

Commissioners:
THOMAS M. BEARD, CHAIRMAN
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SUSAN F. CLARK



DIVISION OF APPEALS
DAVID E. SMITH,
DIRECTOR
(904) 488-7464

Public Service Commission

January 8, 1992

Mr. Carroll Webb
Joint Administrative Procedures
Committee
120 Holland Building
Tallahassee, Florida 32399

Re: DOCKET NO. 911130-EI, RULE 25-6.0131, F.A.C.

Dear Mr. Webb:

Enclosed are the following materials concerning the above referenced proposed rule:

1. A copy of the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal comparison statement.
5. A statement of the impact of the rule on small business.
6. An economic impact statement.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH MER
 SEC Lee
 WAS _____
 OTH _____

If there are any questions with respect to this rule, please do not hesitate to call on me.

Sincerely,

MARSHA E. RULE
Associate General Counsel

Enclosures
Steve Tribble, Director,
Division of Records & Reporting
amd60131.cjp

DOCUMENT NUMBER-DATE

00269 JAN -8 1992

FPSC-RECORDS/REPORTING

1 25-6.0131 Regulatory Assessment Fees; Investor-owned Electric
2 Companies, Municipal Electric Utilities, Rural Electric
3 Cooperatives.

4 (1) As applicable and as provided in s. 350.113, F.S. (1985),
5 each company, utility, or cooperative shall remit to the Commission
6 a fee based upon its gross operating revenue. This fee shall be
7 referred to as a regulatory assessment fee. Regardless of the
8 gross operating revenue of a company, a minimum annual regulatory
9 assessment fee of \$25 shall be imposed.

10 (a) On January 30, 1992, eEach investor-owned electric
11 company shall pay a regulatory assessment fee in the amount of 0.05
12 ~~one-eighth of one percent~~ of gross operating revenues derived from
13 intrastate business, excluding sales for resale between public
14 utilities, municipal electric utilities and rural electric
15 cooperatives or any combination thereof. Beginning on July 30,
16 1992 and continuing thereafter, each investor-owned electric
17 company shall pay a regulatory assessment fee in the amount of
18 0.08330 percent of gross operating revenues derived from intrastate
19 business, excluding sales for resale between public utilities,
20 municipal electric utilities and rural electric cooperatives or any
21 combination thereof.

22 (b) Each municipal electric utility and rural electric
23 cooperative shall pay a regulatory assessment fee in the amount of
24 one-sixty-fourth of one percent of its gross operating revenues
25 derived from intrastate business, excluding sales for resale

CODING: Words underlined are additions; words in
struck-through type are deletions from existing law.

1 between public utilities, municipal electric utilities and rural
2 cooperatives or any combination thereof.

3 (2) Regulatory assessment fees are due each January 30 for
4 the preceding period or any part of the period from July 1 until
5 December 31, and on July 30 for the preceding period or any part of
6 the period from January 1 until June 30. Each company, utility, or
7 cooperative shall have up to and including the due date in which
8 to:

9 (a) Remit the total amount of its fee, or

10 (b) Remit an amount which the company, utility, or
11 cooperative estimates is its full fee, or

12 (c) Seek and receive from the Commission a 30-day extension
13 of its due date.

14 (3) Where the company, utility, or cooperative remits less
15 than its full fee pursuant to subsection (2)(b) of this Rule, the
16 remainder of the full fee shall be due on or before the 30th day
17 from the due date and shall, where the amount remitted was less
18 than 90% of the total regulatory assessment fee, include interest
19 as provided by subsection (5)(b) of this Rule.

20 (4) Where a company, utility, or cooperative receives a
21 30-day extension of its due date pursuant to subsection (2)(c) of
22 this rule, then the entity shall remit a charge in addition to the
23 regulatory assessment fee, as set out in s. 350.113(5), F.S.
24 (1985).

25 (5) The delinquency of any amount due to the Commission from

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1 the company, utility, or cooperative pursuant to the provisions of
2 s. 350.113, F.S. (1985) and this rule, begins with the first day
3 after any date established as the due date either by operation of
4 this rule or by an extension pursuant to this rule.

5 (a) A penalty, as set out in s. 350.113, F.S. (1985) shall
6 apply to any such delinquent amounts.

7 (b) Interest at the rate of 12% per annum shall apply to any
8 such delinquent amounts.

9 Specific Authority: 350.127(2), F.S.

10 Law Implemented: 350.113, F.S.

11 History: New 5/18/83, Amended 2/9/84, formerly 25-6.131, Amended
12 6/18/86, 10/16/86, 3/7/89, _____.

13

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 911130-EI

RULE TITLE:

RULE NO.:

Regulatory Assessment Fees; Investor-owned
Electric Companies, Municipal Electric
Utilities, Rural Electric Cooperatives

25-0.0131

PURPOSE AND EFFECT: This rule sets the regulatory assessment fee paid by investor-owned electric companies, as provided by Section 350.113, Florida Statutes. The rule is being amended because the current fee produces more revenue than is necessary to meet the cost of regulating these utilities.

SUMMARY: 350.113

RULEMAKING AUTHORITY: 350.127(2), F.S.

LAW IMPLEMENTED: 364.03, F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS RULE:

The decrease in the regulatory investment fee will contribute to operating income for each investor-owned electric utility and will benefit shareholders in the short run. The fee decrease should not change the Public Service Commission's workload nor will it impact costs.

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

TIME AND DATE: 9:30 A.M., Thursday, February 6, 1992

PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.

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:

25-6.0131 Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives.

(1) As applicable and as provided in s. 350.113, F.S. (1985), each company, utility, or cooperative shall remit to the Commission a fee based upon its gross operating revenue. This fee shall be referred to as a regulatory assessment fee. Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$25 shall be imposed.

(a) On January 30, 1992, e[E]ach investor-owned electric company shall pay a regulatory assessment fee in the amount of 0.05 [one-eighth of one] percent of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities and rural electric cooperatives or any combination thereof. Beginning on July 30, 1992 and continuing thereafter, each investor-owned electric company shall pay a regulatory assessment fee in the amount of 0.08330 percent of gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities and rural electric cooperatives or any combination thereof.

(b) Each municipal electric utility and rural electric cooperative shall pay a regulatory assessment fee in the amount of one-sixty-fourth of one percent of its gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities and rural cooperatives or any combination thereof.

(2) Regulatory assessment fees are due each January 30 for the preceding period or any part of the period from July 1 until December 31, and on July 30 for the preceding period or any part of the period from January 1 until June 30. Each company, utility, or cooperative shall have up to and including the due date in which to:

- (a) Remit the total amount of its fee, or
- (b) Remit an amount which the company, utility, or cooperative estimates is its full fee, or
- (c) Seek and receive from the Commission a 30-day extension of its due date.

(3) Where the company, utility, or cooperative remits less than its full fee pursuant to subsection (2)(b) of this Rule, the remainder of the full fee shall be due on or before the 30th day from the due date and shall, where the amount remitted was less than 90% of the total regulatory assessment fee, include interest as provided by subsection (5)(b) of this Rule.

(4) Where a company, utility, or cooperative receives a 30-day extension of its due date pursuant to subsection (2)(c) of

this rule, then the entity shall remit a charge in addition to the regulatory assessment fee, as set out in s. 350.113(5), F.S. (1985).

(5) The delinquency of any amount due to the Commission from the company, utility, or cooperative pursuant to the provisions of s. 350.113, F.S. (1985) and this rule, begins with the first day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) A penalty, as set out in s. 350.113, F.S. (1985) shall apply to any such delinquent amounts.

(b) Interest at the rate of 12% per annum shall apply to any such delinquent amounts.

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

Law Implemented: 350.113, F.S.

History: New 5/18/83, Amended 2/9/84, formerly 25-6.131, Amended 6/18/86, 10/16/86, 3/7/89, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Evelyn Sewell,

Division of Administration

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: December 17, 1991

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

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

Section 350.113, Florida Statutes, which governs the Commission's collection of regulatory assessment fees, specifies that the fee shall be related to the cost of regulating types of regulated utilities. The current regulatory assessment fee produces more revenue than is necessary to meet the cost of regulating investor-owned utilities. The proposed revision decreases the fee in order to reduce the cash balance in the Regulatory Trust Fund and provide sufficient cash to cover estimated regulatory costs.

STATEMENT ON FEDERAL STANDARDS

There are no applicable federal standards.

STATEMENT OF IMPACT ON SMALL BUSINESS

There will be no direct effect on small businesses because none of the affected utilities are small businesses.

M E M O R A N D U M

November 25, 1991

TO: DIVISION OF APPEALS (RULE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (TROMBINO, HOPPE) *and JLAB*

SUBJECT: ECONOMIC IMPACT STATEMENT FOR PROPOSED REVISION TO RULE 25-6.0131,
FAC, REGULATORY ASSESSMENT FEES FOR INVESTOR-OWNED ELECTRIC
UTILITIES

SUMMARY OF THE RULE

Rule 25-6.0131, FAC, codifies applicable regulatory assessment fees (RAFs) for investor-owned electric companies (IOUs), municipal electric utilities (MUNIs), and rural electric cooperatives (RECs). The existing rule requires each IOU, MUNI, and REC to submit a fee to the Public Service Commission (Commission) based upon a given percentage of gross operating revenues. A minimum fee of \$25 is imposed by the Commission each year, regardless of the level of IOU, MUNI, and REC operating revenues. RAFs are due semiannually each January 30 and July 30 for the preceding period. The utility may: (a) remit the entire amount of the fee due, or (b) receive a 30-day extension of the due date from the Commission.

Should the IOU remit less than 90 percent of the full RAF due, the balance of the fee shall be due on or before the 30th day from the due date and shall include interest of 12 percent per annum. If said utility receives a 30-day extension of its due date, the utility shall remit a charge, in addition to the RAF, of 12 percent per annum.

The only revision to the rule would be a decrease in the RAF rate for investor-owned electric utilities from 0.125 percent to 0.05 percent of gross operating revenue for collections associated with the period July 1, 1991, through December 31, 1991. In addition, the rate for subsequent collections for future periods would change to 0.0833 percent.

DIRECT COSTS TO THE AGENCY

The Commission is presently meeting its estimated expenditures and costs of regulating the IOUs. However, the Division of Administration provided an updated estimate of cash contributions to the Regulatory Trust Fund based on the new RAF rate for IOUs. It appears that these estimated RAF collections would more closely match the estimated costs of regulating the IOUs for fiscal year 1991-1992. No changes in the Commission's workload are expected from the proposed rule revision, and it would not impact costs to the agency. Estimated fiscal year 1991-1992 revenues generated from the 0.125 percent RAF rate are approximately \$9.9 million. Under the proposed rule change, the 0.05 percent rate would produce about \$6.9 million in revenues, sufficient to cover expected costs of regulating the IOUs.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

The parties directly affected by the proposed rule modification would be the IOUs, shareholders, and ratepayers. The decrease in the RAF would contribute to operating income for each electric IOU and benefit shareholders in the short run. Total benefits would not flow through to the ratepayer until the time of each individual IOU's next rate cases.

Shown below is an estimate of RAFs collected from the five IOUs for the calendar year 1991, based on the current and proposed rates, and the resulting difference from the proposed rule change. These estimates are based solely on the doubling of actual revenues for January 1, 1991, through June 30, 1991. The companies will not remit RAFs for July 1, 1991, through December 31, 1991, revenues until after the calendar year.

<u>UTILITY</u>	<u>ESTIMATED FEES CURRENT RATE (0.125%)</u>	<u>ESTIMATED FEES PROPOSED RATE (0.05%)</u>	<u>DIFFERENCE</u>
Florida Power and Light	\$6,135,612	\$4,294,928	\$1,840,684
Florida Power Corporation	1,905,108	1,333,576	571,532
Florida Public Utilities Company	38,100	26,670	11,430
Gulf Power Company	560,318	392,222	168,096
Tampa Electric Company	1,119,606	783,724	335,882
TOTAL	\$9,758,744	\$6,831,120	\$2,927,624

Any projected benefit to shareholders in the short run will be somewhat less than shown above. This is due to the fact that RAFs associated with fuel expenses would be updated in the fuel adjustment proceedings. In addition, the stated differences are pretax numbers.

IMPACT ON SMALL BUSINESSES

None of the affected electric IOUs are small businesses as referred to in Section 288.702(1) of Florida Statutes. Therefore there will not be any direct effects on small businesses.

IMPACT ON COMPETITION

The proposed rule revision would affect electric IOUs proportionally, and there should be no change in competition within the industry. Lower RAFs may promote some industrial users to move from oil or gas to electricity in the long run. However, since the estimated decreases in the RAF rates are small, it is unlikely that any industrial users would switch energy sources. Moreover, if some customers purchased greater quantities of electricity, the resulting change in demand would not alter the competitive structure.

IMPACT ON EMPLOYMENT

Although the Regulatory Trust Fund revenues for 1991-92 would decrease with the proposed rule revision, employment within the Commission should not change.

The utilities should not experience any changes in employment in the short term or long term with the slight decrease in the RAF. Shareholders may encounter minimal increases in expenses because the utilities would have greater revenue available; however, long term costs should not affect employment.

METHODOLOGY

Discussions were held with Commission staff regarding the potential impact of the proposed rule revision. Estimates of hypothetical fee decreases and projected and estimated revenues and expenses were provided by the Bureau of Fiscal Services. Standard microeconomic analysis was used to evaluate the effects of the proposed rule change on the agency and the parties.

FVT:jh/e-rafiou