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December 9, 1994

IN REPLY REFER TO:

HAND DELIVERED

Tallahassee

Mary Ann Helton
Division of Appeals
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Investigation of Economic Development Programs
and Participation by Regulated Utilities;
Docket No. 940165-PU

Dear Ms. Helton:

The attached draft of a proposed Economic Development Rule, submitted on behalf of Tampa Electric Company, is submitted in response to Staff's request for comment following the workshop on this matter held on November 16, 1994. Gulf Power Company and The Associated Gas Distributors of Florida have authorized us to represent they are in agreement with the attached language and the comments provided below.

This proposed rule language, if adopted by the Commission, will comply with this Commission's directive in Section 288.035, Florida Statutes which states in pertinent part:

- (3) The Florida Public Service Commission shall adopt rules for the recovery of economic development expenses by public utilities, including the sharing of expenses by shareholders.

The language of the attached draft rule provides for the recovery of reasonable economic development expenses subject to the limitation that such expenses shall be no greater than: (1) the amount approved in each utility's most recent rate case escalated for customer growth since that time; or (2) ninety percent of the expenses incurred for the reporting period. Any expenditures for economic development beyond such levels will be absorbed by Stockholders.

DOCUMENT NUMBER-DATE

12403 DEC-94

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The language of the attached proposed rule strikes a balance between the requirements of Section 288.035(3) Florida Statutes and this Commission's duties and responsibilities under Chapter 366, Florida Statutes to allow the recovery of any reasonable and prudent expenses incurred by a public utility. The language also provides a strong incentive for utilities to carefully manage the level of expenditures between proceedings that address the recovery of economic development expenses.

Since the Florida Public Service Commission rule on economic development will not be ripe for review and adoption until after the adoption of a rule, as required by Section 288.035(1), Florida Statutes by the Department of Commerce defining recoverable "economic development expenses" the comments we provide at this time are subject to review after the Department of Commerce adopts its rule on this subject.

Thank you for the opportunity for comment at this time and we look forward to continuing participation in this matter.

Sincerely,



Lee L. Willis

LLW/bjm

cc: Chairman J. Terry Deason
Commissioner Susan F. Clark
Commissioner Julia L. Johnson
Commissioner Diane K. Kiesling
Commissioner Joe A. Garcia
William D. Talbott
Mary A. Bane
Robert D. Vandiver
Joseph Jenkins
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PROPOSED RULES

25-7.042

25-6.0426

Recovery of Economic Development Expenses.

- (1) This rule shall apply to all public utilities as defined Chapter 366, Florida Statutes.
 - (2) Pursuant to Section 288.035, Florida Statutes, the Commission shall allow a public utility to recover reasonable economic development expenses subject to the limitation contained in section (3), provided that such expenses are prudently incurred and are consistent with the criteria established by rules adopted by the Department of Commerce.
 - (3) Subsequent to a rate change proceeding enumerated in section 4, the amounts reported for ratemaking purposes including surveillance reports and earnings review calculations shall be limited to the greater of: (a) the amount approved in each utility's most recent rate case escalated for customer growth since that time or (b) 90% of the expenses incurred for the reporting period. Any expenditures beyond such levels will be absorbed by the stockholders.
 - (4) Requests for rate changes relating to the recovery of economic development expenses shall be considered only in the context of a full revenue requirements rate case; in a limited scope proceeding for the individual utility; in a modified minimum filing requirement proceeding for the individual utility; or by voluntary stipulation of the utility approved by the Commission.
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