

DOCKET NO. 920296-P4

REQUEST TO ESTABLISH DOCKET

Date 4/1/92

1. Division Name/Staff Name Division of Appeals (Richard Bellak) RCB

2. OPR App/Bellak

3. OCR AFA/Mailhot; RRR/Hoppe, Reeves

4. Suggested Docket Title Proposed Amendment to Rules 25-4.017, F.A.C., Uniform System and Classification of Accounts; and 25-6.014, F.A.C., Records and Reports in General.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Parties (provide names of regulated companies; provide names and addresses of nonregulated companies; provide names, addresses, and affiliation (i.e., attorney, company liaison officer, or customer) of individuals)

B. Interested Persons/Companies (Provide names, complete mailing addresses, and affiliation)

C. This is a generic proceeding and the Interested Persons mailing list should be expanded to include the industries checked below:

- | | |
|--------------------------------------------------------------|-------------------------------------------------------------------|
| <input checked="" type="checkbox"/> Investor-Owned Electrics | <input type="checkbox"/> Water Utilities |
| <input checked="" type="checkbox"/> Electric Cooperatives | <input checked="" type="checkbox"/> Local Exchange Telephone Cos. |
| <input checked="" type="checkbox"/> Municipal Electrics | <input checked="" type="checkbox"/> Interexchange Telephone Cos. |
| <input type="checkbox"/> Gas Utilities | <input checked="" type="checkbox"/> Coin-Operated Telephone Cos. |
| <input type="checkbox"/> Sewer Utilities | <input checked="" type="checkbox"/> Shared Tenant Telephone Cos. |

6. Check One:

- Documentation attached.
- Documentation will be provided with recommendation.

1 25-4.017 Uniform System and Classification of Accounts.

2 (1) Each telecommunications company shall maintain its
3 accounts and records in conformity with the Uniform System and
4 Classification of Accounts (USOA) as prescribed by the Federal
5 Communications Commission in Title 47, Code of Federal Regulations,
6 Part 32 Class A as adopted on December 2, 1986, and revised as of
7 October 1, 1991, and as modified below. Inquiries relating to
8 interpretation of the USOA shall be submitted in writing to the
9 Division of Auditing and Financial Analysis.

10 (2) Each company shall establish separate depreciation
11 reserve subaccounts for each corresponding subaccount established
12 in the USOA or by rules of this Commission.

13 (3) Account 1181, Telecommunications Accounts Receivable -
14 Allowance, shall be maintained on the allowance (reserve) method
15 for uncollectible accounts with concurrent charges being made to
16 Account 5301, Uncollectible Revenue - Telecommunications. This
17 provision shall apply only to the regulated operations of the
18 utility.

19 (4) A telecommunications company may use a different account
20 numbering system but shall use the same account descriptions as
21 prescribed in the Uniform System and Classification of Accounts or
22 by this Commission. If a different account numbering system is
23 used, a cross reference of the company's system to the Commission's
24 numbering system shall be shown in the company's chart of accounts.

25 (5) Tax side records shall be maintained for the purpose of

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

1 identifying deferred taxes, and deferred investment tax credits and
2 related recapture, for each plant subaccount identified in the
3 USOA. Deferred taxes shall be separated between major timing
4 differences such as accelerated depreciation, normal spread items
5 and intercompany profit.

6 (6) Cost allocation side records shall be maintained for the
7 purpose of facilitating cost of service studies and shall include
8 cost allocations of income taxes, other taxes, general and
9 administrative expenses, and other allocated expenses for each
10 expense account and subaccount identified in the USOA or Commission
11 rules.

12 (7) Each telecommunications company shall notify the Division
13 of Auditing and Financial Analysis in writing of all communications
14 written to or received from the Federal Communications Commission,
15 the Financial Accounting Standards Board, or the Internal Revenue
16 Service, that pertain to accounting procedures, separations
17 procedures, or the USOA. Notification shall be provided by the
18 company as an attachment to the Telephone Earnings Surveillance
19 Report and shall include notice of communications that were sent or
20 received by the company during the calendar month or quarter,
21 whichever is the earnings surveillance reporting period for the
22 company, in which the company's previous surveillance report was
23 filed. If no reportable communications have taken place during the
24 month or quarter, the attachment should state "None".
25 "Communication" includes writings sent or received by the company

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

1 directly or on its behalf by a parent company or representative.
2 Upon request of the Division of Auditing and Financial Analysis,
3 the company shall provide a copy of the written communication to
4 the Division.

5 (8) Each telecommunications company with more than 100,000
6 access lines shall notify the Division of Auditing and Financial
7 Analysis, in writing within 45 days of implementation, of each
8 change in accounting methodology, accounting estimates, or
9 underlying assumptions, when the change will alter the company's
10 annual revenue requirements by 25 or more basis points on equity.
11 Notification is not required for changes approved by order of the
12 Commission.

13 (9) The Annual Report and the Rate of Return Report shall
14 include either a statement that the underlying accounting records
15 and the report were not prepared with reliance upon the Statement
16 of Financial Accounting Standards (SFAS) No. 71, 90, 92 or 101; or,
17 where reliance exists on SFAS 71, 90, 92 or 101, the utility shall
18 disclose the account and the amount along with a reference to the
19 relied upon statute, rule, order or document for each entry or
20 adjustment.

21 (10) Each utility shall file, within 30 days of a final
22 order involving accounting matters, a description of all resultant
23 entries and adjustments to the accounting records.

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

25 **Law Implemented: 350.115, 364.17, F.S.**

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

1 History: Revised 12/1/68, Amended 3/31/76, 8/21/79, 1/2/80,
2 12/13/82, 12/13/83, 9/30/85, formerly 25-4.17, Amended 11/30/86,
3 4/25/88, 2/10/92, Amended _____.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

4017rcb.wlt

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

1 25-6.014 Records and Reports in General.

2 (1) Except as provided in Subsection (2), each investor-owned
3 electric utility shall maintain its accounts and records in
4 conformity with the Federal Energy Regulatory Commission's Uniform
5 System of Accounts for Public Utilities and Licensees as found in
6 the Code of Federal Regulations, Title 18, Subchapter C, Part 101,
7 for Major Utilities as revised April 1, 1987. All inquiries
8 relating to interpretation of the Uniform System of Accounts shall
9 be submitted to the Commission's Division of Electric and Gas in
10 writing.

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

15 (3) Each utility shall file with the Commission annual
16 reports on forms prescribed by the Commission. These reports shall
17 be verified by a responsible accounting officer of the utility
18 making the report and shall be due on or before April 30 for the
19 preceding calendar year. The utility shall also file with the
20 original and each copy of the annual report form, or separately
21 within 30 days, a letter or report attesting to the conformity, in
22 all material respects, of the schedules listed on the general
23 instruction page of the appropriate Federal Energy Regulatory
24 Commission annual report form supplied by the Commission, with the
25 Commission's applicable uniform system of accounts (statement

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

1 certification includes applicable notes) and published accounting
2 releases. The letter or report of attestation shall be signed by an
3 independent certified public accountant or an independent licensed
4 public accountant. The filing date can be extended only by written
5 permission of the Commission. Authorization for the correction of
6 any errors found in the reports and replies to inquiries propounded
7 by the Commission staff shall be furnished in writing within
8 fifteen days from the date of the Commission's letter.

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

19 (a) The functional use, description and location of property
20 units in service.

21 (b) Costs associated with property units to assure accurate
22 accounting for retirements.

23 (c) The determination of the age, service life or other data
24 necessary for depreciation studies.

25 (5) Each utility shall furnish to the Commission at such time

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

1 and in such form as the Commission may require, the results of any
2 required tests and summaries of any required records. Each utility
3 shall also furnish the Commission with any information concerning
4 its facilities or operation which the Commission may request and
5 require. All such data, unless otherwise specified, shall be
6 consistent with and reconcilable with its Annual Report to the
7 Commission.

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

18 (7) The Commission has prescribed the Federal Energy
19 Regulatory Commission's Uniform System of Accounts for Public
20 Utilities and Licensees, as found in the Code of Federal
21 Regulations, Title 18, Subchapter C, Part 101, for Major Utilities
22 as revised April 1, 1987 to be used by Rural Electric Cooperative
23 and Municipal Electric Utilities operating within the State. All
24 inquiries relating to interpretations of the Uniform System of
25 Accounts shall be submitted to the Commission's Division of

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

1 Electric and Gas in writing.

2 (8) Each investor-owned electric utility, Rural Electric
3 Cooperative and Municipal Electric Utility shall file with the
4 Commission its chart of accounts as of the effective date of this
5 Rule showing compliance with the Uniform System and Classification
6 of Accounts as prescribed by the Commission, and shall also
7 periodically file revisions of said chart of accounts.

8 (9) Each investor-owned electric utility shall file
9 information on its affiliates and affiliated transactions on
10 Commission Form PSC/AFA/6 (7/89) which is incorporated into this
11 rule by reference. Form PSC/AFA/6 (7/89), entitled "Analysis of
12 Diversification Activities" was effective July 20, 1989 and may be
13 obtained by contacting the Commission's Division of Auditing and
14 Financial Analysis.

15 (10) Within 45 days the adoption of this subsection or within
16 45 days of coming under the jurisdiction of the Commission, each
17 investor-owned electric utility shall file, on Schedules 5, 6, and
18 7 of Form PSC/AFA/6 (7/89), with this Commission:

19 (a) The names of affiliated companies, including
20 partnerships, minority interests, and joint ventures.

21 (b) A description, by type of affiliated transaction, of the
22 bases of transfer prices (i.e. market, competitive bid, cost, cost
23 plus), and cost allocations (direct charge, formula, etc.) and how
24 the bases are determined. Excluding tariffed transactions, the
25 types of affiliated transactions to be accounted for are:

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

- 1 1. Affiliated transfers of goods or services;
- 2 2. Affiliated cost allocations; and,
- 3 3. Affiliated transfers of assets or the right to use
4 assets (i.e. real property, personal property, and
5 intangible property). Intangible property includes
6 but is not limited to: rights to access customer
7 files, rights to computer software, pole attachment
8 rights, copyrights, and patent rights associated
9 with utility company research and development.

10 (c) A listing of all currently effective contracts and leases
11 with affiliated companies and a synopsis of each contract
12 including, but not limited to, the terms, price, quantity, amount,
13 and duration.

14 (d) Definitions

- 15 1. Utility - Any utility subject to the ratemaking
16 jurisdiction of the Florida Public Service
17 Commission.
- 18 2. Affiliate - Any entity that directly or indirectly
19 through one or more intermediaries, controls, is
20 controlled by, or is under common control with a
21 utility. Ownership of 5% or more of the voting
22 securities of an entity shall be conclusively
23 deemed to constitute the control thereof.
- 24 3. Affiliated Transaction - Any transaction in which
25 both a utility and an affiliate thereof are each

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

1 participants other than transactions related to the
2 filing of consolidated tax returns.

3 (11) Each investor-owned electric utility shall file with each
4 annual report, on Schedules 1-4 of Form PSC/AFA/6 (7/89), the
5 following information on its affiliates and affiliated
6 transactions:

7 (a) Any changes in its corporate structure including
8 partnerships, minority interests, and joint ventures and an updated
9 organizational chart.

10 (b) A summary of affiliated transactions, by affiliate and by
11 type of transaction, completed during the previous year. This
12 summary shall include the gross dollar amount of the transaction
13 and a reference to any relevant contract or agreement. Reporting
14 for asset transfers or the rights to use assets shall include:

15 1. An indication that title has passed and the names
16 of the purchasing and selling parties;

17 2. A description of the asset or right transferred;

18 and,

19 3. A description of the financial or other
20 considerations associated with the transfer.

21 (c) A listing of employees earning more than \$30,000 annually
22 transferred to/from the investor owned electric utility to an
23 affiliate company. The listing shall contain the following
24 information:

25 * Old job assignment for the utility;

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

- 1 * New job assignment at the affiliate;
- 2 * Transfer permanent or temporary; and,
- 3 * If temporary, expected duration of assignment.

4 (d) A statement by a responsible accounting official of the
5 investor-owned electric utility certifying that all affiliated
6 transfer prices or affiliated cost allocations were determined
7 consistent with the methods reported to the Commission under this
8 rule.

9 (12) Each investor-owned electric utility shall also be
10 required to keep a detailed backup report of the summary report to
11 facilitate auditing and analysis. Each investor-owned electric
12 utility shall maintain a clear audit trail from the summary report
13 through the general ledger to the source documents supporting the
14 transaction.

15 (13) Each investor-owned electric utility shall provide
16 quarterly notice of the following events, in writing, on Schedules
17 1, 8, and 9 of Form PSC/AFA/6 (7/89), for each preceding quarter:

18 (a) Individual affiliated transactions in excess of \$500,000.
19 Recurring monthly affiliated transactions which exceed \$500,000
20 should not be reported (after the first such transaction) except
21 annually. However, each land or property sale transaction, even
22 though similar sales recur, should be reported as a "non-recurring"
23 item for the quarter in which it occurs.

24 (b) Mergers, reorganizations, formation of a new affiliate or
25 subsidiary, or other change in corporate structure.

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

1 (c) Execution of new contracts, agreements, or arrangements
2 with affiliated companies for the purchase, lease, or sale of land,
3 goods or services including amendments to existing contracts,
4 agreements, or arrangements, with the exception of tariffed items,
5 and a synopsis of each new or amended contract, agreement, or
6 arrangement. The synopsis shall include, but not be limited to,
7 the terms, price, quantity, amount, and duration.

8 (14) The Annual Report and the Rate of Return Report shall
9 include either a statement that the underlying accounting records
10 and the report were not prepared with reliance upon the Statement
11 of Financial Accounting Standards (SFAS) No. 71, 90, 92 or 101; or,
12 where reliance exists on SFAS 71, 90, 92 or 101, the utility shall
13 disclose the account and the amount along with a reference to the
14 relied upon statute, rule, order or document for each entry or
15 adjustment.

16 (15) Each utility shall file, within 30 days of a final order
17 involving accounting matters, a description of all resultant
18 entries and adjustments to the accounting records.

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

20 Law Implemented: 366.04(2)(a), 366.05(1), F.S.

21 History: Amended 7/29/69, 2/4/76, 8/21/79, 1/2/80, 11/18/82,
22 formerly 25-6.14, Amended 10/1/86, 11/02/87, 7/20/89.

23 6014RCB.WLT

24
25

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