

Commissioners:
J. TERRY DEASON, CHAIRMAN
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BRAULIO L. BAEZ



DIVISION OF APPEALS
DAVID SMITH
DIRECTOR
(850) 413-6245

Public Service Commission

September 15, 2000

Mr. Carroll Web
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

Re: Docket No. 001062-WS - Proposed Repeal of Rule 25-30.470,
F.A.C., Calculation of Rate Reduction After Rate Case
Expense is Amortized

Dear Mr. Webb:

Enclosed is an original copy of the following materials
concerning the above referenced proposed rule:

1. A copy of the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the
proposed rule.
4. A federal standards statement.
5. No statement of estimated regulatory costs was prepared.

If there are any questions with respect to this rule, please
do not hesitate to call on me.

Sincerely,

Mary Anne Helton
Associate General Counsel

APP _____
CAF _____
CMP _____
COM _____
CTR _____
ECR _____
LEG _____
OPC _____
PAI _____
RGO _____
SEC _____
SER _____
OTH _____

ADM470.MAH
Enclosures
cc: Division of Records & Reporting

DOCUMENT NUMBER-DATE

11589 SEP 15 00

FPSC-RECORDS/REPORTING

1 25-30.470 Calculation of Rate Reduction After Rate Case
2 Expense is Amortized.

3 ~~To calculate the rate reduction to be made 4 years after a~~
4 ~~rate case as required by section 367.0816, F.S., the following~~
5 ~~methodology shall be used. The annual amount of rate case expense,~~
6 ~~which is equal to one fourth of the total allowed rate case~~
7 ~~expense, shall be divided by the regulatory assessment fee gross up~~
8 ~~factor. The resulting number shall then be divided by the revenue~~
9 ~~requirement to determine the percentage of the rate reduction. The~~
10 ~~percentage is then multiplied against the new rates to determine~~
11 ~~the amount of the future rate reduction. Revised tariff sheets~~
12 ~~implementing the reduction shall be filed no later than 1 month~~
13 ~~before the end of the fourth year.~~

14 Specific Authority: 350.127(2), 367.121, F.S.

15 Law Implemented: 367.0816, 367.121, F.S.

16 History: New 11/30/93, Repealed _____.

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

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001062-WS

RULE TITLE:

RULE NO.:

Calculation of Rate Reduction After Rate Case
Expense is Amortized

25-30.470

PURPOSE AND EFFECT: To repeal Rule 25-30.470.

SUMMARY: The rule establishes the methodology for reducing rates at the end of the four-year amortization period for rate case expense.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No SERC was prepared.

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: 350.127(2), 367.121, FS

LAW IMPLEMENTED: 367.0816, 367.121, 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.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

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, (850) 413-
6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-30.470 Calculation of Rate Reduction After Rate Case
Expense is Amortized.

~~To calculate the rate reduction to be made 4 years after a
rate case as required by section 367.0816, F.S., the following
methodology shall be used. The annual amount of rate case
expense, which is equal to one fourth of the total allowed rate
case expense, shall be divided by the regulatory assessment fee
gross up factor. The resulting number shall then be divided by
the revenue requirement to determine the percentage of the rate
reduction. The percentage is then multiplied against the new
rates to determine the amount of the future rate reduction.
Revised tariff sheets implementing the reduction shall be filed
no later than 1 month before the end of the fourth year.~~

Specific Authority 350.127(2), 367.121, FS

Law Implemented 367.0816, 367.121, FS

History New 11/30/93, Repealed _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: John Williams,
Division of Policy Analysis and Intergovernmental Liaison.

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: September 5, 2000.

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW:

Volume 26, Number 9, March 3, 2000.

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 48 hours 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).

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

Section 367.0816, Florida Statutes, requires rate case expense to be amortized over a four-year period. Prior to 1999, it also required "[a]t the conclusion of the recovery period, the rate of the public utility shall be reduced immediately by the amount of the rate case expense previously included in rates." Rule 25-30.470, which sets out the methodology for reducing rates at the end of the amortization period, implements this repealed language. Since the Legislature repealed this requirement in 1999, Rule 25-30.470, Florida Administrative Code, should also be repealed. Chapter 99-319; Florida Laws.

Prior to 1989, when the Legislature imposed the requirement, the Commission did not reduce rates at the end of the amortization period for rate case expense for water and wastewater utilities. Chapter 89-353, Florida Laws. Since the requirement to reduce rates was repealed by the Legislature in 1999, the Commission has gone back to its procedure prior to 1989. In the last 5-6 water and wastewater rate cases that were filed since the Legislature repealed the rate reduction requirement, the Commission has not required rates to be decreased at the end of the amortization period for rate case expense. Since the statute does not require it and the Commission has decided in recent rate cases to not reduce rates at the end of the amortization period for rate case expense, the rule should be repealed.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.