

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.

ACK _____ Subsection (5): The proposed amendment strikes the reference to

AFA _____ modified minimum filing requirements.

APP _____

CAF _____ SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: Both

CMU _____ shareholders and ratepayers could be affected by the proposed

CTR _____ amendments. The amount of impact depends on whether utilities

EAG _____ change their economic expenditures because of the rule changes,

LEG _____ and whether the proposed amendments result in changes to rates in

LIN _____

OPC _____ future rate cases. The Commission should experience no

RCH _____

SEC 1

WAS _____

OTH _____

ORIGINAL

RECEIVED
98 APR -1 AM 11:08
DEPARTMENT OF STATE
TALLAHASSEE, FLORIDA

DOCUMENT NUMBER DATE
980305 APR -1 98
FPSC REGISTRY REPORTING

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.

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 exceed the lesser of 0.15 percent of gross annual revenue 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 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).

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 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.

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 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.

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.

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).

1 25-6.0426 Recovery of Economic Development Expenses

2 (1) Pursuant to Section 288.035, Florida Statutes, the
3 Commission shall allow a public utility to recover reasonable
4 economic development expenses subject to the limitations contained
5 in subsections (2) and (3), provided that such expenses are
6 prudently incurred and are consistent with the criteria established
7 by Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida
8 Administrative Code, ~~adopted by the Department of Commerce.~~

9 (2) Prior to each utility's next rate change enumerated in
10 subsection (5), the amounts reported for surveillance reports and
11 earnings review calculations shall be limited to the greater of (a)
12 the amount approved in each utility's last rate case escalated for
13 customer growth since that time, or (b) 25 ~~90~~ percent of the
14 expenses incurred for the reporting period so long as such does not
15 exceed the lesser of 0.15 percent of gross annual revenues or \$3
16 million.

17 (3) At the time of each utility's next rate case and for
18 subsequent rate proceedings enumerated in subsection (5) the
19 Commission will determine the level of sharing of prudent economic
20 development costs and the future treatment of these expenses for
21 surveillance purposes.

22 (4) Each utility shall report its total economic development
23 expenses as a separate line item on its income statement schedules
24 filed with the earnings surveillance report required by Rule 25-
25 6.1352, Florida Administrative Code. Each utility shall make a

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

1 | line item adjustment on its income statement schedule to remove the
2 | appropriate percentage of economic development expenses incurred
3 | for the reported period consistent with subsections (2) and (3).

4 | (5) Requests for changes relating to recovery of economic
5 | development expenses shall be considered only in the context of a
6 | full revenue requirements rate case or in a limited scope
7 | proceeding for the individual utility, ~~or in a modified minimum~~
8 | ~~filing requirement proceeding for the individual utility.~~

9 | Specific Authority: 288.035(3), 350.127(2), F.S.

10 | Law Implemented: 288.035, F.S.

11 | History: New 07/12/95, _____.

12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

1 25-7.042 Recovery of Economic Development Expenses

2 (1) Pursuant to Section 288.035, Florida Statutes, the
3 Commission shall allow a public utility to recover reasonable
4 economic development expenses subject to the limitations contained
5 in subsections (2) and (3), provided that such expenses are
6 prudently incurred and are consistent with the criteria established
7 by Rules 8E-15.001, 8E-15.002, and 8E-15.003, Florida
8 Administrative Code, ~~adopted by the Department of Commerce.~~

9 (2) Prior to each utility's next rate change enumerated in
10 subsection (5), the amounts reported for surveillance reports and
11 earnings review calculations shall be limited to the greater of (a)
12 the amount approved in each utility's last rate case escalated for
13 customer growth since that time, or (b) ~~25~~ 90 percent of the
14 expenses incurred for the reporting period so long as such does not
15 exceed the lesser of 0.15 percent of gross annual revenue or \$3
16 million.

17 (3) At the time of each utility's next rate case and for
18 subsequent rate proceedings enumerated in subsection (5) the
19 Commission will determine the level of sharing of prudent economic
20 development costs and the future treatment of these expenses for
21 surveillance purposes.

22 (4) Each utility shall report its total economic development
23 expenses as a separate line item on its income statement schedules
24 filed with the earnings surveillance report required by Rule 25-
25 7.1352, Florida Administrative Code. Each utility shall make a

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

1 | line item adjustment on its income statement schedule to remove the
2 | appropriate percentage of economic development expenses incurred
3 | for the reported period consistent with subsections (2) and (3).

4 | (5) Requests for changes relating to recovery of economic
5 | development expenses shall be considered only in the context of a
6 | full revenue requirements rate case or in a limited scope
7 | proceeding for the individual utility, ~~or in a modified minimum~~
8 | ~~filing requirement proceeding for the individual utility.~~

9 | Specific Authority: 288.035(3), 350.127(2), F.S.

10 | Law Implemented: 288.035, F.S.

11 | History: New 07/17/95, .

12 |
13 |
14 |
15 |
16 |
17 |
18 |
19 |
20 |
21 |
22 |
23 |
24 |
25 |

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

FLORIDA PUBLIC SERVICE COMMISSION - RECORDS AND REPORTING



Date 4 / 3 / 98
 Number of Originals 12 Copies Per Original 121
 Requested By Marie Reddish *[Signature]*

Item Presented
 Agenda For (Date) _____ Order No. 7-2117 In Docket No. 771221
 Notice of Rulemaking For (Date) _____ In Docket No. _____
 Other _____

Special Handling Instructions

Distribution/Mailing

Number	Distributed/Mailed To	Number	Distribution/Mailed To
<u>11</u>	<u>Commission Offices</u>	<u>--</u>	_____
<u>11</u>	<u>Docket Mailing List - Mailed</u>	_____	_____
<u>0</u>	<u>Docket Mailing List - Forged</u>	_____	_____

Note: Items must be mailed and/or returned within one working day after issue unless specified here:

Print Shop Verification
 Job Number 59 Verified By W.S.
 Date and Time Completed 4-3 Job Checked For Correctness and Quality (Initial) _____

Mail Room Verification
 Date Mailed 4/3 Verified By A.J.