

Florida Public Service Commission  
Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JUNE 18, 1992

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING

**FROM:** DIVISION OF APPEALS (RULE) *WJR* *DES* *RKT*  
DIVISION OF ELECTRIC AND GAS (KUMMER) *CKL*  
DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *Amb*

**SUBJECT:** DOCKET NO. 920227-EU - PROPOSED AMENDMENT TO RULE 25-9.053, F.A.C., INFORMATION TO ACCOMPANY SUBMITTALS.

**AGENDA:** JUNE 30, 1992 - CONTROVERSIAL AGENDA - PARTIES MAY NOT PARTICIPATE

**PANEL:** FULL COMMISSION

**CRITICAL DATES:** NONE

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**BACKGROUND**

Currently, Rule 25-9.053, Florida Administrative Code, details the information which must be provided by a municipal or cooperative electric utility when proposing a change in rate structure. Staff recommends that the rule be amended to include the Commission's present practice of evaluating such rate structure changes based on cost data from comparably situated public utilities.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission propose the attached amendments to Rule 25-9.053, Florida Administrative Code?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** Staff recommends that this rule be amended to incorporate current Commission practice. The rule title should also be changed to reflect the amendments.

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DOCUMENT NUMBER-DATE

06444 JUN 18 1992

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The Commission has rate structure jurisdiction over municipal and cooperative electric utilities, and must approve rate structure changes. The present rule requires such utilities to provide "supporting information in sufficient detail as to allow the Commission to determine the derivation of all rate structure modifications". Thus, the rule does not specifically require such utilities to submit cost studies by which Commission staff can evaluate a rate structure change. However, it is difficult for the Commission staff to analyze such changes without cost data.

It is not cost-effective for most municipal and cooperative electric utilities to provide a cost study in support of every proposed rate structure change. Therefore, in the absence of actual cost and operating data from the utility requesting the change, Commission staff evaluates proposed changes in rate structure on the basis of data from comparably situated public electric utilities which share characteristics similar to the municipal or cooperative electric utility. The rule amendment would codify this practice.

The current rule also requires municipal and cooperative utilities to submit a tabulation of charges under present and proposed rates. Since cost relationships are more relevant than simple nominal rate changes, this information is not very useful to staff's rate structure analysis. Additionally, if staff's analysis "borrows" data from a comparably situated public utility, it must also examine consumption which is comparable across utilities, not necessarily at a level chosen by the submitting utility. Given the limited utility of the information, staff believes that municipal and cooperative utilities should not be required to submit the tabulation.

As shown in the attached economic impact statement, the amendments should not increase costs or paperwork to the Commission or to the affected utilities. Some utilities may experience a savings by not tabulating charges and not submitting actual cost and operating data.

**ISSUE 2:** Should the amended rule be filed with the Secretary of State and the docket closed if there are no comments or requests for hearing?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** If no comments or requests for hearing are timely

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filed, the revised rule should be filed for adoption with the Secretary of State and this docket should be closed.

**MER**

**Attachments**  
**Rule 25-9.053**  
**EIS**

1           25-9.053 Filing and Evaluation of Information to Accompany  
2 Submittals.

3           (1) Each letter transmitting a utility's proposed  
4 documentation in which any change in rate structure is proposed  
5 shall be accompanied by ~~the following items in connection with each~~  
6 ~~new and existing service classification:~~

7           ~~(1) As applicable a tabulation setting forth, at appropriate~~  
8 ~~consumption levels, the charges applicable under the present and~~  
9 ~~proposed rate together with the difference expressed in dollars and~~  
10 ~~in percent; and~~

11           ~~(2) Supporting information in sufficient detail as to allow~~  
12 ~~the Commission to determine the derivation of all rate structure~~  
13 ~~modifications. All additional relevant information deemed~~  
14 ~~necessary by the Commission shall be submitted in addition to the~~  
15 ~~above upon request.~~

16           (2) The utility may submit actual cost and operating data to  
17 support its proposed change in rate structure. If the utility does  
18 not submit actual cost and operating data, the Commission shall  
19 evaluate the proposed change in rate structure on the basis of cost  
20 and operating data from one or more comparably situated public  
21 electric utilities which the Commission determines to be most  
22 similar to the filing utility. Data from the comparable utilities  
23 shall be considered in conjunction with all submitted information

1 | which is specific to the filing utility.  
2 | **Specific Authority:** 366.05(1), F.S.  
3 | **Lan Implemented:** 366.04(2)(b), F.S.  
4 | **History:** New 8/9/79, formerly 25-9.53, amended \_\_\_\_\_.  
5 |

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

M E M O R A N D U M

May 13, 1992

TO: DIVISION OF APPEALS (RULE)  
FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *AMA*  
SUBJECT: ECONOMIC IMPACT STATEMENT FOR AMENDMENT OF RULE 25-9.053, FAC,  
INFORMATION TO ACCOMPANY SUBMITTALS; DOCKET NO. 920227-EU

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SUMMARY OF THE RULE

Currently, Rule 25-9.053, FAC, details the information to be provided when any change in rate structure is proposed by municipal or cooperative electric utilities. Supporting detail to allow the Commission to determine the derivation of all rate structure modifications must be submitted as well as any additional relevant information deemed necessary by the Commission.

The proposed revision eliminates the requirement of a tabulation setting forth, at appropriate consumption levels, the charges applicable under the present and proposed rates with the difference expressed in dollars and percent.

In the proposed revision, a utility may submit actual cost and operating data to support its proposed change in rate structure. If the utility does not choose to submit actual cost and operating data, the Commission would evaluate the proposed change in rate structure on the basis of cost and operating data from one or more comparably situated public electric utilities similar to the filing utility. The rule title would be changed to "Filing and Evaluation of Submittals."

DIRECT COSTS TO THE AGENCY

The proposed rule change should not increase costs or paperwork to the Commission since the proposed changes would codify methods of analysis currently used by the staff to evaluate proposed rate structure changes. There may be some saving of time by Commission staff due to the rule in effect notifying the utility up-front that it may file actual cost data. The amount of time saved is indeterminable at this time.

### COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

The municipal and cooperative electric utilities which file rate structure changes would be affected by the rule. However, there should be no additional costs since the Commission currently may require actual cost and operating data and the Commission may compare similarly situated public electric utility rate structures in evaluating a filing utility.

By explicitly giving filing utilities the option of filing actual cost and operating data and not requiring a tabulation of charges, there may be a savings to filing utilities but the actual savings are unknown and would depend on the amount of time spent tabulating charges and submitting them and the number of filers choosing not to submit actual cost and operating data.

### IMPACT ON SMALL BUSINESSES

No direct impact on small businesses is foreseen as none of the utilities affected qualify as a small business as defined in Section 288.703(1), Florida Statutes (1991).

### IMPACT ON COMPETITION

There should be no impact on competition since the Commission currently may request actual cost and operating data from utilities filing for a change in rate structure and sets rate structures that are fair and equitable to ratepayers.

### IMPACT ON EMPLOYMENT

There should be no impact on employment because, although filing utilities may save some staff time by not preparing tabulations of charges to be submitted, preparation time saved should be relatively short.

### METHODOLOGY

Discussions were held with staff from the Division of Electric and Gas concerning current procedures in evaluating a request for rate structure change. The appropriate Florida statutes and Commission rules were reviewed for conformity.

CBH:jdh/e-infosb