

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Rules 25- ) DOCKET NO. 941138-PU  
4.1353, 25-6.1353, and 25- ) ORDER NO. PSC-94-1370-NOR-PU  
7.1353, F.A.C., Relating to ) ISSUED: November 10, 1994  
Forecasted Earnings Surveillance )  
Reports )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to adopt Rule No. 25-7.1353, Florida Administrative Code, relating to Forecasted Earnings Surveillance Report.

The attached Notice of Rulemaking will appear in the November 18, 1994 edition of the Florida Administrative Code Weekly.

If timely requested, a hearing will be held at the following time and place:

Florida Public Service Commission  
9:30 a.m., January 19, 1995  
Room 122, Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399-0870, no later than December 9, 1994.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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By ORDER of the Florida Public Service Commission, this 10th  
day of November, 1994.

BLANCA S. BAYÓ, Director  
Division of Records & Reporting

by: Kay Nelson  
Chief, Bureau of Records

( S E A L )



THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-7.1353 Forecasted Earnings Surveillance Report.

(1) Each investor-owned natural gas utility with more than 50,000 customers that is not under an incentive regulation plan or not subject to an earnings cap shall file with the Commission its forecasted financial information on Commission Form PSC/AFA 23 ( / ) which is incorporated into this rule by reference. Form PSC/AFA 23, entitled "Investor-Owned Natural Gas Utility Forecasted Earnings Surveillance Report", may be obtained from the Commission's Division of Auditing and Financial Analysis. The report shall be verified by the responsible officer of the utility making the report. The report shall be due no later than 60 days after the end of the fiscal year, and shall contain the forecasted financial information for the following fiscal year.

(2) A utility may file a written request for an extension of time with the Division of Auditing and Financial Analysis no later than 60 days after the end of the fiscal year. One extension of 15 days will be granted upon request. A request for a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed.

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

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

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

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

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

History: New \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Paul Stallcup, Division of Auditing and Financial Analysis.

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: November 8, 1994

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence

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forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 488-8371 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 t: 1-800-955-8771 (TDD).

FLORIDA PUBLIC SERVICE COMMISSION

INVESTOR-OWNED NATURAL GAS UTILITY  
FORECASTED EARNINGS SURVEILLANCE REPORT

PSC/AFA 23 ( / )

INVESTOR-OWNED NATURAL GAS UTILITY  
FORECASTED EARNINGS SURVEILLANCE REPORT

The forecasted earnings surveillance report (FESR) consists of the following schedules:

- SCHEDULE 1 - Forecasted Earnings Surveillance Report Summary
- SCHEDULE 2 - Forecasted Average Rate of Return
- SCHEDULE 3 - Forecasted Capital Structure
- SCHEDULE 4 - Forecasted Earned Return on Common Equity
- SCHEDULE 5 - Forecast Assumptions

The above schedules represent the data that is to be filed by each natural gas utility. An investor-owned natural gas utility may, at its own option, include any additional schedules that it deems appropriate or necessary for further explanation or clarification of the data reported.

Requests for extension of time in which to file must be submitted in writing prior to the due date for the data to the following:

Florida Public Service Commission  
Division of Auditing and Financial Analysis  
Bureau of Revenue Requirements

SCHEDULE 1  
FORECASTED EARNINGS SURVEILLANCE REPORT SUMMARY

The purpose of this schedule is to summarize the results of the calculations required by the other schedules. This summary also provides a composite overview of the utility's forecasted earnings on a single page.

Although this schedule only summarizes other schedules, it is necessary to define a few of the terms utilized in the schedule. These are as follows:

Forecasted Per Books - This term means that the amounts reported represent the amounts expected to be recorded in the accounting records of the utility.

Forecasted per books rate base includes construction work in progress (CWIP) on which allowance for funds used during construction (AFUDC) is not charged and a working capital allowance that is adjusted only to exclude those amounts that are includible in the capital structure. Also since the per books amounts include common use plant, it is necessary to allocate common expenses to non-utility operations.



Forecasted per books net operating income (NOI) should be computed consistent with the per books rate base determination. Also since the per books amounts would include common use expenses, it is necessary to allocate common expenses to non-utility operations.

Forecasted FPSC Adjustments - The adjustments reflected in this column should represent all of the adjustments required to adjust the per books amounts in accordance with Commission policies, practices, and adjustments made in the utility's most recent rate case. This includes the adjustments made by the utility that were not in dispute, but were accepted by the Commission without direct reference in the order. However, those adjustments that can be considered to be annualizing or pro forma should not be included.

FPSC NOI adjustments should include the elimination of purchased gas related revenues and expenses, as well as conservation related revenues and expenses, if applicable.

## SCHEDULE 2

### FORECASTED AVERAGE RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the average earned rate of return on a Per Books and FPSC Adjusted basis. This schedule consists of the following two pages:

Page 1 - Forecasted Rate Base

Page 2 - Forecasted Income Statement

The terms "Per Books" and "FPSC Adjusted" have previously been defined in the explanation of SCHEDULE 1. Except for these items, SCHEDULE 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital needs to be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

This schedule also includes a section for calculating the average rate base and NOI excluding flex rate revenues that have been included for the twelve month period. The flex rate revenue adjusted average rate base and NOI are to be used in calculating the overall rate of return for the purpose of calculating an earned return on common equity excluding flex rate revenues in Item B of SCHEDULE 4.

### SCHEDULE 3

#### FORECASTED CAPITAL STRUCTURE

This schedule shows the computation of the average required rate of return on a FPSC Adjusted basis. Inherent in this computation, this schedule reconciles the amount of capital to the rate base total using the same procedures employed by the Commission in the utility's last rate proceeding. The terms "Per Books" and "FPSC Adjusted" have previously been defined in the explanation of SCHEDULE 1. It is necessary, however, to explain the following terms:

Specific - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and the capital structure on a basis other than pro rata.

Pro Rata - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and capital structure on a pro rata basis.

Except for these two terms, this schedule is self explanatory.

### SCHEDULE 4

#### FORECASTED EARNED RETURN ON COMMON EQUITY

This schedule shows the calculation of the utility's average earned return on common equity on an FPSC adjusted basis.

Item A is the average earned return on common equity including the flex rate revenues (surplus/deficit) that are included in NOI in computing the utility's FPSC Adjusted Average Overall Rate of Return for the period.

Item B is the average earned return on common equity excluding the flex rate revenues (surplus/deficit) that are included in NOI in computing the utility's FPSC Adjusted Average Overall Rate of Return for the period.

### SCHEDULE 5

#### FORECAST ASSUMPTIONS

The Forecast Assumptions for Customer and Therm Sales are to be supplied for the forecast year and for the year preceding the forecast year. Customers are to be calculated on an annual average basis. Therm sales are annual totals.

The Other Forecast Assumptions include any assumptions that are expected to materially impact the Company's operations during the forecast year. Examples include major plant additions, work force reductions, and major accounting changes. Attach additional sheets if more space is needed.

FLORIDA PUBLIC SERVICE COMMISSION  
 GAS FORECASTED EARNINGS SURVEILLANCE REPORT

Company: \_\_\_\_\_  
 Year 19\_\_

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
I. AVERAGE RATE OF RETURN (JURISDICTIONAL) NET OPERATING INCOME	\$ _____	\$ _____	\$ _____
AVERAGE RATE BASE	\$ _____	\$ _____	\$ _____
AVERAGE RATE OF RETURN		_____ %	_____ %

III. REQUIRED RATES OF RETURN  
 AVERAGE CAPITAL STRUCTURE  
 (FPSC ADJUSTED BASIS)

LOW	_____ %
MIDPOINT	_____ %
HIGH	_____ %

IV. EARNED RETURN ON EQUITY  
 (FPSC ADJUSTED BASIS)

A. INCLUDING FLEX RATE REVENUES	_____ %
B. EXCLUDING FLEX RATE REVENUES	_____ %







FLORIDA PUBLIC SERVICE COMMISSION  
 GAS FORECASTED EARNINGS SURVEILLANCE REPORT  
 EARNED RETURN ON COMMON EQUITY  
 FPSC ADJUSTED BASIS

Company: \_\_\_\_\_  
 Year 19\_\_

A. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
INCLUDING FLEX RATE REVENUES

FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	_____	% (Schedule 1)
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	( )	%
SHORT TERM DEBT	( )	%
PREFERRED STOCK	( )	%
CUSTOMER DEPOSITS	( )	%
TAX CREDITS—WEIGHTED COST (MIDPOINT)	( )	%
SUBTOTAL	_____	%
TOTAL		%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	_____	%
JURISDICTIONAL RETURN ON COMMON EQUITY	=====	%

B. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN ON COMMON EQUITY  
EXCLUDING FLEX RATE REVENUES

NET OPERATING REVENUE EXCLUDING FLEX RATE REVENUES	\$ _____	(Schedule 2, p. 2 of 2)
RATE BASE EXCLUDING FLEX RATE REVENUES	\$ _____	(Schedule 2, p. 1 of 2)
FPSC ADJUSTED AVERAGE EARNED RATE OF RETURN	_____	%
LESS: RECONCILED AVERAGE JURISDICTIONAL		
WEIGHTED COST RATES FOR:		
LONG TERM DEBT	( )	%
SHORT TERM DEBT	( )	%
PREFERRED STOCK	( )	%
CUSTOMER DEPOSITS	( )	%
TAX CREDITS—WEIGHTED COST (MIDPOINT)	( )	%
SUBTOTAL	_____	%
TOTAL		%
DIVIDED BY RECONCILED COMMON EQUITY RATIO	_____	%
JURISDICTIONAL RETURN ON COMMON EQUITY	=====	%

FLORIDA PUBLIC SERVICE COMMISSION  
 GAS FORECASTED EARNINGS SURVEILLANCE REPORT  
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company: \_\_\_\_\_  
 Year 19\_\_

FORECAST ASSUMPTIONS

<u>Customers</u>	<u>Forecast Year</u>	<u>Prior Year</u>
Residential	_____	_____
Commercial	_____	_____
Industrial/Interruptable	_____	_____
Transportation	_____	_____
Other	_____	_____
<b>Total</b>	=====	=====

  

<u>Therm Sales</u>	<u>Forecast Year</u>	<u>Prior Year</u>
Residential	_____	_____
Commercial	_____	_____
Industrial/Interruptable	_____	_____
Transportation	_____	_____
Other	_____	_____
<b>Total</b>	=====	=====

OTHER MAJOR FORECAST ASSUMPTIONS

I am the person responsible for preparation of this document and I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

\_\_\_\_\_  
 Name

\_\_\_\_\_  
 Title

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date