

MEMORANDUM

April 2, 1998

RECEIVED

APR -2 1998

10:15
FPSC - Records/Reporting

TO : DIVISION OF RECORDS & REPORTING
FROM : MARY ANNE HELTON, ASSOCIATE GENERAL COUNSEL *Mad*
RE : DOCKET NO. 971334-PU - 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

12 pgs

98-0478-NOR PU

Attached please find a Notice of Rulemaking for distribution by your office.

Industry distribution is:

- Electric (EI)
- Electric (EM)
- Electric (EC)
- Gas (GU)
- Gas (GS)
- Gas Pipeline (GP)
- Telephone (TL)
- Telephone (TI)
- Telephone (TC)
- Telephone (TS)
- Telephone (TX)
- Telephone Alternate Access Vendors (TA)
- Water and Wastewater (WAW)

See 1

This document has the following priority:

- Must be issued today.
- Must be issued within 48 hours.
- Must be issued within 5 working days.

NOR0642.MRD
Attachment
cc: File
W. Terrell

*all self mailers -
4/2/98*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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.

DOCKET NO. 971334-PU
ORDER NO. PSC-98-0478-NOR-PU
ISSUED: April 2, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to amend Rules 25-6.0426 and 25-7.042, Florida Administrative Code, relating to the recovery of economic development expenses.

The attached Notice of Rulemaking will appear in the April 10, 1998, edition of the Florida Administrative Weekly.

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

Florida Public Service Commission
9:30 a.m., Thursday, May 28, 1998
Betty Easley Conference Center
Room 152, 4075 Esplanade Way
Tallahassee, Florida

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, 2540 Shumard Oak Boulevard., Tallahassee, Florida 32399-0862, no later than May 1, 1998.

DOCUMENT PREPARED BY DATE

03839 APR-28

FILED IN THE OFFICE OF THE CLERK

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By ORDER of the Florida Public Service Commission, this 2nd
day of April, 1998.



BLANCA S. BAYÓ, Director
Division of Records & Reporting

(S E A L)

MAH

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 971334-PU

RULE TITLE: RULE NO.:

Recovery of Economic Development Expenses 25-6.0426

PURPOSE AND EFFECT: The purpose of the proposed amendments is to update the rule to reflect that the Department of Commerce has been abolished and that the Commission no longer requires modified minimum filing requirements. In addition, the proposed amendments increase ratepayer responsibility from 90 to 95 percent of economic development expenses for surveillance purposes.

SUMMARY:

Subsection (1): The proposed amendment strikes the reference to the Department of Commerce.

Subsection (2): The proposed amendment allows utilities to report 95, instead of 90, percent of economic development expenses for surveillance purposes.

Subsection (5): The proposed amendment strikes the reference to modified minimum filing requirements.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: Both shareholders and ratepayers could be affected by the proposed amendments. The amount of impact depends on whether utilities change their economic expenditures because of the rule changes, and whether the proposed amendments result in changes to rates in

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future rate cases. The Commission should experience no additional costs due to the proposed amendments.

Although no utilities subject to the rules meet the statutory definition of a small business, a small business located in a service territory whose rates were increased to account for additional economic development expenses could be impacted. In addition, small businesses may be harmed if utility economic development expenditures result in attracting competition. On the other hand, small businesses may be started or attracted by additional economic development activities. The net effect is indeterminable.

Finally, an alternative to the recommended amendments is a different sharing allocation between ratepayers and shareholders.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), FS.

LAW IMPLEMENTED: 288.035, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

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HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE,
A HEARING WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., Thursday, May 28, 1998.

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade
Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:
Director of Appeals, Florida Public Service Commission, 2540
Shumard Oak Blvd., Tallahassee, Florida 32399-0862.

THE FULL TEXT OF THE PROPOSED RULE 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.~~

(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

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exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(3)-(4) No change.

(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, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Elisabeth Draper,
Division of Electric and Gas.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: March 24, 1998.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume
23, Number 43, October 24, 1997.

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 (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).

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 971334-PU

RULE TITLE: RULE NO.:

Recovery of Economic Development Expenses 25-7.042

PURPOSE AND EFFECT: The purpose of the proposed amendments is to update the rule to reflect that the Department of Commerce has been abolished and that the Commission no longer requires modified minimum filing requirements. In addition, the proposed amendments increase ratepayer responsibility from 90 to 95 percent of economic development expenses for surveillance purposes.

SUMMARY:

Subsection (1): The proposed amendment strikes the reference to the Department of Commerce.

Subsection (2): The proposed amendment allows utilities to report 95, instead of 90, percent of economic development expenses for surveillance purposes.

Subsection (5): The proposed amendment strikes the reference to modified minimum filing requirements.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: Both shareholders and ratepayers could be affected by the proposed amendments. The amount of impact depends on whether utilities change their economic expenditures because of the rule changes, and whether the proposed amendments result in changes to rates in

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future rate cases. The Commission should experience no additional costs due to the recommended amendments.

Although no utilities subject to the rules meet the statutory definition of a small business, a small business located in a service territory whose rates were increased to account for additional economic development expenses could be impacted. In addition, small businesses may be harmed if utility economic development expenditures result in attracting competition. On the other hand, small businesses may be started or attracted by additional economic development activities. The net effect is indeterminable.

Finally, an alternative to the proposed amendments is a different sharing allocation between ratepayers and shareholders.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 288.035(3), 350.127(2), FS.

LAW IMPLEMENTED: 288.035, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

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HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE,
A HEARING WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., Thursday, May 28, 1998.

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade
Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:
Director of Appeals, Florida Public Service Commission, 2540
Shumard Oak Blvd., Tallahassee, Florida 32399-0862.

THE FULL TEXT OF THE PROPOSED RULE 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.~~

(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

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exceed the lesser of 0.15 percent of gross annual revenues or \$3 million.

(3)-(4) No change.

(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, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Paul Draper, Division of Electric and Gas.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: March 24, 1998.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 23, Number 43, October 24, 1997.

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