

FLORIDA PUBLIC SERVICE COMMISSION  
1997 ANNUAL REPORT



TELECOMMUNICATIONS



ELECTRIC



NATURAL GAS



WATER  
&  
WASTEWATER

REFLECTS FISCAL YEAR 1997-98 AND CALENDAR YEAR 1997

EDITED BY

DIVISION OF CONSUMER AFFAIRS ♦ 2540 SHUMARD OAK BOULEVARD ♦ TALLAHASSEE, FLORIDA 32399-0850

## *A Message from the Chairman*

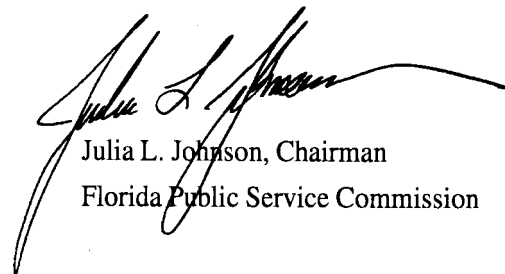
The first year of my chairmanship provided many challenges -- from completing the largest-ever docketed case (Southern States Utilities), to beginning the process of reviewing and revising our rules on slamming, a process which included nine public hearings held across the state to ensure public input on this widespread problem.

One of the major goals of the Public Service Commission (PSC) has been to ensure that customers continue to receive reliable and timely utility services as the telephone and electric industries become subject to increasing competitive pressures. Increased competition in the telecommunications industry continues to impact consumers by offering literally hundreds of new (and often confusing) choices. With large numbers of competitors urging consumers to switch providers or to take out newly available services, the PSC has taken action to deal quickly and strongly with firms which seek to mislead or defraud telephone customers.

In the electric industry, the PSC has been concerned about continued reliability of electric service as competitive pressures increase. A comprehensive review of the quality of electric service provided by the four largest electric utilities, revealed that two utilities had a problem with momentary power outages and the frequency and length of power outages caused by untrimmed trees contacting power lines. Those two utilities have filed specific plans and goals for improvement which will be monitored by the PSC in follow-up studies. The utilities' efforts to cut costs and operate more efficiently should not result in less reliable electric service to customers.

With regard to one of the State's most valuable resources -- water -- the PSC has continued to work with the Department of Community Affairs and the Department of Environmental Protection to coordinate economic and environmental regulation. This type of coordination is essential to encourage efficient and wise use of this resource and to ensure that safe drinking water will continue to be available at reasonable rates to customers across the state.

While achieving these milestones, a second major PSC goal has been to keep Florida's consumers an active part of the process every step of the way. Providing and promoting consumer awareness and education are vital services this Commission must continue to offer to assist Florida's citizens in making informed decisions about the myriad choices they face daily. It is our duty to ensure that Florida consumers understand their options and their rights. This Commission is dedicated to that duty.



Julia L. Johnson, Chairman  
Florida Public Service Commission

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FLORIDA PUBLIC SERVICE COMMISSION

## Information Directory

As a government agency whose operations directly affect the public, the Florida Public Service Commission welcomes your requests for information on matters in which you have a concern. Inquiries may be made in writing to the address below or by telephone, Internet e-mail, or toll free fax.

Florida Public Service Commission

2540 Shumard Oak Boulevard ♦ Tallahassee, Florida 32399-0850

Julia L. Johnson, Chairman	(850) 413-6044
J. Terry Deason, Commissioner	413-6038
Susan F. Clark, Commissioner	413-6040
Joe Garcia, Commissioner	413-6042
E. Leon Jacobs, Jr., Commissioner	413-6046
Executive Director	413-6055
Deputy Executive Director/Administrative	413-6071
Deputy Executive Director/Technical	413-6068
General Counsel	413-6248
Division of Appeals	413-6245
Division of Legal Services	413-6199
Division of Administration	413-6330
Division of Auditing & Financial Analysis	413-6480
Division of Communications	413-6600
Division of Consumer Affairs	413-6100
Toll Free Number: 1-800-342-3552 (Florida)	
Toll Free FAX: 1-800-511-0809	
Division of Electric & Gas	413-6700
Division of Records & Reporting	413-6770
Division of Research & Regulatory Review	413-6800
Division of Water & Wastewater	413-6900

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Internet Home Page address: <http://www.scri.net/psc>

## District Offices

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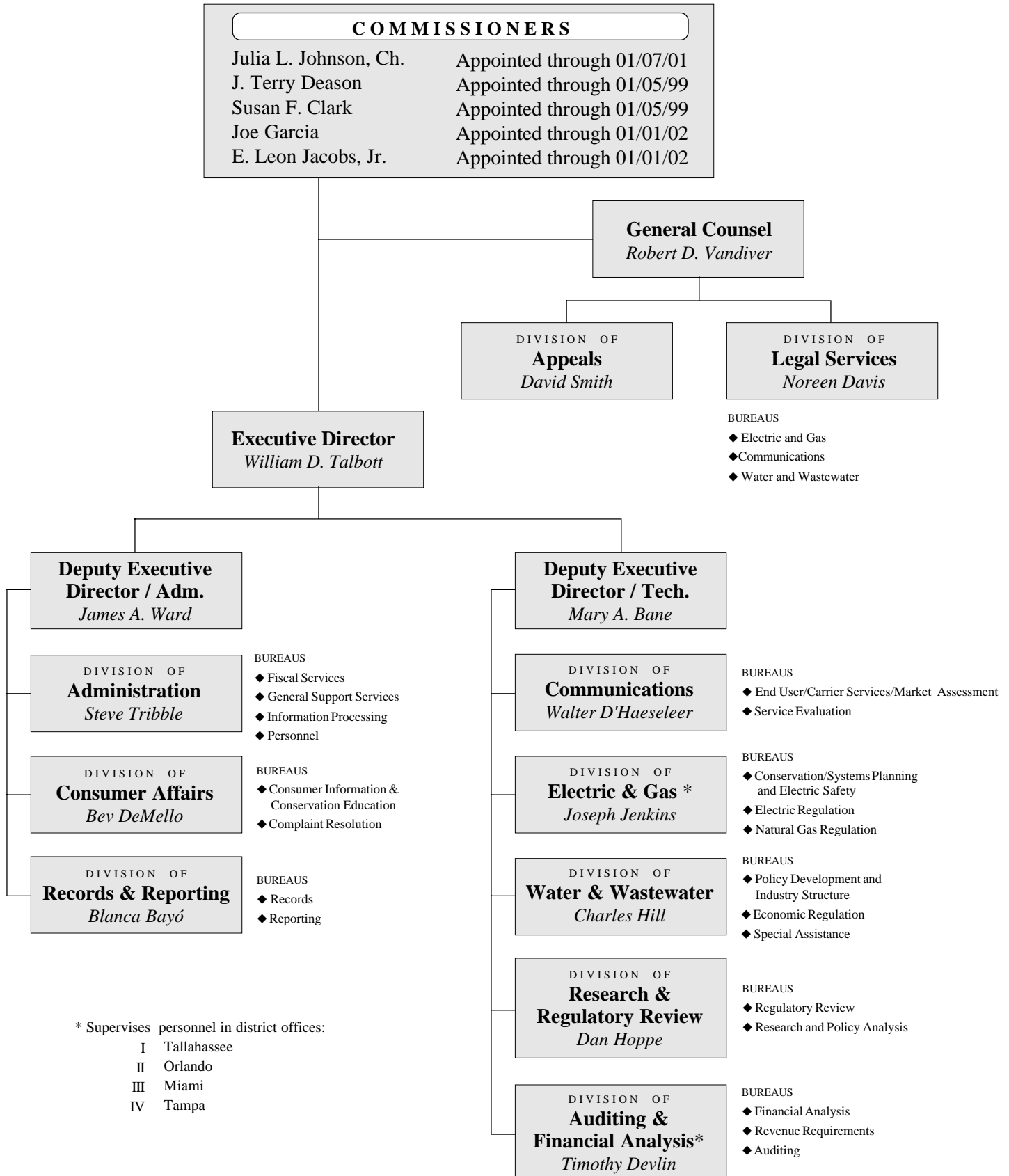
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Suite N512  
400 W. Robinson Street  
Orlando, Florida 32801-1775  
(407) 245-0846

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9950 Princess Palm Avenue  
Suite 310  
Tampa, Florida 33619-8370  
(813) 744-6093

# 1998 Florida Public Service Commission



## The Commissioners

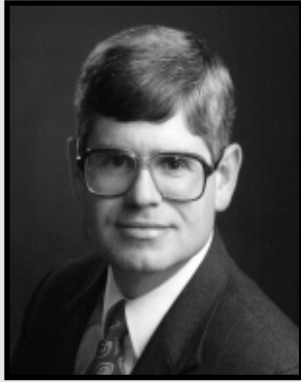


CHAIRMAN

*Julia L. Johnson*

Chairman Johnson was appointed by Governor Lawton Chiles in January 1993, and was reappointed to another four-year term ending in 2001. She is currently serving a two-year term as PSC Chairman. Prior to her appointment, she served as Legislative Affairs Director for the Department of Community Affairs (DCA), where she represented the agency before the legislature on issues relating to Economic Development, Land-Use Growth Management, Energy Efficiency, Housing and Emergency Management. From 1990-91, she served as a Senior Attorney for DCA, where she participated in state judicial and administrative proceedings on growth management issues. From 1988-90, she was an associate with the Orlando law firm of Maguire, Voorhis and Wells.

Johnson has a Bachelor of Science degree in Business Administration, as well as a law degree from the University of Florida and is a member of the National Bar Association. She serves as Vice Chair of the National Association of Regulatory Utility Commissioner's Communications Committee, and is also a member of the Communications Subcommittee on Federal Legislation and Regulation. She also serves as State Chair of the Federal/State Joint Board on Universal Service.



COMMISSIONER

*J. Terry Deason*

Commissioner Deason was appointed in February 1991, and served as Commission Chairman from 1993-1994. He was reappointed by Governor Lawton Chiles to another four-year term ending in 1999. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel, where he was responsible for the coordination of accounting and financial analysis used in cases before the PSC. From 1981 to 1987, Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter. He also previously served as legislative analyst for the Public Counsel's office. He graduated *summa cum laude* with a Bachelor of Science degree in Accounting from Florida State University, and also has a Master of Accounting degree from FSU.



COMMISSIONER

*Susan F. Clark*

Commissioner Clark was appointed by Governor Lawton Chiles in August 1991 to serve the remainder of a term ending in January 1995, and was reappointed to a full four-year term ending in 1999. She served as Commission Chairman from 1994 to 1996. Before her appointment, Clark served as the Commission's General Counsel. She joined the PSC in the Appeals Division in 1980 and was Division Director from 1983 to 1988. A 1974 graduate of the University of Florida Law School, she previously worked in Florida's Senate legal services office, and served as Staff Attorney for three years for the House and Senate Joint Administrative Procedures Committee.





COMMISSIONER

*Joe Garcia*

Commissioner Garcia was appointed by Governor Lawton Chiles in August 1994, to complete a term ending in January 1998, and was reappointed by Governor Chiles to a new term ending January 2002. Prior to his service on the Commission, he served as Executive Director of the Cuban Exodus Relief Fund, the Cuban American National Foundation's private-sector resettlement program. Before joining the Cuban American National Foundation, Commissioner Garcia was Assistant Director of the Salvadoran American Foundation, where he coordinated fundraising efforts for humanitarian relief campaigns. He has served on the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Gas and Committee on Energy Conservation, and is presently a member of the NARUC Committee on International Relations. Commissioner Garcia also serves on the board of the Florida Department of Energy's National Electromagnetic Fields Advisory Committee. He received a Bachelor of Arts degree in Politics and Public Affairs, as well as a law degree from the University of Miami.



COMMISSIONER

*E. Leon Jacobs, Jr.*

Commissioner Jacobs was appointed by Governor Lawton Chiles to a four-year term beginning January 1998. Prior to his appointment, he was a Staff Attorney for the Committees on Tourism and Economic Development, Insurance and Financial Services in the Florida House of Representatives, where he authored reforms to the state's minority business enterprise programs and managed health insurance and workers' compensation issues. He was a member of the Florida Senate Committee on Reapportionment addressing redistricting issues, which involved support of court appeals of the political districts up through the U.S. Supreme Court, and was an attorney with the PSC, where he served as counsel to Commission staff and litigator of administrative proceedings. He is a member of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Water, a board member of Child Advocates II of Tallahassee and a volunteer guardian in the Guardian Ad Litem Program in the Second Judicial Circuit. Commissioner Jacobs formerly served as President of the Board of Directors of the Tallahassee affiliate of Habitat for Humanity. He received a Bachelor of Technology degree with honors in Data Processing from Florida A&M University and a law degree from Florida State University, and is a member of the Florida Bar.

1997-98 NARUC  
Committee and Subcommittee Memberships

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Julia L. Johnson, Vice Chair	Committee on Communications
Julia L. Johnson	Communications Subcommittee on Federal Legislation and Regulation
J. Terry Deason	Executive Committee
J. Terry Deason	Committee on Finance and Technology
Susan F. Clark	Committee on Electricity
Susan F. Clark	Subcommittee on Nuclear Issues-Waste Disposal
Susan F. Clark	Subcommittee on Strategic Issues
Joe Garcia	Committee on International Relations
E. Leon Jacobs, Jr.	Committee on Water
Beverlee S. DeMello	Staff Subcommittee on Consumer Affairs
James A. Ward	Staff Subcommittee on Education
William D. Talbott	Staff Subcommittee on Executive Directors
Robert D. Vandiver	Staff Subcommittee on Law
Beverlee S. DeMello	Staff Subcommittee on Public Information
Mark Long	Staff Subcommittee on Communications
Bridget Duff	Staff Subcommittee on Communications
Alan Taylor, Chair	Staff Subcommittee on Telephone Service Quality
Katrina Tew	Staff Subcommittee on Nuclear Issues - Waste Disposal
Joseph D. Jenkins	Staff Subcommittee on Energy Conservation
Timothy J. Devlin, Chair	Staff Subcommittee on Accounts
Margaret Feaster	Staff Subcommittee on Computers
Patricia Lee	Staff Subcommittee on Depreciation
Dan Hoppe	Staff Subcommittee on Economics and Finance
Cheryl Bulecza-Banks	Staff Subcommittee on Gas
Lisa Harvey	Staff Subcommittee on Management Analysis
Charles H. Hill	Staff Subcommittee on Water
John D. Williams	Staff Subcommittee on Water

1887 - 1998

## Florida Public Service Commissioners

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<b>Commissioner</b>	<b>Years Served</b>	<b>Replaced By</b>
George G. McWhorter	08-17-87 to 06-13-91	
E.J. Vann	08-17-87 to 06-13-91	
William Himes	08-17-87 to 06-13-91	
<b>The Commission was abolished by the Legislature in 1891, recreated in 1897</b>		
R.H.M. Davidson	07-01-97 to 01-03-99	John L. Morgan
John M. Bryan	07-01-97 to 01-06-03	Jefferson Brown
Henry E. Day	07-01-97 to 10-01-02	R. Hudson Burr
John L. Morgan	01-03-99 to 01-08-07	Royal C. Dunn
R. Hudson Burr	10-01-02 to 01-04-27	R.L. Eaton
Jefferson B. Brown	01-06-03 to 01-08-07	Newton A. Blitch
Newton A. Blitch	01-08-07 to 10-30-21	A.D. Campbell
Royal C. Dunn	01-04-09 to 01-04-21	A.S. Wells
A.S. Wells	01-04-21 to 12-16-30	L.D. Reagin
A.D. Campbell	11-12-22 to 02-10-24	E.S. Mathews
E.S. Mathews	02-25-24 to 01-16-46	Wilbur C. King
R.L. Eaton	01-04-27 to 02-27-27	Mrs. R.L. Eaton-Greene
Mrs. R.L. Eaton-Greene	02-27-27 to 01-08-35	Jerry W. Carter
L.D. Reagin	12-16-30 to 07-06-31	Tucker Savage
Tucker Savage	07-06-31 to 01-03-33	W.B. Douglas
W.B. Douglas	01-03-33 to 08-04-47	Richard A. Mack
Jerry W. Carter	01-08-35 to 01-05-71	William H. Bevis
Wilbur C. King	01-08-47 to 07-18-64	William T. Mayo
Richard A. Mack	09-15-47 to 01-05-55	Alan S. Boyd
Alan S. Boyd	01-05-55 to 12-01-59	Edwin L. Mason
Edwin L. Mason	12-01-59 to 01-06-69	Jess Yarborough
William T. Mayo	09-01-64 to 12-31-80	Katie Nichols
Jess Yarborough	01-06-69 to 01-02-73	Paula F. Hawkins
William H. Bevis	01-05-71 to 01-03-78	Robert T. Mann
Paula F. Hawkins	01-02-73 to 03-21-79	John R. Marks, III
Robert T. Mann	01-04-78 to 01-03-81	Susan Leisner

### **The Commission became appointive January 1, 1979**

Joseph P. Cresse	01-02-79 to 12-31-85	John T. Herndon
Gerald L. Gunter	01-02-79 to 06-12-91	Susan F. Clark
John R. Marks, III	03-22-79 to 03-02-87	Thomas M. Beard
Katie Nichols	01-02-81 to 01-03-89	Betty Easley
Susan Leisner	02-16-81 to 04-02-85	Michael Wilson
Michael Wilson	07-12-85 to 11-22-91	Luis J. Lauredo
John T. Herndon	01-07-86 to 04-17-90	Frank S. Messersmith
Thomas M. Beard	03-03-87 to 08-13-93	Diane K. Kiesling
Betty Easley	01-03-89 to 01-05-93	Julia L. Johnson
Frank S. Messersmith	06-19-90 to 02-05-91	J. Terry Deason
J. Terry Deason	02-06-91 to 01-05-99	
Susan F. Clark	08-15-91 to 01-05-99	
Luis J. Lauredo	01-23-92 to 05-16-94	Joe Garcia
Julia L. Johnson	01-05-93 to 01-07-01	
Diane K. Kiesling	12-07-93 to 01-06-98	E. Leon Jacobs, Jr.
Joe Garcia	08-19-94 to 01-02-02	
E. Leon Jacobs, Jr.	01-02-98 to 01-01-02	

## *Maintaining the Balance*

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The work of the Florida Public Service Commission is a balancing act. The Commission must balance the needs of a utility and its shareholders with the needs of consumers. Traditionally, the Commission achieved this goal by establishing exclusive utility service territories, regulating the rates and profits of a utility, and placing an affirmative obligation on the utility to provide service to all who requested it. For electric and water customers in the state, many of the Commission's traditional methods for achieving the balance continue today. Legislative action during the 1995 session to open up the local telephone market to increased competition, however, has required the Commission to facilitate entry of new firms into the local telephone market, while at the same time ensuring that neither the new entrant nor the incumbent local exchange company is unfairly advantaged or disadvantaged. Thus, the Commission's role in the increasingly competitive telephone industry remains one of balance.

The Florida Public Service Commission consists of five members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the Commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs or law.

The governor appoints a Commissioner from nominees selected by the Public Service Commission Nominating Council. Commissioners also must be confirmed by the Florida Senate, and they serve a four-year term.

The PSC, created by the Florida Legislature in 1887, was called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations.

As Florida progressed, it was necessary for the Commission to expand. In 1911, the Legislature conferred on the Commission the responsibility of regulating telephone and telegraph companies and in 1929, jurisdiction was given to motor carrier transportation. The PSC began regulating investor-owned electrics in 1951, and then in 1953, jurisdiction was extended to the regulation of gas utilities. In 1959, the Commission began regulating privately-owned water and wastewater systems.

In the past, three Commissioners were elected in a statewide election. The 1978 Legislature adopted a bill changing the Commission to a five-member appointed board.

The Commission has quasi-legislative and quasi-judicial, as well as executive powers and duties. In its quasi-legislative capacity, the PSC makes rules governing utility operations. In a quasi-judicial manner, the PSC hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed to the 1st District Court of Appeal and to the Florida Supreme Court. As an executive agency, the PSC enforces state laws affecting the utility industries.

During 1997, the PSC regulated five investor-owned electric companies, nine investor-owned gas utilities, and more than 300 investor-owned water/wastewater utilities comprising more than 1,300 systems. Additionally, the PSC had regulatory authority and competitive market oversight for 10 local exchange telephone companies, 139 alternative local exchange telephone companies, more than 575 long-distance (interexchange) telephone companies, and more than 1,090 pay telephone providers. While the PSC does not regulate publicly-owned, municipal, or cooperative utilities, it does have rate structure jurisdiction over 33 municipally-owned electric systems, 18 rural electric cooperatives, and 27 municipally-owned gas utilities.

The PSC has 380 authorized positions and an annual budget of about \$24 million. In 1997, the Commission processed over 1,678 cases. ♦

## *How Rates are Set*

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The Public Service Commission has the responsibility to set rates which are fair, just and reasonable. It is also required to set rates to allow utility investors an opportunity to earn a reasonable return on their investment. Whenever a jurisdictional rate-base regulated gas, electric, telephone, water or wastewater company wants to change its rates, it must come before the PSC for permission. The PSC then investigates its request and sets new rate levels if the request is valid. The investigation is extensive, with many PSC staff members helping the Commission assess the company's request.

### **Public Input**

As part of its investigation in rate cases, the PSC holds a customer hearing within the utility's service areas, so the Commissioners can hear from the public. Customers may comment or ask questions on the proposed rates or make any other statements relating to the utility's operations. The Public Counsel, who is appointed by the Florida Legislature, represents customers at rate case hearings.

### **Technical Hearings**

Later, hearings similar to courtroom proceedings are held in which evidence is presented by expert witnesses in support of each viewpoint represented. Witnesses are cross-examined by the utility, intervenors, staff and the Public Counsel's Office. This information is utilized by the Commission when it evaluates company requests.

### **Commission Decisions**

After all evidence is presented, the Commission reviews the record that has been developed and issues a decision. The decision it makes will determine the level of rates the company will be permitted to collect.

The utility is required to justify all of its expenses for the operations of the utility. An expense which the Commission determines to be improper or unnecessary is disallowed and is excluded from the amount the utility is allowed to collect from customers.

The Commission also looks at the amount utility stockholders have invested in plants and other facilities and allows a reasonable return on the investment necessary to provide good service.

Rates are calculated to produce the amount needed for the approved expenses plus the authorized return. There is no guarantee that the authorized return will be achieved.

Once the final order is issued, the Commission's decision can be appealed to the state's appellate court system. ♦



EXECUTIVE DIRECTOR

*William D. Talbott*

The Executive Director is, essentially, the chief of staff of the Commission with general responsibility over the technical and administrative operations of the Commission. He acts as an interagency liaison and consults with and advises the Commission on economic and governmental matters. The Office of the Executive Director includes two Deputy Executive Directors. The Office coordinates the activities of the divisions, is responsible for the implementation of Commission policies, makes recommendations for the development and implementation of internal management and budget policies, and acts as legislative liaison. This division of executive duties helps to facilitate the flow and efficiency of the Commission's workload, and provides the proper direction and leadership for the staff.



DEPUTY EXECUTIVE DIRECTOR/  
TECHNICAL

Mary Bane is Deputy Executive Director over the Divisions of Auditing and Financial Analysis, Communications, Electric and Gas, Research and Regulatory Review and Water and Wastewater.



DEPUTY EXECUTIVE DIRECTOR /  
ADMINISTRATIVE

James Ward is Deputy Executive Director over the Divisions of Administration, Consumer Affairs and Records and Reporting.





DIVISION DIRECTOR

*Tim Devlin*

*The Division of Auditing and Financial Analysis is the principal advisor to the Commission on matters pertaining to accounting, taxes, capital recovery and finance. In addition, the Division performs audits and issues reports on regulated utilities. Of the 68 staff members in the Division, 59 are technical staff that include accountants, economists, engineers, and financial analysts. There are 16 CPA's, one CIA, and 11 staff members who hold advanced degrees.*

# Auditing & Financial Analysis

## *Bureau of Auditing*

A staff of 28 accountants completed 78 financial, construction, and special investigative audits to support the staff analysis of utility petitions and Commission initiatives during 1997. These audits were broken down as follows:

Rate Cases	1
Staff-Assisted Rate Cases	6
Rate Base Audits	7
Fuel	5
Purchased Gas Adjustments	9
Conservation	12
Capacity Cost	4
Environmental Cost Recovery	2
Affiliate Transactions	1
Continuing Property Records	1
Investigations	9
Contract	1
Decoupling	1
Compliance	7
Earnings Reviews	12

In 1997, three auditors submitted testimony in two cases before the Commission. In both of these cases, the auditors supported their audit work in rate case audits.

During the year, the Bureau continued to work with other states and the Federal Communications Commission (FCC) to perform a joint audit of the affiliate transactions of General Telephone Company. The Bureau has also continued working with the Federal Energy Regulatory Commission (FERC) and the Securities Exchange Commission (SEC) on a joint audit plan of an electric holding company. The Bureau continues to develop plans to audit the affiliated electric holding company to Gulf Power Company.

On May 23, 1997, a petition was filed with the Division of Administrative Hearings which challenged the Commission's authority to perform financial audits. The petition asserted that certain audit practices of the Commission are not promulgated rules and cannot be utilized without prior rulemaking. The petition also asserted that existing rule 25-30.145, Florida Administrative Code, is an invalid exercise of delegated legislative authority. The Commission is fighting this petition, and a hearing was held before an administrative law judge on January 5 and 6, 1998.

#### **Electronic Data Processing (EDP)**

The Bureau of Auditing and Financial Analysis's (AFA) EDP Section provided computerized audit support to Public Service Commission auditors and staff in 10 audits covering seven different companies, each with complex and unique computer systems. In addition, the EDP section provided technical and statistical support for five special projects.

One of the audits that EDP supported in a significant manner was the joint audit where the Bureau of Auditing joined with other states and the Federal Communications Commission (FCC) to audit affiliate transactions of GTE Corporation which involved GTE-Florida. This audit began in December 1996. During 1997, the AFA-EDP section identified, requested, and received more than 10.5 million electronic records from GTE Florida related to the joint audit. From the programs developed by the EDP Section, 16 computerized reports/samples were produced in response to requests received from the auditor assigned to this project.

The EDP Section also undertook the development of a three-part presentation on the capabilities and resources available when EDP support is utilized in the audit process. This presentation was formally presented to 32 Commission auditors, engineers, and support staff from the four audit districts.

In 1997, the EDP section completed the distribution of IBM laptop computers as well as the installation of extensive upgrades for field computer software. These upgrades benefitted not only AFA staff; but also the Division of Electric and Gas (EAG) and the Division of Communications (CMU) engineering personnel assigned to the district offices. A major benefit is the individual's capability to dial-in and access network applications, specifically Windows, while in the office and while traveling. Another important new capability is access to the Internet, which may allow technology to expand future capabilities for the field offices.

*Bureau of Financial Analysis*

**Depreciation Section**

The Section completed the analysis and review of Northeast Telephone Company's earnings investigation and its requested recovery schedule for its retiring digital remote switching equipment. Additionally, the Section participated in determining the appropriate depreciation rates to be used in BellSouth's cost studies.

The Section participated in the acquisition, by Florida Power Corporation (FPC), of the Tiger Bay facility. The review of the depreciation study filed by Chesapeake Gas was begun.

The review of the depreciation studies filed by Florida Public Utilities (FPU)-Marianna and Florida Power & Light (FPL) for six of its steam generating plants was completed, and a review was begun of the studies filed by FPC and Gulf Power Company (Gulf). The Section also participated in the Storm Damage Reserve case for Gulf, the extension of FPL's expense plan for 1998 and 1999, the review of FPC's nuclear plant outage, and the FPU-Fernandina Beach earnings investigation. Additionally, phase two of the retirement units list for electric companies began with emphasis on revising the established capitalization/expensing thresholds.

The Section also worked with the National Regulatory Utility Commissioners Staff Subcommittee on Depreciation -- writing a white paper regarding economic depreciation and researching the issue of recovery of stranded investment. With the assistance of the Division of Research and Regulatory Review, Continuing Property Records audits were completed for one electric company. Work also continued on a water and wastewater depreciation manual. The Depreciation Section also analyzed Tampa Electric Company's (TECO) earnings sharing plan and Polk Power Plant proposal.

The Section was involved in processing the dispute between Harris and Southern Bell over facilities on Harris' campus. The Section also assisted the Florida Department of Revenue in updating the depreciable lives of telecommunications property and equipment for ad valorem tax purposes.

**Finance Section**

During 1997, the Finance Section provided capital structure and cost of capital support in earnings investigations of FPU's Fernandina Beach and Marianna divisions, Peoples Gas Systems, and United Water Company. Other docketed matters included: FPC's petitions to restructure some of its purchase power contracts and the investigation of the outage at the Crystal River 3 nuclear plant; Gulf's fossil-fuel dismantlement study; TECO's petitions for an earnings sharing plan and the regulatory treatment of its Polk power plant; FPL's petition to extend its plan for expensing certain items in 1998 and 1999; the City of Tallahassee's Need Determination proceeding for a new power plant at the Purdom site; and FPL's, TECO's, and Gulf's petitions for recovery of environmental costs. In addition, the Finance Section evaluated the applications for certificates to provide newly competitive services in the telecommunications industry and evaluated issues regarding the

restructuring of the electric utility industry. Finally, staff participated in various rulemaking proceedings.

In addition to working on state regulatory matters, the Finance Section took on an expanded role in monitoring regulatory changes at the federal level. The Finance Section monitored the actions of the FERC and other state regulatory commissions regarding the restructuring of the electric utility industry. The Section also reviewed the ramifications of the FCC's proposed rules for opening the telecommunications industry to competition.

The Finance Section also performed numerous routine activities. On an ongoing basis, Staff processed the security applications for all investor-owned natural gas and electric utilities, evaluated the requests for corporate undertakings from all water and wastewater utilities, monitored all FASB and SEC pronouncements which impact financial and reporting requirements of utilities, calculated the interest on refunds, and maintained the database and cost of equity models used by Staff to estimate the required rate of return on common equity capital. Also on a continuous basis, Staff maintained a dialogue with various state and federal regulatory commissions, credit rating agencies, and the financial community.

#### **Tax Section**

Consumer complaints continued to be an area of involvement. The Section began the revision of the Miscellaneous Tax Handbook and made a presentation to the Division of Consumer Affairs on the Florida gross receipts tax and changes in billing practices by one company. An interim guide was prepared for processing tax related customer complaints. A schedule was also prepared showing the effect of various federal income tax brackets on revenue, expense, and net operating income adjustments.

The Section participated in earnings reviews of TECO, FPU, NET, and Peoples; the purchase, by FPC of the Tiger Bay facility and subsequent filings and a meeting with the Internal Revenue Service (IRS) in Washington, D.C.; the extension of FPL's plan to write-off historic deficiencies and regulatory assets in 1998 and 1999; and arbitration proceedings between BellSouth, AT&T, and MCI, and the treatment of TECO and Polk plant. The Section also conducted a survey for the National Association of Regulatory Commissioners regarding the current status of utility taxation, with the goal of determining what should be considered when setting tax policy in the face of competition and deregulation.

The Section continued to be involved in the process of evaluating the need of water and wastewater utilities to retain taxes collected due to the receipt of contributions in aid of construction. The Section also monitored proposed legislation at the state and federal levels for its impact on regulated companies and their ratepayers. The Section provided advice and information to the IRS, utilities, consultants, prospective businesses in Florida, ratepayers, and others. Another area of activity was the storm damage reserves of various utilities.

*Bureau of Revenue Requirements*

**Communications Accounting**

During 1997, BellSouth Telecommunications, Inc. refunded \$50.1 million on a preliminary basis due to earnings in excess of BellSouth's sharing point of 13.11 percent return on equity for 1996. The \$50.1 million refund is subject to a true-up after final adjustments, if any, are included. Also, during 1997, Northeast Florida Telephone Company, Inc. applied its over earnings of \$109,190 plus an additional \$15,000 toward the elimination of its intraLATA subsidy received from BellSouth of \$124,000. The Communications Accounting Section provided technical assistance to the Administration Division related to the Regulatory Assessment Fee filings. Technical assistance was also provided to the Division of Communications for the determination of refunds and interest related to Interexchange Carrier refunds. The Communications Accounting Section was also instrumental in the development of audit procedures pursuant to Section 272 of the Telecommunications Act. Technical assistance was provided to the Division of Communications in order to implement Section 276 of the Communications Act -- discontinuance of pay phone subsidies.

**Electric & Gas Accounting**

No requests for rate increases were filed during 1997. However, numerous over earnings reviews were conducted during 1997 for both electric and natural gas utilities on 1996 earnings. FPU, TECO, Peoples, and St. Joe Natural Gas Company, Inc. were subject to earnings limitations for 1996. In addition, an earnings limitation for 1997 is in place for TECO. The earnings of this utility will be specifically reviewed during 1998. The earnings for all of the investor-owned electric and natural gas utilities are continuously monitored through the Section's earnings surveillance program. The Section has also been involved in several dockets concerning the accelerated write-off of certain regulatory assets for both electric and natural gas utilities.

The Electric and Gas Accounting Section also provides technical accounting assistance to other sections within the Division, as well as other Commission Divisions. As a result, the Section is involved in numerous proceedings involving such diverse areas as tariffs, cost recovery clauses, depreciation, storm damage, revenue decoupling, and gas demand side management.

**Forecast Section**

In 1997, the Forecast Section participated in several docketed proceedings involving projected financial information. These proceedings included four proposed buy outs by FPC of PURPA QF contracts. In these proceedings, the section conducted sensitivity analyses of the proposed buy-out plans in order to assess the financial risk the proposed plans represented to ratepayers. The Section also provided an analysis of the load forecasts in the Tallahassee Need Determination case

and FPL's proposal to extend its plan to record certain expenses from 1998 through 1999.

In an undocketed proceeding, the Forecast Section analyzed the customer, energy, and demand forecasts included in the Ten Year Site Plans submitted by 10 Florida utilities. These analyses consisted of reviews of the forecast methodologies and assumptions, comparisons of the forecasts to the Commission's independent forecast projections, and calculations of each utility's historical forecast accuracy. The Section also assisted EAG in the establishment of Commission rules implementing the Ten-Year-Site-Plan statute.

The Forecast Section undertook several important additional activities, including: a review of the Forecasted Earnings Surveillance Reports filed by the larger electric and gas utilities; monitoring FPC's Revenue Decoupling experiment; participating in the Commission's Report on Electric Industry Restructuring; and tracking FPL's nuclear amortization accruals. ♦



DIVISION DIRECTOR

*Walter D'Haeseleer*

*The Division of Communications is responsible for providing information and making recommendations to the Commissioners on matters concerning telecommunications. In addition, the Division provides telecommunications information and assistance to members of the general public as well as other governmental bodies and the press. Telecommunications companies currently regulated by the Florida Public Service Commission include 10 local exchange telephone companies, 139 alternative local exchange companies, 541 long distance interexchange telephone companies, 1,096 competitive pay telephone service providers, 35 shared tenant service providers, and 38 alternative access vendors.*

## Communications

### **Implementation of State and Federal Legislation**

Major state telecommunications legislation became effective July 1, 1995 and major federal telecommunications legislation became effective February 8, 1996. During 1997, much of the telecommunications activity at the Commission continued to revolve around implementation of those two pieces of legislation. The federal and state laws are similar in many respects; both call for local telecommunications competition, interconnection and resale agreements negotiated by the parties, Commission arbitration where negotiations fail, and provisions for number portability and Universal Service protection. In addition, the state legislation allows local exchange telecommunications companies to elect to move from traditional rate of return regulation to price regulation.

As of the end of 1997, there are 139 alternative local exchange telecommunications companies. The three large local companies (BellSouth, GTE, and Sprint) have entered into interconnection arrangements with several new local telecommunications companies. Six of the ten local companies have elected price regulation. Temporary decisions on number portability and Universal Service have been made and reports to the legislature have been made on Universal Service, the status of competition, and the advisability of extending price caps on basic service.

### **Service Evaluation Activity**

Field evaluations of the telecommunications services provided by local exchange, interexchange, and pay telephone companies were conducted by the Bureau of Service Evaluation. Local exchange companies evaluated during 1997 were BellSouth, GTE-Florida, Alltel, and Quincy.

Audit objectives for local companies were:

- ◆ to evaluate each company's performance in meeting the Commission's service standards;
- ◆ to review the company's control systems to ensure the accuracy of service quality data provided in periodic reports to the Commission; and,
- ◆ to determine if previously identified service deficiencies were corrected.

About 150,000 test calls were made to measure each company's performance against more than 70 service standards. Test calls were initiated from 18 central offices. Business office and repair records were reviewed in 11 exchanges. Approximately 1,800 subscriber loops were checked for transmission levels, noise, proper grounding, and safety. Using special equipment available to the deaf and hearing impaired, test calls were made to telephone company services and to 9-1-1 emergency systems to ensure access is available to hearing impaired and deaf persons. Additionally, almost 2,600 test calls were made via the Florida Relay Service to review the level of call completions and answer time.

While most deficiencies discovered were resolved during the evaluation, Companies failing to meet the Commission's target standards were requested to specify what corrective action would be taken to comply with applicable standards. Each company response was reviewed to ensure proper corrective action had been taken.

A total of 41 Interexchange Carriers were evaluated. Long distance test calls were made to analyze: 1) percentage of call completions; 2) quality of transmission; 3) compliance with rules and tariffs with respect to billing accuracy; and 4) whether the call was rated correctly. Reports of the results were furnished to each provider evaluated. Where standards were not achieved or the results were unsatisfactory, the company was requested to confirm the appropriate corrective action to be taken. Tests were made on 4,250 pay telephones for compliance with the Commission's rate cap, accessibility to the wheelchair disabled, access to the caller's preferred long distance company, and posting of required information notices. Instruments are also checked with respect to other applicable rule requirements. Providers are notified of violations and must confirm that corrective action has been taken. In addition, test calls were made to test the answer time of County 9-1-1 Emergency Systems. These results were provided to the respective county 9-1-1 coordinator and to the Department of Management Services' Division of Communication for follow up of problem areas.

#### **Area Code Relief**

Florida added two new area codes in 1997 and began planning for a third new code which will be added in 1998. Population growth, increased numbers of pagers, cellular telephones, and fax machines all contributed to the need for additional numbering resources. The Commission played an active role in planning for these necessary changes.

#### **Call Aggregators**

In 1997, the Commission continued its enforcement program relating to call aggregators and the operator service industry in cooperation with Florida's Department of Business and Professional Regulation (DBPR). DBPR forwarded 87 inspections to the Commission. The PSC staff also independently inspected 159 call aggregators and sent 227 notices of 525 violations.



### **Operator Service Providers**

Operator Service Providers (OSPs) generally serve the hospitality and pay telephone industry and share revenues with hotels and other call aggregators. Federal, state, and PSC regulations apply to this industry. Through test calls placed from 4,250 public pay phones, staff identified seven OSPs that charged rates exceeding the allowable amount. The OSPs were ordered to refund \$1,957,183.59 to Florida consumers.

### **Debit Cards**

Prepaid calling or debit cards, is a fast growing new telecommunications service. Staff is monitoring this new industry segment for compliance with applicable rules and standards. In addition, staff has initiated a debit card testing program and during 1997 made 37 tests.

### **Other Cases**

#### ***Interconnection, Unbundling, and Resale :***

Today, because of changes in state and federal telecommunications laws, alternative local exchange companies (ALECs) are allowed to compete with the incumbent local exchange company (LEC) to provide basic local telephone service.

With the introduction of local exchange competition, it is necessary for the LECs and the ALECs to exchange traffic so that their respective customers can call each other. Stated differently, all carriers must be able to interconnect with one another. This interconnection must ensure that the exchange of traffic between the carriers is transparent to the end user in much the same way traffic is exchanged today between the LEC and a long distance carrier.

Additionally, the LEC is required to unbundle all requested features, functions, and capabilities of its network and make them available for resale. Unbundling portions of the local exchange company's network and making them available for purchase enables a potential competitor to enter the local market. Such provisions are particularly important to those competitors lacking certain facilities.

Entry can also be enhanced by the ability to purchase and resell the incumbent LEC's services. For potential providers having few or no facilities, resale enables them to enter the local market without having to make a large investment.

Both state and federal laws, although somewhat differently, include provisions for negotiating various aspects of interconnection, unbundling, and resale and, if the negotiations fail, there are provisions for the state commission to resolve the conflict. As of January 1, 1998 the Commission has approved 260 agreements negotiated by parties under either Chapter 364, Florida Statutes, or Section 252 of the federal Telecommunications Act of 1996 (TA 96) involving interconnection. The Commission has established rates, terms, and conditions for interconnection, resale and

unbundling under Chapter 364 for four ALECs (with various LECs), and completed ten arbitration proceedings initiated by ALECs under Section 252 of TA 96.

***Number Portability:***

In Docket Number 950737-TP the Commission specified parameters, costs, and standards for temporary number portability. Number portability allows a customer to change local service providers without changing his local number.

Of the various temporary number portability options considered, such as remote call forwarding (RCF) and flexible direct inward dialing, it was determined that both the LECs and the ALECs should provide each other with RCF as the primary temporary mechanism to provide number portability. The Commission initially determined that the cost for developing and implementing temporary number portability should be the responsibility of the entrants. Therefore, the company receiving the forwarded number would pay the company providing the forwarded number. However, LECs and ALECs are allowed to assess rates and terms different from the standard tariff rate as part of negotiated agreements.

Due to a conflict with an FCC order, the Commission determined that all carriers should track their cost and once the FCC established a cost recovery mechanism for permanent number portability the Commission would determine how to recover the costs associated with the temporary number portability. Currently, permanent number portability is scheduled to be implemented in Miami, Orlando, Tampa, Jacksonville, Orlando, Fort Lauderdale, West Palm Beach, and Sarasota metropolitan statistical areas by the end of 1998.

***Lifeline:***

The Lifeline Assistance Program is designed to help low-income consumers obtain monthly local telephone service. The FCC has expanded the program effective January 1, 1998, to make Lifeline available to every state, territory, and commonwealth; increased the federal Lifeline support; and modified the state matching requirement.

Under the expanded program, eligible participants can receive an initial \$3.50 waiver of the federal subscriber line charge, whether or not a state participates. If the state approves the program, the eligible participant will receive an additional rate reduction of \$1.75, which is funded through federal support. If the state provides funding of \$3.50, the eligible participant can receive a further rate reduction of \$1.75 through federal support. The maximum Lifeline support available is \$10.50 (\$7.00 federal support, plus \$3.50 state support).

Due to uncertainty over whether Florida's current program which requires LECs to provide a rate reduction of \$3.50 per month to Lifeline customers qualified as state funding, the FPSC approved the \$1.75 that does not require state matching, to be effective January 1, 1998 (Docket No. 970744-

TP). The FCC subsequently ruled on December 30, 1997, that Florida's Lifeline program qualifies as providing intrastate matching funds. The FPSC will address the remaining \$1.75 early in 1998.

***Schools and Libraries:***

Under the federal schools and libraries program, eligible public and non-profit elementary and secondary schools and public libraries may receive discounts of between 20 and 90 percent on all commercially available telecommunications service, Internet access, and internal connections/wiring, subject to a \$2.25 billion annual cap. A lower amount will be available for 1998, the first year of the program. Eligible facilities include all public schools (K-12), non-profit schools (K-12), provided that such schools do not have an endowment exceeding \$50 million, and all public libraries. The level of discount is based on the school's percent of students eligible for the national school lunch program and whether the school is located in a rural area.

Federal funding will be provided for discounts on both interstate and intrastate services. Establishment of intrastate discounts at least equal to the discounts on interstate services is a condition of federal universal service support for schools and libraries in a state. The FPSC adopted the federal discounts for intrastate services in May 1997 (Order No. PSC-97-0557-FOF-TP).

***Access Charge Reform:***

Section 364.163(6), Florida Statutes, requires that (a)ny local exchange telecommunications company whose current intrastate switched access rates are higher than its interstate switched access rates in effect on December 31, 1994, shall reduce its intrastate switched access rates by 5 percent annually beginning October 1, 1996. In Docket No. 960910-TP, the Commission ruled that price-regulated and rate base/rate-of-return regulated local exchange companies were subject to the requirement. Further, the Commission ruled that the intrastate/interstate rate comparison should be on a composite per minute basis, inclusive of any Long Term Support revenue.

Accordingly, per Section 364.163(6), Florida Statutes, and the Commission's decision, interexchange companies (IXCs) that pay intrastate switched access charges to the local exchange companies were required to reduce customer long distance rates beginning October 1, 1996, to pass along the dollar savings.

In Docket No. 970274-TP, the Commission reaffirmed its prior decision and established filing procedures for 1997. All affected LECs and IXCs have made the required reductions.

***Debit Cards:***

Docket Number 960254-TL was opened to determine the proper regulatory treatment for interexchange companies that issue prepaid debit cards. The docket was expanded to include local, local-toll, and interLATA prepaid calling services. The Commission proposed rules which require companies providing prepaid calling services to:

- A. Be certificated as either an Alternative Local Exchange, Local Exchange, or Interexchange company.
- B. Provide certain information either on the card or at the point of sale sufficient for a person to make an educated decision to purchase the service,
- C. Provide certain information through the customer service number.
- D. Have a refund policy
- E. Provide adequate service
- F. Pay a minimum fine of \$1,000 if appropriate.

A hearing on the proposed rules is scheduled for January 30, 1998.

***Carrier Selection (Slamming):***

Rulemaking for local, local-toll, and interLATA carrier selection was initiated in 1997. The Commission completed 10 public workshops to help develop the rules and on December 16, 1997, the Commission proposed rules that will change the verification procedures and should better inform consumers that a carrier change has occurred.

A part of the proposed rules includes a billing block option. This option will allow the consumer to protect himself from unauthorized charges on his telephone bill through the use of a personal identification number or other means of identification. This identification must be obtained from the customer and passed on to the local exchange company before any charges are considered authorized. Without the identification number, the charges will be considered invalid and not included on the local exchange bill.

**Tariff Filings**

Telecommunications companies in Florida made 1,605 tariff filings during 1997. In 1997, 1,585 tariff filings became effective, compared with 981 in 1996. Of the 1,585 filings, the Commission voted on 457 (compared with 216 in 1996), and the remaining 1,128 were handled administratively. Of the 1,585 tariff filings, 477 were filed by local exchange companies (LECs), 908 by interexchange companies (IXCs), and 200 by alternate local exchange companies (ALECs). The following 1997 tariff filings were of special interest:

***First Quarter:***

GTEFL filed tariffs to introduce Physical Expanded Interconnection Service (EIS), allowing customers to collocate transmission, multiplexing, and concentration equipment in either a physical or virtual EIS arrangement.

BellSouth filed a tariff to add a residential toll Optional Calling Plan. This plan reduced intraLATA toll rates for eligible residential customers.

BellSouth filed a tariff calculating its intrastate subsidy of payphone operations and eliminating this subsidy by reducing its rates for Business Rotary Service.

By FCC Orders 96-388 and 96-439, local exchange companies filed to remove public/semi-public pay telephones from their tariffs effective April 15, 1997.

BellSouth filed a tariff to increase residential custom calling rates for Call Waiting, 3-Way Calling, and Call-Forwarding Variable.

BellSouth filed a tariff to add a rotary charge to message rated business lines, trunks, and Network Access Registers.

***Second Quarter:***

BellSouth increased its operator station-to-station and person-to-person rates.

GTEFL filed a tariff to reduce intraLATA toll rates.

BellSouth filed a tariff to increase measured and message rates for residential customers.

Sprint (United/Centel) filed a tariff to decrease its evening and night discounts for two-point toll services.

***Third Quarter:***

Sprint (United/Centel) filed a tariff to increase operator assisted charges, directory assistance, and busy verify and interrupt. Rates for nonpublished and nonlisted numbers were decreased.

ALLTEL, GTEFL, Sprint, and BellSouth (on behalf of Vista-United) filed tariffs to reduce intrastate switched access by 5 percent as required by Statute, effective 10/1/97.

With the merger of St. Joe, Florala, and Gulf Telephone, tariffs were filed to reflect the name changes to GTC, Inc. Each company will retain their individual tariffs until GTC, Inc. consolidates the three tariffs.

***Fourth Quarter:***

Local exchange companies filed tariffs to comply with the expanded Lifeline Assistance Program.

BellSouth filed a tariff to reduce business rotary rates.

BellSouth filed a tariff to add a \$.35 charge for directory assistance to payphone service providers.

BellSouth filed a tariff to change its trial Toll Limit Service to a permanent general tariff offering (this is an optional service).

### Rate Cases

**Bell South:** Docket 920260-TL, was initiated pursuant to Order No. 25552 to conduct a full revenue requirements analysis and to evaluate the Rate Stabilization Plan under which BellSouth Communications, Inc. d/b/a Southern Bell Telephone and Telegraph (Southern Bell or the Company) had been operating since 1988. Hearings were rescheduled several times in an effort to address all the concerns and issues that arose with the five consolidated proceedings over the ensuing two and a half years.

- ◆ On January 5, 1994, a Stipulation and Agreement Between Office of Public Council (OPC) and Southern Bell was submitted. On January 12, 1994, Southern Bell filed an Implementation Agreement for Portions of the Unspecified Rate Reductions in Stipulation and Agreement Between OPC and Southern Bell. Other parties filed motions in support of the Stipulation and Implementation Agreement. The Commission voted to approve the terms of the settlement at the January 18, 1994 agenda conference (Order No. PSC-94-0172-FOF-TL). The terms require, among other things, that rate reductions be made to certain services. Following is a brief summary of the approved reductions:

7/1/94	Switched access reductions - \$50 million <ul style="list-style-type: none"> <li>- \$10 million (specified below)</li> <li>- Reduced mobile interconnection usage rates</li> <li>- Eliminated Billed Number Screening charge</li> <li>- Reduced DID trunk termination rates</li> </ul>
10/1/95	Switched access reductions - \$55 million <ul style="list-style-type: none"> <li>- Authorized implementation of extended Calling Service (ECS) on majority of BSP toll routes</li> </ul>
10/1/96	Switched access reductions - \$42 million <ul style="list-style-type: none"> <li>- Rate reductions - \$41 million (mostly further reduced switched access rates)</li> </ul>

- ◆ During 1997, BellSouth Telecommunications, Inc. refunded \$50.1 million on a preliminary basis due to earnings in excess of BellSouth's sharing point of 13.11 percent return on equity for 1996. The \$50.1 million refund is subject to a true-up after final adjustments, if any, are included. Also, during 1997, Northeast Florida Telephone Company, Inc. applied its overearnings of \$109,190 plus an additional \$15,000 toward the elimination of its intraLATA subsidy received from BellSouth of \$124,000.

### **Show Cause and Other Enforcement Activity**

During 1997, staff initiated enforcement action against telecommunications companies for rule infractions.

*Prepaid Calling Services:* Three prepaid calling card providers were fined a total of \$67,000 for operating without a certificate. One company settled for \$3,500 for reselling service to an uncertificated prepaid calling card provider. Staff also continues to perform timing and charge accuracy tests on prepaid calling services.

*Slamming:* Five interexchange companies were fined a total of \$926,000 for slamming and another company surrendered its certificate in lieu of a \$100,000 fine. Twelve dockets remain open pending Commission decision.

*Operating Without a Certificate:* Two interexchange companies were fined a total of \$41,000. One pay telephone company paid a \$2,403.83 settlement.

*Transferring a Certificate Without Approval:* One interexchange company's certificate was canceled.

*Overcharges:* Three interexchange companies settled or were fined \$18,000.

*Failure to route 0- calls to the LEC:* One company paid a \$166,209 settlement with the affected local exchange companies.

#### ***Failure to File Regulatory Assessment Fees:***

*Pay Telephone:* Forty-eight Pay Telephone companies were ordered to pay a \$500 fine or have their certificates canceled. Three protested the order and are pending hearings, 18 were canceled, 2 paid \$500 fines each, and 24 are pending final resolution.

*Interexchange Companies:* Sixty-three companies were ordered to pay a \$500 fine or have their certificates canceled. Seventeen paid \$500 fines each, 45 were canceled, and one protested the order and is pending a hearing.

*Alternative Local Exchange Companies:* Three companies were ordered to pay a \$500 fine or have their certificates canceled. Two were canceled and one paid a \$500 fine.

*Alternative Access Vendor:* One company paid a \$500 fine.

*Shared Tenant Providers:* Two companies were canceled.

**Telecommunications Access System**

The Telecommunications Access System Act of 1991 (TASA) creates a two-part system to improve telecommunications between people with hearing and speech impairments and those who do not have such impairments.

The Commission ordered the local exchange telephone companies to set up a nonprofit corporation known as the Florida Telecommunications Relay, Inc. (FTRI) to administer portions of the program. FTRI became operational just a few weeks after passage of TASA.

A second organization, established during the latter part of 1991, was the TASA Advisory Committee to the PSC. The ten-member advisory committee, whose members are familiar with hearing and speech impairment issues, was organized by the Commission and is active in assisting the Commission with the continuing development of the Florida Telecommunications Access System.

At the end of 1991, the Commission selected MCI Telecommunications, Inc. to provide the Relay Service in Florida. In August 1996, the Commission issued its request for proposals for relay service beginning June 1, 1997. The Commission again selected MCI Telecommunications, Inc. to provide relay service under a three year contract.

The following tables provide a statistical summary of the status of the Telecommunications Access System. ♦

*Table A*

<b>Equipment Distribution</b>		
	Total Items Distributed	Average per month
9/1/91 - 6/30/92	6,462	646
7/1/92 - 6/30/93	22,259	1,855
7/1/93 - 6/30/94	41,639	3,470
7/1/94 - 6/30/95	45,307	3,776
7/1/95 - 6/30/96	41,281	3,440
7/1/96 - 6/30/97	46,526	3,877



*Table B*

**New Recipients of Equipment and Training (7/96-6/97)**

Deaf	499
Hard of Hearing	29,320
Speech Impaired	145
Dual Sensory Impaired	33
<b>Total</b>	<b>20,997</b>

*Table C*

**Financial Report (7/96-6/97)**

Relay Services	\$ 8.0 million
Equipment & Repairs	\$ 3.7 million
Equipment Distribution & Training	\$ 0.8 million
Outreach	\$ 0.06 million
General & Administrative	\$ 0.6 million
<b>Total</b>	<b>\$ 13.16 million</b>

*Table D*

**Surcharge Level**

7/1/91 - 6/30/93	5¢ / access line / month
7/1/92 - 10/31/94	10¢ / access line / month
11/1/94 - 6/30/95	12¢ / access line / month
7/1/95 - 6/30/96	10¢ / access line / month
7/1/96 - 6/30/97	12¢ / access line / month
7/1/97 - Forward	12¢ / access line / month

*Regulated Telephone Company Statistics*

as of December 1997

Company Headquarters	No. of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth from Previous Year
<b>ALLTEL Florida, Inc.</b> <i>Live Oak, Florida</i>	27	78,106	.74	6.79%
<b>BellSouth Telecommunications Co.</b> <i>Miami, Florida</i>	102	6,223,751	58.79	5.79%
<b>Floral Telephone Company</b> <i>Floral, Alabama</i>	2	2,350	0.02	5.05%
<b>Frontier Communications of the South</b> <i>Atmore, Alabama</i>	2	4,142	0.04	5.34%
<b>GT COM (St. Joseph Telephone)</b> <i>Port St. Joe, Florida</i>	13	31,535	0.30	5.14%
<b>GTE Florida, Inc.</b> <i>Tampa, Florida</i>	24	2,268,455	21.43	6.68%
<b>Gulf Telephone Company</b> <i>Perry, Florida</i>	2	9,556	0.09	5.80%
<b>Indiantown Telephone System, Inc.</b> <i>Indiantown, Florida</i>	1	3,421	0.03	2.89%
<b>Northeast Florida Telephone Company</b> <i>Macclenny, Florida</i>	2	8,022	0.08	6.41%
<b>Quincy Telephone Company</b> <i>Quincy, Florida</i>	3	13,249	0.13	3.86%
<b>Sprint-Centel</b> <i>Tallahassee, Florida</i>	35	403,958	3.82	6.60%
<b>Sprint - United</b> <i>Altamonte Springs, Florida</i>	69	1,526,762	14.42	6.64%
<b>Vista-United Telecommunications</b> <i>Lake Buena Vista, Florida</i>	2	13,513	0.13	13.71%
<b>Total</b>	<b>284</b>	<b>10,586,820</b>	<b>100.00</b>	<b>6.15%</b>



DIVISION DIRECTOR

*Joe Jenkins*

*The Division of Electric and Gas is responsible for providing technical information, advice, and assistance in the economic, engineering, and rate areas regarding the regulation of the electric and natural gas industries. The Division is responsible for analysis of testimony and exhibits in Commission proceedings. Activities include developing cross-examination and direct testimony, and preparing recommendations concerning the disposition of electric and gas utility matters.*

## Electric & Gas

### **Fuel Cost Recovery**

The Commission continues to hold fuel cost recovery proceedings twice a year to examine utility fuel costs, fuel transportation costs, and costs related to system operations.

In 1997, the Commission approved fuel clause recovery of costs associated with power plant modifications which will reduce future fuel costs. The conversion of Florida Power Corporation's Debary, Bartow, and Suwannee combustion units to burn natural gas is expected to save ratepayers \$24 million in fuel costs over the next five years, for an investment of approximately \$8.2 million. Equipment modifications and additions costing \$2 million at some of Florida Power & Light Company's generating plants and fuel storage facilities will allow the utility to operate those plants using a more economic grade of residual fuel oil. This project is expected to save ratepayers \$19 million over the next three years. Florida Power & Light Company and Gulf Power Company continue to file for capacity cost recovery on an annual basis, while Tampa Electric Company and Florida Power Corporation remain on a twice-a-year basis.

### **Environmental Cost Recovery**

During the 1993 Legislative Session, Section 366.8255, Florida Statutes, was adopted, establishing an Environmental Cost Recovery Clause. This law required the Commission to create a cost recovery mechanism to allow investor-owned utilities to recover environmental compliance costs. During 1997, Florida Power & Light recovered approximately \$14 million for 23 projects; Gulf Power Company recovered approximately \$10.7 million for 27 projects; and Tampa Electric Company recovered approximately \$5.9 million for seven projects through the clause. Florida Power & Light and Gulf Power Company both filed projections on an annual basis, while Tampa Electric company files semi-annually. Environmental Cost Recovery Clause hearings are held in conjunction with the fuel cost recovery hearings.

### **Natural Gas Utility Regulation**

In 1996, the Commission opened Docket No. 960725-GU, to analyze the impact of natural gas utilities providing transportation

service to their customers. Staff and interested persons developed 66 issues pertaining to seven categories: Obligation to Service/Service Offerings, Balancing, Aggregation, Marketers and Affiliated Marketers, Stranded Investment, Billing and Rates, and Other Issues.

In 1996, three workshops were held to allow interested persons and parties an opportunity to express their position and concerns on each issue. Subsequent to each workshop, the parties were given 45 days to file written comments.

Final comments to the workshop process were received in January 1997. Based on these comments, and the information compiled from other states, staff developed a model unbundling tariff. The tariff was issued in October. Comments on the model tariff were received in November. Staff is currently in the process of reviewing the comments.

City Gas Company of Florida filed a petition on August 21, 1997 for approval to implement an experimental 50 therms per year or greater transportation service rate schedule and standards for third party suppliers.

City Gas proposed this rate schedule to allow a limited number of small commercial customers the opportunity to accept transportation service as the next step in the company's unbundling process. City Gas requested approval to implement creditworthiness or financial standards to ensure the third party suppliers are financially sound and able to meet their financial responsibilities.

On November 4, 1997, the Commission approved the City Gas' experimental tariff. As part of its monitoring process, the Commission required City Gas to file quarterly data regarding the number of eligible customers and third party suppliers, the volumes of gas transported, monthly adjustments between receipts, and deliveries and narrative of any problem incurred in the implementation of the program.

#### **Natural Gas Utility Rate Level Regulation**

St. Joe Natural Gas Company (St. Joe) filed a petition for a limited proceeding to restructure rates on January 27, 1997. In its petition, St. Joe sought to redesign the present rates to reduce the inequities between the rate classes. Under the proposed restructuring, all rate classes would produce an equivalent rate of return, with no change in total revenues. St. Joe requested that the proposed rate restructuring be implemented over a two-year period to lessen rate shock to the residential and commercial customers.

As part of the limited proceedings, a customer meeting was held on March 13, 1997, to hear and respond to customer testimony and questions related to St. Joe's petition. On April 14, 1997, the Commission approved St. Joe's petition to restructure rates over a two-year period. The first interval of the rate restructuring was implemented on May 21, 1997. Intervals two and three are scheduled to be implemented on May 21, 1998, and 1999, respectively.

### **Intrastate Natural Gas Pipeline Matters**

Prior to the implementation of the Natural Gas Transmission Pipeline Intrastate Regulatory Act, Chapter 368, Florida Statutes, Five Flags Pipeline Company (Five Flags) came under the regulation of the Federal Energy Regulatory Commission (FERC) as an intrastate natural gas transmission pipeline and, as such, all rates and charges were approved by the FERC. In 1992, the Florida Legislature enacted the Natural Gas Transmission Pipeline Intrastate Regulatory Act. With the passage of that Act, Five Flags is now regulated under the jurisdiction of the Florida Public Service Commission (Commission).

On September 20, 1993, Five Flags filed with the Commission its petition for approval of initial rates. On November 18, 1993, the Commission issued order No. PSC-93-1677-FOF-GP, approving Five Flags' initial regulated rates. On January 5, 1994, Five Flags filed with the FERC a petition requesting that it be allowed to employ rates on file with the Commission, for transportation on behalf of interstate pipeline companies and/or local distribution companies served by interstate pipeline companies.

On May 31, 1994, the FERC approved the petition and granted an adjustment which permits Five Flags to use rates that are not greater than those approved by the Commission. As a condition of the May 31, 1994 FERC order, Five Flags must file to obtain a new cost-based determination from the Commission at least once every three years and file with the FERC a copy of any applicable order of the FPSC no later than 30 days after issuance.

On March 24, 1997, Five Flags filed with the Commission its petition requesting approval of its existing negotiated rates reflected in its contract. Because a joint affidavit had been filed on the individually negotiated rates, the Commission issued Order No. PSC-97-0609-FOF-GP on May 27, 1997, granting Five Flags' petition and approving Five Flags' existing firm and interruptible system transportation rates.

### **Interstate Natural Gas Pipeline Matters**

On November 15, 1991, Florida Gas Transmission (FGT) petitioned the Federal Energy Regulatory Commission (FERC) for authorization to undertake a large pipeline expansion into the State of Florida. The project was termed FGT's Phase III expansion, the largest expansion in FGT history. As part of the approval process, FGT and the involved parties reached a stipulation, dated August 25, 1992, which was subsequently approved by the FERC.

Within the stipulation, the parties agreed that FGT would file a rate case proceeding within 18 months of the in-service date of the phase III expansion. On February 28, 1995, the Phase III facilities were placed in operation.

In compliance with the FERC approved stipulation, FGT filed for a rate case on August 30, 1996, Docket No. RP96-366-000. The Commission intervened for monitoring purposes.

The stipulation and agreement filed by FGT on August 5, 1997, resolved all issues in its rate proceeding (Docket Nos. RP96-366, et al). Pursuant to Article XIII of the settlement, the settlement would become effective upon the first day of the first month following the issuance of a final FERC order. On September 24, 1997, the FERC issued an order approving the settlement. Because no party requested rehearing as of October 24, 1997, the settlement became effective November 1, 1997.

The stipulation also provides that FGT will not file a general rate case pursuant to Section 4 of the natural Gas Act to increase its base tariff rates prior to October 1, 2000.

#### **Conservation Activities for Natural Gas Utilities**

Florida's natural gas utilities provide natural gas to residential customers primarily for water heating, cooking, clothes drying, and space conditioning. Annual consumption per residential customer continues to decline as a result of increased appliance efficiency and conservation activities.

The gas industry continues to promote the development of residential gas space conditioning equipment with lower life-cycle costs, improved efficiency, lower emissions, and increased utility at a competitive price. Natural gas space conditioning, especially cooling applications, decreases peak electric demand. Since cooling applications are primarily used during the summer months when residential and commercial gas usage is typically low, the additional gas load improves the load factor of the gas utilities, resulting in a lower cost of gas.

Conservation for natural gas utilities in Florida has historically been used to slow the growth of electricity and reduce the consumption of petroleum fuels. The Commission opened Docket No. 941104-EG, in October 1995, to evaluate the then existing methodology of using deferred electric plants as a benefit. A new methodology was developed that evaluated the merits of gas utility conservation programs based exclusively on the impact to the gas utility rate payers. The benefit of deferring electric power plants was no longer considered in the analysis. The Commission approved the new methodology in March 1996.

Subsequent to the passage of the new methodology, the Commission opened Docket Nos. 960557-GU and 970478-GU, requiring Peoples Gas System and City Gas Company, respectively, to refile their conservation programs using the new methodology. The Commission approved Peoples Gas Systems' filing in December 1996 and approved the City Gas amended filing in December 1996. Other dockets will be opened to reevaluate the conservation programs of Chesapeake Utilities and St. Joe Natural Gas.

### Conservation Cost Recovery Clause

Investor-owned electric and gas utilities subject to provisions of the Florida Energy Efficiency and Conservation Act (FEECA) are permitted to recover prudent and reasonable expenses for Commission approved conservation and demand side management programs. Actual and projected expenditures are adjusted and recovered over a twelve-month period through an approved cost recovery factor.

At the February 1995 conservation hearings, the Commission voted to deny cost recovery of expenditures resulting from participation in Commission dockets related to the development of numeric goals for electric utilities. The Commission stated that only prudent and reasonable conservation expenditures relating directly to an approved conservation program are recoverable through the conservation cost recovery clause.

### *Commission Regulated Florida Electric and Gas Utilities*

#### Estimated Conservation Cost Recovery for 1997

Utility	Amount Spent*
Florida Power Corporation	\$ 74,588,134
Florida Power & Light Company	171,216,941
Florida Public Utilities**	166,278
Gulf Power Company	2,698,971
Tampa Electric Company	19,004,475
Chesapeake Utilities	244,931
City Gas Company	1,394,846
People's Gas System	4,897,495
St. Joe Natural Gas	32,125
West Florida Natural Gas***	390,258
<b>Total</b>	<b>\$ 274,634,454</b>

\* January-November are actual amounts. December is projected amount.

\*\* Marianna and Fernandina Beach divisions are combined.

\*\*\* On June 30, 1997, West Florida Natural Gas was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System. The dollars reported for West Florida Natural Gas represent the monies spent during the six-month period, January 1, 1997 through June 30, 1997.

### **Gas Pipeline Safety**

During 1997, the Commission staff evaluated 80 natural gas systems, covering approximately 26,000 miles of pipeline and 627,000 customers. These evaluations resulted in the issuance of 20 written notifications of gas safety violations. The notifications cited 26 rule violations, ranging from improving pipe material to the failure to have a written drug testing procedure. All violations have been corrected or are scheduled for corrective action pursuant to the Commission's Standard Operating Procedures.

Damage to natural gas pipelines by dig-ins (pipelines cut or damaged by others engaged in excavation activities) continues to be the leading gas safety issue in Florida as well as in the rest of the United States. In 1993, the Florida Legislature enacted Chapter 566, entitled Underground Facility Damage Prevention and Safety. The purpose was to aid the public by preventing injury to persons or property and the interruption of services resulting from damage to an underground facility caused by excavation or demolition operations.

The Act created a not-for-profit corporation consisting of operators of underground facilities in Florida to administer the provisions of the Act. The corporation was named "Sunshine State One-call of Florida, Inc." The Act required the corporation to establish a one-call, toll-free telephone notification system by June 1, 1994. The purpose of the telephone system is to receive notification of planned excavation or demolition activities and to notify member operations of such planned excavation or demolitions. In 1997, the Florida Legislature amended certain sections of Chapter 556, Florida Statutes. As a result of the amendments, municipalities that operate buried utility facilities that have a population greater than 10,000 persons must participate in the Sunshine One-Call System.

In November 1997, the U.S. Department of Transportation issued its final rule regarding Mandatory Participation in Qualified One-Call Systems by Pipeline Operators. The final rule takes effect on May 18, 1998. This rule requires operators of onshore gas pipelines to participate in qualified one-call systems as part of the required excavation damage prevention program.



*Local Gas Accidents and Incidents*

Year	Number of Gas Systems Exp. Incidents	Number of Incidents	Number of Injuries	Number of Fatalities	Number of Dig-ins
1987	8	16	5	2	13
1988	8	19	1	0	18
1989	10	28	3	0	26
1990	8	35	0	0	33
1991	5	23	0	0	21
1992	8	42	3	0	39
1993	7	31	3	0	18
1994	13	20	3	0	15
1995	10	24	2	0	16
1996	12	24	3	0	17
1997	12	24	1	1	21

**Electric Safety**

A total of 3,872 inspections have been completed on random samples from 129,925 work orders processed this year. New construction (completed after July 1, 1986) accounted for 1,422 variances from the National Electric Safety Code.

*Utility-Reported Injuries and Fatalities to the Public Involving Electric Line Contact (1)*

Year	Number of Injuries		Number of Fatalities	
	OVERHEAD	UNDERGROUND	OVERHEAD	UNDERGROUND
1986	32	4	15	0
1987	49	5	23	0
1988	37	3	17	0
1989	43	1	14	0
1990	40	4	16	0
1991	27	3	19	1
1992	32	8	12	0
1993	29	6	13	0
1994	36	3	8	0
1995	27	2	12	0
1996	22	3	10	0
1997	22	2	12	0

### **Conservation Activities for Electric Utilities**

In 1980, the Florida Public Service Commission (FPSC or Commission) required all electric utilities and natural gas utilities whose sales exceeded 100 million therms per year to adopt cost-effective conservation or demand side management (DSM) programs to meet the requirements of the newly enacted Florida Energy Efficiency and Conservation Act (FEECA). Since that time, Florida utilities have implemented a wide array of conservation programs primarily targeted toward reducing peak of kilowatt hour growth and the state's dependence on oil as a generator fuel.

In June of 1993, the Commission revised its rules, requiring the establishment of numeric conservation goals for summer and winter demand (kW) and annual energy (kWh) sales over a ten year period. The new rules require the FEECA utilities to propose goals for Commission approval based on an assessment of a wide variety of end-use categories in the residential and commercial/industrial market segments. The rules also require annual reporting allowing the Commission to more closely monitor and evaluate the conservation activities of the FEECA utilities.

On October 3, 1994, the Commission established annual numeric DSM goals for the four largest investor-owned electric utilities. These goals represent aggressive, reasonably achievable levels of conservation while minimizing the rates to the utilities' ratepayers. The cumulative effect of these annual goals is a projected savings of approximately 2,100 megawatts by the year 2003.

To further encourage DSM, the Commission voted to allow for a case-by-case consideration of lost revenue recovery and incentives for a specific group of DSM measures. These measures are solar, renewables, natural gas substitution, high efficiency cogeneration, and other DSM programs that have significant savings but negligible upward pressure on rates. Utilities were also encouraged to explore "green pricing" to promote solar and renewable energy resources. Green pricing is a relatively new concept used in limited jurisdictions with green pricing customers voluntarily choosing to contribute money on their monthly bills for the utility to procure and implement renewable central station technologies, such as photovoltaic and solar power plants.

On June 9, 1995, the Commission approved the investor-owned utilities' DSM plans. These plans contain programs the investor-owned utilities intend to employ to meet the Commission approved DSM goals. On September 15, 1995, the Commission approved plans filed by the investor-owned utilities to conduct research and development on natural gas technologies for heating, cooling, dehumidification, and water heating. The purpose of the research is to obtain performance and cost-effectiveness data on these technologies for possible future inclusion in electric utility DSM planning.

On April 10, 1995, the Commission set annual numeric DSM goals for the Florida Public Utilities Company and the eight municipal and six cooperative electric utilities then subject to FEECA. The

cumulative effect of these annual goals is savings of approximately 223 MW by the year 2005. In August 1995, most of these utilities filed DSM plans detailing how the goals are to be met. By early 1996, the Commission had approved the DSM plans of Florida Public Utilities Company and the eight municipal and six cooperative electric utilities.

In 1996, the Florida Legislature revised the FEECA statute which increased the minimum sales threshold for utilities subject to FEECA to 2000 gigawatt hours as of July 1, 1993. As a result, only the five investor-owned utilities, Jacksonville Electric Authority, and Orlando Utilities Commission will be subject to the current FEECA statute. These utilities are currently responsible for approximately 87 percent of the state's total electric sales.

In October 1997, the Commission staff held a workshop to begin the process of establishing new DSM goals for those utilities subject to FEECA. New goals are expected to be established by October 1999.

### **Generation Planning**

During the 1995 Legislative session, Section 186.801, Florida Statutes, was revised to make the Commission the lead agency charged with determining the suitability of electric utility Ten Year Site Plans. These plans, required by statute, provide forecasts of future electric load requirements and the resource mix planned to meet those needs. A public workshop before the Commission to review the current Ten Year Site Plans was held August 8, 1997. At the workshop, utilities presented their plans and interested parties were provided an opportunity to make comments in person and in writing regarding the adequacy of the plans. Florida Power & Light Company and the Jacksonville Electric Authority withdrew their 1997 Plans in response to the Commission's concerns with the utilities' reliance on unspecified capacity purchases. A report analyzing the plans of the utilities may be obtained by contacting the Commission's Division of Electric and Gas.

The Commission's generation planning activities implement Chapter 366.04(3), Florida Statutes, (known as the "Grid Bill"). This statute gives the Commission jurisdiction over the "planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities."

### **Cogeneration and Small Power Production**

By its enactment of the Public Utility Regulatory Policy Act of 1978 (PURPA), the Congress of the United States required that the Federal Energy Regulatory Commission (FERC) promulgate rules implementing PURPA and further required that each state regulatory commission develop procedures by which it would implement the FERC's rules. As a result, the Commission

promulgated initial rules on the purchase of capacity and energy from cogenerators and small power producers (qualifying facilities) in 1981. These rules were revised in 1983 and 1990.

In November 1996, the rules were revised again to ensure consistency with Rule 25-22.082, a formal rule on the selection of generating capacity. The rule amendments include: (1) standard offer contracts are available only to qualifying facilities less than 100 kW, renewables, and solid waste facilities; (2) standard offer tariffs close when a request for proposals is issued; and (3) a contract reopener is allowed when avoided cost changes.

Currently, Florida has approximately 2,254 megawatts of committed firm capacity under contract from 40 existing and proposed qualifying facilities.

### **Generating Capacity Shortfalls**

In response to unprecedented cold weather experienced during December of 1989, which resulted in statewide peak electrical demand exceeding available capacity by over 4400 MW, the Commission ordered Florida's electric utilities to jointly prepare a state severe weather emergency plan (Order No. 22708, issued March 20, 1990). The joint effort resulted in the Florida Electrical Emergency Contingency Plan: Generating Capacity Shortage Element, which was adopted by Commission rule on December 4, 1990.

The plan contains procedures to be followed by each utility, individually and as a group, to ensure coordinated statewide communication and action during a generating capacity shortage. From a statewide perspective, the plan progresses through four successive stages:

1. Generating Capacity Advisory
2. Generating Capacity Alert
3. Generating Capacity Emergency
4. System Load Restoration

The electric utilities, the Commission, the Department of Community Affairs/ Division of Emergency Management, and the Florida Reliability Coordinating Council hold annual training exercises to ensure the effectiveness of the plan. Since the Florida Electrical Emergency Contingency Plan: Generating Capacity Shortage Element was implemented, there has been no loss of system load in the state due to a Generation Capacity Emergency.

### **Power Plant Need Determination Proceedings**

The Commission is responsible for reviewing Florida's need for new supply-side sources of electricity pursuant to Chapter 403.519, Florida Statutes. Before 1986, any proposed steam or solar

electrical generating facility larger than 50 megawatts (MW) was subject to a Commission need determination. In 1986, the Legislature increased this threshold to 75 MW.

The Commission recently determined a need exists for the following units which are not yet in service:

1. In January 1992, the Commission granted Florida Power Corporation's need petition for two 235 MW combined cycle generating units to be built in Polk County. Florida Power Corporation has combined the construction of these two units into a single 470 MW unit with an expected in-service date of November 1998.
2. In June 1994, the Commission granted Seminole Electric Cooperative's need petition for a 440 MW combined cycle generating unit with an expected in-service date of January 2002.
3. In May 1997, the Commission granted the city of Tallahassee's need petition for a 250 MW gas-fired, combined cycle generating unit to be located at the Purdom site in Wakulla County. The anticipated in-service date is May 2000.
4. In November 1997, the Commission granted Florida Power Corporation's need petition to increase the generating output of its Tiger Bay combined cycle generating unit by 12 MW. The increase is expected to be completed by May 1998 and will result in a total generating capability of 236 MW.

In December 1993, the Commission adopted Rule 25-22.082, F.A.C., a formal rule on the selection of generating capacity. Prior to filing a petition for determination of need with the Commission, each investor-owned utility is required to evaluate supply side alternatives to its next planned generating unit by issuing a Request for Proposals (RFP).

#### **Transmission Line Need Determination Proceedings**

Pursuant to Chapter 403.537, Florida Statutes (the Transmission Line Siting Act) the Commission is charged with determining the need for any transmission line greater than 230 kilovolts (kV), longer than 15 miles and that crosses a county line. Similar to the Power Plant Siting Act, a need determination for a transmission line is a prerequisite to environmental permitting. Currently, there are no transmission line additions awaiting certification.

#### **Energy Broker and Expanded Broker**

The Energy Broker resembles a computerized central dispatch for peninsular Florida. This program makes hourly comparisons of each utility's fuel costs to determine the least-cost sources of energy for that hour. Since the inception of the Energy Broker in 1978, this program has resulted in tremendous monetary savings for Florida's ratepayers, as shown in the chart on page 30.

In 1995, the broker was modified to enable non-utility generators to sell power to other utilities. Because of competitive pressures, the amount saved will no longer be recorded.

*Purchases and Savings Attributed to Energy Broker*

Year	Energy Broker Purchases (MWH)	Energy Broker Savings
1978	\$1,826,829	\$16,502,000
1979	2,030,425	22,195,000
1980	2,181,604	43,251,000
1981	2,507,128	62,164,000
1982	3,070,187	64,154,000
1983	3,250,158	55,614,000
1984	2,422,098	44,892,000
1985	3,379,230	60,433,000
1986	2,961,474	24,832,000
1987	4,385,646	40,652,000
1988	4,428,638	33,119,000
1989	3,675,906	38,567,243
1990	3,305,274	44,561,686
1991	3,069,068	32,487,060
1992	3,092,276	35,566,000
1993	3,049,949	32,960,000
1994	3,379,367	31,095,083
1995	3,440,133	12,936,595
1996	2,494,603	*
1997	2,332,587	*
<b>Total</b>	<b>60,282,579</b>	<b>695,981,994</b>

\* Data no longer available

### **Economic Development**

The Florida Legislature adopted statutory changes during the 1994 session to encourage the involvement of regulated utilities in economic development activities in the state. In response to changes in Chapter 288, the FPSC adopted rules to establish a ratepayer/stockholder economic development expense-sharing formula. The rule allows utilities to recover 90 percent of certain economic development expenses as long as those expenses do not exceed .15 percent of their gross annual revenue. Recoverable expenditures are limited to assistance to state and local economic development efforts and do not include rate discounts. However, several utilities have received

approval to offer limited rate discounts to encourage the location or expansion of new industry in their service territories. Gulf Power Company, Jacksonville Electric Authority, City of Ft. Pierce, City of Homestead, and Lakeland Utilities petitioned for and received approval of various special rate options that give more flexibility in meeting customer needs and alternatives in growing competitive markets.

### **Electric Utility Competition**

The Commission recognizes that competition and the talk of competition in the electric utility industry is increasing. Competition has become a fact at the wholesale level and, in some states, is expected to spread to the retail level. Florida does not have high electric rates compared to New England, New York, and California where retail competition has been ordered by the state utility regulatory commissions. In Florida, the primary impetus of competition at both the wholesale and retail levels is the unexpectedly low price of natural gas coupled with the new highly efficient gas-fired, combined cycle generating unit technology. These events are again making the electric utility industry a declining cost industry at the generation level.

#### **A. WHOLESALE**

At the wholesale level, the Federal Energy Regulatory Commission is requiring utilities to open their high voltage transmission lines to the utilities' competitors for sales to municipal and cooperative electric utilities. The Florida Public Service Commission has actively participated in the debate over the FERC's proposed rules on open transmission access and stranded investment. In comments to the FERC, the Commission stated that the departing customer should be responsible for the lost revenues until the in-service date of the utility's next avoidable generating unit or capacity contract that is projected to have a capacity factor comparable to the departing wholesale customer's load factor minus reasonable mitigation costs. The Commission commented on the stranded costs caused by municipalization, which occur when a city forms an electric utility and requests a wholesale wheeling order from the FERC. The FPSC has joined several other states to challenge FERC's asserted jurisdiction to determine stranded costs caused by municipalization and to set the wheeling rate for retail wheeling.

#### **B. RETAIL**

Several states have ordered, though not implemented as of January 1998, opening all of the utilities' electric lines to allow retail wheeling. With retail wheeling, customers are able to select their generation supplier much as customers select their long distance telephone company. The electricity from the customer's choice of generation supplier is wheeled over the utility's transmission and local distribution lines to the customer's meter for consumption. Electric utilities nationwide are positioning themselves for the advent of retail wheeling. Some utilities are certain retail wheeling will occur; the only questions are when and under what set of laws.

This retail wheeling debate ranges from competition in the context for the present vertically integrated electric utility structure to electric utilities divesting themselves of their transmission facilities and formation of an independent transmission system operator. Obviously, these are weighty issues. Many states have initiated studies of competition in the electric utility industry. Some states have rejected retail wheeling because of the potential increase in electric rates to be charged to the more captive customers. Other states have ordered retail wheeling experiments. Allowing large-use customers to shop for power is said to foster economic development.

#### **Territorial Activity**

The Commission continues to actively supervise territorial agreements entered into by electric utilities throughout Florida. During 1997, the Commission reviewed and approved three territorial agreements. The Commission also held hearings on two territorial disputes. ♦



## REGULATED INVESTOR-OWNED ELECTRIC UTILITIES

## 1997 Operating Statistics

Electric Utility	Gross Electric Plant in Service (Million \$)	Operating Revenues (Million \$)	Operating Expenses (Million \$)	Net Operating Income (Million \$)	Number of Customers at Year End (Thousands)
Florida Power Corporation	6,158.6	2,448.4	2,200.7	247.7	1,320.1
Florida Power & Light Company	16,750.5	6,132.0	5,283.2	848.8	3,649.4
Florida Public Utilities Company	48.0	38.7	36.2	2.5	23.9
Gulf Power Company	1,758.3	625.9	536.7	89.2	345.4
Tampa Electric Company	3,632.0	1,189.0	996.3	192.7	525.2
<b>TOTALS</b>	<b>28,347.4</b>	<b>10,434.0</b>	<b>9,053.1</b>	<b>1,380.9</b>	<b>5,864.0</b>

INVESTOR-OWNED ELECTRIC UTILITIES

Purchased Fuel Cost

Expressed in dollars per unit and cents per MMBtu

Year	Heavy Oil		Light Oil		Coal		Natural Gas	
	\$/Bbl	¢/MMBtu	\$/Bbl	¢/MMBtu	\$/Ton	¢/MMBtu	\$/Mcf	¢/MMBtu
1976	11.34	180.00	13.63	235.00	25.52	111.44	0.85	85.00
1977	13.27	210.63	15.00	258.62	29.38	128.30	0.88	88.00
1978	12.30	195.24	15.49	267.07	34.63	151.22	1.04	104.00
1979	18.23	289.37	29.40	506.90	28.43	124.15	1.20	120.00
1980	23.26	369.21	33.23	572.93	42.61	186.07	1.31	131.00
1981	28.32	449.52	46.67	804.66	53.23	232.45	2.15	215.00
1982	27.73	440.16	51.27	883.97	56.69	247.55	2.21	221.00
1983	27.52	436.83	35.34	609.31	57.84	252.58	2.91	291.00
1984	29.39	466.51	34.57	596.03	57.02	249.00	3.43	343.00
1985	24.94	395.87	32.62	562.41	57.01	248.95	3.28	328.00
1986	13.51	214.44	19.55	337.07	53.01	231.48	2.03	203.00
1987	18.41	292.22	23.58	406.55	48.82	213.19	2.70	270.00
1988	13.88	220.32	14.22	245.17	48.33	211.05	2.05	205.00
1989	16.58	263.17	24.71	426.03	48.46	211.62	2.43	243.00
1990	19.07	302.70	31.22	538.28	49.86	217.73	2.65	265.00
1991	14.10	223.81	26.65	459.48	50.37	219.96	2.16	216.00
1992	15.21	241.43	26.87	463.28	49.56	216.42	2.28	228.00
1993	13.82	219.37	24.48	422.07	48.79	213.06	2.26	226.00
1994	14.17	224.92	22.95	395.69	45.76	199.83	1.97	197.00
1995	15.74	249.84	23.92	412.41	45.64	199.30	2.20	220.00
1996	17.80	282.54	27.61	476.03	43.20	188.65	3.08	308.00
1997	17.05	270.63	26.35	454.31	42.91	187.38	3.02	302.00

Sources: 1976-1980 FERC Form 423  
 1981-1994 Monthly FPSC Fuel Adjustment Filings, Schedule A-6  
 1995-Current Monthly FPSC Fuel Adjustment Filings, Schedule A-5  
 The 1997 averages are preliminary, as they are based on purchases made in January through November.

Notes: Mcf = Thousand Cubic Feet; Bbl = Barrel (42 Gallons); Ton = 2,000 Pounds  
 Conversions: Heavy Oil - 6.3 Million Btu per Barrel; 10,000 Btu/Kwh  
 Light Oil - 5.8 Million Btu per Barrel; 17,000 Btu/Kwh  
 Coal - 11,450 Btu per Pound; 10,000 Btu/Kwh  
 Natural Gas - 1,000 Btu per Mcf; 11,000 Btu/Kwh

## Residential Electric Rate Changes - 1997

Fuel Cost and Total Bill for 1,000 KWH Consumption \*  
No changes for months not listed

	<u>January</u>		<u>April</u>		<u>July</u>		<u>October</u>	
	Fuel	Total Bill	Fuel	Total Bill	Fuel	Total Bill	Fuel	Total Bill
FPL	\$22.09	\$78.02	\$21.96	\$77.24	\$21.96	\$77.24	\$16.46	\$73.58
FPC	\$20.58	\$81.31	\$23.32	\$85.10	\$21.06	\$82.84	\$18.25	\$82.71
TECO	\$24.18	\$78.37	\$24.32	\$78.30	\$24.32	\$78.30	\$23.21	\$78.27
GULF	\$23.45	\$69.13	\$21.80	\$67.42	\$21.80	\$67.42	\$21.57	\$67.09

\* Excludes local taxes, franchise fees, and state gross receipts taxes in excess of the 1.5% embedded in base rates.  
Florida Power Corp. and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate cases.

INVESTOR-OWNED ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Residential Service

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Florida Power & Light Company	\$5.65	\$12.19	\$22.01	\$38.37	\$54.72	\$73.58	\$111.30
Florida Power Corporation	\$8.85	\$16.24	\$27.32	\$45.78	\$64.25	\$82.71	\$119.64
Tampa Electric Company	\$8.50	\$15.48	\$25.94	\$43.39	\$60.83	\$78.27	\$113.16
Gulf Power Company	\$8.07	\$13.97	\$22.83	\$37.58	\$52.34	\$67.09	\$96.60
Florida Public Utilities Company							
Marianna Division	\$8.30	\$14.01	\$22.58	\$36.85	\$51.13	\$65.40	\$93.95
Fernandina Beach Division	\$7.00	\$12.75	\$21.19	\$35.77	\$50.16	\$64.54	\$93.31

\*Excluding Local Taxes / October 1997 - March 1998 Fuel Rates are included. Base rates include 1.5% gross receipts tax.  
 Florida Power Corporation and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate cases.

MUNICIPAL ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Residential Service

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Alachua	\$8.00	\$16.38	\$28.95	\$49.90	\$70.85	\$91.80	\$133.70
Bartow	\$5.50	\$13.31	\$25.03	\$44.56	\$64.09	\$83.62	\$122.68
Blountstown	\$3.50	\$10.80	\$21.76	\$40.02	\$58.28	\$76.54	\$113.06
Bushnell	\$6.75	\$14.71	\$26.66	\$46.57	\$66.48	\$86.39	\$126.21
Chattahoochee	\$4.50	\$12.02	\$23.29	\$42.08	\$60.86	\$79.65	\$117.23
Clewiston	\$6.50	\$12.28	\$20.95	\$40.40	\$57.35	\$74.30	\$108.20
Fort Meade	\$12.96	\$20.65	\$32.19	\$51.42	\$70.65	\$89.88	\$128.34
Fort Pierce	\$5.35	\$13.81	\$26.49	\$47.63	\$68.76	\$89.90	\$132.18
Gainesville	\$4.90	\$11.88	\$22.35	\$39.80	\$57.25	\$75.85	\$113.05
Green Cove Springs	\$6.00	\$13.37	\$24.42	\$42.85	\$61.27	\$79.69	\$116.54
Havana	\$6.00	\$15.08	\$28.69	\$51.38	\$74.06	\$96.75	\$142.13
Homestead	\$5.50	\$13.12	\$24.56	\$43.61	\$62.67	\$81.72	\$119.83
Jacksonville	\$5.50	\$11.77	\$21.16	\$36.83	\$52.49	\$68.15	\$99.48
Jacksonville Beach	\$4.50	\$11.98	\$23.20	\$41.90	\$60.60	\$79.30	\$116.70
Key West	\$4.76	\$13.21	\$25.89	\$47.01	\$68.14	\$89.26	\$131.51
Kissimmee	\$3.90	\$11.27	\$22.32	\$40.75	\$59.17	\$77.59	\$114.44
Lake Worth	\$2.78	\$11.12	\$23.64	\$44.49	\$65.35	\$86.20	\$127.91
Lakeland	\$3.94	\$11.06	\$21.73	\$39.52	\$57.31	\$75.10	\$110.68
Leesburg	\$5.00	\$12.20	\$22.99	\$40.98	\$58.96	\$76.95	\$112.93
Moore Haven	\$8.50	\$16.17	\$27.68	\$46.85	\$66.03	\$85.20	\$123.55
Mount Dora	\$4.94	\$12.98	\$25.04	\$45.14	\$65.24	\$85.34	\$125.54
New Smyrna Beach	\$5.65	\$13.00	\$24.03	\$42.41	\$60.79	\$79.17	\$115.93
Newberry	\$7.50	\$15.44	\$27.34	\$47.19	\$67.03	\$86.87	\$126.56
Ocala	\$7.00	\$14.08	\$24.71	\$42.42	\$60.13	\$77.84	\$113.26
Orlando	\$6.00	\$13.15	\$23.87	\$41.74	\$59.60	\$77.47	\$113.21
Quincy	\$2.40	\$10.58	\$22.84	\$43.28	\$63.72	\$84.16	\$125.04
Reedy Creek	\$2.85	\$10.40	\$21.73	\$40.61	\$59.48	\$78.36	\$116.12
Starke	\$6.45	\$13.17	\$23.25	\$40.05	\$56.85	\$73.65	\$118.25
St.Cloud	\$6.48	\$14.20	\$25.78	\$45.07	\$64.37	\$83.66	\$122.25
Tallahassee	\$4.94	\$13.16	\$25.49	\$46.04	\$66.59	\$87.14	\$128.24
Vero Beach	\$7.00	\$14.42	\$25.55	\$44.10	\$62.65	\$81.20	\$118.30
Wauchula	\$8.62	\$16.16	\$27.47	\$46.32	\$65.16	\$84.01	\$121.71
Williston	\$6.00	\$14.39	\$26.98	\$47.96	\$68.93	\$89.91	\$131.87

\* Excluding Local Taxes / December 1997 Fuel and Purchased Power Costs are included.

COOPERATIVE ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Residential Service

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Central Florida	\$8.50	\$15.15	\$25.13	\$41.75	\$58.38	\$75.00	\$108.25
Choctawhatchee	\$12.32	\$18.52	\$27.83	\$43.33	\$58.84	\$74.34	\$105.35
Clay	\$9.00	\$15.36	\$24.90	\$40.80	\$56.70	\$72.60	\$110.65
Escambia River	\$7.00	\$14.08	\$24.70	\$42.40	\$60.10	\$77.80	\$113.20
Florida Keys	\$7.00	\$14.38	\$25.44	\$43.88	\$62.32	\$80.76	\$117.64
Glades	\$10.50	\$18.30	\$30.00	\$49.50	\$69.00	\$88.50	\$127.50
Gulf Coast	\$10.00	\$16.56	\$26.40	\$42.80	\$59.20	\$75.60	\$108.40
Lee County	\$5.00	\$12.96	\$24.90	\$44.80	\$64.70	\$84.60	\$124.40
Okefenoke	\$10.00	\$17.10	\$27.75	\$45.50	\$63.25	\$81.00	\$116.50
Peace River	\$10.50	\$18.55	\$30.63	\$50.75	\$70.88	\$91.00	\$131.25
Sumter	\$8.25	\$15.92	\$27.43	\$46.60	\$65.78	\$84.95	\$123.30
Suwannee Valley	\$8.73	\$16.93	\$29.23	\$49.73	\$70.23	\$90.73	\$131.73
Talquin	\$8.00	\$15.10	\$25.75	\$43.50	\$61.25	\$79.00	\$114.50
Tri-County	\$10.00	\$19.30	\$33.26	\$56.52	\$79.78	\$103.04	\$149.56
West Florida	\$8.00	\$15.48	\$26.71	\$45.41	\$64.12	\$82.82	\$120.23
Withlacoochee River	\$9.75	\$16.77	\$27.31	\$44.87	\$62.42	\$79.98	\$115.10

\* Excluding Local Taxes/ December 1997 Fuel and Purchased Power Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1997

UTILITY	KW DEMAND						
			75	150	500	1,000	2,000
	750	1,500	KWH				
		15,000	45,000	150,000	400,000	800,000	
Florida Power & Light Company	\$62	\$115	\$1,010	\$2,914	\$9,473	\$22,375	\$44,674
Florida Power Corporation	\$65	\$118	\$975	\$2,618	\$8,698	\$21,908	\$43,804
Tampa Electric Company	\$61	\$113	\$1,171	\$2,885	\$9,519	\$22,993	\$45,731
Gulf Power Company	\$66	\$123	\$930	\$2,366	\$8,716	\$20,009	\$39,791
Florida Public Utilities Company							
Marianna Division	\$54	\$96	\$826	\$2,211	\$7,268	\$18,508	\$36,972
Fernandina Beach Division	\$54	\$99	\$861	\$2,374	\$7,826	\$20,216	\$40,394

\*Excluding Local Taxes / October 1997 - March 1998 Fuel Rates are included. Base rates include 1.5% gross receipts tax.  
 Florida Power Corporation and Tampa Electric Co. removed gross receipts tax from their base rates in their last rate cases.

MUNICIPAL ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1997

UTILITY	KW DEMAND						
	75	150	500	1,000	2,000		
	KWH						
	750	1,500	15,000	45,000	150,000	400,000	800,000
Alachua	\$77	\$146	\$1,393	\$3,687	\$12,238	\$30,613	\$61,203
Bartow	\$80	\$153	\$1,523	\$3,961	\$13,159	\$32,527	\$65,035
Blountstown	\$68	\$130	\$1,234	\$3,688	\$12,277	\$32,727	\$65,447
Bushnell	\$76	\$146	\$1,468	\$3,854	\$12,797	\$31,825	\$63,629
Chattahoochee	\$68	\$130	\$1,248	\$3,815	\$12,718	\$32,240	\$64,480
Clewiston	\$69	\$130	\$1,247	\$3,401	\$11,255	\$28,755	\$57,475
Fort Meade	\$80	\$142	\$1,267	\$3,871	\$12,693	\$30,558	\$61,026
Fort Pierce	\$71	\$137	\$1,372	\$3,595	\$11,902	\$29,679	\$59,323
Gainesville	\$66	\$122	\$1,175	\$3,145	\$10,446	\$22,901	\$45,741
Green Cove Springs	\$64	\$123	\$1,340	\$3,446	\$11,429	\$22,201	\$30,277
Havana	\$74	\$142	\$1,367	\$4,090	\$13,619	\$36,306	\$72,606
Homestead	\$70	\$133	\$1,357	\$3,671	\$12,318	\$30,823	\$61,681
Jacksonville	\$51	\$96	\$1,016	\$2,551	\$8,385	\$20,450	\$40,700
Jacksonville Beach	\$70	\$133	\$1,611	\$4,162	\$13,836	\$34,036	\$68,056
Key West	\$87	\$170	\$1,690	\$4,544	\$15,135	\$38,055	\$76,105
Kissimmee	\$61	\$116	\$1,265	\$3,102	\$10,764	\$24,769	\$49,497
Lake Worth	\$75	\$147	\$1,560	\$4,152	\$13,812	\$34,578	\$69,144
Lakeland	\$59	\$112	\$1,100	\$2,903	\$10,193	\$24,138	\$47,900
Leesburg	\$71	\$135	\$1,347	\$3,406	\$11,315	\$27,477	\$54,937
Moore Haven	\$81	\$154	\$1,529	\$3,924	\$13,010	\$31,960	\$63,890
Mount Dora	\$65	\$126	\$1,128	\$2,983	\$9,910	\$24,755	\$49,495
New Smyrna Beach	\$65	\$124	\$1,385	\$3,654	\$12,102	\$30,282	\$60,530
Newberry	\$76	\$144	\$1,507	\$3,741	\$12,436	\$29,803	\$59,591
Ocala	\$60	\$113	\$1,108	\$2,836	\$9,406	\$23,063	\$46,105
Orlando	\$61	\$114	\$1,122	\$2,811	\$9,337	\$22,539	\$45,063
Quincy	\$68	\$129	\$1,136	\$3,008	\$9,886	\$25,028	\$48,948
Reedy Creek	\$78	\$153	\$1,197	\$3,252	\$10,805	\$27,415	\$54,815
Starke	\$76	\$143	\$1,347	\$4,023	\$13,389	\$35,689	\$71,369
St.Cloud	\$71	\$134	\$1,347	\$3,374	\$11,204	\$27,046	\$54,074
Tallahassee	\$67	\$128	\$1,276	\$3,205	\$10,546	\$25,638	\$51,236
Vero Beach	\$64	\$121	\$1,197	\$3,242	\$10,704	\$27,229	\$54,389
Wauchula	\$84	\$141	\$1,172	\$3,792	\$12,489	\$31,351	\$62,637
Williston	\$72	\$137	\$1,413	\$3,829	\$12,511	\$31,278	\$64,449

\* Excluding Local Taxes / December 1997 Fuel and Purchased Power Costs are included.



COOPERATIVE ELECTRIC UTILITIES

Typical Electric Bill Comparisons\* - Commercial / Industrial

December 31, 1997

UTILITY	KW DEMAND						
	75	150	500	1,000	2,000		
	KWH						
	750	1,500	15,000	45,000	150,000	400,000	800,000
Central Florida	\$65	\$115	\$1,213	\$2,990	\$9,850	\$23,350	\$46,650
Choctawhatchee	\$60	\$108	\$1,040	\$2,725	\$9,398	\$21,060	\$41,620
Clay	\$62	\$116	\$1,095	\$2,887	\$9,495	\$23,945	\$44,210
Escambia River	\$60	\$113	\$1,233	\$3,205	\$10,590	\$26,340	\$52,640
Florida Keys	\$70	\$120	\$1,159	\$3,374	\$11,368	\$29,486	\$59,024
Glades	\$76	\$139	\$1,511	\$4,193	\$13,375	\$32,375	\$64,575
Gulf Coast	\$59	\$108	\$1,004	\$2,687	\$8,927	\$22,452	\$44,892
Lee County	\$66	\$128	\$1,194	\$3,177	\$11,130	\$27,055	\$54,095
Okefenoke	\$63	\$117	\$1,203	\$2,935	\$9,550	\$23,200	\$46,300
Peace River	\$71	\$130	\$1,138	\$2,870	\$9,450	\$23,150	\$46,250
Sumter	\$69	\$126	\$1,291	\$3,277	\$10,805	\$25,730	\$51,410
Suwannee Valley	\$74	\$140	\$1,493	\$3,935	\$13,021	\$32,601	\$65,161
Talquin	\$61	\$115	\$1,081	\$2,878	\$9,780	\$21,480	\$42,660
Tri-County	\$89	\$165	\$1,526	\$3,822	\$12,506	\$30,717	\$61,334
West Florida	\$64	\$120	\$1,108	\$2,773	\$9,125	\$22,250	\$44,450
Withlacoochee River	\$62	\$115	\$1,140	\$2,909	\$9,639	\$23,609	\$47,193

\* Excluding Local Taxes / December 1997 Fuel and Purchased Power Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Miscellaneous Charges

December 31, 1997

UTILITY	Initial Connect (1)	Normal Reconnect (2)	Violation Reconnect (3)	Collection Charge (4)	Temporary Service (5)	
					Underground	Overhead
Florida Power & Light Company	\$16.00	\$16.00	\$19.00	\$5.50	\$110.00	\$145.00
Florida Power Corporation	\$30.50	\$15.00 \$5.50 (6)	\$27.00	\$0.00	\$74.00	\$74.00
Tampa Electric Company	\$38.00	\$16.00	\$35.00	\$8.00	\$115.00	\$115.00
Gulf Power Company	\$20.00	\$16.00	\$16.00	\$6.00	\$60.00	\$60.00
<u>Florida Public Utilities Company</u>						
Marianna Division	\$33.20	\$14.50 \$16.00 (7)	\$38.25	\$6.00	\$30.50	\$30.50
Fernandina Beach Division	\$13.00	\$11.00 \$8.00 (7)	\$15.00	\$0.00	\$20.00	\$20.00

- (1) Initial connection to an establishment which has not had prior service.
- (2) Connection of service to an establishment having had prior service.
- (3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-payment, meter tampering, bad check, etc.
- (4) A collection charge made in the event a service representative visits the premises for the purpose of discontinuing service for nonpayment of a delinquent account, and the customer pays or arranges to pay the past due amount in lieu of service interruption.
- (5) Charge for installing and removing a temporary service drop.
- (6) The \$5.50 charge is applicable when only one trip to the premises is required.
- (7) Charge for change of account requiring only meter reading.

INVESTOR-OWNED ELECTRIC UTILITIES

Growth and Use Statistics

December 31, 1997

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	kWh	Percent Increase	As of 12/31/97	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue per kWh Sold	Total Revenue	Percent Increase
Florida Power & Light	13,044	-0.50%	3,209,298	1.80%	\$3,393,388,612	2.10%	8.11¢	\$5,911,015,185	3.20%
Florida Power Corp.	12,993	-4.18%	1,160,610	1.88%	\$1,262,209,000	-2.84%	8.37¢	\$2,136,374,000	-1.51%
Tampa Electric Co.	14,249	-3.90%	456,175	2.40%	\$532,345,851	-1.40%	8.19¢	\$1,056,820,754	0.90%
Gulf Power Co.	14,534	-0.97%	300,257	3.11%	\$277,609,182	-2.76%	6.74¢	\$521,619,440	-1.72%
<u>Fl. Public Utilities:</u>									
Marianna Division	12,618	-4.27%	9,640	0.65%	\$8,423,725	-9.71%	6.90¢	\$16,860,542	-9.47%
Fernandina Beach Division	13,720	-5.51%	10,787	4.67%	\$9,853,646	-5.22%	6.80¢	\$21,822,110	-1.16%

MUNICIPAL & COOPERATIVE ELECTRIC UTILITIES

Growth and Use Statistics

December 31, 1997

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	kWh	Percent Increase	As of 12/31/97	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue per kWh Sold	Total Revenue	Percent Increase
<b>Municipals</b>									
Gainesville Regional Utilities	10,817	-4.38%	65,152	2.72%	\$54,764,166	-1.44%	7.77¢	\$108,704,377	-1.17%
Jacksonville Electric Authority	13,836	-7.20%	303,090	2.20%	\$289,088,396	-5.50%	6.90¢	\$573,166,615	-5.50%
City of Lakeland	13,776	-3.56%	84,941	-0.12%	\$87,391,614	-5.07%	7.47¢	\$166,311,218	0.61%
Orlando Util. Commission	11,873	-6.30%	115,948	3.50%	\$111,279,607	-0.84%	8.08¢	\$276,590,525	2.50%
City of Tallahassee	11,404	-6.30%	74,653	1.60%	\$75,349,329	-2.90%	9.00¢	\$166,522,096	0.30%
<b>Cooperatives</b>									
Clay Electric	13,385	-3.75%	112,656	3.30%	\$114,590,272	-2.45%	7.60¢	\$150,559,907	-1.88%
Lee County Electric	12,501	-2.88%	123,775	2.35%	\$125,448,205	3.31%	8.20¢	\$186,674,274	4.34%
Withlacoochee River Electric	12,536	-4.92%	134,224	2.25%	\$132,147,077	-2.26%	7.94¢	\$176,196,490	-0.71%

Note: Above Revenues Include Fuel.

# 1,000 KWH Residential Monthly Bills for All Florida Electric Utilities

December 31, 1997

RANK	UTILITY	TYPE	TOTAL BILL
1	Tri-County	C	\$103.04
2	Havana	M	\$96.75
3	Alachua	M	\$91.80
4	Peace River	C	\$91.00
5	Suwannee Valley	C	\$90.73
6	Williston	M	\$89.91
7	Fort Pierce	M	\$89.90
8	Fort Meade	M	\$89.88
9	Key West	M	\$89.26
10	Glades	C	\$88.50
11	Tallahassee	M	\$87.14
12	Newberry	M	\$86.87
13	Bushnell	M	\$86.39
14	Lake Worth	M	\$86.20
15	Mount Dora	M	\$85.34
16	Moore Haven	M	\$85.20
17	Sumter	C	\$84.95
18	Lee County	C	\$84.60
19	Quincy	M	\$84.16
20	Wauchula	M	\$84.01
21	St.Cloud	M	\$83.66
22	Bartow	M	\$83.62
23	West Florida	C	\$82.82
24	Florida Power Corporation	I	\$82.71
25	Homestead	M	\$81.72
26	Vero Beach	M	\$81.20
27	Okefenoke	C	\$81.00
28	Florida Keys	C	\$80.76
29	Withlacoochee River	C	\$79.98
30	Green Cove Springs	M	\$79.69
31	Chattahoochee	M	\$79.65
32	Jacksonville Beach	M	\$79.30
33	New Smyrna Beach	M	\$79.17
34	Talquin	C	\$79.00
35	Reedy Creek	M	\$78.36
36	Tampa Electric Company	I	\$78.27
37	Ocala	M	\$77.84
38	Escambia River	C	\$77.80
39	Kissimmee	M	\$77.59
40	Orlando	M	\$77.47
41	Leesburg	M	\$76.95
42	Blountstown	M	\$76.54
43	Gainesville	M	\$75.85
44	Gulf Coast	C	\$75.60
45	Lakeland	M	\$75.10
46	Central Florida	C	\$75.00
47	Choctawhatchee	C	\$74.34
48	Clewiston	M	\$74.30
49	Starke	M	\$73.65
50	Florida Power & Light Company	I	\$73.58
51	Clay	C	\$72.60
52	Jacksonville (JEA)	M	\$68.15
53	Gulf Power Company	I	\$67.09
54	Florida Public Utilities - Marianna	I	\$65.40
55	Florida Public Utilities - Fernandina	I	\$64.54

I - Investor-owned M - Municipal C - Cooperative

Note: Rates do not include any additional gross receipts taxes which are not included in base rates.

INVESTOR-OWNED NATURAL GAS UTILITIES

1997 Operating Statistics

December 31, 1997

Utility	Gross Gas Plant In Service	Operating Revenues	Operating Expenses	Operating Income	Number of Customers (Year End)
	(Million \$)	(Million \$)	(Million \$)	(Million \$)	(Thousands)
Chesapeake Utilities Corporation	23.65	19.35	18.13	1.23	9.08
City Gas Company of Florida	125.76	86.37	81.45	4.92	98.38
Florida Public Utilities Company	46.94	33.36	30.82	2.55	35.43
Indiantown Gas Company	0.97	3.92	3.86	0.56	0.65
Peoples Gas System, Inc.	420.51	230.01	207.07	22.94	205.67
Sebring Gas System, Inc.	1.88	0.45	0.36	0.08	0.66
St. Joe Natural Gas Company	5.99	2.95	2.82	0.13	3.30
South Florida Natural Gas Company	3.55	2.25	2.27	(0.24)	4.12
West Florida Natural Gas Company*	39.32	9.42	7.74	1.69	29.07

Note: All data unaudited, preliminary, and subject to change.

\* On June 30, 1997, West Florida was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System. All rates and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change. The information reported for West Florida Natural Gas Company represents the activity for the six-month period, January 1, 1997 through June 30, 1997.

INVESTOR-OWNED NATURAL GAS UTILITIES  
**Typical Bill Comparison - Residential Service**

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		10	20	30	40	50	75	100
Chesapeake Utilities Corporation	\$6.50	\$15.08	\$23.66	\$32.24	\$40.82	\$49.40	\$70.84	\$92.29
City Gas Company of Florida	\$7.00	\$16.51	\$26.02	\$35.53	\$45.04	\$54.55	\$78.32	\$102.09
Florida Public Utilities Company	\$8.00	\$14.96	\$21.91	\$28.87	\$35.83	\$42.79	\$60.18	\$77.57
Indiantown Gas Company	\$5.00	\$9.28	\$13.56	\$17.84	\$22.12	\$26.40	\$37.10	\$47.81
Peoples Gas System, Inc.	\$7.00	\$15.55	\$24.11	\$32.66	\$41.22	\$49.77	\$71.16	\$92.55
Sebring Gas System, Inc.	\$7.00	\$15.10	\$23.20	\$31.29	\$39.39	\$47.49	\$67.74	\$87.98
St. Joe Natural Gas Company	\$4.00	\$11.83	\$19.67	\$27.50	\$35.53	\$43.16	\$62.74	\$82.33
South Florida Natural Gas Company	\$7.00	\$16.47	\$25.93	\$35.40	\$44.86	\$54.33	\$77.99	\$101.65
West Florida Natural Gas Company *	\$7.00	\$14.93	\$22.85	\$30.78	\$38.71	\$46.63	\$66.45	\$86.27

December 1997 gas costs are included.

\* On June 30, 1997, West Florida was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System.

All rates and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change.

INVESTOR-OWNED NATURAL GAS UTILITIES  
**Typical Bill Comparison - Commercial Service**

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		30	50	70	90	150	200	300
Chesapeake Utilities Corporation	\$15.00	\$32.57	\$44.29	\$56.00	\$67.71	\$102.86	\$132.14	\$190.72
City Gas Company of Florida	\$17.00	\$36.63	\$49.71	\$62.80	\$75.89	\$115.14	\$147.86	\$213.28
Florida Public Utilities Company	\$15.00	\$32.27	\$43.79	\$55.30	\$66.82	\$101.36	\$130.15	\$187.72
Indiantown Gas Company	\$10.00	\$22.70	\$31.17	\$39.64	\$48.11	\$73.51	\$94.68	\$137.02
Peoples Gas System, Inc.	\$17.00	\$36.76	\$49.94	\$63.11	\$76.29	\$115.81	\$148.75	\$214.62
Sebring Gas System, Inc.	\$17.00	\$38.59	\$52.99	\$67.39	\$81.78	\$124.97	\$160.96	\$232.94
St. Joe Natural Gas Company	\$7.33	\$31.07	\$46.90	\$62.72	\$78.55	\$126.03	\$165.59	\$244.73
South Florida Natural Gas Company	\$12.00	\$30.45	\$42.76	\$55.06	\$67.36	\$104.27	\$135.03	\$196.54
West Florida Natural Gas Company *	\$10.00	\$27.51	\$39.19	\$50.86	\$62.54	\$97.57	\$126.76	\$185.13

December 1997 gas costs are included.

\* On June 30, 1997, West Florida was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System.

All rates and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change.



INVESTOR-OWNED NATURAL GAS UTILITIES  
**Typical Bill Comparison - Industrial Service**

December 31, 1997

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		400	500	600	700	800	900	1000
Chesapeake Utilities Corporation	\$40.00	\$225.55	\$271.94	\$318.33	\$364.72	\$411.10	\$457.49	\$503.88
City Gas Company of Florida	\$35.00	\$281.02	\$342.53	\$404.03	\$465.54	\$527.04	\$588.55	\$650.05
Florida Public Utilities Company	\$45.00	\$251.14	\$302.68	\$354.21	\$405.75	\$457.28	\$508.82	\$560.35
Indiantown Gas Company	\$10.00	\$179.36	\$221.70	\$264.04	\$306.38	\$348.72	\$391.06	\$433.40
Peoples Gas System, Inc.	\$45.00	\$275.62	\$333.28	\$390.93	\$448.59	\$506.24	\$563.90	\$621.55
Sebring Gas System, Inc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
St. Joe Natural Gas Company	\$25.00	\$320.79	\$394.74	\$468.69	\$542.64	\$616.58	\$690.53	\$764.48
South Florida Natural Gas Company	\$12.00	\$258.06	\$319.57	\$381.08	\$442.60	\$504.11	\$565.63	\$627.14
West Florida Natural Gas Company *	\$100.00	\$287.51	\$334.39	\$381.26	\$428.14	\$475.02	\$521.89	\$568.77

December 1997 gas costs are included.

\* On June 30, 1997, West Florida was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System.

All rates and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change.

INVESTOR-OWNED NATURAL GAS UTILITIES

Miscellaneous Charges

December 31, 1997

UTILITY	Initial Connect (1)	Normal Reconnect (2)	Violation Reconnect (3)	Collection Charge (4)
Chesapeake Utilities Corporation	\$22.00	\$22.00	\$22.00	\$9.00
City Gas Company of Florida	\$20.00	\$20.00	\$20.00	\$15.00
Florida Public Utilities Company	\$25.00	\$21.00	\$31.00	\$9.00
Indiantown Gas Company	\$4.00	\$4.00	\$5.00	\$0.00
Peoples Gas System, Inc.	\$25.00	\$25.00	\$25.00	\$10.00
Sebring Gas System, Inc.	\$25.00	\$25.00	\$25.00	\$10.00
St. Joe Natural Gas Company	\$10.00	\$10.00	\$10.00	\$0.00
South Florida Natural Gas Company	\$20.00	\$20.00	\$20.00	\$10.00
West Florida Natural Gas Company *	\$20.00	\$25.00	\$25.00	\$0.00

- (1) Initial connection to an establishment which has not had prior service.
- (2) Connection of service to an establishment having had prior service.
- (3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-payment, meter tampering, bad check, etc.
- (4) A collection charge made in the event a service representative visits a premises to discontinue service for non payment of a delinquent account and the customer pays or arranges to pay the past due amount in lieu of service interruption.

\* On June 30, 1997, West Florida was merged with and into Tampa Electric Company and will provide service under the registered name of Peoples Gas System.

All rate and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change.

INVESTOR-OWNED NATURAL GAS UTILITIES

Growth and Use Statistics

December 31, 1997

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	Total Therms	Percent Increase	As of 12/31/97	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue Therm Sold	Total Revenue	Percent Increase
Chesapeake Utilities Corporation	241.00	-8.50%	8,196	3.60%	\$2,269,221	-0.67%	\$1.1500	\$19,364,969	-7.19%
City Gas Company of Florida	218.00	-11.40%	93,514	0.10%	\$37,655,219	28.13%	\$1.8500	\$86,369,379	15.06%
Florida Public Utilities Company	270.10	-10.06%	32,095	1.54%	\$9,837,672	-0.56%	\$1.1439	\$33,364,786	5.92%
Indiantown Gas Company	265.00	-11.00%	627	9.80%	\$104,932	8.00%	\$0.6500	\$3,915,597	536.68%
Peoples Gas System, Inc.	239.30	-10.20%	183,375	1.50%	\$50,409,396	-2.20%	\$1.1486	\$230,008,860	-11.08%
Sebring Gas System	152.50	-1.00%	572	-14.00%	\$104,405	-19.30%	\$1.3600	\$447,321	5.31%
St. Joe Natural Gas Company	336.00	-22.22%	3,063	1.39%	\$577,630	8.58%	\$0.5613	\$2,950,497	-56.74%
South Florida Natural Gas Company	240.00	-28.57%	3,787	2.21%	\$1,140,000	-8.65%	\$1.2900	\$2,250,000	3.97%
West Florida Natural Gas Company*	188.70	-47.60%	26,794	-0.60%	\$3,166,862	----**	\$1.1697	\$9,422,398	----**

Note: Above revenues include gas costs. All data unaudited, preliminary, and subject to change.

\* On June 30, 1997, West Florida was merged into Tampa Electric Company and will provide service under the registered name of Peoples Gas System. All rates and charges of West Florida will remain the same until such time as Peoples Gas files for a rate change. The information reported for West Florida Natural Gas Company represents the activity for the six-month period, January 1, 1997 through June 30, 1997.

\*\* As the amount of revenues only reflects six months of operation, a comparison to last year is not provided.



DIVISION DIRECTOR

*Dan Hoppe*

*The Division of Research and Regulatory Review provides technical support to the industry divisions by analyzing emerging regulatory and economic issues and staying abreast of utility methods of internal control and operation. The Division is responsible for management of the Commission's Resource Center, including the Commission's Internet Home Page; preparing studies of policy alternatives; conducting research to determine trends and conditions affecting public utility operations and regulations; preparing statements of estimated regulatory costs for proposed rule changes; conducting studies of utility management efficiency, internal control systems, and company operating processes and procedures; and monitoring consistency across divisions for Commission rules, policies, and procedures which affect utilities.*

## Research & Regulatory Review

### Responsibilities

The Division consists of two Bureaus. The Bureau of Research and Policy Analysis is responsible for identifying and analyzing emerging issues in the energy, telecommunications, and water and wastewater areas, thus facilitating informed decisions on changes in the regulatory environment. It conducts studies on topics of regulatory interest and provides the findings to the industry divisions for use in their day-to-day regulatory responsibilities. It analyzes all proposed rules to determine the estimated regulatory costs to state agencies, local governments, individuals, and entities required to comply and also small businesses, counties, and cities. In addition, reasonable rule alternatives are examined. This Bureau also provides technical and statistical services to the other technical divisions and to the administrative support divisions. The Bureau of Regulatory Review is responsible for auditing utility operations, documenting current practices, and identifying areas for improvement. The Bureau reviews utility operations to determine if adequate operating procedures and internal controls are in place and if the utility is in compliance with company, state, and federal guidelines. The Bureau performs special investigations and coordinates follow-up of its findings with other Commission staff members. In addition, the Bureau monitors consistency across industry divisions for rules, policies, and procedures that affect utilities and facilitates internal consistency with regard to operations of the various divisions.

The Division is also responsible for maintaining the Commission's Resource Center which houses resources on law and utility regulation. Resource center services include: coordination of the Commission's Home Page, management of the Commission's subscriptions, purchasing of reference materials, staff training on network databases, and research through network databases and the Internet, as well as through various hard copy publications.

The Division responds to requests for assistance from the other technical divisions, the administrative support divisions, the Executive Suite, and the Commissioners. A description of some of the Division's 1997 activities follows:

### **Regulatory Studies**

Research, educational, and policy papers were prepared during 1997 which addressed pertinent issues of the electric, telecommunications, and water and wastewater industries, as well as other cross-industry topics. These papers were designed to: document and analyze the current national, state, and local regulatory environment, evaluate emerging trends in the industries, and report on the potential impacts in Florida.

One project addressed the current and future cost and pricing issues of the electric industry, including a discussion of stranded costs. A report was also completed that set forth the regulatory perspective on electric utility participation in the electricity futures market. Finally, a report was prepared which assessed customer concerns and utility actions regarding electric and magnetic fields (EMF).

Research in the telecommunications area included the completion of a report that set forth one reasonable approach for evaluating competition in the basic local exchange market. Another report regarding the "X Factor" and its importance to Florida addressed the implications of the changes to price cap and access charge regulation that the Federal Communications Commission ordered in May 1997. Additional projects currently in progress include a review of current and potential changes in the way LEC quality of service is assessed and monitoring the Florida Distance Learning Network Board.

Conservation-oriented rate structures for water utilities were studied and a report prepared which addressed the relationship between customer demand and rate design. The paper presented the distinguishing aspects of the most widely used conservation-oriented rate structures, along with the impact on each type of usage and how the associated rates were structured. Practical information was provided regarding the critical steps needed to select, design, and implement a conservation-oriented rate structure.

The Research Bureau is in a unique position to be able to prepare reports that represent general and cross-industry regulatory issues. Two major projects of this nature were completed during the year. Both examine merger activities in the telecommunications and energy industries. The first report provided the basic tools necessary to understand mergers, including an overview of the federal and state regulatory role in assessing proposed mergers. It also addressed the regulatory options available to the Florida Public Service Commission regarding telecommunications and energy mergers. The second report included an examination of the efforts to merge firms from the electric industry with those of the natural gas and telecommunications industries in so-called convergence mergers. The second report also provided a framework for regulators to use when assessing the acceptability of proposed mergers. Additional reports are also being prepared which will evaluate recent merger activities and the lessons this state may learn as a result.

### **Regulatory Reviews**

The Bureau of Regulatory Review completed nine management audits in 1997, provided technical assistance on three other projects, and initiated one project that is still in progress. In January 1997, the Division of Electric and Gas asked the Bureau to conduct a management review of the electric distribution service quality at the four largest electric companies in Florida. The Division of Electric & Gas had noticed an increasing trend in the number of customer complaints regarding distribution service and reliability. They requested the Bureau document whether service quality and reliability had declined over the period 1992 through 1997, document the efforts of the utilities to promote and maintain distribution service, and analyze service quality information gathered by the FPSC and the utilities. The Bureau documented a decline in service quality for two of the four electric utilities and provided the Division of Electric and Gas with seven recommended steps to increase the monitoring of service quality standards.

In September 1996, the Bureau initiated two reviews, at the request of the Division of Consumer Affairs, that were completed in 1997. The first review examined customer fraud prevention controls of the three largest local exchange companies in Florida. To satisfy this request the Bureau collected and analyzed information concerning each utilities' policies, internal controls, and decision-making processes as they related to customer fraud. Additionally, the Bureau collected and examined the FPSC's and other states' rules and regulatory policies that may have affected customer fraud. The primary objectives of the review were to identify the most common customer fraud types, the financial impact, and the magnitude over time in response to changes in the telecommunications industry. As part of this review the Bureau identified the seven "best" practices of customer fraud prevention among the subject utilities.

The other review requested by the Division of Consumer Affairs was a four company comparative of electric utility non-payment and uncollectible processes. The purpose of the audit was to compare the extent of electric utility losses due to customer inability to pay for services with the current payment methods and options available for electric customers paying their utility bills. In addition, the Bureau evaluated the current electric utility policies, controls, and processes for alternative methods that could be useful in reducing uncollectible account levels. Finally, the Bureau examined the customer assistance programs that electric utilities make available to customers in need of financial assistance. While no specific utility recommendations were made, the report provided 36 opportunities for improvement that utilities would find helpful in reevaluating their credit and collection processes.

The Bureau collected and analyzed information concerning Florida Power & Light's fossil fuel procurement and inventory control process. The objectives for this review were to identify those areas where the greatest opportunities exist to improve both managerial and operational practices

as well as where cost-effective benefits may be realized. In addition, the audit evaluated the processes by which FPL management obtains and manages its fossil fuel resources and determines if adequate and effective policies and procedures are in place. The report contained four recommendations for attaining cost savings and strengthening internal controls.

In cooperation with the Bureau of Auditing, Division of Auditing and Financial Analysis, the Bureau of Regulatory Review conducted an audit of City Gas' historical financial dealings with Medley Construction. The audit was conducted in order to satisfy a pending issue in a rate case.

In recognition of the concerns amongst the Commission that utilities are not adequately preparing their computer systems for the year 2000, the Bureau conducted a survey regarding each utility's year 2000 preparedness. The concern is that utilities have become increasingly dependent on computers for everything from billing to testing sophisticated nuclear equipment, and those systems are date dependent. Some utilities are assuming that their computers will be impervious to the problems associated with computers calculating dates using two digits representing the year (i.e., 97) instead of four digits (i.e., 1997). To determine Florida utilities' readiness for the year 2000 computer problems, the Bureau surveyed 25 utilities. Of the 25 utilities surveyed, only 16 had developed a written year 2000 plan indicating awareness of the problem. Only 14 of the 16 companies had established a team of employees to address any potential computer problems. This review documented the utilities taking action and the specific actions they are taking.

As part of the Bureau's ongoing monitoring of the utilities' EEO and Minority and Women Owned Business Enterprise activities, which began in 1994, the Bureau prepared a report reviewing the current activities relating to EEO and Minority and Women Owned Business Enterprise at the four largest investor-owned electric companies. The objectives were to review the recent history of the MWBE procurement and EEO activities and compare data to bench marking information on the available labor market supply.

Two Continuing Property Records (CPR) audits were completed in 1997 for the Florida Division of the Chesapeake Utilities' Company and Sebring Gas System, Inc. These reviews identified nine areas of noncompliance with existing federal and state regulations and seven areas where internal controls could be strengthened.

In addition to the management reviews completed by the Bureau of Regulatory Review, it also assisted the Division of Electric & Gas with two projects and Communications with one project during 1997. The Bureau assisted the Division of Communications in conducting a survey of GTE Caller ID customer satisfaction. The two projects the Bureau assisted the Division of Electric & Gas with included an investigation of Florida Power Corporations' Crystal River 3 nuclear plant shut down and a follow-up on City Gas to ensure the recommendations ordered in 1996 were

implemented. The Bureau of Gas and the Bureau of Regulatory Review reported back to the Commissioners in June 1997 concluding that City Gas had complied with the recommendations and suggesting a comprehensive follow-up audit be conducted at the end of 1998.

One other audit was initiated in 1997 and will be completed in Spring of 1998. A continuing property records and work order audit of Florida Public Utilities Corporation was initiated at the end of the year. This CPR audit is the final one to be conducted in a series of 21 conducted since 1992.

### **Statement of Estimated Regulatory Cost**

During 1997, the staff analyzed the estimated regulatory cost of all proposed rules considered by the Commission. Approximately 30 rule proceedings were monitored to consider the estimated cost of the proposed changes. Sixteen rules were reviewed and either a Statement of Estimated Regulatory Cost (SERC) was prepared or a determination was made that a SERC was not needed.

The proposed rule changes in the telecommunications industry covered areas such as consumer protections regarding primary interexchange carrier selection changes (slamming), prepaid calling cards, provision of 911 emergency service to customers of Alternative Local Exchange Companies (ALECs) and Shared Tenant Service (STS), and requirements for ALEC and STS providers to collect the Telecommunications Access System surcharge from subscribers and remit it to the Administrator of the Telecommunications Relay Service system.

Proposed rules in the energy industry related to implementing the statutory requirement for electric utilities to submit ten-year site plans to the Commission and allowing recovery of 95 percent of prudently incurred economic development expenses. Rules were proposed to streamline and clarify the reporting requirements for recovery of energy conservation costs and the estimated average construction cost differential between underground and overhead distribution service to a residential meter.

The 1996 NARUC Uniform System of Accounts (USOA) for water and wastewater utilities was proposed to replace the 1984 USOA. Staff participated in several rule hearings and workshops, including a DOAH hearing on proposed margin reserve definitions and filing requirements for water and wastewater utilities, and the slamming rule workshops.

### **Technical Services**

Technical assistance was provided to Commissioners and other divisions on topics such as lifeline rates for both electric and water utilities, data on the cost of overhead and underground electric distribution lines, and the roles of FDLN, DMS, and FIRN in providing distance learning. Comments were given on a paper on Commission coordination with the DCA regarding local comprehensive plans and a survey designed to ascertain the impact of the Commission's public



service announcements. An average residential rate was calculated for each industry for possible use in developing performance based measurements for the agency.

Staff participated in a Florida Public Service Commission in-house Electric Restructuring Workgroup which produced a synopsis of current electric restructuring activities in selected states. The report was presented at Internal Affairs. The workgroup will continue to monitor electric restructuring activities in 1998.

Staff also participated in a task force which studied alternative dispute resolution techniques. Workshops were held and the results and recommendations were presented at an Internal Affairs meeting. A presentation on the role of Commissions' administering alternative dispute resolution was given at the 16th Annual Rutgers' Advanced Workshop on Regulation and Competition. A presentation on conservation-oriented rate structures for water utilities was given to the NARUC staff subcommittee on accounts. Members of the Bureau also made a presentation at Internal Affairs regarding measuring competition in the local exchange telephone market.

The initial draft of the report titled *Consumer Assistance and Protection Report for the fiscal year 1996-1997* was completed.

Other technical services included the development of forecasts of utility revenues for each of the industry divisions and monitoring state revenue estimating conferences. Information was compiled by staff to update a comprehensive subject file on electromagnetic fields. Staff also submitted technical questions to the National Regulatory Research Institute for investigation.

### **Information Services**

The Division produced three annual statistical publications of financial and operational information for telecommunications companies, electric utilities, and gas utilities. An annual price comparison of selected goods and services with electric and telephone rates was published.

The Division also coordinated the annual publication of the Comparative Cost Statistics, the List of Reports Generated and Received by the FPSC, the NARUC Annual Report, and the Summary of FPSC Changes. In addition, the Division responded to numerous requests for information from other Commissions and entities.

The Division also compiled and distributed information about procedures and policies of the technical divisions, as included in the Digest of Regulatory Philosophy (DORP), Standard Operating Procedures (SOPs-1600), and Staff Advisory Bulletins (SABs). Staff reviewed, revised, and published updates or changes to these documents. In addition, division staff reviewed all agenda recommendations and proposed rules and provided comments concerning internal consistency. ♦



DIVISION DIRECTOR

*Charles Hill*

*It is the responsibility of the Division of Water and Wastewater to enforce the statutes and Commission rules and regulations governing the operations of privately-owned water and wastewater utility systems in the 37 counties subject to Public Service Commission regulation. The division is primarily involved with economic and service territory regulation, as well as regulation of the quality of service provided.*

## Water & Wastewater

During 1997, the Division of Water and Wastewater continued working on the steady volume of docketed and un-docketed applications that were received from the 1,316 regulated water and wastewater systems in the state. During the year, the Division processed seven file and suspend rate cases, 22 staff assisted rate cases, three applications to increase service availability charges, and 105 pass-through and price index rate adjustment applications. In the Special Assistance Bureau, the number of CIAC gross-up cases for 1997 decreased as a number of the companies made refunds or the dockets were closed. Some of these cases are still pending, but should close in 1998. The total number of systems increased by three during the year. The number of jurisdictional counties regulated decreased by one. Recent jurisdiction of Polk County prevents having an accurate system count. The number of known regulated utility systems as of December 31, 1997 is 1,316. This represents 197 water companies and 156 wastewater companies.

The Division's regular case load continues to be magnified with the rate case filing of Florida Water Service, Inc. The utility's latest rate case filing has dramatically increased the Division's workload because of motions and remands from the First District Court of Appeals.

In addition, the number of exemption requests are decreasing as we no longer issue orders of exemption. The Division continued to work in and improve the following areas: tariff filing information, intergovernmental relations, and water conservation. The Division also continues to sponsor and support the NARUC Eastern Rate Seminar.

### **1997 Legislative Changes**

There were two state legislative changes affecting the water and wastewater industry. They both dealt with exemptions from regulation by the Commission. The first allows an exemption for the sale for resale of bulk water supply to governmental authorities or utilities regulated by the Commission. The second new exemption deals with non-potable irrigation water where potable water is available.

### **Tariff Filing Information System**

During 1997, the Division continued to use and expand the Water and Sewer Tariff Filing Information System (WASTFIS). The program tracks all filings which will affect the tariffs of water and sewer companies, including those filings which do not require a docket.

A summary of 1997 tariff filing follows. A comparison with the 1996 summary shows an increase in the number of filings.

In addition, the Division also processed 13 exemption requests, seven AFUDC applications, and hundreds of complaints. These cases do not require tariff changes and are not included in the WASTFIS information.

### **Interrelations With Other State Agencies**

The Commission has endorsed water conservation as a necessary goal for the State of Florida. During 1990, the Commission began to expand its efforts in this area. At the initiation of then Chairman Wilson, the Division of Water and Wastewater opened Docket No. 900181-WS to investigate water conservation rate structures.

In this docket, a workshop was held on December 14, 1990. As a result of the workshop, projects were planned to develop a memorandum of understanding between the PSC, the water management districts, and the Department of Environmental Protection. The memorandum outlined specific ways each of the agencies would participate jointly in formal and informal proceedings regarding water conservation and wastewater reuse.

During 1992, a memorandum of understanding was signed by the Department of Environmental Protection and the Florida Public Service Commission. Our Intergovernmental Relations Section worked many hours to obtain this goal.

In December of 1993, Lieutenant Governor Buddy McKay, the Commission, representatives of the Department of Environmental Protection, and the five water management districts met and discussed various water issues and coordination with each of the agencies involved.

We are continuing our efforts in this area. The Commission must work closely with the water management districts and the Department of Environmental Protection in almost every case we process. During 1997, we began working with the Department of Community Affairs to develop a memorandum of understanding between that agency and the Commission concerning local comprehensive plans. We are continuing that effort.

### **Florida Water Services, Inc. - Rate Cases**

Docket No. 920188-WS was opened during 1992 and completed in 1993, except for appellate review. This case was last remanded to the Commission in June 1997, with the First District Court of Appeals ordering that refunds could not be ordered without requiring surcharges to other customers. The Commission then ordered no refunds or surcharges. The case is still open pending further appeal.

Docket No. 950495-WS was opened during 1995 and was completed in 1996, except for appellate review. This is a file and suspend rate case initiated by the utility. Service hearings were held in numerous sites across the state. The hearings have been well attended by customers. Four parties have been accepted as intervenors in the case as well as the Office of Public Counsel. The case is awaiting a ruling by the First District Court of Appeal.

### **Jurisdictional Counties**

During 1997, the number of jurisdictional counties remained the same. We did not gain or lose jurisdiction of any counties. At this time we have not processed all Polk County utilities and do not know the exact number of regulated systems in that county.

### **CIAC Gross-Up**

The Division is continuing to process more cases in this area. These stem from the requirement that utilities refund any unused CIAC gross-up funds. The funds are used to pay the federal and state taxes on the taxable contributions in aid of construction (CIAC). The amounts not paid to the government must be refunded to the person who paid the tax. As CIAC is no longer taxable due to a change in the U.S. Internal Revenue Code, this workload is diminishing and should be completed during 1998. ♦

*1996 and 1997 Tariff Filings*

Tariff Filing Description	1997 Tariff Applications	1996 Tariff Applications
Cancellation of Certificate	5	8
Correction of Text	6	17
Name Change	1	1
Extension of Certificate	24	17
CIAC Gross-up	1	23
Grandfather Certificate	9	0
Price Index Rate Adjustment	71	70
Price Index & Pass-through Rate Adjustment	20	22
Investigation	5	2
Limited Proceeding	2	3
Late Payment Charge	11	2
Miscellaneous Service Charge	5	5
New Class of Service	5	3
Original Certificate	0	15
Pass-Through Rate Adjustment	5	13
Rate Case - Interim	1	8
Rate Case - Final	7	7
Service Availability	3	11
Staff-Assisted Rate Case	18	22
Transfer of Certificate	17	10
Transfer of Majority Organizational Control	0	1
Transfer To Governmental Agency	6	10
<b>Total</b>	<b>222</b>	<b>270</b>



DIVISION DIRECTOR

*Steve Tribble*

*The Division of Administration has overall responsibility in all areas of internal administration, including budgeting, planning, internal accounting, information processing, personnel, and general support services for the Commission's executive offices and operating divisions. The Division coordinates and prepares the Commission's legislative budget requests, monitors the operating budget and prepares the budget amendments as necessary. In addition, the Division of Administration oversees agency requests in the areas of purchasing, leasing, duplicating, mail handling, Commission-owned automobiles, video teleconferencing, computer enhancements, network and micro optimizations, staff training programs, employee personnel records, insurance benefits, and other staff support needs.*

## Administration

### *Bureau of Fiscal Services*

Staff members have continued to support the Commission through the routine activities of collecting revenues, processing invoices for payment, reimbursing travel expenses, and preparing legislative budget requests with appropriate fiscal analyses.

#### **Fiscal Services' Workload Statistics**

	FY 1994/95	FY 1995/96	FY 1996/97
Number of Invoices Processed	3,259	3,687	3,234
Travel Vouchers Processed			
Class A & B	1,780	1,646	1,431
Class C	458	426	350
Professional and Technical			
Service Consultant Contracts	2	1	1

#### **Regulatory Trust Fund Revenues**

	FY 1994/95	FY 1995/96	FY 1996/97
<i>Revenues</i>			
Utility Filing Fees	\$ 216,500	\$ 222,457	\$ 186,650
Utility Regulatory Assessment Fees	24,143,889	25,400,500	27,172,874
Miscellaneous Revenues*	49,075	78,163	54,546
Refunds and Cancellations	47,635	25,407	24,791
Interest Income	630,273	619,588	618,099
<b>Total</b>	<b>\$25,087,372</b>	<b>\$26,346,115</b>	<b>\$28,056,960</b>
<i>*Includes Copying Fees</i>			

**Regulatory Trust Fund Appropriations**  
*Approved Budgets 1982 - 1997*

Fiscal Year	APPROVED BUDGET	
	Positions	Amount
1983-84	336	14,841,894*
1984-85	346	13,788,347*
1985-86	346	14,697,776
1986-87	358	15,327,827
1987-88	364	16,355,837
1988-89	367	17,531,244
1989-90	376	19,108,275*
1990-91	379	19,685,459*
1991-92	391	22,903,274*
1992-93	391	21,852,553
1993-94	398	24,361,048
1994-95	408	25,826,011**
1995-96	389	23,635,877
1996-97	380	23,469,582*
1997-98	380	24,781,064*

\* *Includes amounts distributed from statewide lump-sum appropriation for pay packages, insurance increases, et cetera.*

\*\* *This amount includes \$2,370,904 for the Commission's relocation to the Capital Circle Office Center.*

*Bureau of General Support Services*

The Bureau of General Support Services (GSS) continues to look for ways to improve the quality of the services it provides in the areas of purchasing, facilities management, telecommunications, fleet management, copier management, safety and security, printing, mail room, courier, supply and receiving, and surplus property management and disposal, while keeping the associated costs as low as possible. Some of these improvements are as follows.

The expanding role of the Division of Consumer Affairs (CAF) has created many challenges for this Bureau. An interagency agreement was negotiated between the Department of Revenue (DOR) and the Public Service Commission (PSC) for an expanded telephone system. Under the terms of the agreement, DOR will build, install, and maintain an interactive voice response system and permit the PSC use of its Automated Call Distribution-Management Information System (ACD-MIS). The agreement will result in a technological leap in the Commission's ability to provide and track consumer complaint services. There have also been relocations of personnel and resources in CAF during 1997, requiring significant assistance from this Bureau.

Significant enhancements were added to the Commission's in-house video and cable broadcasting capabilities, and monitors were installed in all directors' offices with the capability of receiving cable and satellite events as well as live broadcasts from the Commission's hearing and conference rooms.

All of the Commission's Kodak copiers were replaced with Xerox 1090's. The 1090's are faster and more fully featured than the Kodaks. The PSC also purchased a Xerox 5750 full color copier. The copier produces six full color images per minute and is equipped with an edit board for image manipulation and enhancement. Further, the copier is fully networked and can be accessed from any Commission desktop computer. The copier is already becoming an important productivity tool by improving the readability and effectiveness of appropriate written communications.

There were several major projects relating to the Commission's surplus property resulting in redistribution or disposal of a very large quantity of property no longer useful to the Commission.

The Department of Management Services (DMS) began construction of four conference rooms in the Betty Easley Conference Center. These rooms will have a significant impact upon the Commission in a number of ways. There will be a significant increase in visitors to the facility, with potentially as many as 350 attending meetings in the conference rooms plus those attending Commission functions in the hearing rooms. This will require careful monitoring and optimal signage to control the traffic. The conference rooms are scheduled to become available in March 1998. Also, DMS had two flag poles installed at the Capital Circle Office Center between the food court and the Easley Building on Esplanade Way. The U.S. and State of Florida flags are raised daily by the staff of Meridian Management Corporation, the property management firm.



**General Support Services' Workload Statistics Summary**

	1995	1996	1997
Invoices Verified	404	278	203
Purchase Orders Issued	1,679	1,623	1,267
Special Orders Processed	1,717	1,671	1,409
Copies Produced ( <i>Print Shop</i> )	4,956,906	6,646,026	4,754,069
Copies Produced ( <i>Convenience Copiers</i> )	4,242,822	4,757,192	5,764,258
Pieces of Outgoing Regular			
Mail Processed	181,543	161,346	167,287
Postage Used	\$ 90,063	\$ 81,226	\$ 89,308
Supply Requisitions Filled	432	402	262
Messenger Runs	693	394	456

*Bureau of Information Processing***Hardware (Replacement, Upgrades, and New)**

The replacement of hardware for 1997 totaled 78 desktop and 21 portable microcomputers. This process involved getting quotes and preparing requisitions for the new units (desktop or portable), configuring the new units, installing all the appropriate software on the new units, and then transferring all the users' special software and files from the old units to the new units. This transfer portion of the transaction can be repeated as many as four times to complete the subsequent reallocation of useable micro resources in each Division. When this "trickling down" of replacements is completed, the Bureau of Information Processing (BIP) then examines where in the Commission the unassigned units might be of value and performs the same transfers to accommodate those needs. Upon completion, the process of surplusing the remaining replaced units to another State agency or nonprofit organization is handled by the Bureau of General Support Services (GSS). All the old 486 desktops and most of the older portables were physically upgraded (the memory) to accommodate the requirements of FoxPro for Windows. An upgrade was also implemented to the Commission's Communications Server which supports all of our dial-out connections. With the influx of portables, the demand for print services grew and five new portable printers were purchased and delivered to provide additional printing capabilities.

**Software (Upgrades, Training, and Preparation)**

The software used by PSC staff to access the Internet through the network was upgraded. The Pipes Modeling System in Water & Wastewater was upgraded with a newer release. After studying what it would take to implement Windows 95 in the late spring, and having spent as much time as was

possible on that project since then, the current implementation date is June 1998. All of the current methods used to distribute new and changed applications and capabilities to the Commission's users are useless under WIN95, so classes were attended by the BIP staff and subsequent testing of multiple products were made to aid this effort. Two or three of the PSC's current products are not supported under WIN95 and although they seem to run, replacement will be needed to qualify for support by the vendors. Evaluations of those products have started. They include both the E-mail and fax systems. The network operating system currently in use is no longer supported, and classes have been attended on the next release to prepare for its implementation after Windows 95.

### **Capabilities (New and Revised)**

These items require hardware and software or services and fall into two subcategories: 1) items affecting the Commission as a whole and; 2) items for specific users or groups of users. Commission-wide: Once Windows 3.1 was implemented on the network, it was necessary to convert the Commission's FoxPro for DOS applications to work with the faxing system under Windows, as the Commission produces hundreds of automated faxes daily. Also, Windows was made to interface with the Xerox DOCUTECH, allowing it to work with the FoxPro for DOS applications. BIP proceeded to make the Commission Calendar System and the Case Management System interface with WordPerfect for Windows rather than WordPerfect for DOS. Once the network, all desktop micros, and all new portables were running under Windows 3.1 instead of DOS; BIP then upgraded the older portables to stand-alone Windows, and the dial-in system was fixed to support dial-up under the Windows 3.1 environment. The installation of a color scanner and a digital camera enabled the Commission's Desktop Publishing System to take in color images and color photographs. The capability to submit color print jobs through the network to the new Xerox DOCUTECH color laser printer was implemented as well as the capability to merge scanned materials with on-line text for faxing to outside parties. Also, BIP installed Shepard's Citations 11-volume CD data set on the network. Specific Users/Groups: BIP set up and implemented the following capabilities: access to on-line Computer Assisted Transcription (CAT) help desk for Court Reporters, new Windows-based speech software for our visually impaired staff, a new fax server on which to send press releases for the Bureau of Consumer Information and Conservation Education (CAF Division), and stand-alone versions of Windows 95 for several special situations requiring that platform to run. For example, BIP installed three in the Division of Communications (CMU) to run industry models, a version for the new release of PageMaker Desktop Publishing, and three in the Division of Consumer Affairs (CAF) equipped with special AT&T software to enable CAF to monitor consumer call information.

### **Word Processing**

All the WordPerfect for Windows classes for the PSC staff were completed early in the year, and with help from the Division of Auditing and Financial Analysis (AFAD), the new version of

WordPerfect was installed on all the Commission's portable microcomputers. By fall of '97, BIP had finished and released the WordPerfect macros to be used by the Division of Records and Reporting (RAR) in setting up the Agenda document and released the macros to convert the Agenda to Internet-ready HTML format. This allowed for automatic posting of the Agenda as soon as it was released by RAR. BIP also set up a WordPerfect Calendar template for production of the Annual PSC Calendar by CAF.

#### **Maintenance/Process Revision**

Several goals were met during this year that relate to maintenance of the Commission's network and the validity and security of the Commission's data and databases. Automatic virus scanning was implemented in Windows along with periodic virus scans of the local disk drives on Commission micros. Other revisions set up and implemented included: reoptimization on all desktop configurations during login to the network, a method to provide user file recovery during main server downs, and a method to make archival E-mail retrieval faster.

#### **Year 2000 Preparations**

After attending many of the state-level Information Resource Council meetings on the approaching year 2000 problems, an Impact Assessment and Software Inventory Contract with an outside source was negotiated. The results of that survey and an action plan will be delivered in the next year. In-house procedures for the Commission's custom software applications were reviewed, and work was started to convert our FoxPro for DOS applications to Visual FoxPro, including completing the following applications: TELVAR, the Printer Selection Program, Water and Sewer Tariff Information System (WASTIFS), and the FoxPro Library Routines.

#### **Internet - Web Server and PSC Access**

Due to slow response time to development and maintenance requests, the Commission's Internet Home Page (Web Server) files were transferred from the Department of Management Services to Florida State University's Super Computer Research Institute. The new provider enabled the sound files on the Home Page, and the PSC was able to set up a speech capture mechanism in-house to provide an avenue for press releases and public service announcements. The following enhancements were added to the Home Page: an on-line consumer slamming complaint form, the Commission's Rules, the Commission's Master Commission Directory (MCD), a special report prepared by CMU, the Commission Calendar and the Agenda and associated recommendations, the Desktop Publishing System, (equipped with the ability to create Adobe Acrobat (.PDF) files for posting to the Internet), the PSC staff phone list (automated to remain current), and video and sound clips from Commission conferences and public service announcements. For all PSC staff with Pentium micros, the required software and hardware was installed enabling them to listen to Internet sound clips, including Federal Communications Commission (FCC) hearings and the

PSC's own conferences. Also implemented was a dedicated Internet connection that acts as a firewall and router for PSC staff Internet use.

### **PSC Applications (New, Enhancements, and Revisions)**

Two new applications were written for the Commission's Division of Records and Reporting (RAR) for tracking files stored at the State Record Center. Many revisions and enhancements were made to existing applications, including the following systems: Travel Records System (TRS), External Contact Tracking System (ECTS), Case Management System (CMS), Management Information System (MIS), Electric Safety Database (ESAFE), Master Commission Directory (MCD), Purchase Order Tracking System (POTS), Regulatory Assessment Fees (RAF), and Water and Sewer Tariff Information System (WASTIFS). A major project included adding substantial enhancements to the former Complaint Tracking System (CTS) and converting it to Consumer Affairs Tracking System (CATS).

### **Workload Projections**

The workload in the information processing area is continuing to increase as BIP continues to support all of the Commission's existing applications, data processing services, and capabilities. The addition of new applications and the upcoming year 2000 requirements are also contributing to the workload.

### *Bureau of Personnel*

For the third year, the Division of State Group Insurance conducted statewide electronic open enrollment for health, life, and various supplemental insurance plans. There was also an open enrollment period for the flexible benefits plan. These programs have a major impact on the workload of the Bureau of Personnel. A number of the Commission's internal administrative procedures pertaining to personnel rules/guidelines were reviewed and updated. Responses to surveys/requests on various personnel-related matters were completed for the media, legislative committees, federal and state agencies, and other state utility commissions. The Bureau of Personnel assisted in coordinating the telecommuting programs for RAR as well as AFAD participants in the district offices.

During 1997, the Bureau of Personnel advertised 72 vacancies in all Job and Benefits Centers in the state through Job Opportunity Announcements, COPES, and the Internet. Of these vacancies, 60 were professional and 12 were support staff positions. As a convenience for applicants, the Commission has the ability to accept state employment applications on-line. Furthermore, staff members from the Bureau of Personnel and the Bureau of Consumer Information and Conservation Education participated in FAMU's and FSU's Career Expos for the purpose of informing graduating seniors of potential employment opportunities with the Commission. The Bureau of Personnel also assisted the coordinator of the Commission's Trainee Program with recruiting students for part-time employment in various technical divisions.

**Personnel's Workload Statistics**

	1995	1996	1997
New Employees	34	38	33
Terminations	43	34	35
Retirements	8	8	4
Promotions	91	60	35
Pay Adjustments, Merit and Discretionary Increases	58	435	418
Classification Actions	108	83	69
Up-to-Date Position Descriptions	400	712	133
Change Orders Processed	1,501	1,296	1,346
Reassignments	23	15	21
Others*	636	468	709
<b>Total</b>	<b>2,902</b>	<b>3,149</b>	<b>2,803</b>

\* Includes demotions, status changes, leave with/without pay, et cetera.

The Personnel Information News (PIN) application on the Commission's microcomputer network continued to be a resource for updated personnel information on topics including special events, current PSC job opportunities, new and departing employees, building-related news, EEO/AA news, insurance and other benefits, training, Year 2000 project, et cetera. In addition, personnel news has been communicated to employees via E-mail, the electronic bulletin boards, and the Commission's monthly newsletter (Staff Reporter).

As of December 31, 1997, the Commission's Sick Leave Pool had 244 members and a balance of 1,561.5 hours. During 1997, two employees requested withdrawals from the pool totaling 214 hours. In addition, two employees received benefits from the agency's Sick Leave Transfer Plan, a voluntary program allowing employees to donate their personal sick leave credits to another employee.

The Commission's training program is an important function of the Bureau of Personnel. Rapid changes in technology have made it extremely important for Commission employees to acquire up-to-date knowledge regarding new developments and to enhance their skills and abilities on a regular basis. Training was provided to Commission staff through a variety of sources including: in-house programs, state agencies, private vendors, satellite broadcasts, video conferences and professional associations. In 1997, the Commission focused on meeting the requirements of Basic Supervisory Training mandated for agency supervisors. In addition, all supervisory staff was

updated on several personnel issues including attendance and leave, state health insurance, workers' compensation, recruitment/employment process, new employee orientation, performance reviews, training, telecommuting and the Commission's conflict of interest policy. Personal development seminars such as *Evelyn Wood Reading Dynamics*, *Business Writing*, and *Grammar Usage* were offered as well as technical workshops.

The Commission's Employee Assistance Program continued to be a beneficial service for employees and their immediate family members. Personnel's staff coordinated the 1997 Florida State Employees' Charitable Campaign and several blood drives for the Commission. Staff also participated in meetings sponsored by the Americans with Disabilities Act Working Group and quarterly EEO/AA committee meetings.

In addition, two Personnel staff members, the Chief of Fiscal Services, and the Miami District Office Supervisor, attended the 1997 Statewide Human Resource Development/Personnel Management Conference in Daytona Beach coordinated by the Department of Management Services and the Florida Personnel Association. ♦



DIVISION DIRECTOR

*Bev DeMello*

*The Division of Consumer Affairs has the primary responsibility of handling complaints, preparing statistical summaries on consumer complaint activity, preparing testimony for rate cases on complaint activity, and participating in, or initiating other dockets on consumer matters. The division compiles and relays information about the Commission's regulatory decisions to customers, consumer groups, media representatives, and local, state, and federal government agencies. Consumer Affairs is also responsible for the agency's Conservation Education Program, which provides information on energy and water conservation to customers.*

## Consumer Affairs

### *The Bureau of Complaint Resolution*

The Bureau of Complaint Resolution, which has 15 full-time employees, is directly responsible for handling consumer complaints, preparing statistical summaries and testimony on consumer complaint activity, preparing testimony for rate cases, and participating in, or initiating dockets on utility matters related to consumers. In 1997, the Bureau handled 75,091 (includes Call Center Management Information System totals) consumer contacts. Of these, 8,951 inquiries were logged against regulated utilities and investigated. This number represents a 20 percent decrease in logged inquiries compared with last year's 11,190 logged inquiries. In addition, the Division also handled 4,173 references and letters, to which Division personnel responded with information regarding Commission activities and regulations.

In 1997, Consumer Affairs also received 828 letters and protest forms regarding the rate increase cases of Florida Water Services (SSU), Florida's largest water and wastewater utility. In addition, the Commission received 180 letters about Florida Power Corporation's fuel adjustment change.

The telephone industry accounted for 78 percent of all logged inquiries received by Consumer Affairs (CAF) in 1997, totaling 6,968 inquiries. Of this number, 4,718 or 53 percent of inquiries logged were against long distance companies. During 1997, Consumer Affairs closed 1,457 slamming infractions and received an additional 1,531 slamming cases that are not yet closed, totaling 2,988 inquiries. In 1996, CAF closed 2,393 slamming cases.

As a result of Consumer Affairs' taking action to resolve complaints, savings to consumers totaled \$804,702.73 for the year. Since 1986, over \$8.1 million in total refunds and credits have been issued to customers as a result of cases handled by the Division. The 1997 savings included \$661,725.60 for telephone customers, \$121,651.23 for electric customers, \$17,505.95 for water and wastewater customers, and \$3,819.95 for gas customers.

Of the 8,951 cases logged in 1997, 6,352, or 71 percent, were resolved during the year. Of the resolved inquiries, 2,690 were marked with an infraction (an apparent rule or tariff violation or company error).

Twenty-three percent, or 1,457 of the infractions resolved, involved unauthorized carrier changes (slamming).

Seventy-two percent of the infractions involved long distance companies. Seventeen percent of the infractions involved local telephone companies, six percent involved electric companies, and two percent involved pay phone companies. Water and wastewater companies, alternative local exchange companies, and gas companies each accounted for one percent.

During 1997, the Division of Consumer Affairs received 39 requests for informal conferences regarding complaints in which customers were not satisfied with the Division's initial determination. Of the 39 cases, there were 19 settlements and one docketed case with a Proposed Agency Action order issued, which is pending final resolution.

### *Bureau of Consumer Information and Conservation Education*

The Bureau of Consumer Information and Conservation Education, which has six full-time employees, is responsible for handling consumer information, media relations, and consumer education. The Bureau compiles and relays information about the Commission's regulatory decisions to media representatives, utility customers, consumer groups, and local, state, and federal government personnel. The Bureau is also responsible for the PSC's Conservation Education Program, which includes developing energy and water conservation information and disseminating it to consumers.

- ◆ Consumer information duties include informing utility customers of their rights and explaining PSC decisions and current utility issues. This is done through the use of television and radio public service announcements, pamphlets and brochures, a bimonthly newsletter (From the PSC Agenda), and consumer meetings conducted around the state. To further accomplish these goals, the Bureau often utilizes an educational display as a teaching tool at various community events, conventions, and trade shows throughout the state.
- ◆ Effective media relations are essential to achieve the Bureau's goals of responsible, helpful consumer education. The Bureau distributes news releases to the media and provides the media with information regarding the Commission's regulatory decisions, staff recommendations, meetings, and hearings. The Bureau responded to 1,467 press calls and several hundred media outlets throughout the state during the year - a 94 percent increase over 1996.



- ◆ The Bureau also provides weekly bulletins to the statewide media, media packets to all major Florida newspapers, and information to various trade press and utility industry publishers. The office also schedules and coordinates press interviews with Commissioners and staff.
- ◆ Telecommunications legislation passed in 1995 allows competition in the local phone markets. As a result, there is a need for increased consumer education regarding this and other emerging issues. Chapter 364, Florida Statutes, required the PSC to adopt a program to educate customers about the provisions of the telecommunications legislation. In August 1995, the PSC adopted an extensive education plan and implemented the first phase of the plan in October 1995, to run throughout 1996.
- ◆ In 1996, the PSC maintained these programs and produced numerous brochures dealing with pertinent consumer topics. In January 1997, the PSC requested additional funding from the Legislature to increase its outreach program to include radio, television, and other electronic media. In July 1997, the PSC began its very first multimedia educational campaign by placing public service announcements on radio and TV in order to reach larger audiences. ◆

**Bureau of Consumer Information and Conservation Education - 1997**

New Brochures Produced	6
Hearings Attended	85
Legislative Bulletins	13
Special Reports	20
Media Calls	1,467
General Information Calls	4,876
Press Releases	80
Letters to Customers	334
Customer Acknowledgment Post Cards	221
Newsletters Produced	18
Brochure Mailouts	87,403
Collateral Pieces for Other Divisions	259
Chairman's Columns Produced	12
Agenda Conferences Attended	25
Customer Hearings Attended	39
TV PSA's Produced	6
Radio PSA's Produced	5

# Annual Statistical Summary of Complaint Activity for Calendar Year 1997

(1996 Total Consumer Contacts = 52,069)

Type of Complaint Activity Received by the Division of Consumer Affairs	1997 Statistics
<b>OVERALL</b>	
Total Consumer Contacts	75,091
Total Inquiries Logged	8,951
Total Letters Logged	2,645
Total Protest Letters Received Regarding Florida Water Services Docket	828
Total Protest Letters Received Regarding Florida Power Corp.'s Fuel Adj. Charge	180
Total References Logged	1,528
Total Inquiries, Letters, References, and Protest Letters Received and Logged	14,132
Total Inquiries Resolved During 1997	6,352
Percentage of Inquiries Resolved During 1997	71%
Total Inquiries Resolved that were Determined to be Infractions	2,690
Percentage of Inquiries that Resulted in Infractions	30%
<b>TELEPHONE INDUSTRY COMPLAINT ACTIVITY</b>	
Total Telephone Industry Inquiries Logged in 1997	6,968
Percentage of Telephone Industry Inquiries Compared to Total Inquiries Logged in 1997	78%
Total Long Distance Telephone Industry Inquiries Logged in 1997	4,718
Percentage of Long Distance Telephone Industry Inquiries Compared to Total Inquiries Logged in 1997	53%
Total Long Distance Telephone Industry Infractions Closed in 1997	1,950
Percentage of Long Distance Telephone Industry Infractions Compared to Total Inquiries Closed as Infractions in 1997	72%
Total Local Exchange Company Inquiries Logged in 1997	1,830
Percentage of Local Exchange Company Industry Inquiries Compared to Total Inquiries Logged in 1997	20%
Total Local Exchange Company Infractions Closed in 1997	452
Percentage of Alternative Local Exchange Company Infractions Compared to Total Inquiries Closed as Infractions in 1997	17%
Total Alternative Local Exchange Company Industry Inquiries Logged in 1997	316
Percentage of Alternative Local Exchange Company Inquiries Compared to Total Inquiries Logged in 1997	4%
Total Alternative Local Exchange Company Infractions Closed in 1997	37
Percentage of Alternative Local Exchange Company Infractions Compared to Total Inquiries Closed as Infractions in 1997	1%
Total Payphone Industry Inquiries Logged in 1997	104
Percentage of Payphone Industry Inquiries Compared to the Total Inquiries Logged in 1997	1%
Total Payphone Company Industry Infractions Closed in 1997	46
Percentage of Payphone Industry Infractions Compared to Total Inquiries Closed as Infractions in 1997	2%
Total Telephone Slamming Infractions Closed in 1997	1,457
Total Telephone Slamming Infractions Compared to Total Inquiries Closed as Infractions in 1997	54%
Total Telephone Slamming Infraction Compared to Total Inquiries Closed in 1997	23%
<b>ELECTRIC &amp; GAS INDUSTRY COMPLAINT ACTIVITY</b>	
Total Electric Industry Inquiries Logged in 1997	1,612
Percentage of Electric Industry Inquiries Logged in 1997 Compared to Total Inquiries Logged in 1997	18%
Total Electric Industry Infractions Closed in 1997	162
Percentage of Electric Industry Infractions Compared to Total Inquiries Closed as Infractions in 1997	6%
Total Gas Industry Inquiries Logged in 1997	94
Percentage of Gas Industry Inquiries Logged Compared to Total Inquiries Logged in 1997	1%
Total Gas Industry Infractions Closed in 1997	14
Percentage of Gas Industry Infractions Compared to Total Inquiries Closed as Infractions in 1997	1%
<b>WATER AND WASTEWATER INDUSTRY COMPLAINT ACTIVITY</b>	
Total Water and Wastewater Industry Inquiries Logged in 1997	275
Percentage of Water and Wastewater Industry Inquiries Compared to Total Inquiries Logged in 1997	3%
Total Number of Water and Wastewater Industry Infractions Closed in 1997	29
Percentage of Water and Wastewater Industry Infractions Compared to Total Inquiries Closed as Infractions in 1997	1%
<b>SAVINGS TO CONSUMERS</b>	
Total Savings to Consumers	\$804,702.73
Total Savings to Consumers with Telephone Industry Complaints	\$661,725.60
Total Savings to Consumers with Electric Industry Complaints	\$121,651.23
Total Savings to Consumers with Gas Industry Complaints	\$3,819.95
Total Savings to Consumers with Water and Wastewater Industry Complaints	\$17,505.95

## NOTES:

- (1) Inquiry - If a customer contacts the PSC concerning a problem with a regulated utility and the PSC has reason to believe that there may have been an Infraction, the PSC staff will file an Inquiry with the utility, in which the utility must respond to the customer's allegations.
- (2) Infraction - If the PSC staff determines that the utility has violated a PSC rule, the company's tariff, or its stated company policy, the PSC staff will close the inquiry as an Infraction.
- (3) Complaints - If the PSC staff opens an inquiry or opens a file to record information about the customer's concern, then this is then this is opened file is considered a complaint or case.

## Electric Companies

### DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

#### Inquiries Logged in 1997

#### Inquiries Closed in 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infractions	Total
FLORIDA POWER	119	53	172	Service Improperly Disconnected	127	15	142
FPL	798	555	1353	Street Light Outages	956	142	1098
FPUC	0	2	2		2	0	2
GULF POWER	15	16	31	Payments Not Posted	25	1	26
TAMPA ELECTRIC	30	24	54	Billing	28	4	32
<b>INDUSTRY TOTAL</b>	<b>962</b>	<b>650</b>	<b>1612</b>		<b>1138</b>	<b>162</b>	<b>1300</b>

## Electric Companies

### 1997 INFRACTION INFORMATION

	Total Infractions	% of Inquiries Closed as Infractions	Infractions Per 1,000 Customers	1997 Infraction Index	% Late Responses
FLORIDA POWER	15	10.5%	0.0116	0.41	0%
FPL	142	12.9%	0.0400	1.41	7.1%
FPUC	0	0%	0.0000	0.00	0%
GULF POWER	1	3.8%	0.0030	0.11	3.8%
TAMPA ELECTRIC	4	12.5%	0.0079	0.28	9.3%
<b>INDUSTRY TOTAL</b>	<b>162</b>	<b>12.5%</b>	<b>0.0284</b>		

## Gas Companies

### DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

Inquiries Logged in 1997

Inquiries Closed In 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infractions	Total
CHESAPEAKE	0	0	0		0	0	0
CITY GAS	14	25	39	Improper Estimating of Bills	23	8	31
FPUC	3	7	10	No Delinquent Notice	4	2	6
INDIANTOWN	0	0	0		0	0	0
PEOPLES	20	21	41	Outage/Delay in Restoring Service	26	3	29
ST. JOE	0	0	0		0	0	0
SEBRING	0	0	0		0	0	0
SOUTH FLORIDA	0	1	1		1	0	1
WEST FLORIDA	1	2	3	Delay in Connecting Service	1	1	2
<b>INDUSTRY TOTAL</b>	<b>38</b>	<b>56</b>	<b>94</b>		<b>55</b>	<b>14</b>	<b>69</b>

## Gas Companies

### 1997 INFRACTION INFORMATION

	Total Infractions	% of Inquires Closed as Infractions	Infractions Per 1,000 Customers	Y-T-D Infraction Index*	% Late Responses
CHESAPEAKE	0	0.0%	0.000	0.00	0%
CITY GAS	8	25.8%	0.083	2.24	6.4%
FPUC	2	33.3%	0.057	1.55	16.6%
INDIANTOWN	0	0%	0.000	0.00	0%
PEOPLES	3	10.3%	0.015	0.40	6.9%
ST. JOE	0	0%	0.000	0.00	0%
SEBRING	0	0%	0.000	0.00	0%
SOUTH FLORIDA	0	0%	0.000	0.00	100%
WEST FLORIDA	1	52%	0.035	0.95	0%
<b>INDUSTRY TOTAL</b>	<b>14</b>	<b>20.3%</b>	<b>0.037</b>		

## Local Telephone Companies

### DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

#### Inquiries Logged in 1997

#### Inquiries Closed in 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infractions	Total
ALLTEL	13	10	23	Delay in Connecting Service	12	3	15
BELLSOUTH	759	258	1017	Delay in Connecting Service	559	225	784
FLORALA	0	0	0		0	0	0
FRONTIER	1	0	1		0	0	0
GTE	444	140	584	Delay in Connecting Service	293	183	476
GULF	0	0	0		0	0	0
INDIANTOWN	1	1	2		1	0	1
NE FLORIDA	1	0	1		2	0	2
TDS TELECOM/QUINCY	1	0	1		0	0	0
ST. JOSEPH	9	2	11		3	0	3
SPRINT-FLORIDA	130	57	187	Service Improperly Disconnected	96	41	137
VISTA - UNITED	2	1	3		1	0	1
<b>INDUSTRY TOTAL</b>	<b>1361</b>	<b>469</b>	<b>1830</b>		<b>967</b>	<b>452</b>	<b>1419</b>

# Local Telephone Companies

## 1997 INFRACTION INFORMATION

	Total Infractions	% of Inquiries Closed as Infractions	Infractions Per 1,000 Access Lines	1997 Infractions Index	% Late Responses
ALLTEL	3	20%	0.0410	0.91	0%
BELLSOUTH	225	28.7%	0.0382	0.84	4%
FLORALA	0	0%	0.0000	0.00	0%
FRONTIER	0	0%	0.0000	0.00	0%
GTE	183	38.4%	0.0861	1.90	13.2%
GULF	0	0%	0.0000	0.00	0%
INDIANTOWN	0	0%	0.0000	0.00	0%
NE FLORIDA	0	0%	0.0000	0.00	0%
QUINCY	0	0%	0.0000	0.00	0%
ST. JOSEPH	0	0%	0.0000	0.00	0%
SPRINT-FLORIDA	41	30%	0.0226	0.50	24.8%
VISTA-UNITED	0	0%	0.0000	0.00	0%
<b>INDUSTRY TOTAL</b>	<b>452</b>	<b>31.9%</b>	<b>0.0453</b>		



# Alternative Local Telephone Companies

## DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1997			Major Infraction Type	Inquiries Closed in 1997			% of Inquiries Closed as Infractions	% Late Responses
	Service	Billing	Total		Categories	Infraction	Total		
ACSI LOCAL SWITCHED SERVICES, INC.	1	0	1		0	0	0	0%	0%
AMERICA'S TELE-NETWORK CORP.	0	1	1		0	0	0	0%	0%
AT&T	2	0	2		0	0	0	0%	0%
BELLSOUTH TELECOMMUNICATIONS	1	0	1		0	0	0	0%	0%
CELLULAR ONE OF SOUTHWEST FL	0	1	1		0	0	0	0%	0%
EASY CELLULAR INC.	8	1	9	Delay in Connecting Service	1	1	2	50%	50%
FLORIDA COMM SOUTH	1	2	3		0	0	0	0%	0%
INTERMEDIA COMMUNICATIONS, INC.	4	1	5		1	0	1	0%	100%
LCI INTERNATIONAL	2	0	2		0	0	0	0%	0%
MCI METRO ACCESS TRANSMISSION	1	0	1		0	0	0	0%	0%
MCI TELECOMMUNICATIONS CORP.	1	0	1	Slamming	0	1	1	100%	0%
NATIONALTEL	6	0	6	Slamming	0	1	1	100%	0%
OPTEL	1	1	2		0	0	0	0%	0%
RECONNEX	4	1	5		1	0	1	0%	0%
SPRINT COMMUNICATIONS CO.	1	0	1		0	0	0	0%	0%
SUPRA TELECOMMUNICATIONS	197	0	197	Slamming	1	22	23	95.6%	39.1%
TCG SOUTH FLORIDA	1	0	1		0	0	0	0%	0%
TEL-LINK OF FLORIDA, LLC.	25	5	30	Delay in Connecting Service	3	2	5	40%	40%
TELENET OF SOUTH FLORIDA, INC.	0	1	1		0	0	0	0%	0%
TELEPHONE COMPANY OF CENTRAL FL	30	1	31	Slamming	11	7	18	38.8%	22.2%
THE OTHER PHONE COMPANY	10	0	10	Slamming	2	3	5	60%	20%
U.S. TELCO, INC.	3	0	3		0	0	0	0%	0%
USA TELE CORP.	2	0	2		0	0	0	0%	0%
<b>INDUSTRY TOTAL</b>	<b>301</b>	<b>15</b>	<b>316</b>		<b>20</b>	<b>37</b>	<b>57</b>	<b>64.9%</b>	

# Long Distance Companies

## DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

Inquiries Logged in 1997

Inquires Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquires Closed as Infractions	% Late Responses
800 CUSTOMER SERVICE	1	0	1	0	0	0	0%	0%
ACC LONG DISTANCE	1	0	1	1	0	1	0%	100%
ACCESS LONG DISTANCE OF FLORIDA	0	1	1	0	0	0	0%	0%
ACCUTEL COMMUNICATIONS, INC.	2	1	3	0	0	0	0%	0%
ADTEL COMMUNICATIONS, INC.	0	0	0	1	0	1	0%	0%
ADVANCED TELECOMMUNICATION	1	0	1	1	0	1	0%	0%
AFFINITY LONG DISTANCE, INC.	3	0	3	1	0	1	0%	0%
AFFINITY NETWORK, INC.	0	1	1	1	0	1	0%	100%
ALL AMERICAN TELEPHONE, INC.	98	4	102	3	35	38	92.1%	7.8%
ALLTEL LONG DISTANCE, INC.	0	0	0	0	1	1	100%	100%
ALTERNATE COMMUNICATIONS	0	1	1	0	0	0	0%	0%
AMER-I-NET SERVICES CORP.	153	3	156	0	1	1	100%	100%
AMERICA'S TELE-NETWORK CORP.	45	19	64	21	21	42	50%	19%
AMERICAN TEL GROUP, INC.	6	0	6	0	5	5	100%	80%
AMERICAN TELECOMMUNICATIONS	4	0	4	0	1	1	100%	100%
AMERICAN TELEPHONE NETWORK, INC.	1	0	1	1	0	1	0%	100%
AMERICAN TELETRONICS	4	0	4	2	1	3	33%	100%
AMERINET INTERNATIONAL, INC.	3	1	4	4	0	4	0%	25%
AMERITECH COMMUNICATIONS	0	1	1	0	0	0	0%	0%
AMERIVISION COMMUNICATIONS, INC.	4	1	5	3	4	7	57.1%	0%
AMNEX	2	3	5	1	1	2	50	50%
ARGO COMMUNICATIONS CORP.	1	0	1	1	0	1	0%	0%
ARN COMMUNICATIONS CORP.	0	0	0	0	2	2	100%	100%
ASC TELECOM, INC.	1	1	2	0	0	0	0%	0%
AT&T	516	162	678	194	257	451	56.9%	28.3%
ATHENA INTERNATIONAL, L.L.C.	15	0	15	1	10	11	90.9%	72.7%
ATI NETWORK SERVICES	0	0	0	2	0	2	0%	100%
ATI TELECOM, INC.	0	1	1	0	0	0	0%	0%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquiries Closed as Infractions	% Late Responses
ATLAS COMMUNICATIONS, INC.	1	1	2	1	1	2	50%	100%
ATLAS COMMUNICATIONS, LTD.	7	3	10	16	7	23	30.4%	73.9%
ATN COMMUNICATIONS, INC.	3	1	4	1	0	1	0%	100%
ATX TELECOMMUNICATIONS SERVICES	2	0	2	1	0	1	0%	0%
BCI CORP.	263	3	266	18	211	229	92.1%	11.7%
BELL ATLANTIC COMMUNICATIONS, INC.	1	1	2	1	0	1	0%	0%
BELLSOUTH LONG DISTANCE, INC.	0	1	1	0	0	0	0%	0%
BELLSOUTH PUBLIC COMMUNICATIONS	0	2	2	0	0	0	0%	0%
BIZ TEL CORPORATION	12	9	21	5	1	6	16%	0%
BLUE EARTH COMMUNICATIONS	1	0	1	0	0	0	0%	0%
BN1 TELECOMMUNICATIONS, INC.	1	0	1	0	2	2	100%	0%
BTI	5	1	6	2	3	5	60%	40%
BUDGET CALL LONG DISTANCE, INC.	1	2	3	1	0	1	0%	0%
BUSINESS DISCOUNT PLAN, INC.	29	2	31	0	59	59	100%	83%
BUSINESS OPTIONS, INC.	0	0	0	0	1	1	100%	100%
C. TELECOM, L.L.C.	14	2	16	0	2	2	100%	50%
CABLE & WIRELESS, INC.	10	1	11	5	4	9	44.4%	22.2%
CALL AMERICA LONG DISTANCE, INC.	1	0	1	1	0	1	0%	100%
CAPITAL LONG DISTANCE	0	3	3	0	2	2	100%	100%
CHERRY COMMUNICATIONS, INC.	6	2	8	4	5	9	55.5%	66.6%
CITIZENS TELECOM	2	0	2	2	0	2	0%	50%
CLEARTEL COMMUNICATIONS, INC.	3	0	3	2	1	3	33.3%	66.6%
COAST INTERNATIONAL, INC.	16	0	16	0	7	7	100%	14.2%
COASTAL COMMUNICATIONS CORP.	6	0	6	4	1	5	20%	60%
COMINEX, L.L.C.	9	0	9	6	0	6	0%	33.3%
COMMERCIAL PHONE GROUP, INC.	1	1	2	0	3	3	100%	33.3%
COMMUNICATIONS NETWORK CORP.	0	0	0	0	4	4	100%	100%
CONNECTONE COMMUNICATIONS	0	1	1	0	0	0	0%	0%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquiries Closed as Infractions	% Late Responses
CONSUMER ACCESS	51	43	94	2	84	86	97.6%	23.2%
CORPORATE SERVICES TELCOM, INC.	70	2	72	2	16	18	88.8%	61.1%
CRG INTERNATIONAL, INC.	2	0	2	1	2	3	66.6%	66.6%
CRYSTAL COMMUNICATIONS, INC.	1	0	1	1	0	1	0%	0%
CTS TELCOM, INC.	2	7	9	8	2	10	20%	30%
CYBERLINK, INC.	0	0	0	0	1	1	100%	100%
D.D.D. CALLING, INC.	7	3	10	2	9	11	81.8%	27.2%
DELTACOM LONG DISTANCE SERVICES	1	0	1	0	0	0	0%	0%
DESTINY TELECOMM INTERNATIONAL	11	1	12	0	0	0	0%	0%
DIAL & SAVE	0	1	1	0	1	1	100%	0%
DIAL & SAVE	1	2	3	2	2	4	50%	75%
DIAL & SAVE	4	0	4	2	1	3	33.3%	100%
DIGITAL NETWORK OPERATOR	0	3	3	0	0	0	0%	0%
DISCOUNT NETWORK SERVICES, INC.	37	1	38	4	31	35	88.5%	40%
DISCOUNT PLUS	1	2	3	0	1	1	100%	100%
ENHANCED SERVICES BILLING, INC.	1	6	7	6	1	7	14.2%	28.5%
EQUALNET CORPORATION	23	2	25	4	16	20	80%	10%
ETH-TELECOMMUNICATIONS, INC.	6	2	8	0	9	9	100%	55.5%
EXCEL TELECOMMUNICATIONS, INC.	68	43	111	20	57	77	74%	10.3%
FEDERAL TRANSTEL, INC.	1	0	1	0	0	0	0%	0%
FONE AMERICA, INC.	1	0	1	0	0	0	0%	0%
FREEDOM COMMUNICATIONS CORP.	1	0	1	0	1	1	100%	100%
FRONTIER COMMUNICATIONS, INC.	4	0	4	0	1	1	100%	100%
FRONTIER COMMUNICATIONS, WEST	2	0	2	2	0	2	0%	100%
FRONTIER COMMUNICATIONS SERVICE	28	8	36	23	13	36	36.1%	63.8%
FTC LONG DISTANCE, INC.	1	0	1	0	0	0	0%	0%
GE SHOPPING COMMERCIAL SHOPPING	2	0	2	2	3	5	60%	60%
GLOBAL TEL*LINK CORPORATION	2	2	4	2	0	2	0%	100%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquiries Closed as Infractions	% Late Responses
GROUP LONG DISTANCE, INC.	37	2	39	15	12	27	44.4%	18.5%
GTE LONG DISTANCE	8	3	11	6	1	7	14.2%	14.2%
GTE TELECOMMUNICATIONS SERVICES	3	1	4	3	1	4	25%	25%
GULF LONG DISTANCE, INC.	2	0	2	0	1	1	100%	0%
HALE AND FATHER, INC.	2	0	2	1	1	2	50%	100%
HEARTLINE COMMUNICATIONS, INC.	7	2	9	3	14	17	82.3%	97%
HEBRON COMMUNICATIONS CORP.	1	1	2	0	0	0	0%	0%
HELLO CARD INC.	1	0	1	0	0	0	62.7%	12.7%
HERTZ TECHNOLOGIES, INC.	0	1	1	0	0	0	0%	0%
HOME OWNERS LONG DISTANCE INC.	90	18	108	32	54	86	62.7%	12.7%
HOTEL DIGITAL NETWORK	1	0	1	0	1	1	100%	100%
HSS VENDING DISTRIBUTORS	16	6	22	3	42	45	93.3%	40%
ICLD	15	1	16	3	22	25	88%	68%
IDS LONG DISTANCE, INC.	4	2	6	5	0	5	0%	20%
INACOM COMMUNICATIONS, INC.	1	0	1	0	1	1	100%	0%
INDEPENDENT NETWORK SERVICES	1	2	3	0	0	0	0%	0%
INFO-TEL, INC.	1	0	1	0	0	0	0%	0%
INNOVATIVE TELECOM CORP.	2	1	3	3	0	3	0%	33.3%
INTEGRATED TELESERVICES, INC.	55	1	56	11	90	101	89.1%	83.1%
INTEGRETEL, INC.	19	25	44	23	5	28	17.8%	64.2%
INTELLICALL OPERATOR SERVICES	1	0	1	1	0	1	0%	0%
INTERCONTINENTAL COMMUNICATIONS	1	0	1	2	0	2	0%	0%
INTERMEDIA COMMUNICATIONS, INC.	13	3	16	2	3	5	60%	20%
INTERNATIONAL TELCOM, LTD.	0	2	2	0	0	0	0%	0%
INTERNATIONAL TELEMEDIA	3	15	18	10	0	10	0%	0%
INTERQUEST	1	1	2	0	0	0	0%	0%
INTERSTATE SAVINGS, INC.	0	0	0	1	1	2	50%	100%
INVISION TELECOM, INC.	2	1	3	0	1	1	100%	100%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquiries Closed as Infractions	% of Inquiries Responses
ITS BILLING	9	1	10	3	3	6	50%	33.3%
IXC LONG DISTANCE, INCORPORATED	7	0	7	4	0	4	0%	0%
L.D.S TELECOMMUNICATIONS, INC.	1	0	1	0	0	0	0%	0%
L.D.S. TELECOMMUNICATIONS, INC.	16	0	16	4	1	5	20%	60%
LCI INTERNATIONAL TELECOM CORP.	139	5	144	15	59	74	79.7%	14.8%
LCR, INC.	1	0	1	0	0	0	0%	0%
LD/USA, INC.	1	0	1	1	0	1	0%	100%
LDC TELECOMMUNICATIONS, INC.	40	1	41	7	9	16	56.2%	25%
LDDS WORLDCOM	45	28	73	32	12	44	27.2%	31.8%
LDM SYSTEMS, INC.	10	0	10	5	16	21	76.1%	76.1%
LDN, INC.	1	0	1	0	1	1	100%	0%
LEAST COST ROUTING, INC.	33	0	33	8	3	11	27.2%	9%
LONG DISTANCE BILLING	7	0	7	3	2	5	40%	60%
LONG DISTANCE CHARGES	36	0	36	1	1	2	50%	100%
LONG DISTANCE DIRECT, INC.	4	1	5	0	1	1	100%	100%
LONG DISTANCE INTERNATIONAL, INC.	8	2	10	4	2	6	33.3%	0%
LONG DISTANCE SAVERS, INC.	0	0	0	1	0	1	1%	100%
LONG DISTANCE SERVICES, INC.	7	0	7	0	1	1	66.6%	83.3%
LONG DISTANCE SERVICES, INC. U.S.A.	2	1	3	2	4	6	66.6%	83.3%
LONG DISTANCE WHOLESale CLUB	3	2	5	3	1	4	25%	50%
MATRIX TELECOM, INC.	10	4	14	4	5	9	55.5%	100%
MCI TELECOMMUNICATIONS CORP.	271	237	508	196	155	351	44.1%	4.8%
METRACOM CORPORATION	0	0	0	1	1	2	50%	100%
MFS INTELNET OF FLORIDA, INC.	2	2	4	3	0	3	0%	33.3%
MIDCOM COMMUNICATIONS, INC.	8	1	9	2	4	6	66.6%	50%
MINIMUM RATE PRICING, INC.	171	26	197	27	57	84	67.8%	36.9%
MOBIS COMMUNICATIONS	1	0	1	0	0	0	0%	0%
MULTIMEDIA TELEPHONE SERVICE, INC.	29	0	29	3	10	13	76.9%	100%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquires		% Late Responses
							Closed as Infractions	40%	
NATIONAL ACCOUNTS, INC.	4	0	4	3	2	5	40%	40%	0%
NATIONAL BILLING SYSTEMS	1	0	1	0	0	0	0%	0%	0%
NATIONAL TELEPHONE	0	1	1	1	0	1	0%	0%	0%
NATIONAL TEL	4	6	10	5	2	7	28.5%	57.1%	0%
NATIONS TEL AND MTS/COMMUNICALL	0	1	1	1	0	1	0%	100%	0%
NATIONWIDE COMMUNICATIONS	2	1	3	2	1	3	33.3%	33.3%	0%
NATIONWIDE LONG DISTANCE, INC.	1	0	1	0	0	0	0%	0%	0%
NETEL, INC.	3	2	5	2	2	4	50%	100%	0%
NETWORK ACCESS INC.	0	1	1	1	0	1	0%	100%	0%
NETWORK SERVICES LONG DISTANCE	2	0	2	0	3	3	100%	33.3%	0%
NETWORK UTILIZATION SERVICES	15	1	16	0	18	18	100%	27.7%	0%
NEW MEDIA TELECOMMUNICATIONS	1	0	1	0	0	0	6%	0%	0%
NORTH AMERICAN COMMUNICATIONS	1	1	2	2	0	2	0%	0%	0%
NORTH AMERICAN INTELECOM, INC.	1	1	2	1	0	1	0%	100%	0%
NORTH AMERICAN TELEPHONE	17	2	19	4	7	11	63.6%	0%	0%
NOS COMMUNICATIONS, INC.	2	4	6	2	2	4	50%	75%	0%
NYNEX LONG DISTANCE COMPANY	11	3	14	0	3	3	100%	33%	0%
OCI	0	2	2	2	0	2	0%	50%	0%
OFFICE DEPOT COMMUNICATIONS	2	1	3	2	2	4	50%	100%	0%
OLS, INC.	2	0	2	0	0	0	0%	0%	0%
OPERATOR ASSISTANCE NETWORK	15	13	28	19	0	19	0%	26.3%	0%
OPTICOM, A DIVISION OF ONE CALL	0	2	2	2	0	2	0%	0%	0%
OVERLOOK COMMUNICATIONS	0	0	0	1	0	1	0%	0%	0%
PANTEL COMMUNICATIONS, INC.	15	14	29	1	14	15	93.3%	33.3%	0%
PHONE CALLS, INC.	28	4	32	0	74	74	0%	85.7%	0%
PHONE ONE, INC.	5	0	5	3	4	7	57.1%	0%	0%
PHONETEL TECHNOLOGIES, INC.	1	0	1	0	0	0	0%	0%	0%
PIONEER TELECOM, INC.	1	0	1	0	1	1	100%	0%	0%

Inquiries Logged in 1997

Inquires Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquires Closed as Infractions	% Late Responses
PREFERRED BILLING	3	0	3	0	0	0	0%	0%
PREFERRED CARRIER SERVICES, INC.	113	1	114	3	104	107	97.2%	14.9%
PRIMUS TELECOMMUNICATIONS, INC.	0	1	1	0	1	1	100%	100%
PROVIDIAN GROUP, LLC	4	0	4	0	0	0	0%	0%
PTC SERVICES (PEOPLES TELEPHONE)	0	0	0	1	0	1	0%	0%
QUEST COMMUNICATIONS CORP.	4	0	4	1	3	4	75%	100%
QWEST COMMUNICATIONS, INC.	7	2	9	1	10	11	90.9%	81.8%
RTI TELECOM, INC.	0	0	0	0	1	1	100%	100%
SCI LONG DISTANCE TELEPHONE	1	0	1	0	0	0	0%	0%
SPRINT	204	84	288	80	76	156	48.7%	43.5%
SPRINT-FLORIDA, INCORPORATED	0	1	1	0	0	0	0%	0%
STARLINK COMMUNICATIONS, LLC	3	0	3	1	8	9	88.8%	100%
STRATEGIC TELECOM SYSTEMS, INC.	2	1	3	0	0	0	0%	0%
SUNTEL NETWORK, INC.	2	3	5	1	1	2	50%	0%
SUPRA TELECOMMUNICATIONS	9	0	9	0	0	0	0%	44.4%
SWITCHED SERVICES	11	0	11	9	0	9	0%	0%
TARGET TELECOM, INC.	1	0	1	0	0	0	0%	0%
TCG SOUTH FLORIDA	1	0	1	0	0	0	0%	0%
TEL-LINK OF FLORIDA, L.L.C.	1	0	1	0	0	0	0%	0%
TELCO DEVELOPMENT DELAWARE,	12	10	22	10	4	14	28.5%	71.4%
TELCO DEVELOPMENT GROUP, INC.	0	0	0	2	0	2	0%	100%
TELE-PRO COMMUNICATIONS, INC.	0	0	0	0	1	1	100%	100%
TELEC, INC.	19	1	20	4	2	6	33.3%	33.3%
TELECARD SERVICES INTERNATIONAL	1	0	1	0	0	0	0%	0%
TELECOM*USA OR TELECONNECT	7	13	20	5	3	8	37.5%	0%
TELECOMMUNICATIONS SERVICE	0	1	1	1	0	1	0%	0%
TELECOMP COMMUNICATIONS	0	0	0	0	1	1	100%	100%
TELEGROUP OF IOWA, INC.	6	0	6	2	2	4	50%	100%



Inquiries Logged in 1997

Inquires Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	% of Inquires Closed as Infractions	% Late Responses
TELEPHONE COMPANY OF CENTRAL FL	9	1	10	1	4	5	80%	20%
TELTRUST COMMUNICATIONS	1	4	5	3	0	3	0%	66.6%
THE FURST GROUP, INC.	30	1	31	11	10	21	47.6%	9.5%
THE OTHER PHONE COMPANY, INC.	3	1	4	1	0	1	0%	0%
THE PHONE COMPANY	19	0	19	12	2	14	14.2%	35.7%
TLC-THE LONG DISTANCE COMPANY	1	0	1	0	0	0	0%	0%
TOTAL WORLD TELECOM ("TWT")	5	0	5	3	0	3	0%	33.3%
TOUCH 1 COMMUNICATIONS, INC.	3	0	3	1	2	3	66.6%	33.3%
TOUCH 1 LONG DISTANCE, INC.	18	1	19	7	7	14	50%	28.5%
TOUCHTONE NETWORK, INC.	1	0	1	0	0	0	0%	0%
TRANS NATIONAL COMMUNICATIONS	1	0	1	0	0	0	0%	0%
TRESCOM USA, INC.	5	0	5	2	4	6	66.6%	100%
TTI NATIONAL, INC.	0	0	0	2	0	2	0%	50%
U S WEST LONG DISTANCE, INC.	1	0	1	0	0	0	0%	0%
U.S. BILLING	11	2	13	13	0	13	0%	46.1%
U.S. LONG DISTANCE, INC.	94	1	95	74	1	75	1.3%	29.3%
U.S. REPUBLIC COMMUNICATIONS, INC.	10	0	10	0	4	4	100%	100%
UCN, INC.	1	0	1	0	0	0	0%	0%
UNIDIAL INCORPORATED	60	2	62	2	36	38	94.7%	60.5%
UNIVERSAL NETWORK SERVICES OF FL	3	0	3	0	0	0	0%	0%
US WATS ENTERPRISES, INC.	1	0	1	0	0	0	0%	0%
USTEL, INC.	0	2	2	1	1	2	50%	50%
V.I.P. TELEPHONE NETWORK, INC.	1	0	1	1	2	3	66.6%	66.6%
VALUE TEL, INC.	0	0	0	1	0	1	0%	100%
VARTEC TELECOM, INC.	8	16	24	20	1	21	4.7%	28.5%
VISION TELECOMMUNICATION, INC.	0	1	1	0	1	1	100%	100%
VISTA GROUP INTERNATIONAL, INC.	42	2	44	3	11	14	78.5%	35.7%
VISTA INTERNATIONAL, INC.	4	0	4	1	0	1	0%	0%

	Inquiries Logged in 1997				Inquires Closed in 1997				% Late Responses
	Service	Billing	Total	Categories	Infractions	Total	Closed as Infractions	% of Inquires	
VISTA-UNITED TELECOMMUNICATIONS	1	0	1	0	0	0	0	0%	0%
WATS INTERNATIONAL CORPORATION	0	0	0	0	3	3	100%	100%	100%
WEALTHCOM	1	0	1	1	0	1	0%	0%	100%
WESTINGHOUSE COMMUNICATIONS	1	0	1	0	0	0	0%	0%	0%
WEXL TELECOM, INC.	0	0	0	0	1	1	100%	100%	100%
WILTEL NETWORK SERVICES, INC.	85	9	94	63	4	67	5.9%	5.9%	17.9%
WINSTAR GATEWAY NETWORK, INC.	1	0	1	2	1	3	33.3%	33.3%	33.3%
WORKING ASSETS LONG DISTANCE	2	2	4	0	0	0	0%	0%	0%
WORLD TELECOM GROUP, INC.	0	0	0	0	1	1	100%	100%	100%
WORLDTEL SERVICES, INC.	3	0	3	0	0	0	0%	0%	0%
ZENEX LONG DISTANCE, INC.	2	0	2	1	0	1	0%	0%	100%
ZERO PLUS DIALING, INC.	4	23	27	22	0	22	0%	0%	40.9%
<b>Industry Totals</b>	<b>3709</b>	<b>1009</b>	<b>4718</b>	<b>1267</b>	<b>1950</b>	<b>3217</b>	<b>60%</b>	<b>60%</b>	

# Pay Telephone Companies

## DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1997			Major Infraction	Inquiries Closed in 1997			% of Inquiries Closed as Infractions	% Late Responses
	Service	Billing	Total		Categories	Infraction	Total		
2001 TELECOMMUNICATIONS	3	0	3		0	0	0	0%	0%
A. A. A. PAYPHONE, INC.	0	1	1		0	0	0	0%	0%
AMERICAN TELECOM SYSTEMS	2	0	2		3	0	3	0%	100%
AMERICOMM NETWORK, INC	1	1	2		2	0	2	0%	0%
ATN, INC.	0	1	1		0	0	0	0%	0%
AVISTA PAROPERTIES II, INC.	1	0	1		1	0	1	0%	100%
BELLSOUTH PUBLIC	2	7	9	Failure to Respond to Consumer	3	3	6	50%	17%
BROWARD BUSINESS SERVICES	1	0	1		1	0	1	0%	0%
CHERI TENNEY	2	0	2	Failure to Respond to Consumer	1	1	2	50%	100%
CHERRY COMMUNICATIONS	1	0	1		1	0	1	0%	100%
COIN TELEPHONE OF CENTRAL FL.	1	0	1		0	0	0	0%	0%
COIN-TEL INTERNATIONAL, INC.	1	0	1		0	0	0	0%	0%
COIN-TEL PAYPHONES, INC.	1	0	1		0	0	0	0%	0%
COMMUNICATIONS CENTRAL, INC	10	3	13	No Coin Return	6	3	9	33.3%	0%
COMMUNICATIONS MANAGEMENT	1	0	1		0	0	0	0%	0%
COMTEL COMMUNICATIONS	1	0	1	Failure to Respond to Consumer	0	1	1	100%	100%
CROSS BAY NETWORK	1	0	1	No Coin Return	0	1	1	100%	0%
FIRST AMERICAN TELECOMMUNICATIONS	2	0	2		1	0	1	0%	0%
FLORIDA PAY PHONE SERVICES	0	0	0		1	0	1	0%	0%
FLORIDA PAY PHONE SYSTEMS	0	0	0		0	1	1	100%	0%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Categories	Infractions	Total	Closed as Infractions	% of Inquiries	% of Late Responses
GLEN WILLIAMS	2	0	2	Lack of Proper Signage	0	2	2	100%	0%
INDEPENDENT PAYPHONES, INC.	1	0	1		0	0	0	0%	0%
INVISION TELECOM, INC.	9	5	14	Failure to Complete Calls	4	9	13	69.2%	0%
JAMAL MANSOUR ENTERPRISES	1	0	1		0	1	1	100%	100%
LOCTEL	0	0	0	Improper Rates Applied/Tarriffs	0	1	1	100%	100%
MX COMMUNICATIONS	1	0	1	Failure to Respond to Consumer	0	1	1	100%	100%
NEW MARKET COMMUNICATIONS	1	0	1		0	0	0	0%	0%
NEW WORLD TELECOMMUNICATIONS	1	0	1		0	0	0	0%	0%
NORTH AMERICAN INTELECOM	1	6	7		6	0	6	0%	66.6
NORTHERN FLORIDA TELEPHONE	0	0	0		1	0	1	0%	100%
NUTREND COMMUNICATIONS, INC	0	1	1	Improper Rates Applied	0	1	1	100%	0%
OCEAN TELECOMMUNICATIONS	0	0	0	Failure to Respond to Customer	0	1	1	100%	100%
ON LINE PAY PHONE SYSTEMS	0	0	0	Improper Rates Applied	0	1	1	100%	100%
PAY PHONE DISTRIBUTORS, INC.	0	0	0	Payphone No Coin Return	0	1	1	100%	100%
PEOPLES TELEPHONE CO.	5	1	6	Failure to Respond to Consumer	1	3	4	75%	50%
PHONE PLUS, INC.	0	0	0	Billing for 800 Intrastate Call	0	1	1	100%	100%
PHONETEL TECHNOLOGIES, INC.	5	0	5		2	3	5	60%	40%
PRECISION PAYPHONES	0	1	1	Payphone No Coin Return	0	2	2	100%	100%
PUBLIC COMMUNICATIONS	0	0	0		1	0	1	0%	100%
PUBLIC TELECOMM PROVIDERS	0	0	0		1	0	1	0%	100%
RELIABLE TELEPHONE CO.	1	0	1	Lack of Proper Signage	0	1	1	100%	100%
RICHARD A. CLEVELAND	0	0	0	Delay in Clearing Trouble Reports	0	2	2	100%	100%
RICHARD T. MCNALLY	1	0	1		0	0	0	0%	0%

	Inquiries Logged in 1997				Inquiries Closed in 1997			
	Service	Billing	Total	Categories	Infractions	Total	% of Inquiries Closed as Infractions	% Late Responses
SEACOM	2	0	2	1	0	1	0%	100%
SEQUEL	1	0	1	0	0	0	0%	0%
SKY SHELL, INC	0	0	0	1	0	1	0%	100%
SMART PAY PHONES OF FL	1	0	1	0	0	0	0%	0%
SOUTHEAST PAY TELEPHONE, INC	1	0	1	1	0	1	0%	0%
SOUTHEAST PAYPHONES, INC.	1	0	1	1	0	1	0%	0%
SOUTHEASTERN TELEPHONE	0	0	0	1	0	1	0	100%
SPRINT COMMUNICATIONS CO.	1	0	1	1	0	1	0%	0%
SPRINT-FLORIDA, INC.	1	0	1	0	0	0	0%	0%
SPRINT PAYPHONE SERVICES, INC.	2	0	2	0	1	1	100%	0%
SUMMA MULTINATIONAL, INC.	0	0	0	0	2	2	100%	100%
SUN TEL, INC.	0	0	0	1	0	1	0%	100%
SUN CITY VENDING, INC.	1	0	1	0	1	1	100%	100%
TELA LEASING ENTERPRISES, INC.	2	0	2	2	0	2	0%	0%
TRINITY HOLDINGS LTD, INC.	1	0	1	1	0	1	0%	0%
V & B COMMUNICATIONS, INC.	2	0	2	0	0	0	0%	0%
VISIONCOMM, INC.	1	0	1	0	0	0	0%	0%
WILSON DE GOUVEIA	0	0	0	1	0	1	0%	100%
YVANNE MESIDOR	0	0	0	0	1	1	100%	100%
ZIMCO COMMUNICATIONS, INC.	0	0	0	0	1	1	100%	100%
<b>INDUSTRY TOTALS</b>	<b>77</b>	<b>27</b>	<b>104</b>	<b>47</b>	<b>46</b>	<b>93</b>	<b>49.5%</b>	

# Water and Wastewater Companies

## DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

Inquiries Logged In 1997

Inquiries Closed In 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infraction	Total	% of Inquiries Closed as Infractions	% Late Responses
ALAFAYA UTILITIES, INC	0	2	2		1	0	1	0%	100%
ALOHA UTILITIES	18	8	26		15	0	15	0%	6.6%
BETMAR UTILITIES	1	0	1		1	0	1	0%	0%
BROADVIEW PARK WATER CO.	1	5	6	Service Improperly Disconnected	3	1	4	25%	25%
CHATEAU COMMUNITIES, INC.	1	0	1		1	0	1	0%	0%
CINNAMON RIDGE UTILITIES, INC.	1	0	1	Service Refused	0	1	1	100%	0.0%
CRYSTAL RIVER UTILITIES, INC.	5	2	7		1	0	1	0%	0%
DECCA UTILITIES	1	0	1		1	0	1	0%	0.0%
DIXIE GROVE ESTATES, INC.	0	1	1		0	0	0	0%	0%
FERNCREST UTILITIES, INC.	2	3	5		5	0	5	0%	40%
FIMC HIDEAWAY, INC.	0	0	0		0	1	1	100%	0%
FLORALINO PROPERTIES, INC.	2	2	4		2	0	2	0%	0.0%
FLORIDA CITIES WATER CO. - LEE	5	7	12	Service Improperly Disconnected	7	2	9	22%	22%
FLORIDA WATER SERVICES	32	44	76		46	9	55	16%	16.4%
FOREST HILLS UTILITIES	3	12	15	Billing	7	2	9	22%	33%
GARDEN GROVE WATER CO., INC.	1	0	1		1	0	1	0%	100.0%
GEM ESTATES UTILITIES, INC.	3	2	5	Failure to Respond to Customer Inquiries	1	3	4	75%	75%
GULF AIRE WASTEWATER	1	0	1		0	0	0	0%	0%
GULF UTILITY CO.	1	1	2		3	0	3	0%	0%
HARDER HALL - HOWARD INC.	0	0	0		1	0	1	0%	0%
HIGHLANDS UTILITIES CORP.	2	0	2		1	0	1	0%	0%
HOBE SOUND WATER COMPANY	1	0	1		0	0	0	0%	0.0%
HOLIDAY PINES SERVICE CORP.	1	0	1		1	0	1	0%	0%
HUDSON BAY COMPANY	1	1	2		2	0	2	0%	50.0%
HYDRATECH UTILITIES, INC.	1	0	1		1	0	1	0%	0%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infractions	Total	Closed as Infractions	% Late Responses
INNERARITY ISLAND DEVELOPMENT	1	0	1	Inadequate Water Pressure	0	1	1	100%	100%
J & J WATER & SEWER CORP.	1	2	3	Meter Not Recording Within Standards	1	1	2	50%	50%
JASMINE LAKES UTILITIES CORP.	1	0	1	Service Improperly Disconnected	0	1	1	100%	0%
KEMPLE WATER COMPANY	1	3	4		1	0	1	0%	100%
KINCAID HILLS WATER CO.	0	2	2		3	0	3	0%	33%
LAKE PLACID UTILITIES, INC.	0	0	0		1	0	1	0%	0%
LAKE OSBORNE UTILITES CO.	1	0	1		0	0	0	0%	0%
LAKE UTILITY SERVICES, INC.	2	0	2		1	0	1	0%	0%
LAKE UTILITY CORP.	0	1	1		1	0	1	0%	0%
LINDRICK SERVICE CORP.	2	1	3	Facilities Not Maintained/Repaired	2	1	3	33%	67%
MAD HATTER UTILITY, INC.	0	2	2	Inaccurate Meter Readings	0	1	1	100%	0%
MARION UTILITIES, INC.	1	1	2		2	0	2	0%	100%
MEADOWS UTILITY CO., INC.	0	1	1		0	0	0	0%	0%
MHC SYSTEMS, INC.	0	1	1		1	0	1	0%	0%
NORTH FORT MYERS UTILITY, INC.	0	1	1		1	0	1	0%	0%
NORTH PENINSULA UTILITIES CORP.	0	1	1		1	0	1	0%	0%
ORANGEWOOD LAKES SERVICES	0	1	1		2	0	2	0%	50%
ORTEGA UTILITY CO.	2	1	3		2	0	2	0%	0%
PALM COAST UTILITY CORP.	0	1	1		3	0	3	0%	33%
PARK MANOR WATERWORKS, INC.	0	3	3		3	0	3	0%	3%
PARK WATER COMPANY	0	1	1		0	0	0	0%	0%
PASCO UTILITIES, INC.	1	0	1		2	0	2	0%	50%
PEOPLES WATER SERVICE CO.	1	10	11		7	0	7	0%	29%
PINE LAKE MOBILE HOME ESTATES	1	0	1		1	0	1	0%	0%
PLACID LAKES UTILITIES, INC.	0	1	1		1	0	1	0%	0%
POINCIANA UTILITIES	2	0	2		1	0	1	0%	0%
REGENCY UTILITIES, INC.	0	1	1		1	0	1	0%	0%

Inquiries Logged in 1997

Inquiries Closed in 1997

	Service	Billing	Total	Major Infraction Type	Categories	Infraction	Total	Closed as Infractions	% Late Responses
ROTONDA WEST UTILITY CORP.	0	3	3		3	0	3	0%	33.3%
SANLANDO UTILITIES CORP.	0	1	1	Refereed Meter Test Improperly Conducted	0	1	1	100%	0%
SKYVIEW UTILITIES RECEIVERSHIP	1	1	2		1	0	1	0%	100%
SOUTHLAKE UTILITIES, INC.	0	1	1		1	0	1	0%	0%
SPRUCE CREEK SOUTH UTILITIES	0	1	1		0	0	0	0%	0%
SUNRISE WATER COMPANY	0	1	1		0	0	0	0%	0%
SUNSHINE UTILITIES OF CENTRAL FL	1	0	1		1	0	1	0%	100%
TAMIAMI VILLAGE WATER CO.	0	1	1		1	0	1	0%	100%
TERRA MAR VILLAGE UTILITIES	0	0	0		1	0	1	0%	0%
TYMBER CREEK UTILITIES	0	1	1		1	0	1	0%	100%
UNITED WATER FLORIDA, INC.	8	7	15	Improper Disconnnet	10	2	12	17%	17%
UNIVERSITY OAKS WATER SYSTEM	3	8	11	Failure to Respond to Customer Inquiries	2	1	3	33.3%	66.6%
UTILITIES, INC. OF FLORIDA	2	1	3	Delay in Connecting Service	1	1	2	50%	100%
UTILITIES, INC. OF LONGWOOD	3	0	3		2	0	2	0%	0%
VENTURE ASSOCIATES UTILITIES	1	0	1		0	0	0	0%	0%
VIRGINIA CITY UTILITIES, INC.	0	1	1		1	0	1	0%	0%
WATER MANAGEMENT SERVICES	0	1	1		1	0	1	0%	0%
WELLAQUA CO.	2	0	2		2	0	2	0%	100%
INDUSTRY TOTAL	122	153	275		167	29	196		





DIVISION DIRECTOR

*Blanca Bayo*

*The Division of Records and Reporting maintains the official records of the Commission and, in that capacity, receives, records, and distributes all filings received for new and pending proceedings. Additionally, the Division is charged with ensuring that cases proceed on scheduled timetables, scheduling all official appearances and hearings for the Public Service Commissioners, producing and distributing reports and statistics regarding docketed cases, maintaining the Master Commission Directory of Utility Data (MCD), reporting and producing transcripts of Commission hearings, and performing various other related duties.*

## Records and Reporting

The Division received and processed 13,380 numbered documents in 1997, which was a decrease of almost 500 documents over the 1996 total of 13,823. It opened 1,679 dockets, reopened 20 closed dockets, and closed 1,775. Although the quantity of documents numbered in 1997 was substantially fewer than those documented in 1996, the number of dockets opened and closed in 1997 actually increased by 127 and 203, respectively. At the close of business on December 31, 1997, there were 613 dockets remaining open.

In 1997, a total of 572 regulated companies were added to the list in the Master Commission Directory (MCD). Of those, 291 were pay telephone service providers, 158 were interexchange telecommunications service providers, eight were shared tenant service providers, nine were alternative access vendors, 94 were alternative local exchange service providers, and 12 were water and/or wastewater service providers. A total of 406 companies were removed from active status in the MCD. Five were alternative access vendors, 244 were pay telephone service providers, 112 were interexchange telecommunications service providers, 11 were shared tenant service providers, six were alternative local exchange service providers, one was a gas service provider, and 24 were water and/or wastewater service providers.

The Division issued 141 notices of hearings and other meetings and 1,687 orders in 1997. Of the 576 orders that were issued as Proposed Agency Action, 26 had protests filed against them. Of the 26 protested, three went to hearing in 1997, nine went to Commission conference (six for stipulation, one for withdrawal, one for dismissal, and one for denial), two were referred to the Division of Administrative Hearings (DOAH), nine were set for hearing in 1998, two are still pending a Commission decision at conference, and one has not yet been scheduled for proceeding. Six orders were appealed to the Supreme Court, three to the 1st District Court of Appeals, and four to the US District Court, for a total of 13. In addition, the Division prepared and forwarded the files for two dockets to DOAH for the purpose of scheduling hearings. At year's end, both dockets remained at DOAH.

In 1997, the Division prepared the agendas and attended and produced vote sheets and minutes of 23 regular Commission conferences and 10 special conferences.

The Bureau of Reporting produced 24,984 pages of transcripts in reporting 65 depositions and 114 Commission hearings and other meetings in 1997.

During 1997, the Division modified the process of receiving staff recommendations for agenda conferences and worked with the Bureau of Information Processing in developing a complex template and macro for producing the agenda and vote sheets for Commission conferences. The new procedure resulted in a more streamlined process from receipt of the recommendations to final production and dissemination of the agenda. It significantly decreased the overall preparation time, alleviated confusion regarding filing recommendations, ensured consistency between the prepared agenda and information in CMS, and eliminated the possibility of changing the intent of staff's recommendations. During 1998, the Division will continue to review the process and work with BIP on further enhancements to the system.

The Division's confidential documents storage area and procedures for tracking and handling confidential documents underwent a remodeling in 1997 to heighten security of the documents, based on recommendations from the Commission's Inspector General. An inner room was created in the office/fileroom of the Document Control Section's Commission Deputy Clerk I, and the Division's existing locking storage cabinets containing confidential documents were placed there. A combination lock was added to the door to the document storage area, and access to the document storage area itself was limited to certain Division employees. In addition, a surveillance camera was installed near the storage area for further security. A quarterly random review process was also established and recording and report capabilities regarding staff signouts of documents were added in CMS. These enhancements and procedural changes will continue to provide safe, secure storage for all confidential documents in 1998.

The Division also continued its work with BIP to provide more information for the PSC Home Page on the Internet. The Commission's rules and regulations were added to the Home Page as well as video and audio access to certain PSC events. In the latter part of the year, the Commission held 10 public workshops to hear customer testimony regarding slamming activities by long distance telephone companies. As an experiment, the Internet was dialed up via a conference phone and the workshops were broadcast live. Because of the enthusiastic reception by Commission staff and the general public, the Division will begin broadcasting all Commissioner-attended, out-of-town customer hearings and certain workshops over the Internet via the conference phone in 1998. Additionally, the Commission will be entering into a contract with Florida State University's WFSU to broadcast all Tallahassee hearings and agenda conferences on public television.

In 1998, the Division will continue its efforts to provide excellent customer service and to disseminate documents and information in a timely and responsible manner. We will strive to maintain our high standards by continuing to provide on-the-job training and formal classroom instruction for the staff. ♦

	1995	1996	1997
Documents Received and Processed	13,147	13,823	13,380
Notices Issued	114	154	141
Orders Issued	1,678	1,626	1,687
Dockets Opened	1,603	1,552	1,679
Dockets Reopened	42	28	20
Dockets Closed	1,523	1,572	1,775
End of Year Active Dockets	711	689	613
Commission Conferences	26	22	23
Special Conferences	4	4	10
Notices of Appeal	13	14	13
PAA Orders Issued	454	498	576
PAA Orders Protested	25	30	26
Hearings	88	103	114
Depositions Reported	52	114	65
Transcript Pages Produced	17,034	50,638	24,984

# Case Activity Statistics

January 1997 through December 1997

END OF----->	JAN 1997	FEB 1997	MAR 1997	APR 1997	MAY 1997	JUN 1997	JUL 1997	AUG 1997	SEP 1997	OCT 1997	NOV 1997	DEC 1997
All Cases Beginning Period	689	610	624	632	612	618	626	635	698	708	628	629
New Cases	135	131	135	119	133	147	191	161	114	168	133	112
Restored Cases	1	0	1	0	1	1	3	1	5	2	2	3
Closed Cases (Subtract)	215	117	128	139	128	140	185	99	109	250	134	131
<b>All Cases Ending Period</b>	<b>610</b>	<b>624</b>	<b>632</b>	<b>612</b>	<b>618</b>	<b>626</b>	<b>635</b>	<b>698</b>	<b>708</b>	<b>628</b>	<b>629</b>	<b>613</b>
Active	557	569	582	560	567	577	584	643	657	582	580	560
Monitor	38	41	37	38	35	32	35	39	35	31	33	37
Litigation	15	14	13	14	16	17	16	16	16	15	16	16
<b>Total All</b>	<b>610</b>	<b>624</b>	<b>632</b>	<b>612</b>	<b>618</b>	<b>626</b>	<b>635</b>	<b>698</b>	<b>708</b>	<b>628</b>	<b>629</b>	<b>613</b>

## Ages of Active Cases

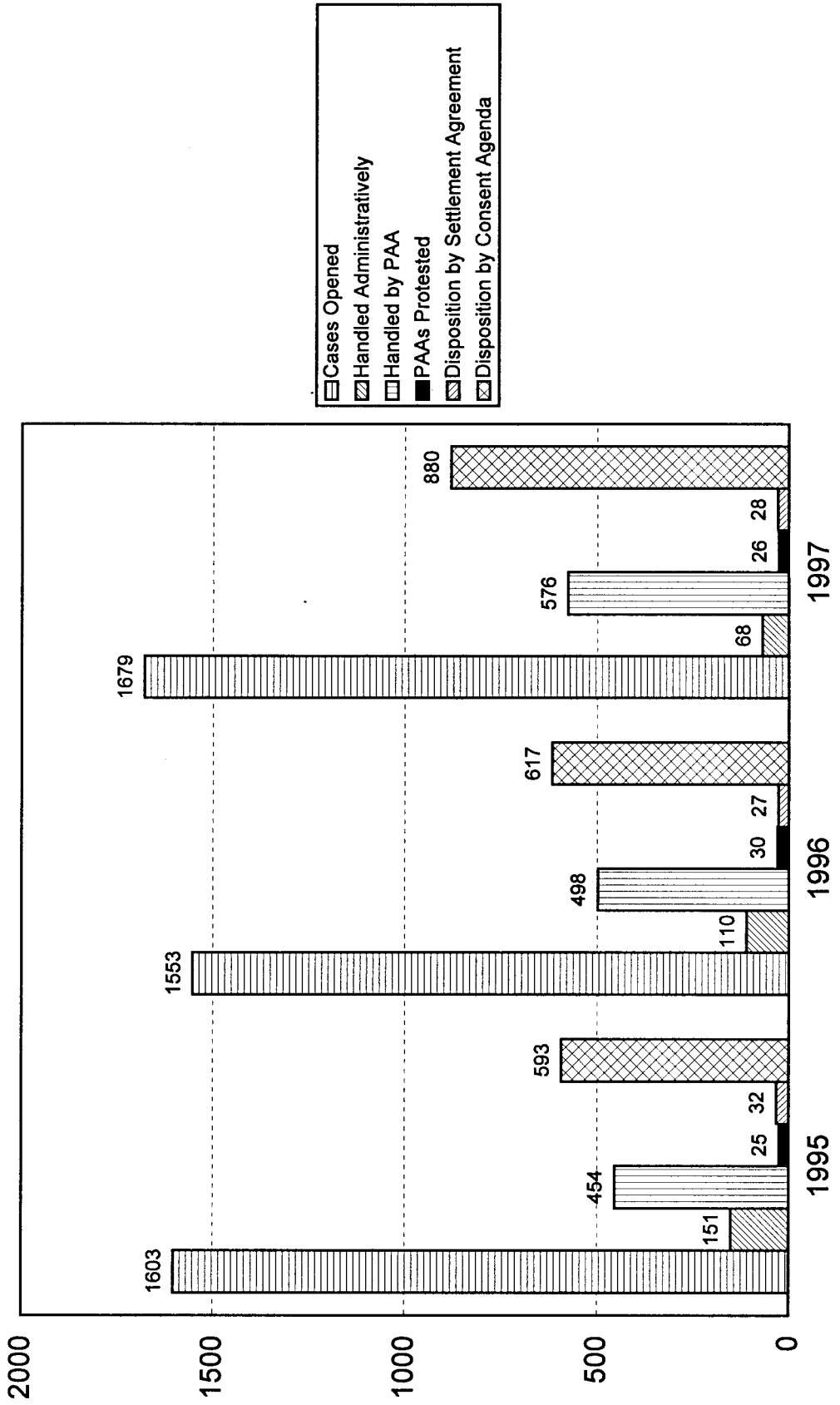
< 6 months	410	417	424	412	419	429	442	509	513	451	440	421
6 months - 1 year	61	69	79	67	69	72	66	56	62	50	60	53
1 year - 2 years	42	41	41	43	41	38	34	37	41	41	42	47
2 years - 3 years	11	10	10	9	10	9	12	14	10	12	11	13
3 years - 4 years	14	13	11	12	11	13	13	10	14	12	11	8
4 years - 5 years	10	9	7	7	7	7	7	8	7	6	5	7
5 years - 6 years	4	5	2	2	2	3	3	2	3	4	4	4
6 years - 7 years	2	2	5	5	5	3	3	3	3	3	4	3
7 years - 8 years	1	1	1	1	1	1	1	1	1	1	1	1
> 8 years	2	2	2	2	2	2	3	3	3	2	2	3
<b>Total Active Cases</b>	<b>557</b>	<b>569</b>	<b>582</b>	<b>560</b>	<b>567</b>	<b>577</b>	<b>584</b>	<b>643</b>	<b>657</b>	<b>582</b>	<b>580</b>	<b>560</b>

## Cases > 2 Years Old

Active	44	42	38	38	38	38	42	41	41	40	38	39
Monitor	10	9	9	10	8	9	9	9	9	9	8	9
Litigation	9	7	9	10	10	9	8	12	12	11	13	13
<b>Total Cases &gt; Two Years Old</b>	<b>63</b>	<b>58</b>	<b>56</b>	<b>58</b>	<b>56</b>	<b>56</b>	<b>59</b>	<b>62</b>	<b>62</b>	<b>60</b>	<b>59</b>	<b>61</b>

# FPSC Case Activity

1995 through 1997





GENERAL COUNSEL

*Robert D. Vandiver*

The General Counsel is the Florida Public Service Commission's chief legal counsel. He supervises the Commission's legal personnel and is charged with the administration and the delegation of responsibilities to the Division of Legal Services and Division of Appeals. The General Counsel is responsible for seeing that the Commission is advised as to the role and scope of its regulatory responsibilities; representing the Commission before federal agencies and assisting the Executive Director with the coordination of interagency liaison.



DIVISION DIRECTOR

*David Smith*

*The General Counsel's Division of Appeals has responsibility for providing indirect legal services and advice to the Commissioners. It prepares notices, recommendations, and orders; attends hearings; represents the Commission before state and federal courts; promulgates rules and regulations; and acts as interagency and legislative liaison in cooperation with the Executive Director. The Division also provides legal services and advice to the Division of Administration on personnel, contractual, and other administrative matters.*

## Appeals

The Commission's orders relating to telecommunications and electric and gas matters are appealable directly to the Florida Supreme Court; orders relating to water and wastewater are reviewable in the First District Court of Appeal. In addition, under the provisions of the Telecommunications Act of 1996 set out in 47 U.S.C. §252(e)(6), Commission actions approving or rejecting interconnection agreements between competing telephone companies are reviewable in Federal District Court. During 1997, 11 notices of appeal were filed in state appellate courts challenging Commission orders, while eight complaints under the Telecommunications Act of 1996 were filed in the U.S. District Court for the Northern District of Florida. At the end of 1997, 10 appeals remained pending before the Florida Supreme Court and the First District Court, with six in the Northern District.

The Florida Supreme Court issued opinions in two electric cases and one telecommunications case. In AmeriSteel Corporation v. Clark, 691 So.2d 473, the Court affirmed the Commission's denial of intervention to petitioner AmeriSteel, which sought to challenge a territorial agreement between Jacksonville Electric Authority and Florida Power & Light. The Court agreed with the Commission that, as an FPL customer whose status did not change under the agreement, AmeriSteel could not meet the applicable tests for standing. In Panda-Kathleen, L.P./Panda Energy Corporation v. Clark, 701 So. 2d 322 (Fla. 1997), the Court affirmed the Commission's authority to settle a contract dispute under Panda's standard offer cogeneration contract regarding the allowable size of the facility and duration of capacity payments. In Teleco Communications Company v. Clark, 695 So. 2d 304 (Fla. 1997), the Court affirmed the Commission's order, finding that Teleco was a "telecommunications company" within the meaning of section 364.02(7), Florida Statutes. The Court found further that the Commission had authority under Chapter 364 to order disposition of certain inside wire at the heart of a controversy between Teleco and its lessee where Teleco's control of the wire threatened availability of telecommunications services.

In the water and wastewater area, the First District affirmed the

Commission's order granting an extension of territory to Alafaya Utilities, Inc. in City of Oviedo v. Clark, 699 So. 2d 316 (Fla. 1st DCA 1997). The City of Oviedo had objected to the extension as inconsistent with its comprehensive plan. The Court found the Commission is only required to consider the comprehensive plan under section 367.045(5)(b), Florida Statutes, and may exercise its discretion in deciding whether to defer to the plan. In Southern States Utilities, Inc. v. Florida Public Service Commission, 1997 WL 325597, the First District reversed a Commission order which would have required a refund of excess revenues collected under the previously reversed uniform rate structure. The Court concluded that the Commission was bound under equitable principles to consider a surcharge on those customers who underpaid under uniform rates. The Court also reversed the Commission's denial of intervention to various parties who sought post-decision intervention on the surcharge issue.

In the Federal telecommunications cases before the U.S. District Court in Tallahassee, the Court issued a brief memorandum opinion granting dismissal for lack of jurisdiction in GTE Florida Incorporated v. Johnson, 964 F. Supp. 333 (N.D. Fla. 1997). The Court concluded that jurisdiction under section 252(e)(6) of the Telecommunications Act of 1996 was predicated on the existence of an interconnection agreement that had been approved by the Commission. Since GTE had no such agreement, the case was dismissed for lack of jurisdiction.

### **Rulemaking**

The Commission continued its efforts to streamline and update its rules during 1997. Twenty-seven rules were amended or proposed for the first time, while 10 were repealed. In Electric and Gas, the Commission's rulemaking addressed meter testing standards, conservation cost recovery, and ten-year site plan filings. Telecommunications was the most active area with rules adopted addressing shared tenant services, operator service providers, and requirements for call aggregators. The Commission also proposed major revisions in its rules to address the problem of unrequested long distance service provider changes or "slamming." These proposed rules are subject to finalization in 1998 after hearing.

Two rules challenges were heard by the Division of Administrative Hearings involving the Commission's proposed margin reserve rules in water and wastewater and the Commission's audit practices affecting water and wastewater companies. Florida Waterworks Association et al., etc. v. Florida Public Service Commission, DOAH Cases Nos. 97-3480, etc. Aloha Utilities, Inc. v. Florida Public Service Commission, DOAH Case No. 97-2485RU. Final decisions will not be forthcoming until 1998.

In other rulemaking matters, the Commission responded to the mandates of the 1996 revisions to the Florida Administrative Procedure Act, Chapter 120, Florida Statutes, by submitting to the Legislature its list of rules lacking statutory authority, a report on rule waivers and variances, and a report on comprehensive rule review.



*Federal - State Liaison*

**Electric and Gas**

The Office of General Counsel and the Division of Appeals are jointly responsible for the Commission's Federal-State Liaison activities, in coordination with the technical divisions and individual Commissioners.

In 1997, the Commission continued in its challenge of the Federal Energy Regulatory Commission (FERC) Order 888 on Open Transmission Access. The FPSC, along with other state commissions across the country, is concerned with the potential impact of the rulemaking on state jurisdiction, the state's ability to address reliability concerns, and the cost impact on the residential ratepayers. The case is currently being heard in the Second Circuit Court of Appeals.

The Commission continued its multi-pronged attack on the Department of Energy's (DOE) failure to establish a nuclear waste repository, under the guidance of Commissioner Susan Clark. Commissioner Clark now chairs the Electricity Committee for the National Association of Regulatory Utility Commissioners (NARUC). The D.C. District Court of Appeals has now issued two separate decisions, ruling against DOE. Congress is also moving legislation to force the DOE to meet its obligations to accept the nuclear waste. The DOE has accepted ratepayer contributions for years and has a duty to move the spent fuel away from the utility sites.

Congress has become more active in considering major electric restructuring issues. There are now about a dozen bills on restructuring and numerous workshops have been held. The Commission is actively monitoring these developments.

**Telecommunications**

After the passage of the Telecommunications Act of 1996, the focus has shifted to the FCC's implementation of the Act and challenges of the FCC's orders in the Courts. The Commission, in conjunction with the National Association of Regulatory Utility Commissioners, was an active participant in the implementation of the historic new law that overhauls the existing regulatory framework. Chairman Julia Johnson has been a member of the Universal Service Joint Board that makes recommendations to the FCC. With assistance from technical and legal staff, she has spearheaded efforts to make sure the implementation is beneficial to consumers.

In 1997, the FPSC filed comments with the FCC in their access charge reform docket, the universal service docket (numerous times), the geographic deaveraging docket, the docket on pay-per-call issues, the price cap docket, the telecommunications relay docket, and in the docket on unauthorized changes of customers' long distance carriers (slamming). These comments urged consumer protection and state responsibility for implementation of the Telecommunications Act.

In the comments on the Federal Trade Commission docket regarding pay-per-call billing or 900-number calls, the FPSC urged the Federal Trade Commission to consider incorporating the added consumer safeguard of a billing block option. The option would allow telephone subscribers to block bills to their account from third parties, unless the electronic billing record includes the proprietary personal identification number (PIN) of the subscriber associated with the telephone number.

The Commission also continues to provide input to Congress on new legislation. Of particular importance are the bills against unauthorized changes of customers' primary carriers (slamming).

The Commission, along with other states across the country, has been active in challenging the FCC's orders implementing the Telecommunications Act, when the orders seem to be encroaching on state authority under the new Act. In particular, the FPSC challenged the FCC's interconnection order in Iowa Utilities Bd. v. FCC, 120 F. 3d 753 (8th Cir. 1997). The FPSC Office of General Counsel was one of the lead drafters of the states' briefs in the case. The Eighth Circuit Court of Appeals ruled strongly in favor of the states' position. That case is now before the U.S. Supreme Court. ♦



DIVISION DIRECTOR

*Noreen Davis*

*The Division of Legal Services provides direct legal services and represents the staff in proceedings before the Commission, and the Commission itself, in proceedings before the Division of Administrative Hearings, state, or federal courts. Its staff prepares notices, conducts discovery and cross-examination, reviews recommendations, and prepares Commission orders. The Commission's tremendous caseload in 1997 is reflected in the fact that the attorneys in the Legal Services Division wrote over 2,300 orders.*

## Legal Services

### *Bureau of Electric and Gas*

#### **Territorial Matters**

There were numerous territorial matters addressed by the Commission in 1997. Two very interesting territorial disputes are discussed below.

A dispute between Florida Power & Light (FPL) and the City of Homestead involved interpretation of the 1967 Territorial Agreement between the parties. The City was serving private businesses in a corporate park located outside its delimited service area on the basis that the facilities fell within the exception in the Agreement for 'city-owned facilities.' The Commission determined that the exception relates to municipal proprietary functions and does not contemplate private businesses as being city-owned facilities. Service to the disputed area was awarded to FPL. The City has appealed the decision to the Supreme Court.

Another territorial dispute involved Gulf Power Company (Gulf Power) and Gulf Coast Electric Cooperative (Gulf Coast). The two utilities have a history of commingling electric facilities in south Washington and Bay Counties. The issue to be resolved by the Commission was whether future uneconomic duplication would occur in the areas of commingling. The Commission decided that both utilities are capable of providing adequate and reliable electric service and that because the incremental cost to serve additional customers in the disputed area is nominal, further duplication will not necessarily be uneconomic for either utility. The Commission also ordered the two utilities to devise a plan to address future growth in the undeveloped areas. The utilities must file their plan with the Commission in July 1998.

#### **Energy Conservation and Cogeneration**

In January, Florida Power Corporation petitioned the Commission for approval of FPC's agreement with Tiger Bay Limited Partnership to purchase the Tiger Bay cogeneration facility and to terminate five related purchased power agreements. Prior to hearing, the parties - Florida Power Corporation, Tiger Bay, Office of Public Counsel, and Florida Industrial Power Users Group -

reached a stipulation. The Commission approved the stipulation, finding that it reduced ratepayer liability over the remaining terms of the purchased power agreements and allowed for potential ratepayer neutrality to the transaction.

In February, Florida Power Corporation (FPC) requested a formal hearing on its petition for approval of an amendment to its negotiated contract with Orlando Cogen Limited. The proposed amendment would terminate the last ten years of the contract. FPC proposed to recover the costs of the contract buy out over the next five years through the fuel and capacity cost recovery clauses. The Commission conducted the hearing on October 30 and 31 and should render its decision in February 1998.

### **Rate and Financial Matters**

In April, the Commission approved the petition of St. Joe Natural Gas Company to restructure its rates over a two-year period. The revenue-neutral rate restructuring increased St. Joe's residential and commercial rates, while reducing the rates charged to St. Joe's large volume interruptible customers. St. Joe's residential and commercial rates remained among the lowest in the state, and the restructuring helped eliminate cross-subsidization among customer classes.

In April, the Commission, as proposed agency action, approved the extension of a plan for Florida Power & Light Company to record additional expenses in 1998 and 1999. AmeriSteel Corporation, an FPL customer, protested the order and a hearing was held on November 25 and 26. After considering the evidence, the Commission voted to approve the plan it had previously endorsed in its proposed agency action, with minor modifications. The approved plan allows FPL to record additional retail expense in 1998 and 1999, apply it to correct certain reserve deficiencies and write off unamortized loss on reacquired debt. Subsequent to the hearing, AmeriSteel filed a petition to reduce FPL's annual revenues. A hearing is scheduled for April 1998.

In late 1996, Tampa Electric Company (TECO) entered into contracts for wholesale electricity sales with the City of Lakeland (Lakeland) and the Florida Municipal Power Agency (FMPA). While the Federal Energy Regulatory Commission has jurisdiction over the rates set in the wholesale contracts, the Public Service Commission has jurisdiction to regulate the return earned by utilities through retail rates for wholesale sales. The issue to be decided was the appropriate cost allocation and regulatory treatment of total revenues associated with the two wholesale sales. The Commission found that the stipulation entered into between TECO, the Office of Public Counsel, and the Florida Industrial Power Users Group in Docket No. 960409-EI controlled the treatment of the capital, operation, and maintenance costs associated with the FMPA and Lakeland sales. The stipulation also required that those costs be separated from the retail jurisdiction at average embedded cost. In addition, the Commission ordered TECO to credit its fuel clause with an amount equal to the system incremental fuel cost resulting from the sales and to credit its environmental

cost recovery clause with all incremental SO<sub>2</sub> allowance costs incurred as a result of making the sales. All non-fuel revenues associated with the sales will be retained by TECO to support the additional wholesale cost responsibility resulting from the separation of the sales.

The Federal Energy Regulatory Commission's (FERC) Order 888 requires investor-owned electric utilities to unbundle transmission and ancillary charges from economy energy sales in order to reduce the competitive advantage that a transmission owner has in favor of its own power sales. In the ongoing fuel and purchased power cost recovery clause docket, issues were addressed regarding the pricing and cost recovery methodology to be used for these sales subsequent to the FERC Order. The Commission decided that the transaction price for economy sales between two directly interconnected utilities should be based on the incremental system production cost, just as before FERC Order 888. The costs of transmission will be recovered through the fuel clause, and any additional transmission revenues will be credited and separated according to the normal procedure within the fuel clause of the selling utility. For non-directly interconnected utilities, transmission wheeling costs will be added to the transaction price after a match is made to determine the purchaser's total price. In addition, third party wheeling revenues will be treated as a credit to operating revenues for the wheeling utility, and wheeling costs will be recovered through the fuel clause.

In June, the Commission approved a stipulation resolving all issues related to the extended outage of Florida Power Corporation's Crystal River Unit 3 nuclear generating facility. The settlement limits the amount of replacement fuel costs that will be recovered through the fuel cost recovery clause. The company was authorized to suspend its accrual for fossil fuel dismantlement and to establish a regulatory asset, to be amortized over four years, to recover the replacement fuel costs.

Another policy issue addressed by the Commission in 1997 was whether additional filing requirements should be imposed in the fuel and purchased power cost recovery clause when certain threshold levels are met or exceeded. The issue arose out of the February fuel hearing when Florida Power Corporation requested recovery of fuel costs associated with the extended outage of its Crystal River 3 nuclear plant. Recovery was allowed, but the Commission ordered that more stringent filing requirements be established when the costs sought to be recovered will have a significant impact on a utility's fuel adjustment factor. The Commission decided that when a utility seeks to recover costs that cause the six-month fuel factor to increase by 5 percent or more from the previous recovery period, the utility must affirmatively demonstrate, prior to approval of recovery, that the actions or events which gave rise to the need for recovery and the underlying costs are reasonable.

### **Electric Generation and Transmission Matters**

In April, the Commission conducted a formal hearing on the City of Tallahassee's Petition for Determination of Need and provided its approval of the City's proposed 250 MW natural gas-fired, combined-cycle generating unit at the Purdom facility in St. Marks, Florida.

In October, the Commission approved Florida Power Corporation's (FPC) petition for need determination for its existing Tiger Bay facility. FPC proposed to increase the electrical output of the existing steam turbine to over 75 megawatts by modifying a computer program. The Commission found that the increase in capacity would contribute to the electric system reliability through the most cost-effective alternative available.

### *Bureau of Water and Wastewater*

The Bureau of Water and Wastewater was extremely busy in 1997 processing controversial dockets containing several issues never before brought before the Commission. Additionally, the Bureau was able to dispose of nearly 20 cases prior to hearing by encouraging settlement agreements among the parties.

The Bureau processed the first docket filed pursuant to Section 367.0817, Florida Statutes, the reuse statute. The docket was initiated when Aloha Utilities, Inc. filed a reuse project plan and application for increased wastewater rates. The reuse docket was consolidated with a quality of service investigation docket involving the same utility. After hearing all of the evidence at the hearing, the Commission approved the utility's application for a reuse project but determined that the quality of service provided by Aloha's water system was unsatisfactory. Therefore, Aloha was ordered to take aggressive action to correct the water quality problems and to prepare a report which evaluated the costs and efficiencies of several different treatment options for the removal of hydrogen sulfide from its source water.

The Bureau handled several "file and suspend" rate cases in 1997. For example, Gulf Utility Company requested an increase in wastewater rates and a decrease in water rates. After the evidentiary hearing, the Commission approved a decrease of \$238,582 for water test year revenues and an increase of \$308,165 for wastewater test year revenues. Hobe Sound Water Company also requested an increase in water rates. By proposed agency action order, the Commission approved Hobe Sound's application by allowing an increase of \$344,337 in annual revenues for water. A protest was not filed.

The Bureau also completed the United Water Florida, Inc. rate case in 1997. This utility had not filed a rate case since 1982. The rate case is a multi-county jurisdictional filing for three counties. After considering all evidence, the Commission found that the utility's facilities and lands were

functionally related and, therefore, the utility's request to maintain its uniform rate structure was approved. The Commission approved a revenue increase of \$2,361,740 and \$2,289,757 for water and wastewater, respectively.

During 1997, the Commission addressed the second remand by the First District Court of Appeal of an order issued in Docket No. 920199-WS. By a 1993 Final Order, the Commission approved a uniform rate structure for Southern States Utilities, Inc. (SSU), now known as Florida Water Services Corporation. The Court overturned the Commission's order stating that the Commission failed to make a finding that the facilities and lands were functionally related prior to approving the uniform rate structure. In addressing the first remand, the Commission approved a modified stand-alone rate structure for the utility's facilities, ordered a refund for the difference in the rates, and denied the utility's request to surcharge undercollections. The Court overturned the remand order stating that fairness and equity required that the utility and ratepayers be treated in a similar manner. Accordingly, after the Commission found that greater inequities would arise if a surcharge of one group of customers was required to make refunds to another group, the Commission ordered that no refunds and no surcharges be made.

There were several litigious certificate amendment cases in 1997. The most controversial case involved Mad Hatter Utility, Inc. and Pasco County. Mad Hatter filed an amendment application to serve additional territory in the Pasco County area. Pasco County objected stating that it could provide service. After a hearing, the Commission granted Mad Hatter's application in part.

The Bureau also processed a large number of show cause dockets for failure of certain water and wastewater utilities to file annual reports and pay regulatory assessment fees.

### *Bureau of Communications*

1997 was another very busy year for the Division's Bureau of Communications. Once again the Bureau devoted most of its time to the implementation of the federal Telecommunications Act of 1996 (the 1996 Act) and the development of competition in Florida's telecommunications markets. The Bureau also conducted several show cause proceedings to enforce the Commission's rules on certification and service quality, to combat the unauthorized provision of prepaid phone cards, and the practice of unauthorized carrier selection (slamming).

In accordance with its responsibilities under the 1996 Act, the Commission began implementation of the universal service provisions of the Act, as defined by the Federal Communications Commission (FCC). The Commission adopted the FCC's new federal lifeline funding program as part of the Florida Lifeline Plan and adopted FCC discounts for telecommunications services provided to schools and libraries to ensure their eligibility to participate in the federal program.

The Commission conducted proceedings to implement the pay phone deregulation provisions of the 1996 Act, which are designed to increase competition among pay phone providers. The Commission required all local exchange companies (LECs) in Florida to separate their local exchange and pay phone operations and remove any subsidies the local exchange operations provided to the pay phone operations. That docket will remain open in 1998 to complete the FCC's mandate that the LECs' wholesale offerings to pay phone providers are non-discriminatory and cost-based.

As it did in 1996, the Commission conducted several complex proceedings to implement the competition provisions of the 1996 Act. The Commission continued its work on permanent number portability and approved an interim cost recovery mechanism so that number portability can be provided with currently available technologies until a permanent solution is finalized. The Commission approved many interconnection and resale agreements between local exchange companies and new entrants into the local exchange markets. It also conducted several proceedings to arbitrate disputed issues between parties unable to negotiate interconnection or resale agreements, including the first arbitration of a dispute between a Florida LEC and a cellular provider. In the most extensive proceeding of the year, the Commission conducted a six day hearing on BellSouth's petition to enter the interLATA telecommunications market. The Commission determined that BellSouth had met certain requirements of Section 271 of the 1996 Act, but had not met all of the requirements of the Act necessary to permit its entry into the long distance market. In its Order, the Commission explained in detail the areas BellSouth needed to improve in order to fully comply with the competitive checklist. In 1998, the Bureau expects to process another BellSouth 271 application, as well as a variety of other proceedings relating to the competitive restructuring of the industry. ♦