

COMMISSIONERS:
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STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

June 8, 2021

Ms. Anya Grosenbaugh
Florida Department of State
Administrative Code and Register Section
Room 701, the Capitol
Tallahassee, FL 32399-0250
RuleAdoptions@DOS.MyFlorida.com

Via E-Mail

Dkt #: 20210062

Re: Rule Certification Packet for Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

Dear Ms. Grosenbaugh:

Enclosed for filing is a complete rule certification packet for Rule 25-6.0143, F.A.C., consisting of:

- (1) One copy of the coded text of the rule in Word version;
- (2) There are no materials incorporated by reference into this rule.
- (3) One copy of the signed rule certification form;
- (4) One copy of the signed designation of minor violation rule certification form required by Rule 1-1.010, F.A.C.;
- (5) One copy of the coded text of the rule, including the legal citations and history notes;
- (6) One copy of the summary of the rule;
- (7) One copy of the detailed written statement of the facts and circumstances justifying the rule; and
- (8) One copy of the summary of the hearings held on the rule.

RECEIVED-FPSC
2021 JUN -8 PM 2:47
COMMISSION
CLERK

Please let me know if you have any questions. The contact name and information for this rule is Adria E. Harper, Florida Public Service Commission, Office of General Counsel, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0250, (850) 413-6082, aharper@psc.state.fl.us.

Sincerely,

A handwritten signature in black ink that reads "Samantha M. Childs for". The signature is written in a cursive style.

Adria E. Harper
Senior Attorney

Enclosures

cc: Office of the Commission Clerk (Docket No. 20210062-OT)

**CERTIFICATION OF FLORIDA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE RULES FILED WITH THE DEPARTMENT OF STATE**

I hereby certify:

- (1) That all statutory rulemaking requirements of Chapter 120, F.S., and all rulemaking requirements of the Department of State have been complied with; and
- (2) That there is no administrative determination under Section 120.56(2), F.S., pending on any rule covered by this certification; and
- (3) All rules covered by this certification are filed within the prescribed time limitations of Section 120.54(3)(e), F.S. They are filed not less than 28 days after the notice required by Section 120.54(3)(a), F.S.; and
- (a) Are filed not more than 90 days after the notice; or
- (b) Are filed more than 90 days after the notice, but not more than 60 days after the administrative law judge files the final order with the clerk or until 60 days after subsequent judicial review is complete; or
- (c) Are filed more than 90 days after the notice, but not less than 21 days nor more than 45 days from the date of publication of the notice of change; or
- (d) Are filed more than 90 days after the notice, but not less than 14 nor more than 45 days after the adjournment of the final public hearing on the rule; or
- (e) Are filed more than 90 days after the notice, but within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or
- (f) Are filed more than 90 days after the notice, but within 21 days after the date the transcript was received by this agency; or
- (g) Are filed not more than 90 days after the notice, not including days the adoption of the rule was postponed following notification from the Joint Administrative Procedures Committee that an objection to the rule was being considered; or
- (h) Are filed more than 90 days after the notice, but within 21 days after a good faith written proposal for a lower cost regulatory alternative to a proposed rule is submitted which substantially accomplishes the objectives of the law being implemented; or
- (i) Are filed more than 90 days after the notice, but within 21 days after a regulatory alternative is offered by the ombudsman in the Executive Office of the Governor.

The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of State.

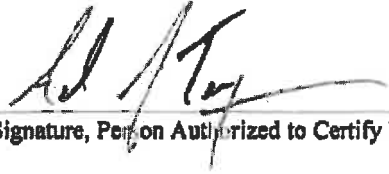
Rule No(s).

25-6.0143

Under the provision of Section 120.54(3)(e)6., F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective Date: _____

(month) (day) (year)



Signature, Person Authorized to Certify Rules

Commission Clerk

Title

6
Number of Pages Certified

**DESIGNATION OF RULE THE VIOLATION OF WHICH IS A MINOR VIOLATION
CERTIFICATION**

Pursuant to Section 120.695(2)(c)3, Florida Statutes, I certify as agency head, as defined by section 20.05(1)(b), Florida Statutes, that:

All rules covered by this certification are not rules the violation of which would be a minor violation pursuant to Section 120.695, F.S.

The following parts of the rules covered by this certification have been designated as rules the violation of which would be a minor violation pursuant to Section 120.695, F.S.:

Rule No(s).

25-6.0143

Rules covered by this certification:

Rule No(s).

25-6.0143



Signature of Agency Head

Chairman, Florida Public Service Commission
Title

25-6.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

(1) Account No. 228.1 Accumulated Provision for Property Insurance.

(a) This account may be established to provide for losses through accident, fire, flood, storms, nuclear accidents and similar type hazards to the utility's own property or property leased from others, which is not covered by insurance. This account would also include provisions for the deductible amounts contained in property loss insurance policies held by the utility as well as retrospective premium assessments stemming from nuclear accidents under various insurance programs covering nuclear generating plants. A schedule of risks covered ~~must~~ shall be maintained, giving a description of the property involved, the character of risks covered and the accrual rates used.

(b) Except as provided in paragraphs (1)(f), (1)(g) and (1)(h) charges to this account ~~must~~ shall be made for all occurrences in accordance with the schedule of risks to be covered which are not covered by insurance. Recoveries, insurance proceeds or reimbursements for losses charged to this account ~~must~~ shall be credited to the account.

(c) A separate subaccount ~~must~~ shall be established for that portion of Account No. 228.1 which is designated to cover storm-related damages to the utility's own property or property leased from others that is not covered by insurance. The records supporting the entries to this account ~~must~~ shall be so kept that the utility can furnish full information as to each storm event included in this account.

(d) In determining the costs to be charged to cover storm-related damages, the utility ~~must~~ shall use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the ICCA methodology, the costs charged to cover storm-related damages ~~must~~ shall exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related damages, the utility will be allowed to charge to Account No. 228.1 costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm. All costs charged to Account 228.1 are subject to review for prudence and reasonableness by the Commission. In addition, capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages ~~must~~ shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. The utility ~~must~~ shall notify the ~~Director~~ of the Commission Clerk in writing for each incident expected to exceed 1.5 percent of jurisdictional revenues for the most recent calendar year \$10 million.

(e) The types of storm related costs allowed to be charged to the reserve under the ICCA methodology include,

~~but are not limited to,~~ the following:

1. Additional contract labor hired for storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of contract labor costs charged to operation and maintenance expense for the same month in the three previous calendar years. The utility may adjust historical monthly contract labor costs charged to operation and maintenance expense from calculated monthly average. Each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment;

2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas;

3. Transportation of crews and other personnel for storm restoration;

4. Vehicle costs for vehicles specifically rented for storm restoration activities;

5. Waste management costs specifically related to storm restoration activities;

6. Rental equipment specifically related to storm restoration activities;

7. Materials and supplies used to repair and restore service and facilities to pre-storm condition, such as poles, transformers, meters, light fixtures, wire, and other electrical equipment, excluding those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm;

8. Payroll Overtime-payroll and payroll-related costs for utility personnel included in storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of payroll and payroll-related costs charged to operation and maintenance expense for the same month in the previous three calendar years. The utility may adjust historical monthly payroll and payroll-related costs charged to operation and maintenance expense from calculated monthly average. Each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment;

9. Fuel cost for company and contractor vehicles used in storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of fuel costs charged to operation and maintenance expense for the same month in the previous three calendar years. The utility may adjust historical monthly fuel costs charged to operation and maintenance expense from calculated monthly average. Each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment; and

10. Cost of public service announcements regarding key storm-related issues, such as safety and service

restoration estimates;

11. Vegetation management costs specifically related to storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of vegetation management costs charged to operation and maintenance expense for the same month in the previous three calendar years. The utility may adjust historical monthly vegetation management costs charged to operation and maintenance expense from calculated monthly average. Each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment; and

12. Other costs or expenses not specifically identified in paragraph (1)(e)1. through (1)(e)11. that are directly and solely attributable to a storm restoration event.

(f) The types of storm related costs prohibited from being charged to the reserve under the ICCA methodology include, but are not limited to, the following:

~~1. Base rate-recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel;~~

~~1.2. Bonuses or any other special compensation for utility personnel not eligible for overtime pay;~~

~~2.3. Base rate-recoverable Depreciation expenses, insurance costs and lease expenses for utility-owned or utility-leased vehicles and aircraft;~~

~~3. 4. Utility employee assistance costs;~~

~~4.5. Utility employee training costs incurred prior to 72 hours before the storm event;~~

~~5.6. Utility advertising, media relations or public relations costs, except for public service announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;~~

~~6.7. Utility call center and customer service costs, except for non-budgeted overtime or other non-budgeted incremental costs associated with the storm event;~~

~~8. Tree trimming expenses, incurred in any month in which storm damage restoration activities are conducted, that are less than the actual monthly average of tree trimming costs charged to operation and maintenance expense for the same month in the three previous calendar years;~~

~~7.9. Utility lost revenues from services not provided; and~~

~~8.10. Replenishment of the utility's materials and supplies inventories.~~

(g) Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related

damages, certain costs may be charged to Account 228.1 only after review and approval by the Commission. Prior to the Commission's determination of the appropriateness of including such costs in Account No. 228.1, the costs may be deferred in Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to June 1 of the year following the storm event. By September 30 a utility must shall file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event giving rise to the deferred costs. These costs include, ~~but are not limited to,~~ the following:

1. Costs of normal non-storm related activities which must be performed by employees or contractors not assigned to storm damage restoration activities ("back-fill work") or normal non-storm related activities which must be performed following the restoration of service after a storm by an employee or contractor assigned to storm damage restoration activities in addition to the employee's or contractor's regular activities ("catch-up work"); and

2. Uncollectible accounts expenses.

(h) A utility may, at its own option, charge storm-related costs as operating expenses rather than charging them to Account No. 228.1. The utility must shall notify the ~~Director of~~ the Commission Clerk in writing and provide a schedule of the amounts charged to operating expenses for each incident exceeding 0.5 percent of jurisdictional revenues for the most recent calendar year \$5 million. The schedule must shall be filed annually by February 15 of each year for information pertaining to the previous calendar year.

(i) If the charges to Account No. 228.1 exceed the account balance, the excess must shall be carried as a debit balance in Account No. ~~182.3 228.1~~ and no request for a deferral of the excess or for the establishment of a regulatory asset is necessary.

(j) A utility may petition the Commission for the recovery of a debit balance in Account No. ~~182.3 discussed in paragraph (IXD) 228.1~~ plus an amount to replenish the storm reserve through a surcharge, securitization or other cost recovery mechanism.

(k) A utility must shall not establish or change an annual accrual amount or a target accumulated balance amount for Account No. 228.1 without prior Commission approval.

(l) Each utility must shall file a Storm Damage Self-Insurance Reserve Study (Study) with the Commission Clerk by January 15, 2011 and at least once every 5 years thereafter from the submission date of the previously filed study. A Study must shall be filed whenever the utility is seeking a change to either the target accumulated balance or the annual accrual amount for Account No. 228.1. At a minimum, the Study must shall include data for

determining a target balance for, and the annual accrual amount to, Account No. 228.1.

(m) Each utility ~~must~~ ~~shall~~ file a report with the ~~Director~~ of the Commission Clerk providing information concerning its efforts to obtain commercial insurance for its transmission and distribution facilities and any other programs or proposals that were considered. The report ~~must~~ ~~shall~~ also include a summary of the amounts recorded in Account 228.1. The report ~~must~~ ~~shall~~ be filed annually by February 15 of each year for information pertaining to the previous calendar year.

(2) Account No. 228.2 Accumulated Provision for Injuries and Damages.

(a) This account may be established to meet the probable liability, not covered by insurance, for deaths or injuries to employees or others and for damages to property neither owned nor held under lease by the utility. When liability for any injury or damage is admitted or settled by the utility either voluntarily or because of the decision of a Court or other lawful authority, such as a workman's compensation board, the admitted liability or the amount of the settlement ~~must~~ ~~shall~~ be charged to this account.

(b) Charges to this account ~~must~~ ~~shall~~ be made for all losses covered. Detailed supporting records of charges made to this account ~~must~~ ~~shall~~ be maintained in such a way that the year the event occurred which gave rise to the loss can be associated with the settlement. Recoveries or reimbursements for losses charged to the account ~~must~~ ~~shall~~ be credited to the account.

(3) Account No. 228.4 Accumulated Miscellaneous Operating Provisions.

(a) This account may be established for operating provisions which are not covered elsewhere. This account ~~must~~ ~~shall~~ be maintained in such a manner as to show the amount of each separate provision established by the utility and the nature and amounts of the debits and credits thereto. Each separate provision ~~must~~ ~~shall~~ be identified as to purpose and the specific events to be charged to the account to ensure that all such events and only those events are charged to the provision accounts.

(b) Charges to this account ~~must~~ ~~shall~~ be made for all costs or losses covered. Recoveries or reimbursements for amounts charged to this account ~~must~~ ~~shall~~ be credited hereto.

(4)(a) The provision level and annual accrual rate for each account listed in subsections (1) through (3) ~~must~~ ~~shall~~ be evaluated at the time of a rate proceeding and adjusted as necessary. However, a utility may petition the Commission for a change in the provision level and accrual outside a rate proceeding.

(b) If a utility elects to use any of the above listed accumulated provision accounts, each and every loss or cost

which is covered by the account ~~must~~ shall be charged to that account and ~~must~~ shall not be charged directly to expenses except as provided for in paragraphs (1)(f), (1)(g) and (1)(h). Charges ~~must~~ shall be made to accumulated provision accounts regardless of the balance in those accounts.

(c) No utility ~~must~~ shall fund any account listed in subsections (1) through (3) unless the Commission approves such funding. Existing funded provisions which have not been approved by the Commission ~~must~~ shall be credited by the amount of the funded balance with a corresponding debit to the appropriate current asset account, resulting in an unfunded provision.

Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History—New 3-17-88, Amended 6-11-07, _____.

SUMMARY OF THE RULE

This rule address the accounting of electric utility costs that result from storm-related damage. More specifically, the rule addresses accounting for losses through accident, fire, flood, storms, nuclear accidents and similar type hazards to the utility's own property or property leased from others that is not covered by insurance. The rule requires a utility to notify the Commission Clerk in writing for each incident expected to exceed 1.5 percent of jurisdictional revenues for the most recent calendar year.

WRITTEN STATEMENT OF THE FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

During the Commission's rulemaking on Rules 25-6.030 and 25-6.031, F.A.C., the storm protection plan and storm protection plan cost recovery clause rules, the Commission determined that Rule 25-6.0143, F.A.C., should be amended to clarify the requirements for the storm related costs that will be allowed to be charged to the reserve under the Incremental Cost and Capitalization Approach (ICCA) methodology. The rule amendments add clarity and specificity for the accounting of labor and payroll expenses, the fuel costs for both company and contractor vehicles used in storm restoration activities, and the vegetation management costs that are specifically related to storm restoration activities for the utilities. For all of these cost categories, the rule clarifies and specifies that the costs must be greater than the actual monthly average of costs charged to the operation and maintenance expense for the same month in the three previous calendar years, and each adjustment must be accompanied by a detailed explanation of the nature of the adjustment.

SUMMARY OF ANY HEARINGS HELD ON THE RULE

No timely request for a hearing was received by the agency, and no hearing was held.



FLORIDA DEPARTMENT *of* STATE

RON DESANTIS
Governor

LAUREL M. LEE
Secretary of State

June 8, 2021

Adria E. Harper
Senior Attorney
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0250

Attention: Julie Phillips

Dear Ms. Harper:

Your adoption package for Rule 25-6.0143, F.A.C. was received, electronically, by the Florida Department of State, Administrative Code and Register, at 8:20 a.m. on June 8, 2021. After review, it appears that the package meets statutory requirements and those of Rule 1-1.010, F.A.C. and is deemed filed for adoption at the time received, as indicated above. The effective date is June 28, 2021.

Sincerely,

Anya C. Grosenbaugh
Program Administrator

ACG/mas

WILTON SIMPSON
President



Representative Rick Roth, Chair
Senator Bea Albritton, Vice Chair
Senator Lorraine Ausley
Senator Jason Brodeur
Senator Danny Burgess
Senator Shevria D. "Shev" Jones
Representative Dani Busatta Cabrera
Representative Anna V. Eskamani
Representative Sam Garrison
Representative Thomas Patterson "Pati" Manney
Representative Angela "Angie" Nixon

CHRIS SPROWLS
Speaker



KENNETH J. PLANTE
COORDINATOR
Room 680, Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399-1400
Telephone (850) 488-9110
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www.japc.state.fl.us
japc@leg.state.fl.us

THE FLORIDA LEGISLATURE
**JOINT ADMINISTRATIVE
PROCEDURES COMMITTEE**

CERTIFICATION

Department: Public Service Commission
Agency:
Rule No(s): 25-6.0143
File Control No: 184197

As required by subparagraph 120.54(3)(e)4 F.S., the Joint Administrative Procedures Committee hereby certify that:

- There were no material and timely written comments or written inquiries made on behalf of the committee regarding the above listed rule; or
- The adopting agency has responded in writing to all material and timely written comments or written inquiries made on behalf of the committee regarding the above listed rules; or
- The adopting agency has not responded in writing to all material and timely written comments or written inquiries made on behalf of the Committee regarding the above listed rules.

Certification Date: 6/8/2021

This certification expires after: 6/15/2021

Certifying Attorney: Jamie Jackson

NOTE:

- The above certified rules include materials incorporated by reference.
- The above certified rules do not include materials incorporated by reference.

Swain, Margaret A.

From: Julie Phillips <JPhillip@PSC.STATE.FL.US>
Sent: Tuesday, June 8, 2021 8:20 AM
To: RuleAdoptions
Cc: Grosenbaugh, Anya C.; Swain, Margaret A.; Adria Harper
Subject: Rule Certification packet, Rule 25-6.0143, F.A.C.
Attachments: 25-6.0143 cert pkt for DOS.pdf; 25-6.0143 10 pt. for adoption.docx

EMAIL RECEIVED FROM EXTERNAL SOURCE

The attachments/links in this message have been scanned by Proofpoint.

The Rule Certification packet for Rule 25-6.0143, F.A.C., with attachment of the PDF of the entire packet, along with the Word version of the coded text of the rule.

We await your confirmation email.

Thank you.

Julie Phillips
Office of the General Counsel
Florida Public Service Commission
850.413.6084

Julie Phillips

From: Swain, Margaret A. <Margaret.Swain@dos.myflorida.com>
Sent: Tuesday, June 08, 2021 1:15 PM
To: Julie Phillips; Adria Harper; Joint Administrative Procedures Committee
Cc: Grosenbaugh, Anya C.
Subject: Adoption Packet for 25-6.0143
Attachments: 25-6.0143.pdf

Good afternoon,

The attached rule adoption packet for 25-6.0143, F.A.C. was filed in our office today.

Respectfully,

Margaret Swain
Government Operations Consultant III
Florida Administrative Code and Register
Room 701 The Capitol | Tallahassee, Florida

From: Julie Phillips <JPhillip@PSC.STATE.FL.US>
Sent: Tuesday, June 8, 2021 8:20 AM
To: RuleAdoptions <RuleAdoptions@Dos.myflorida.com>
Cc: Grosenbaugh, Anya C. <Anya.Grosenbaugh@dos.myflorida.com>; Swain, Margaret A. <Margaret.Swain@dos.myflorida.com>; Adria Harper <aharper@psc.state.fl.us>
Subject: Rule Certification packet, Rule 25-6.0143, F.A.C.

EMAIL RECEIVED FROM EXTERNAL SOURCE

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We await your confirmation email.

Thank you.

Julie Phillips
Office of the General Counsel
Florida Public Service Commission
850.413.6084