Rule 25-7.0461, F.A.C., Capitalization Versus Expensing.

ISSUED: February 5, 2014

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated rulemaking to amend Rules 25-6.014, 25-6.015, 25-7.014, 25-7.015, and 25-7.0461, Florida Administrative Code, to address the updated federal Uniform System of Accounts as applied to electric and gas utilities and to clarify and simplify rule provisions.

The attached Notices of Development of Rulemaking appeared in the February 5, 2014 edition of the Florida Administrative Register. If requested in writing and not deemed unnecessary by the agency head, a rule development workshop will be scheduled and noticed in the next available Florida Administrative Register. Written requests for a rule development workshop must be submitted to Pamela H. Page, Office of the General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850, (850) 413-6214, [phpage@psc.state.fl.us](mailto:phpage@psc.state.fl.us) by February 19, 2014. A copy of the preliminary draft rules is attached.

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By DIRECTION of the Florida Public Service Commission this 5th day of February,  
2014.



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CARLOTTA S. STAUFFER  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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Notice of Development of Rulemaking

**PUBLIC SERVICE COMMISSION**

RULE NOS.:     RULE TITLES:

25-6.014        Records and Reports in General

25-6.015        Location and Preservation of Records

PURPOSE AND EFFECT: To amend the rules to incorporate the updated federal Uniform System of Accounts as applied to electric utilities and to clarify and simplify rule provisions.

Docket No.: Undocketed

SUBJECT AREA TO BE ADDRESSED: Electric utility records and reporting.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1) FS.

LAW IMPLEMENTED: 350.115, 366.02(2), 366.04(2)(a), (f), 366.05(1), (9), (11), 366.08, 366.093(1) FS.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE REGISTER.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Pamela H. Page, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6214, [phpage@psc.state.fl.us](mailto:phpage@psc.state.fl.us)

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.

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Notice of Development of Rulemaking

**PUBLIC SERVICE COMMISSION**

RULE NOS.:	RULE TITLES:
25-7.014	Records and Reports in General
25-7.015	Location and Preservation of Records
25-7.0461	Capitalization Versus Expensing

PURPOSE AND EFFECT: To amend the rules to incorporate the updated federal Uniform System of Accounts as applied to gas utilities and to clarify and simplify rule provisions.

Docket No. Undocketed

SUBJECT AREA TO BE ADDRESSED: Gas utility records and reporting.

RULEMAKING AUTHORITY: 350.127(2), 366.05(1), (9), (11), 366.08, 366.093(1) FS.

LAW IMPLEMENTED: 350.115, 366.05(1), (9), (11), 366.08, 366.093(1) FS.

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HEAD, A RULE DEVELOPMENT WORKSHOP WILL BE NOTICED IN THE NEXT AVAILABLE FLORIDA ADMINISTRATIVE REGISTER.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Pamela H. Page, Florida Public Service Commission, Office of the General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, (850)413-6214, [phpage@psc.state.fl.us](mailto:phpage@psc.state.fl.us)

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.

1 **25-6.014 Records and Reports in General.**

2 (1) Except as modified in subsection (2), eEach investor-owned electric utility shall maintain  
3 its accounts and records in conformity with the Uniform System of Accounts (USOA) for  
4 Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18,  
5 Subchapter C, Part 101, for Major Utilities as revised April 1, 2012 ~~2002~~, which is hereby  
6 incorporated by reference into this rule and ~~as modified below~~. may be accessed at  
7 <http://www.flrules.org>[hyperlink address]. All inquiries relating to interpretation of the USOA  
8 shall be submitted to the Commission's Division of Accounting and Finance ~~Division of~~  
9 ~~Economic Regulation~~ in writing.

10 (2) For ratemaking purposes only, each investor-owned electric utility shall accrue unbilled  
11 base rate revenues, excluding those base rate revenues recoverable through other cost recovery  
12 or adjustment mechanisms.

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

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

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

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

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1 (4) Each utility shall furnish to the Commission at such time and in such form as the  
2 Commission ~~may requires~~, the results of any required tests and summaries of any required  
3 records. The utility shall also furnish the Commission with any information concerning the  
4 utility's facilities or operation ~~which the Commission may requested~~ and required for  
5 determining rates and judging the practices of the utility. For each utility providing data to the  
6 Commission, a ~~All such data, unless otherwise specified,~~ shall be consistent with and  
7 reconcilable with the utility's Annual Report to the Commission.

8 (5) Upon direction of the Commission, or in the performance of delegated staff duties, ~~any~~  
9 ~~member of the~~ Commission staff will ~~may make~~ at any reasonable time a personally visit to  
10 the utility's offices or other places of business to ~~and may~~ inspect any facility, records,  
11 accounts, books, reports, and papers of the utility ~~which may appear~~ necessary in the discharge  
12 of Commission duties. ~~During such visits~~ authorized by Section 366.08, F.S., the utility shall  
13 provide staff members with adequate and comfortable working and filing space, consistent  
14 with prevailing conditions and climate and comparable with the accommodations provided the  
15 utility's outside auditors.

16 (6) The Commission prescribes the Uniform System of Accounts for Public Utilities and  
17 Licensees, as found in the Code of Federal Regulations, Title 18, Subchapter C, Part 101, for  
18 Major Utilities as revised April 1, 2012 ~~2002~~, to be used by Rural Electric Cooperative and  
19 Municipal Electric Utilities operating within the State. All inquiries relating to interpretations  
20 of the Uniform System of Accounts shall be submitted to the Commission's Division of  
21 Accounting and Finance ~~Division of Economic Regulation~~ in writing.

22 *Specific Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.02(2),*  
23 *366.04(2)(a), (f), 366.05(1), 366.08 FS. History—Amended 7-29-69, 2-4-76, 8-21-79, 1-2-80,*  
24 *11-18-82, Formerly 25-6.14, Amended 10-1-86, 11-2-87, 7-20-89, 12-27-94, 4-22-96, 3-30-*  
25 *04, \_\_\_\_\_.*

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1 **25-6.015 Location and Preservation of Records.**

2 (1) All records that a utility is required to keep by reason of these or other rules prescribed by  
3 the Commission shall be kept at the office or offices of the utility within this state, unless  
4 otherwise authorized by the Commission.

5 (2) Any utility that keeps its records outside of the state shall reimburse the Commission for  
6 the reasonable travel expenses incurred by each Commission representative during any review  
7 of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those  
8 travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary  
9 course of its business.

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

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

13 1. For any utility that makes its out-of-state records available at the utility's office located in  
14 Florida or at another mutually agreed upon location in Florida within 10 working days from  
15 the Commission's initial request. If the utility demonstrates that 10 working days is not  
16 reasonable because of the complexity and nature of the issues involved or the volume and type  
17 of material requested, the Commission will ~~may~~ establish a different time frame for the utility  
18 to bring records into the state. For individual data requests made during an audit, the response  
19 time frame in Rule 25-6.0151, F.A.C., shall control; ~~or~~

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

21 (3) Except for the records listed in paragraph (3)(a) of this rule, ~~a~~All records shall be preserved  
22 in accordance with the Federal Energy Regulatory Commission's regulations, Title 18,  
23 Subchapter C, Part 125, Code of Federal Regulations, entitled "Preservation of Records of  
24 Public Utilities and Licensees" as revised, April 1, 2012 ~~2002~~, which is hereby incorporated  
25 by reference into this rule. ~~with the exception of the records listed in paragraph (3)(a) of this~~

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1 rule, and may be accessed at <http://www.flrules.org>[hyperlink address]. Instead, utilities  
2 shall retain records listed in paragraph (3)(a) of this rule for the periods indicated.

3 (a) The Code of Federal Regulations items listed below are exceptions to the Schedule of  
4 Records and Periods of Retention contained in Title 18, Subchapter C, Section 125.3, Code of  
5 Federal Regulations:

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

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

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

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

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

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

15 (b) However, all source documents retained as required by Title 18, Subchapter C, Part 125,  
16 Code of Federal Regulations, shall be maintained in their original form for a minimum of

17 three years, or for any lesser period of time specified for that type of record in Title 18,

18 Subchapter C, Part 125, Code of Federal Regulations, after the date the document was created  
19 or received by the utility. This paragraph does not require the utility to create paper copies of  
20 documents where the utility would not otherwise do so in the ordinary course of its business.

21 The utility may request approval of a waiver of ~~Commission will waive~~ the requirement that  
22 documents be retained in their original form. The utility must show ~~upon a showing by a~~  
23 ~~utility~~ that it employs a storage and retrieval system that consistently produces clear, readable  
24 copies that are substantially equivalent to the originals, and clearly reproduces handwritten  
25 notations on documents.

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1 (c) The utility shall maintain written procedures governing the conversion of source  
2 documents to a storage and retrieval system, which procedures ensure the authenticity of  
3 documents and the completeness of records. Records maintained in the storage and retrieval  
4 system must be easy to search and easy to read.

5 *Specific Authority 350.127(2), 366.05(1) FS. Law Implemented 366.05(1), (9), (11), 366.08,*  
6 *366.093(1) FS. History—Amended 7-29-69, 7-19-72, 1-11-76, 9-28-81, 11-18-82, Formerly 25-*  
7 *6.15, Amended 10-1-86, 11-2-87, 6-23-93, 11-13-95, 6-6-04, \_\_\_\_\_.*

8 **25-7.014 Records and Reports in General.**

9 (1) Except as modified in subsection (2), ~~e~~Each natural gas utility shall maintain its accounts  
10 and records in conformity with the Uniform System of Accounts (USOA) for Natural Gas  
11 Companies as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201, for  
12 Natural Gas Companies as revised, April 1, 2012 ~~2002~~, incorporated by reference; and as  
13 ~~modified below.~~ may be accessed at <http://www.flrules.org>[hyperlink address]. All inquiries  
14 relating to interpretation of the USOA shall be submitted to the Commission's Division of  
15 Accounting and Finance ~~Division of Economic Regulation~~ in writing.

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

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

25 (b) The association of costs with such property record units to assure accurate accounting for  
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existing law.

1 | retirements; and

2 | (c) The determination of dates of installation and removal of plant to provide data for use in  
3 | connection with depreciation studies.

4 | (3) Each gas utility shall maintain its depreciation rates and depreciation reserve by primary  
5 | account as prescribed in the USOA.

6 | (4) For ratemaking purposes only, each investor-owned natural gas utility shall accrue unbilled  
7 | base rate revenues, excluding those base rate revenues recoverable through other cost recovery  
8 | or adjustment mechanisms.

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

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

19 | (7) Upon direction of the Commission, or in the performance of delegated staff duties, any  
20 | ~~member of the Commission staff~~ will ~~may make~~ at any reasonable time a personally visit to  
21 | the utility's offices or other places of business to ~~and may~~ inspect any facility, records,  
22 | accounts, books, reports, and papers of the utility ~~which may appear~~ necessary in the discharge  
23 | of Commission duties. During ~~such~~ visits authorized by section 366.08, F.S., the utility shall  
24 | provide staff members with adequate and comfortable working and filing space, consistent  
25 | with prevailing conditions and climate and comparable with the accommodations provided to

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1 the utility's outside auditors.

2 *Specific Authority 366.05(1), 350.127(2) FS. Law Implemented 366.05(1), 366.08, FS.*

3 *History—Amended 7-19-72, Repromulgated 1-8-75, 5-4-75, Amended 12-30-75, 9-28-81, 11-*

4 *18-82, Formerly 25-7.14, Amended 10-1-86, 4-3-88, 7-20-89, 12-27-94, 4-22-96, 12-8-03,*

5 *\_\_\_\_\_.*

6 **25-7.015 Location and Preservation of Records.**

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

11 (2) Any utility that keeps its records outside of the state shall reimburse the Commission for  
12 the reasonable travel expenses incurred by each Commission representative during any review  
13 of the out-of-state records of the utility or its affiliates. Reasonable travel expenses are those  
14 travel expenses that are equivalent to travel expenses paid by the Commission in the ordinary  
15 course of its business.

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

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

19 1. For any utility that makes its out-of-state records available at the utility's office located in  
20 Florida or at another mutually agreed upon location in Florida within 10 working days from  
21 the Commission's initial request. If ~~the a utility demonstrates would like more than that~~ 10  
22 working days is not reasonable because of the complexity and nature of the issues involved or  
23 the volume and type of material requested, the Commission will establish a different time  
24 frame for the utility to bring records into the state. ~~it must submit a request for approval of a~~  
25 ~~time extension stating the date by which it would like to make the records available.—A~~

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1 | ~~request for approval of a time extension shall only be granted for good cause. To establish~~  
2 | ~~good cause for a time extension, the utility must show that:~~  
3 | ~~a. The nature of the issues, the volume of the records, or the type of record is such that~~  
4 | ~~assembling and providing the records requires more than 10 days;~~  
5 | ~~b. The utility has worked diligently to assemble the records; and~~  
6 | ~~c. The additional time requested is both reasonable and necessary given the utility's particular~~  
7 | ~~circumstances.~~

8 | For individual data requests made during an audit, the response time frame in Rule 25-6.0151,  
9 | F.A.C., shall control; ~~or~~

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

11 | (3) With the exception of the records listed in paragraph (3)(a) of this rule, ~~a~~All records shall  
12 | be preserved in accordance with the Federal Energy Regulatory Commission's regulations,  
13 | Title 18, Subchapter F, Part 225, Code of Federal Regulations, entitled "Preservation of  
14 | Records of Natural Gas Companies" as revised, April 1, 2012 ~~2002~~, which is incorporated by  
15 | reference into this rule ~~with the exception of the records listed in paragraph (3)(a) of this rule~~  
16 | and may be accessed at <http://www.flrules.org>[hyperlink address]. Instead, utilities shall  
17 | retain records listed in paragraph (3)(a) of this rule for the periods indicated.

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

- 21 | 1. Item 2(a), minute books of stockholders', directors', and directors' committee meetings,  
22 | earlier of 20 years or termination 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 years;  
2 6. Item 20(a), appraisals and valuations made by the company of its properties or investments  
3 or of the properties or investments of any associated companies (includes all records essential  
4 thereto), 10 years after appraisal.

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

15 (c) The utility shall maintain written procedures governing the conversion of source  
16 documents to a storage and retrieval system, which procedures ensure the authenticity of  
17 documents and the completeness of records. Records maintained in the storage and retrieval  
18 system must be easy to search and easy to read.

19 *Specific Authority 366.05(1), (9), (11), 366.08, 366.093(1), 350.127(2) FS. Law Implemented*  
20 *366.05(1), (9), (11), 366.08, 366.093(1) FS. History—Amended 7-19-72, Repromulgated 1-8-*  
21 *75, Amended 5-4-75, 12-30-75, 9-28-81, 11-18-82, Formerly 25-7.15, Amended 10-1-86, 4-3-*  
22 *88, 11-13-95, 12-8-03, \_\_\_\_\_.*

23 **25-7.0461 Capitalization Versus Expensing.**

24 (1) Except as provided in subsections (2)-(12) of this rule, ~~t~~The rules and definitions set forth  
25 below are intended to establish capitalization versus expensing guidelines and uniform

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1 retirement units for natural gas utilities and do not relieve any utility from maintaining its  
2 accounts and records in conformity with the Uniform System of Accounts prescribed by the  
3 Code of Federal Regulations, Title 18, Subchapter F, Part 201 as revised, April 1, 2012 ~~1985~~,  
4 ~~except as provided in subsections (2) (12) of this rule, which is hereby incorporated by~~  
5 reference into this rule and may be accessed at <http://www.flrules.org>[hyperlink address].

6 (2) For the purposes of this part, the following definitions shall apply:

7 (a) "Book Cost" means the amount at which a retirement unit is included in a plant account,  
8 including all components of labor and installation costs without deduction of related  
9 provisions for accrued depreciation. This cost should be determined from the utility's records  
10 and if this cannot be done, it should be estimated.

11 (b) "Cost" means the original purchased cost plus associated labor and installation costs.

12 (c) "Cost of Removal" means the cost of demolishing, removing, tearing down or otherwise  
13 disposing of a retirement unit, including the cost of transportation and handling.

14 (d) "Cradle-To-Grave Accounting" means an accounting method which treats a unit of plant  
15 as being in service from the time it is first purchased until it is finally junked or is otherwise  
16 finally disposed of. The period in shop for refurbishing, and in stock/inventory awaiting  
17 reinstallation are treated as being in service.

18 (e) "Gross Salvage" means the amount received from selling or trading-in a retirement unit;  
19 or, if retained, the original (estimated if not known) material cost of the unit. (Original  
20 Material Cost = Book Cost Less Labor and Installation Cost)

21 (f) "Item" means a single identifiable unit of plant. Where a dollar amount (viz., \$500  
22 minimum for capitalization) is imposed, this amount limit shall apply to the single item and  
23 not to a block or group of such items purchased on one order.

24 (g) "Minor Item" means any part or element of plant which is not designated as a retirement  
25 unit, but is a component part of the retirement unit.

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1 (h) "Retirement" means a retirement unit or unreplaced minor item which has been removed,  
2 sold, abandoned, destroyed, or otherwise removed from service. (Exception see "Cradle-to-  
3 Grave")

4 (i) "Retirement Unit" means an item of utility plant which, when placed into service, is  
5 capitalized and when removed from service, with or without replacement, is always retired.

6 (3) All depreciable property is considered as consisting of (a) retirement units and (b) minor  
7 items of property. Each utility shall implement the list of retirement units referred to in  
8 subsection (12) of this rule as of the beginning of the next fiscal year following the adoption of  
9 this rule. This list can be expanded by any utility without other authorization from this  
10 Commission as long as the cost of the additional item is more than \$500. In the case of such  
11 expansion, the utility should notify the Director of the Division of Accounting and Finance  
12 ~~Division of Economic Regulation~~ within thirty days as to the nature and justification of the  
13 expansion.

14 (4) The addition and retirement of retirement units should be accounted for as follows:

15 (a) When a retirement unit is added for the first time at a location, the cost should be added to  
16 the appropriate plant account along with associated labor and installation costs.

17 (b) When a retirement unit is replaced, the cost of replacing the item should be accounted for  
18 in the same manner as in paragraph (a) if the cost meets the criteria set forth in the "List of  
19 Retirement Units" referred to in subsection (12). Otherwise, the charge should be made to the  
20 appropriate expense account.

21 (c) When a retirement unit is retired, with a replacement that meets the criteria set forth in the  
22 "List of Retirement Units" referred to in subsection (12), or without a replacement, the book  
23 cost of the retiring unit should be credited to the plant account in which it is included and  
24 likewise debited to the associated account reserve. Any cost of removal and gross salvage  
25 associated with the retirement should likewise be debited and credited, respectively, to the

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1 account reserve. Costs of the retiring unit, removal and salvage should be recorded within one  
2 month of the retirement date and may be estimated with corrective adjustment entries made  
3 when the transactions are finalized.

4 (5) The addition and retirement of minor items of depreciable property should be accounted  
5 for as follows:

6 (a) When a minor item which did not previously exist as a part of a retirement unit at a given  
7 location is added, the cost should be accounted for in the same manner as for the addition of a  
8 retirement unit if the cost is more than \$500. Otherwise, the charge should be made to the  
9 appropriate maintenance expense account.

10 (b) When a minor item having a book cost more than \$500 is retired and not replaced, the  
11 book cost along with any associated cost of removal and gross salvage should be accounted  
12 for in the same manner as for the retirement of a retirement unit. If, however, the book cost of  
13 the minor item retired and not replaced has been accounted for by its inclusion in the  
14 retirement unit of which it is a part, no separate credit to the property account or debit to the  
15 associated account is required.

16 (c) When a minor item is replaced independently of the retirement unit of which it is a part,  
17 the cost of replacement should be charged to the maintenance account appropriate for the item,  
18 except that if the replacement effects a substantial betterment (the primary aim of which is to  
19 make the property affected more useful, more efficient, of greater durability, or of greater  
20 capacity), the excess cost of the replacement over the estimated cost at current prices of  
21 replacing without betterment should be charged to the appropriate plant account.

22 (6) The addition and retirement of meters and regulators should be accounted for as cradle-to-  
23 grave. Costs for refurbishing these items should be charged to the appropriate expense  
24 accounts.

25 (7) Overhead construction costs such as engineering, supervision, general office salaries and  
CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from  
existing law.



1 expenses, construction engineering, insurance, taxes, relief and pensions, injuries and damages  
2 should be capitalized only if they are directly associated with the construction project.

3 (8) All maintenance costs, whether the work is done by the utility or under contract, should be  
4 expensed. Unusual or extraordinary expenses can be amortized over a reasonable period of  
5 time as determined by the Commission.

6 (9) Engineering unclassified time should be expensed.

7 (10) The testing on initial installations of mains and services, meters and regulators should be  
8 capitalized. Subsequent testing should be expensed. The testing on uprating to higher pressure  
9 should be capitalized.

10 (11) The initial purchase and installation of valves and testing thereof should be capitalized.  
11 Labor costs associated with locating existing valves, moving existing valves, maintenance and  
12 monitoring should be expensed.

13 (12) List of Retirement Units: See "List of Retirement Units (Gas Utilities)", Effective August  
14 21, 1986 published by the Florida Public Service Commission.

15 *Specific Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115 FS. History—New 8-*  
16 *21-86, \_\_\_\_\_.*

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