



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: August 17, 1999
TO: Docket No. 980643-EI Participants *not*
FROM: Mary Anne Helton, Associate General Counsel, Division of Appeals
RE: Docket No. 980643-EI - Proposed amendments to Rule 25-6.1351, F.A.C., Cost Allocation and Affiliate Transactions; Rule 25-6.135, F.A.C., Annual Reports; and Rule 25-6.0436, F.A.C., Depreciation

Attached is the agenda for the August 24, 1999, workshop in the above-referenced docket. At the workshop, we will take up each subsection of Rule 25-6.0436 separately, and then take up Rules 25-6.135 and 25-6.0436.

Staff made some changes to the draft amendments published in the July 16, 1999, edition of the Florida Administrative Weekly, based on the pre-workshop comments. These changes are attached and are shaded so that they can be easily identified.

Also attached are the cost allocation forms incorporated by reference in the rules. Only one of these forms, "Non-Tariffed Services and Products Provided by the Utility," page 460, is new.

We look forward to your participation on August 24, 1999. Please call Jay Revell at (850) 413-6425 if you have any questions.

cc: Ann Causseaux
 Tim Devlin
 Craig Hewitt
 Pat Lee
 Dale Mailhot
 Nina Merta
 Jay Revell
 Lee Romig
 Beth Salak
 Rick Wright
 Docket File

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FPSC-RECORDS/REPORTING

AGENDA

Staff Workshop

August 24, 1999, 10:00 a.m., Room 148

Docket No. 980643-EI - Proposed amendments to Rule 25-6.1351, F.A.C., Cost Allocation and Affiliate Transactions; Rule 25-6.135, F.A.C., Annual Reports; and Rule 25-6.0436, F.A.C., Depreciation

I. Introduction

II. Discussion of Rule 25-6.1351, Cost Allocation and Affiliate Transactions

(1) Purpose

(2) Definitions

- ◆ nonregulated and regulated
- ◆ subsidize

(3) Non-Tariffed Affiliate Transactions

- ◆ market price v. fully allocated costs
- ◆ competitive bidding
- ◆ mapping requirement
- ◆ record retention

(4) Cost Allocation Principles

- ◆ ratepayer impact - benefit v. harm
- ◆ listing of revenues and expenses

(5) Reporting Requirements

- ◆ new form

(6) Audit Requirements

- ◆ outside audit requirement
- ◆ timing
- ◆ audit expense

III. Discussion of Rule 25-6.135, Annual Reports

IV. Discussion of Rule 25-6.0436, Depreciation

V. Closing Remarks

1 | 25-6.1351 Cost Allocation and Affiliate Transactions

2 | ~~Diversification Reports.~~

3 | (1) Purpose. The purpose of this rule is to establish cost
4 | allocation guidelines and reporting requirements to ensure proper
5 | accounting for affiliate transactions and utility nonregulated
6 | activities so that these transactions and activities are not
7 | subsidized by utility ratepayers. ~~This rule is not applicable to~~
8 | affiliate transactions for purchase of fuel and related
9 | transportation services which are subject to Commission review
10 | and approval in cost recovery proceedings.

11 | ~~(1) Each investor owned electric utility shall file~~
12 | ~~information on its affiliates and affiliated transactions on~~
13 | ~~Commission Form PSC/AFA 16 (12/94) which is incorporated into~~
14 | ~~this rule by reference. Form PSC/AFA 16, entitled "Analysis of~~
15 | ~~Diversification Activities", may be obtained from the~~
16 | ~~Commission's Division of Auditing and Financial Analysis.~~

17 | (2) Definitions

18 | (a) Affiliate -- Any entity that directly or indirectly
19 | through one or more intermediaries, controls, is controlled by,
20 | or is under common control with a the utility. As used herein,
21 | "control" means the possession, directly or indirectly, of the
22 | power to direct or cause the direction of the management and
23 | policies of a company, whether such power is exercised through
24 | one or more intermediary companies, or alone, or in conjunction
25 | with, or pursuant to an agreement, and whether such power is

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1 established through a majority or minority ownership or voting of
2 securities, common directors, officers or stockholders, voting
3 trusts, holding trusts, associated companies, contracts or any
4 other direct or indirect means. Ownership of five 5 percent or
5 more of the voting securities of an entity shall be conclusively
6 deemed to constitute the control thereof.

7 (b) Affiliated Transaction -- Any transaction in which both
8 a utility and an affiliate thereof are each participants, except
9 other than transactions related solely to the filing of
10 consolidated tax returns.

11 (c) Cost Allocation Manual (CAM) - The manual that sets out
12 a utility's cost allocation policies and related procedures.

13 (d) Direct Costs - Costs that can be specifically
14 identified with a particular service or product.

15 (e) Fully Allocated Costs - The sum of direct costs plus a
16 fair and reasonable share of indirect costs.

17 (f) Indirect Costs - Costs, including all overheads, that
18 cannot be identified with a particular service or product.

19 (g) Nonregulated - The components of a utility's financial
20 statements that are not taken into account in determining fair,
21 just, and reasonable rates for utility service.

22 (h) Regulated - The components of a utility's financial
23 statements that are taken into account in determining fair, just,
24 and reasonable rates for utility service.

25 (i) Subsidize - The act of utility ratepayers paying more

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1 than their share of costs associated with affiliate transactions
2 and utility nonregulated activities.

3 (3) Non-Tariffed Affiliate Transactions

4 (a) The purpose of subsection (3) is to establish
5 requirements for non-tariffed affiliate transactions.

6 (b) A utility must charge an affiliate fully allocated
7 costs for all non-tariffed services and products purchased by the
8 affiliate from the utility. Except, a utility may charge an
9 affiliate less than fully allocated costs if the charge is above
10 incremental cost and equivalent to market prices. If a utility
11 charges less than fully allocated costs, the utility must
12 maintain documentation to support doing so in accordance with the
13 record retention requirements in Rule 25-6.014(3), F.A.C.

14 (c) A utility shall apportion to regulated operations the
15 lesser of fully allocated costs or market price when purchasing
16 services and products from an affiliate. Competitive bidding
17 must be used when the utility projects to spend more than
18 \$500,000 in a calendar year for a particular product or service.

19 (d) When an asset is transferred from a utility to a
20 nonregulated affiliate, the utility must charge the affiliate the
21 greater of market or net book value. When an asset is
22 transferred from a nonregulated affiliate to a utility, the
23 utility must record the asset at the lower of market or net book
24 value. An independent appraiser must verify the market value of
25 a transferred asset with a net book value greater than

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1 \$1,000,000.

2 (e) If an affiliate's accounts and records do not conform
3 to the Uniform System of Accounts as prescribed by Rule 25-6.014,
4 the utility must maintain a mapping system that reconciles the
5 affiliate's accounts to the respective USOA accounts.

6 (f) Each affiliate involved in affiliate transactions must
7 maintain all underlying data concerning the affiliate transaction
8 for at least three years after the affiliate transaction is
9 complete. This paragraph does not relieve a regulated affiliate
10 from maintaining records under otherwise applicable record
11 retention requirements.

12 (4) Cost Allocation Principles

13 (a) ~~Each utility's~~ accounting records must show whether
14 ~~each the~~ transaction involves a product or service that is
15 regulated or nonregulated.

16 (b) Direct costs shall be ~~assigned to classified for~~ each
17 service and product provided by the utility.

18 (c) Indirect costs shall be distributed on a fully
19 allocated cost basis. Except, a utility may distribute indirect
20 costs on an incremental or market basis if the utility can
21 demonstrate that its ratepayers will benefit. If a utility
22 distributes indirect costs on less than a fully allocated basis,
23 the utility must maintain documentation to support doing so in
24 accordance with the record retention requirements in Rule 25-
25 6.014(3), F.A.C.

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1 (d) Each utility must maintain a listing of revenues and
2 expenses for all non-tariffed products and services.

3 (5) Reporting Requirements. Each utility shall file
4 information concerning its affiliates, affiliate transactions,
5 and nonregulated activities on Form PSC/AFA 19 (xx/xx) which is
6 incorporated by reference into this rule. Form PSC/AFA 19,
7 entitled "Annual Report of Major Electric Utilities," may be
8 obtained from the Commission's Division of Auditing and Financial
9 Analysis.

10 (6) Audit Requirements

11 (a) Each utility involved in affiliate transactions or in
12 nonregulated activities must maintain a Cost Allocation Manual
13 (CAM). The CAM must be organized and indexed so that the
14 information contained therein can be easily accessed.

15 (b) Each utility shall file with the Commission an audit
16 report issued by an independent auditor commenting on the
17 utility's compliance with its CAM. Beginning January 1, 2001,
18 the compliance audit shall be performed no less than once every
19 three years. The audit report shall be filed with the annual
20 report or within 30 days of filing the annual report required by
21 Rule 25-6.135.

22 (c) Each utility shall file, along with the audit report, a
23 list of all errors, irregularities, and incidents of non-
24 compliance with the CAM. ~~This list shall include all errors and~~
25 ~~irregularities~~ detected by the independent auditor during the

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1 audit, regardless of materiality.

2 (d) All costs associated with the audit must be separately
3 identified and shall not be chargeable to expense for ratemaking
4 purposes.

5 ~~(3) Within 45 days of coming under the jurisdiction of the~~
6 ~~Commission, each investor owned electric utility shall file~~
7 ~~Schedules 1, 7, and 8 of Form PSC/AFA 16 with the Division of~~
8 ~~Auditing and Financial Analysis.~~

9 ~~(4) Each investor owned electric utility shall file~~
10 ~~Schedules 1 — 6 of Form PSC/AFA 16 as an attachment to its~~
11 ~~annual report.~~

12 ~~(5) Each investor owned electric utility shall keep a~~
13 ~~detailed backup report of the summary report to facilitate~~
14 ~~auditing and analysis. Each investor owned electric utility shall~~
15 ~~maintain a clear audit trail from the summary report through the~~
16 ~~general ledger to the source documents supporting the~~
17 ~~transaction.~~

18 Specific Authority 366.05(1), 350.127(2) FS.

19 Law Implemented 350.115, 366.04(2)(a), (f), 366.05(1), (2), and
20 (9), 366.093(1) FS.

21 History--New 12-27-94, Amended.

22
23 25-6.135 Annual Reports.

24 (1) Each investor-owned electric utility shall file annual
25 reports with the Commission on Commission Form PSC/AFA 19 (xx/xx)

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1 | 12/94) which is incorporated by reference into this rule. Form
2 | PSC/AFA 19, entitled "Annual Report of Major Electric Utilities",
3 | may be obtained from the Commission's Division of Auditing and
4 | Financial Analysis. These reports shall be verified by a
5 | responsible accounting officer of the utility making the report
6 | and shall be due on or before April 30 for the preceding calendar
7 | year. A utility may file a written request for an extension of
8 | time with the Division of Auditing and Financial Analysis no
9 | later than April 30. One extension of 31 days will be granted
10 | upon request. A request for a longer extension must be
11 | accompanied by a statement of good cause and shall specify the
12 | date by which the report will be filed.

13 | (2) The utility shall also file with the original and each
14 | copy of the annual report form, or separately within 30 days, a
15 | letter or report, signed by an independent certified public
16 | accountant, attesting to the conformity in all material respects
17 | of the schedules and their applicable notes listed on the general
18 | information page of Form PSC/AFA 19 with the Commission's
19 | applicable uniform system of accounts and published accounting
20 | releases.

21 | Specific Authority 366.05(1), 350.127(2) FS.

22 | Law Implemented 350.115, 366.04(2)(f), 366.05(1), (2)(a) FS.

23 | History--New 12-27-94, amended _____.

24 |
25 |
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1 | 25-6.0436 Depreciation.

2 | (1) For the purposes of this part, the following definitions
3 | shall apply:

4 | (a) Category or Category of Depreciable Plant -- A grouping
5 | of plant for which a depreciation rate is prescribed. At a
6 | minimum it should include each plant account prescribed in Rule
7 | 25-6.014(1), F.A.C.

8 | (b) Embedded Vintage -- A vintage of plant in service as of
9 | the date of study or implementation of proposed rates.

10 | (c) Mortality Data -- Historical data by study category
11 | showing plant balances, additions, adjustments and retirements,
12 | used in analyses for life indications or calculations of realized
13 | life. Preferably, this is aged data in accord with the
14 | following:

- 15 | 1. The number of plant items or equivalent units (usually
16 | expressed in dollars) added each calendar year.
- 17 | 2. The number of plant items retired (usually expressed in
18 | dollars) each year and the distribution by years of
19 | placing of such retirements.
- 20 | 3. The net increase or decrease resulting from purchases,
21 | sales or adjustments and the distribution by years of
22 | placing of such amounts.
- 23 | 4. The number that remains in service (usually expressed
24 | in dollars) at the end of each year and the
25 | distribution by years of placing of such amounts.

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1 (d) Net Book Value - The book cost of an asset or group of
2 assets minus the accumulated depreciation or amortization reserve
3 associated with those assets.

4 (e)-(d) Remaining Life Method -- The method of calculating a
5 depreciation rate based on the unrecovered plant balance, less
6 average future net salvage and the average remaining life. The
7 formula for calculating a Remaining Life Rate (RLR) is:

$$\text{RLR} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

11
12 (f) Reserve (Accumulated Depreciation) - The amount of
13 depreciation/amortization expense, salvage, cost of removal,
14 adjustments, transfers, and reclassifications accumulated to
15 date.

16 (g)-(e) Reserve Data -- Historical data by study category
17 showing reserve balances, debits and credits such as booked
18 depreciation, expense, salvage and cost of removal and
19 adjustments to the reserve utilized in monitoring reserve
20 activity and position.

21 (h)-(f) Reserve Deficiency -- An inadequacy in the reserve of
22 a category as evidenced by a comparison of that reserve indicated
23 as necessary under current projections of life and salvage with
24 that reserve historically accrued. The latter figure may be
25 available from the utility's records or may require retrospective

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1 calculation.

2 (i)~~(g)~~ Reserve Surplus -- An excess in the reserve of a
3 category as evidenced by a comparison of that reserve indicated
4 as necessary under current projections of life and salvage with
5 that reserve historically accrued. The latter figure may be
6 available from the utility's records or may require retrospective
7 calculation.

8 (j)~~(h)~~ Salvage Data -- Historical data by study category
9 showing bookings of retirements, gross salvage and cost of
10 removal used in analysis of trends in gross salvage and cost of
11 removal or for calculations of realized salvage.

12 (k)~~(i)~~ Theoretical Reserve or Prospective Theoretical
13 Reserve -- A calculated reserve based on components of the
14 proposed rate using the formula:

15

16 Theoretical Reserve = Book Investment - Future Accruals - Future
17 Net Salvage

18

19 (l)~~(j)~~ Vintage -- The year of placement of a group of plant
20 items or investment under study.

21 (m)~~(k)~~ Whole Life Method -- The method of calculating a
22 depreciation rate based on the Whole Life (Average Service Life)
23 and the Average Net Salvage. Both life and salvage components
24 are the estimated or calculated composite of realized experience
25 and expected activity. The formula is:

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1
2 Whole Life Rate = $\frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$
3
4

5 (2) (a) No utility shall ~~may~~ change any existing depreciation
6 rate or initiate any new depreciation rate without prior
7 Commission approval.

8 (b) No utility shall ~~may~~ reallocate accumulated depreciation
9 reserves among any primary accounts and sub-accounts without
10 prior Commission approval.

11 (c) When plant investment is booked as a transferred from
12 one a regulated utility depreciable account to another or from a
13 regulated company to an affiliate to an affiliated company shall
14 have an appropriate, an appropriate reserve amount shall also be
15 booked as a transferred. When plant investment is sold from one
16 regulated utility to an affiliate, an appropriate associated
17 reserve amount shall also be determined to calculate the net book
18 value of the utility investment being sold. Appropriate methods
19 for determining the appropriate reserve amount associated with
20 plant to transferred or sold are as follows:

- 21 1. Where vintage reserves are not maintained,
22 synthesization using the currently prescribed curve
23 shape may be required. The same reserve percent
24 associated with the original placement vintage of the
25 related investment shall then be used in determining

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- 1 the appropriate amount of reserve to transfer.
- 2 2. Where the original placement vintage of the investment
3 being transferred is unknown, the reserve percent
4 applicable to the account in which the investment being
5 transferred resides may be assumed as appropriate for
6 determining the reserve amount to transfer.
- 7 3. Where the age of the investment being transferred is
8 known and a history of the prescribed depreciation
9 rates is known, a reserve can be determined by
10 multiplying the age times the investment times the
11 applicable depreciation rate(s).
- 12 4. The Commission shall consider any additional methods
13 submitted by the utilities for determining the
14 appropriate reserve amounts to transfer.

15 (3) (a) Each utility shall maintain depreciation rates and
16 accumulated depreciation reserves in accounts or subaccounts as
17 prescribed by Rule 25-6.014(1), F.A.C. Utilities may maintain
18 further sub-categorization.

19 (b) Upon establishing a new account or subaccount
20 classification, each utility shall request Commission approval of
21 a depreciation rate for the new plant category.

22 (4) A utility filing a depreciation study, regardless if a
23 change in rates is being requested or not, shall submit to the
24 Commission Clerk's office fifteen copies of the information
25 required by paragraphs (6) (a) through (6) (f) and (6) (h) of this

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1 rule and at least three copies of the information required by
2 paragraph (6) (g).

3 (5) Upon Commission approval by order establishing an
4 effective date, the utility shall ~~may~~ reflect on its books and
5 records the implementation of the proposed rates, subject to
6 adjustment when final depreciation rates are approved.

7 (6) A depreciation study shall include:

8 (a) A comparison of current and proposed depreciation rates
9 and components for each category of depreciable plant. Current
10 rates shall be identified as to the effective date and proposed
11 rates as to the proposed effective date.

12 (b) A comparison of annual depreciation expense as of the
13 proposed effective date, resulting from current rates with those
14 produced by the proposed rates for each category of depreciable
15 plant. The plant balances may involve estimates. Submitted data
16 including plant and reserve balances or company planning
17 involving estimates shall be brought to the effective date of the
18 proposed rates.

19 (c) Each recovery and amortization schedule currently in
20 effect should be included with any new filing showing total
21 amount amortized, effective date, length of schedule, annual
22 amount amortized and reason for the schedule.

23 (d) A comparison of the accumulated book reserve to the
24 prospective theoretical reserve based on proposed rates and
25 components for each category of depreciable plant to which

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1 depreciation rates are to be applied.

2 (e) A general narrative describing the service environment
3 of the applicant company and the factors, e.g., growth,
4 technology, physical conditions, necessitating a revision in
5 rates.

6 (f) An explanation and justification for each study category
7 of depreciable plant defining the specific factors that justify
8 the life and salvage components and rates being proposed. Each
9 explanation and justification shall include substantiating
10 factors utilized by the utility in the design of depreciation
11 rates for the specific category, e.g., company planning, growth,
12 technology, physical conditions, trends. The explanation and
13 justification shall discuss any proposed transfers of reserve
14 between categories or accounts intended to correct deficient or
15 surplus reserve balances. It should also state any statistical
16 or mathematical methods of analysis or calculation used in design
17 of the category rate.

18 (g) The filing shall contain all calculations, analysis and
19 numerical basic data used in the design of the depreciation rate
20 for each category of depreciable plant. Numerical data shall
21 include plant activity (gross additions, adjustments,
22 retirements, and plant balance at end of year) as well as reserve
23 activity (retirements, accruals for depreciation expense,
24 salvage, cost of removal, adjustments, or transfers and
25 reclassifications and reserve balance at end of year) for each

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1 year of activity from the date of the last submitted study to the
2 date of the present study. To the degree possible, data
3 involving retirements should be aged.

4 (h) The mortality and salvage data used by the company in
5 the depreciation rate design must agree with activity booked by
6 the utility. Unusual transactions not included in life or
7 salvage studies, e.g., sales or extraordinary retirements, must
8 be specifically enumerated and explained.

9 (7) (a) Utilities shall provide calculations of depreciation
10 rates using both the whole life method and the remaining life
11 method. The use of these methods is required for all depreciable
12 categories. Utilities may submit additional studies or methods
13 for consideration by the Commission.

14 (b) The possibility of corrective reserve transfers shall be
15 investigated by the Commission prior to changing depreciation
16 rates.

17 (8) (a) Each company shall file a study for each category of
18 depreciable property for Commission review at least once every
19 four years from the submission date of the previous study unless
20 otherwise required by the Commission.

21 (b) A utility proposing an effective date of the beginning
22 of its fiscal year shall submit its depreciation study no later
23 than the mid-point of that fiscal year.

24 (c) A utility proposing an effective date coinciding with
25 the expected date of additional revenues initiated through a rate

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1 case proceeding shall submit its depreciation study no later than
2 the filing date of its Minimum Filing Requirements.

3 (9) As part of the filing of the annual report pursuant to
4 Rule 25-6.014(3), F.A.C., each utility shall include an annual
5 status report. The report shall include booked plant activity
6 (plant balance at the beginning of the year, additions,
7 adjustments, transfers, reclassifications, retirements and plant
8 balance at year end) and reserve activity (reserve balance at the
9 beginning of the year, retirements, accruals, salvage, cost of
10 removal, adjustments, transfers, reclassifications and reserve
11 balance at end of year) for each category of investment for which
12 a depreciation rate, amortization, or capital recovery schedule
13 has been approved. The report shall indicate for each category
14 that:

15 (a) There has been no change of plans or utility experience
16 requiring a revision of rates, amortization or capital recovery
17 schedules; or

18 (b) There has been a change requiring a revision of rates,
19 amortization or capital recovery schedules.

20 (10) For any category where current conditions indicate a
21 need for revision of depreciation rates, amortization or capital
22 recovery schedules and no revision is sought, the report shall
23 explain why no revision is requested.

24 ~~(10)~~(a) Prior to the date of retirement of major
25 installations, the Commission shall ~~may~~ approve capital recovery

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1 schedules to correct associated calculated deficiencies where a
2 utility demonstrates that (1) replacement of an installation or
3 group of installations is prudent and (2) the associated
4 investment will not be recovered by the time of retirement
5 through the normal depreciation process.

6 (b) The Commission shall ~~may~~ approve a special capital
7 recovery schedule when an installation is designed for a specific
8 purpose or for a limited duration.

9 (c) Associated plant and reserve activity, balances and the
10 annual capital recovery schedule expense must be maintained as
11 subsidiary records.

12 Specific Authority 350.127(2), 366.05(1) FS.

13 Law Implemented 350.115, 366.04(2)(f), 366.06(1) FS.

14 History--New 11-11-82, 1-6-85, Formerly 25-6.436, Amended
15 4-27-88, 12-12-91, .

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SIGNATURE PAGE

I certify that I am the responsible accounting officer of _____;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, _____ to December 31, _____, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Date

Signature

Name

Title

Affiliation of Officers and Directors

Company:

For the Year Ended December 31,

For each of the officials named in Part 1 of the Executive Summary, list the principal occupation or business affiliation if other than listed in Part 1 of the Executive Summary and all affiliations or connections with any other business or financial organizations, firms, or partnerships. For purposes of this part, the official will be considered to have an affiliation with any business or financial organization, firm or partnership in which he is an officer, director, trustee, partner, or a person exercising similar functions.

Name	Principal Occupation or Business Affiliation	Affiliation or Connection with any Other Business or Financial Organization Firm or Partnership	
		Affiliation or Connection	Name and Address

Business Contracts with Officers, Directors and Affiliates

Company:

For the Year Ended December 31,

List all contracts, agreements, or other business arrangements* entered into during the calendar year (other than compensation-related to position with respondent) between the respondent and each officer and director listed in Part 1 of the Executive Summary. In addition, provide the same information with respect to professional services for each firm, partnership, or organization with which the officer or director is affiliated.

Note * Business agreement, for this schedule, shall mean any oral or written business deal which binds the concerned parties for products or services during the reporting year or future years.

Name of Officer or Director	Name and Address of Affiliated Entity	Amount	Identification of Product or Service

*Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return*

Company: _____

For the Year Ended December 31, _____

For the current year, reconcile the gross operating revenues as reported on Page 300 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (h).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 300	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Gross Operating Revenues per RAF Return	(f) Interstate and Sales for Resale Adjustments	(g) Adjusted Intrastate Gross Operating Revenues	(h) Difference (d) - (g)
1	Total Sales to Ultimate Customers (440-446, 448)	\$	\$	\$	\$	\$	\$	\$
2	Sales for Resale (447)							
3	Total Sales of Electricity							
4	Provision for Rate Refunds (449.1)							
5	Total Net Sales of Electricity							
6	Total Other Operating Revenues (450-456)							
7	Other (Specify)							
8								
9								
10	Total Gross Operating Revenues	\$	\$	\$	\$	\$	\$	\$

Notes: _____

453

Analysis of Diversification Activity
Changes in Corporate Structure

Company:

For the Year Ended December 31, _____

Provide any changes in corporate structure including partnerships, minority interest, and joint ventures and an updated organizational chart, including all affiliates.	
Effective Date (a)	Description of Change (b)

Analysis of Diversification Activity
New or Amended Contracts with Affiliated Companies

Company:

For the Year Ended December 31, _____

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)

Analysis of Diversification Activity
Individual Affiliated Transactions in Excess of \$500,000

Company:

For the Year Ended December 31,

Provide information regarding individual affiliated transactions in excess of \$500,000. Recurring monthly affiliated transactions which exceed \$500,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)

Analysis of Diversification Activity
Summary of Affiliated Transfers and Cost Allocations

Company:

For the Year Ended December 31, _____

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is purchased by the Respondent; "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)

Analysis of Diversification Activity
Assets or Rights Purchased from or Sold to Affiliates

Company:

For the Year Ended December 31,

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
Total						\$	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
Total						\$	

Analysis of Diversification Activity
Employee Transfers

Company:

For the Year Ended December 31,

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration

Analysis of Diversification Activity
Non-Tariffed Services and Products Provided by the Utility

Company:

For the Year Ended December 31, _____

Provide the following information regarding all non-tariffed services and products provided by the utility.

Description of Product or Service (a)	Account No. (b)	Above or below the line (c)