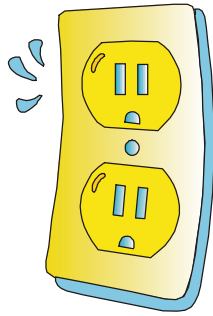


FLORIDA PUBLIC SERVICE COMMISSION
1998 ANNUAL REPORT



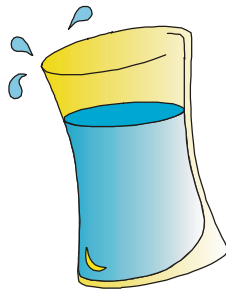
TELECOMMUNICATIONS



ELECTRIC



NATURAL GAS



WATER & WASTEWATER

FLORIDA PUBLIC SERVICE COMMISSION
1998 ANNUAL REPORT

Reflects Calendar Year 1998

Edited by

Division of Consumer Affairs
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

A Message From the Chairman

Few agencies play as large a role in the everyday lives of Floridians as the Florida Public Service Commission (PSC). With responsibility for regulating investor-owned electric, natural gas, water and wastewater services as well as telephone service, the PSC makes decisions that can have an immediate impact on utility customers from Pensacola to Key West.

Nowhere has the convergence of new technology and competitive pressures created more change than in the telecommunications industry. In 1998, the Commission (1) approved some of the toughest rules in the nation to combat slamming, (2) began the process of creating rules to fight cramming, and (3) approved plans to add three new area codes -- 786, 727, and 321 -- to the nine already in place in Florida. We also prepared reports to the Legislature, as directed by Chapter 98-277, addressing the cost of providing basic local telecommunications service, the fair and reasonable rate for basic local service, and access to telephone customers in multi-tenant environments.

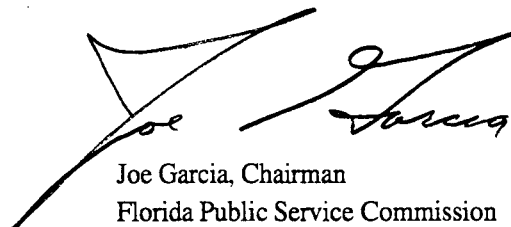
Interesting events occurred in Florida's electric and natural gas industries in 1998. In the natural gas industry, we dealt with the effects of a lightning strike that caused an explosion and fire near the city of Perry, disrupting the natural gas supply to peninsular Florida. That accident led to a Commission study to determine how such disruptions can be prevented in the future. In the electric industry, the Commission opened dockets to review the adequacy of Florida's reserve margins and to review criteria for wholesale electric generation facilities. Additionally, Florida continues to actively monitor electric retail deregulation activities in other states.

Florida's growing population also fosters the critical need for regulating water and wastewater services. During 1998, the Commission worked diligently to ensure that privately owned water and wastewater companies under its jurisdiction met state and federal safety standards while remaining affordable to consumers. During the year, the Commission also processed nine rate cases and continued efforts to educate Floridians on conserving this precious natural resource.

No longer is the Commission charged with only regulating utilities. Increasingly, we find ourselves in the role of educator, helping consumers make informed decisions on essential services. In 1998, valuable information on such timely issues as slamming, cramming, area code changes, and the availability of Lifeline telephone rates was provided through the Commission's use of TV and radio public service announcements, in addition to an array of pamphlets, brochures and other informational pieces.

The PSC also made considerable headway in its effort to be recognized by Florida's consumers as an effective venue for resolving utility complaints. In fact, through the Commission's actions, savings to consumers totaled approximately \$1.65 million in 1998 -- and fines and settlements collected from utilities that violated rules totaled more than \$1.4 million.

What follows, then, is an overview of the Commission's technical and administrative divisions and their major areas of emphasis during 1998. While this Annual Report reflects where we have been as an agency, it should also shed some light on where we are headed as we prepare for the exciting challenges that await us in the new millennium.



Joe Garcia, 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

Joe Garcia, Chairman	(850) 413-6042
J. Terry Deason, Commissioner	413-6038
Susan F. Clark, Commissioner	413-6040
Julia L. Johnson, Commissioner	413-6044
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 and Gas	413-6700
Division of Records and Reporting	413-6770
Division of Research and Regulatory Review	413-6800
Division of Water and Wastewater	413-6900

Internet e-mail address: contact@psc.state.fl.us
Internet home page address: <http://www.scri.net/psc>

District Offices

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3625 N.W. 82nd Avenue
Suite 400
Miami, Florida 33166-7602
(305) 470-5600

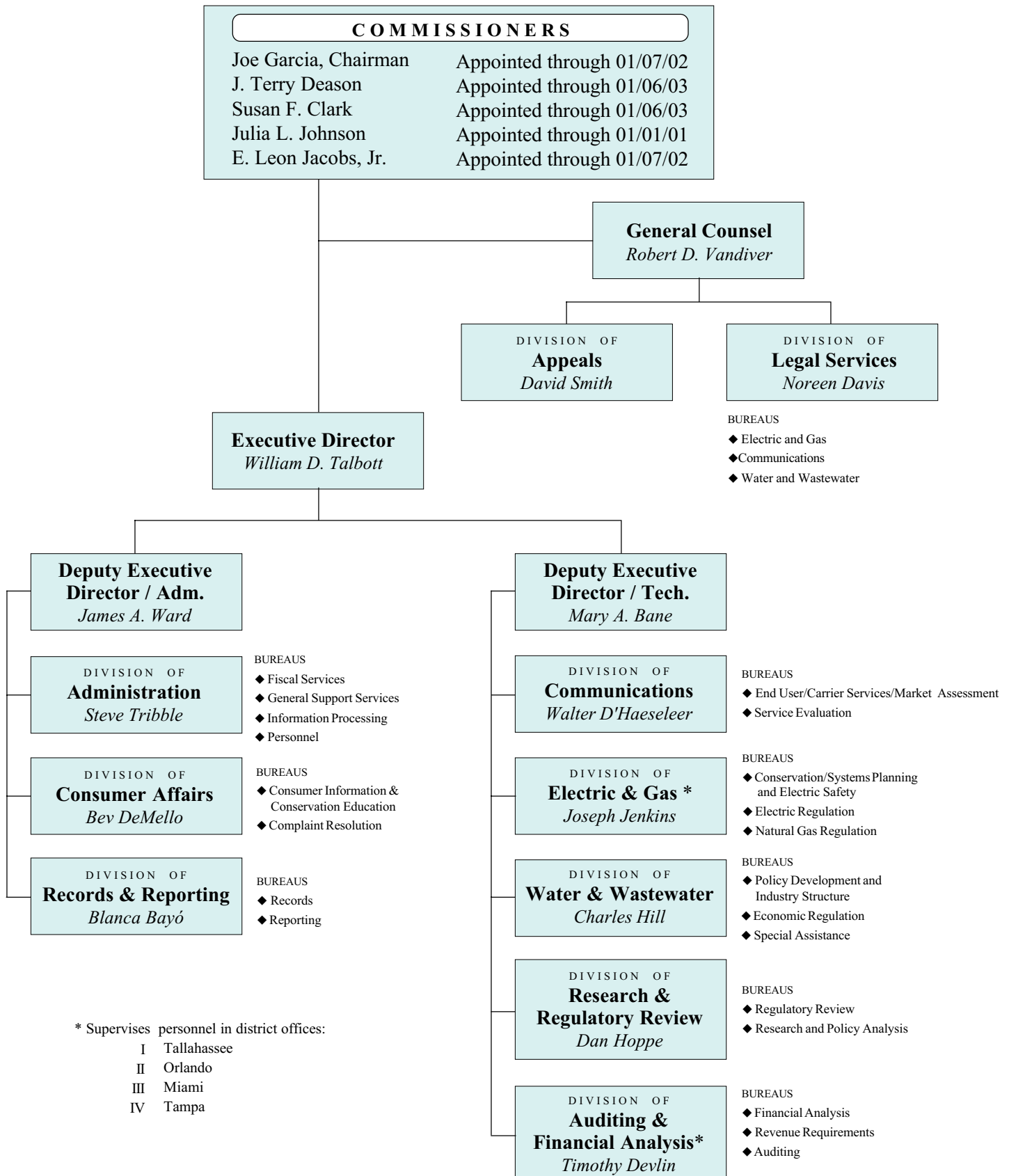
Orlando

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

Tampa

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

1999 Florida Public Service Commission



The Commissioners



CHAIRMAN

Joe Garcia

Chairman Joe Garcia was appointed by the late Governor Lawton Chiles in August 1994 to complete a term ending in January 1998, and was then reappointed by Governor Chiles to a new term ending January 2002. He was installed as Chairman of the Florida Public Service Commission in January 1999. Prior to his service on the Commission, he was Executive Director of the Cuban Exodus Relief Fund, the Cuban American National Foundation's private sector resettlement program, and was Assistant Director of the Salvadoran American Foundation, where he coordinated fund-raising efforts for humanitarian relief campaigns. Chairman Garcia is presently Vice Chair of the National Association of Regulatory Utility Commissioners (NARUC) Committee on International Relations and serves on the NARUC Ad Hoc Committee on Consumer Affairs. He has also served on the Department of Energy's National Electric and Magnetic 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. He is a director of The Beacon Council, The Latin Chamber of Commerce of USA (CAMACOL), and the South Beach Latin Chamber of Commerce.



COMMISSIONER

J. Terry Deason

Commissioner Deason was first appointed by the Florida Public Service Commission Nominating Council in February 1991 for a term ending in January 1995. He has been reappointed to consecutive terms by the late Governor Lawton Chiles and Governor Jeb Bush. Commissioner Deason's current term ends in January 2003. He served as Commission Chairman from January 5, 1993 through January 2, 1995. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). Deason currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and Utility Association Oversight Committee. Prior to his appointment, Deason served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, Commissioner Deason was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulting with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, he served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. Deason also received his master of accounting degree from FSU in 1989.



COMMISSIONER

Susan F. Clark

Commissioner Clark was first appointed to the Commission in August 1991 and was recently reappointed to a term ending in 2003. She served as Commission Chairman from January 2, 1995, through January 7, 1997. She served the Commission as General Counsel, representing the Commissioners in all state and federal courts, from 1988 until she was appointed Commissioner. Prior to that, she served as Associate General Counsel and Deputy General Counsel. Before her employment with the Public Service Commission, she was staff attorney with the Florida Joint Administrative Procedures Committee, and was staff attorney for Florida Senate Legislative Services. Commissioner Clark received her bachelor's degree in political science and her juris doctor degree from the University of Florida. She is a member of the Florida Bar and is admitted to practice in several federal courts, including the U.S. Supreme Court. She serves as Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Electricity, and Chair of the Ad Hoc Committee on Electric Industry Restructuring. She represents NARUC on the North American Electric Reliability Council, and is a member of the Electric Power Research Institute Advisory Council and the Steering Committee of the National Council on Competition.



COMMISSIONER

Julia L. Johnson

Commissioner Johnson was appointed by the late Governor Lawton Chiles in January 1993 and was reappointed to another four-year term ending in 2001. She served as Commission Chairman from January 7, 1997, through January 5, 1999. Prior to her appointment, she served as Legislative Affairs Director for the Department of Community Affairs (DCA), where she represented the agency before the Florida 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. Commissioner 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 Commissioners' 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

E. Leon Jacobs, Jr.

Commissioner Jacobs was appointed by the late Governor Lawton Chiles to a four-year term beginning January 1998. Prior to his appointment, he was a staff attorney for the House 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 staff counsel to 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. He also was an attorney with the Florida Public Service Commission, 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, chairs NARUC's Ad Hoc Task Force on Y2K Readiness, and is a member of the Environmental Protection Agency's (EPA) Small Systems Working Group under the National Drinking Water Advisory Council (NDWAC). He is also a board member of Child Advocates II of Tallahassee, and a volunteer guardian in the Guardian Ad Litem Program (GAL) in the Second Judicial Circuit. Commissioner Jacobs formerly served as President of the Board of Directors of the Tallahassee affiliate of Habitat for Humanity. Commissioner Jacobs is a member of the Florida Bar. He received a bachelor of technology degree, with honors, in data processing from Florida A&M University, and his juris doctor degree from the College of Law at Florida State University.

1998-99 NARUC
Committee and Subcommittee Memberships

Joe Garcia, Vice Chair	Committee on International Relations
J. Terry Deason	Executive Committee
J. Terry Deason	Committee on Finance and Technology
Susan F. Clark, Chair	Committee on Electricity
Susan F. Clark	Subcommittee on Nuclear Issues-Waste Disposal
Susan F. Clark	Subcommittee on Strategic Issues
Susan F. Clark, Chair	Ad Hoc Committee on Electric Industry Restructuring
Julia L. Johnson	Committee on Communications
E. Leon Jacobs, Jr.	Committee on Water
E. Leon Jacobs, Jr., Chair	Ad Hoc Task Force on Year 2000 Readiness
William D. Talbott	Staff Subcommittee on Executive Directors
James A. Ward	Staff Subcommittee on Education
Robert D. Vandiver, Chair	Staff Subcommittee on Law
Beverlee S. DeMello	Staff Subcommittee on Consumer Affairs
Beverlee S. DeMello	Staff Subcommittee on Public Information
Mark Long, 2nd Vice Chair	Staff Subcommittee on Communications
J. Alan Taylor	Staff Subcommittee on Telephone Service Quality
James W. Dean, Chair	Staff Subcommittee on Electricity
Katrina Tew	Staff Subcommittee on Electricity
Katrina Tew	Staff Subcommittee on Nuclear Issues-Waste Disposal
Joseph D. Jenkins	Staff Subcommittee on Energy Resources and the Environment
Timothy J. Devlin, Chair	Staff Subcommittee on Accounts
Margaret Feaster	Staff Subcommittee on Computers
Patricia Lee, Chair	Staff Subcommittee on Depreciation
Dan Hoppe, Chair	Staff Subcommittee on Economics and Finance
Cheryl Bulecza-Banks	Staff Subcommittee on Gas
Lisa Harvey	Staff Subcommittee on Management Analysis
John D. Williams, Chair	Staff Subcommittee on Water
Charles H. Hill	Staff Subcommittee on Water

1887 - 1999

Florida Public Service Commissioners

Commissioner	Years Served	Replaced By
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	

The Commission was abolished by the Legislature in 1891, recreated in 1897

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. Blicht
Newton A. Blicht	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 Mck. Wilson
Michael McK. 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 01-06-03	
Susan F. Clark	08-15-91 to 01-06-03	
Luis J. Lauredo	01-23-92 to 05-16-94	Joe Garcia
Julia L. Johnson	01-05-93 to 01-01-01	
Diane K. Kiesling	12-07-93 to 01-05-98	E. Leon Jacobs, Jr.
Joe Garcia	08-19-94 to 01-07-02	
E. Leon Jacobs, Jr.	01-06-98 to 01-07-02	

Maintaining the Balance

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 responsibilities, 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 1998, the PSC regulated 5 investor-owned electric companies, 8 investor-owned gas utilities, and 351 investor-owned water and wastewater utilities comprising more than 1,300 systems.

Additionally, the PSC had regulatory authority and competitive market oversight for 10 local exchange telephone companies, 236 alternative local exchange telephone companies, 639 long-distance (interexchange) telephone companies, 1,119 competitive pay telephone service providers, 35 shared tenant service providers, and 36 alternative access vendors

While the PSC does not regulate publicly owned, municipal, and cooperative utilities, it does have rate structure jurisdiction over 33 municipally owned electric systems, 18 rural electric cooperatives, and 27 municipally owned gas utilities.

In 1998, the Commission's Division of Records and Reporting opened 2,026 dockets, and in doing so set an all-time record for dockets opened in one year. The Division also reopened 22 closed dockets and closed 1,653 dockets.

The PSC has 387 authorized positions and an annual budget of about \$27 million. ♦

How Rates are Set

The Public Service Commission has the responsibility to set rates that 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 that 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. 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. 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.



DEPUTY EXECUTIVE DIRECTOR/
TECHNICAL

Mary A. Bane

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, and acts as legislative liaison.



DEPUTY EXECUTIVE DIRECTOR /
ADMINISTRATIVE

James A. Ward

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 (AFA) is the principal adviser 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 65 staff members in the Division, 56 are technical staff that include accountants, economists, engineers, and financial analysts. There are 16 CPAs, 1 CIA, and 11 staff members who hold advanced degrees.

Auditing and Financial Analysis

Bureau of Auditing

A staff of 27 accountants completed 100 financial and special investigative audits to support the staff analysis of utility petitions and Commission initiatives during 1998. These audits were broken down as follows:

Affiliate Transactions	2
Capacity Cost	4
Compliance	5
Conservation	13
Earnings Reviews	10
Environmental Cost Recovery	3
Fuel	5
Investigations	14
Purchased Gas Adjustments	9
Rate Base Audits	5
Rate Cases	2
Regulatory Assessment Fee	16
Staff-Assisted Rate Cases	7
Telecommunications Reports	5

In 1998, the Bureau initiated a program review of the Regulatory Assessment Fees (RAF) submitted to the Commission. The Bureau pulled a sample of 77 companies from the total population of all non-rate-base-regulated companies that pay RAF. The Bureau developed a basic audit request that included two steps: tracing the revenues and regulatory assessment fees reported on the RAF form to the utility's general ledger, and judgmentally testing the utility's revenues to determine that all revenue types required by statute and rule are reported on the RAF form. Thirty-six of these RAF reviews were completed in 1998.

During the year, two auditors submitted testimony in three cases before the Commission. In the first case, the auditor testified regarding work performed in an investigation of the charges for interconnection in a telecommunications case. In the second case, the auditor supported the audit work in a water and wastewater certificate transfer case. The audit covered the cost of the plant at

the time of the transfer. In the third case, the auditor testified regarding work performed in an investigation of billing between an IXC and a reseller.

In 1998, 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 its plan to audit affiliate transactions of electric utilities by completing audits of Gulf Power Company and Tampa Electric Company.

On May 23, 1997, a petition was filed with the Division of Administrative Hearings (DOAH) that 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. The Bureau Chief provided testimony in this case regarding audit procedures that supported the Commission's case. A final order was issued by the Hearing Officer on March 9, 1998. The Hearing Officer agreed with the Commission on all issues except one. He stated that the Commission's practice of allowing utilities an opportunity to respond to the audit reports should be adopted in a rule. The utility appealed the Hearing Officer's decision to the 1st District Court of Appeal and staff filed a cross-appeal. The Court held oral argument on December 21, 1998. On January 13, 1999, the Court issued an order affirming the DOAH order but reversing the finding regarding the one practice that should be a rule. The order also remanded for reconsideration the issue of attorney fees.

The Bureau also performed numerous routine activities. The auditors reviewed the microfilm procedures for Tampa Electric Company to determine whether they were sufficient to substitute for original records so the retention period for originals could be reduced. Staff also participated in a docket that considered a change in the frequency and timing of hearings for the Fuel and Purchased Power Cost Recovery Clause, the Capacity Cost Recovery Clause, the Generating Performance Incentive Factor, the Energy Conservation Cost Recovery Clause, the Purchased Gas Adjustment (PGA) True-up, and the Environmental Cost Recovery Clause. This docket changed the hearings from twice a year to once a year in November. The hearing process will include the historic data from the previous calendar year. Staff also participated in a docket where City Gas asked for authorization to move its records to New Jersey.

1998 ANNUAL REPORT

BUREAU OF AUDITING TALLAHASSEE DISTRICT OFFICE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
971401-WS	BAYSIDE UTILITIES, INC.	Application for staff-assisted rate case in Bay County by Bayside Utilities, Inc.
920260-TL	BELLSOUTH TELECOMMUNICATIONS, INC.	Comprehensive review of the revenue requirements and rate stabilization plan of Southern Bell Telephone and Telegraph Company.
	BELLSOUTH TELECOMMUNICATIONS, INC.	Investigation into the franchise fee billed and collected for the City of Sunrise.
960789-EI	GPC	Petition for authority to implement proposed commercial/industrial service rider on pilot/experimental basis by Gulf Power Company.
970002-EI	GPC	Energy conservation cost recovery clause.
980007-EI	GPC	Environmental cost recovery clause.
980001-EI	GPC	Fuel and purchased power cost recovery clause and generating performance incentive factor (Fuel).
980001-EI	GPC	Fuel and purchased power cost recovery clause and generating performance incentive factor (Capacity Cost).
UNDKT.	GPC	Investigation into the affiliate transactions.
980002-EG	GPC	Energy conservation cost recovery clause.
UNDKT.	GPC	Investigation into the grey tax policies of the utility.
980000A-SP	GT COM	UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Residential Basic Local Telecommunications Rates.
980003-GU	PEOPLES GAS SYSTEM	Purchased gas adjustment (PGA) true-up.
980003-GU	ST. JOE NATURAL GAS	Purchased gas adjustment (PGA) true-up.
980002-EG	ST. JOE NATURAL GAS	Energy conservation cost recovery clause.
980214-WS	UNITED WATER FLA., INC.	Application for rate increase in Duval, St. Johns and Nassau Counties by United Water Florida Inc.
TOTAL TALLAHASSEE AUDITS 16		

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BUREAU OF AUDITING TAMPA DISTRICT OFFICE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
UNDKT.	ALOHA UTILITIES, INC.	Investigation into the level of earnings for 1997.
980726-WU	DIXIE GROVES ESTATES, INC.	Application for staff-assisted rate case in Pasco County by Dixie Groves Estates, Inc.
961475-SU	FOREST HILLS UTILITIES, INC.	Application for limited proceeding increase in wastewater rates by Forest Hills Utilities, Inc. in Pasco County.
980002-EI	FPC	Energy conservation cost recovery clause.
980001-EI	FPC	Fuel and purchased power cost recovery clause and generating performance incentive factor (Fuel).
980001-EI	FPC	Fuel and purchased power cost recovery clause and generating performance incentive factor (Capacity Cost).
UNDKT.	FPC	Investigation into the web costs incurred by the utility.
UNDKT.	FPC	Investigation into the grey tax policies of the utility.
980002-EG	FPC	Energy conservation cost recovery clause.
98000A-SP	GTE FLORIDA	UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Residential Basic Local Telecommunications Rates.
960847-TP	GTE FLORIDA (SEE #4135)	Petition by AT&T Communications of the Southern States, Inc. for arbitration of certain terms and conditions of a proposed agreement with GTE Florida Incorporated concerning interconnection and resale under the Telecommunications Act of 1996.
981258-WS	LAKE WALES UTILITY COMPANY, LTD.	Investigation of water and wastewater rates of Lake Haven Utility Association, Ltd. d/b/a Lake Wales Utility Co., Ltd. in Polk County for possible overearnings.
980242-SU	LINDRICK SERV. CORP. (ORL.)	Petition for limited proceeding to implement two-step increase in wastewater rates in Pasco County by Lindrick Service Corporation.
980002-EG	PEOPLES GAS SYSTEM	Energy conservation cost recovery clause.
980003-GU	PEOPLES GAS SYSTEM	Purchased gas adjustment (PGA) true-up.
UNDKT.	TECO	Investigation into complaint alleging improper political expenses charged to rate payers.
980001-EI	TECO	Fuel and purchased power cost recovery clause and generating performance incentive factor (Fuel).
950379-EI	TECO	Investigation into the level of earnings for 1995 AND 1996.
980007-EI	TECO	Environmental cost recovery clause.
980001-EI	TECO	Fuel and purchased power cost recovery clause and generating performance incentive factor (Capacity Cost).
UNDKT.	TECO	Investigation into the grey tax policies of the utility.
UNDKT.	TECO	Investigation into the affiliate transactions.
980002-EG	TECO	Energy conservation cost recovery clause.
980912-SU	TERRACE PARK VENTURES	Application for staff-assisted rate case in Pasco County by Sky Acres Enterprises d/b/a Terrace Park Ventures.
TOTAL TAMPA AUDITS 24		

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BUREAU OF AUDITING ORLANDO DISTRICT OFFICE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
UNDKT.	A.P. UTILITIES, INC.	Investigation into the cash flow of the utility and any liens associated with the utility.
980536-WU	ALTURAS WATER WORKS	Application for transfer of water facilities from Alturas Water Works to Keen Sales, Rentals and Utilities, Inc. in Polk County, cancellation of Alturas' Certificate No. 591-W, and amendment of Keen's Certificate No. 582-W to include additional territory.
980003-GU	CHESAPEAKE UTILITIES CORP.	Purchased gas adjustment (PGA) true-up.
980002-EG	CHESAPEAKE UTILITIES CORP.	Energy conservation cost recovery clause.
980778-SU	CROOKED LAKE PARK SEWERAGE CO.	Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.
971220-WS	CYPRESS LAKES ASSOCIATION., LTD.	Application for transfer of Certificates Nos. 592-W and 509-S from Cypress Lakes Associates, Ltd. to Cypress Lakes Utilities, Inc. in Polk County.
981198-WS	DAMON UTILITIES, INC.	Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.
UNDKT.	HIGHLANDS RIDGE ASSOCIATES, INC.	Investigation into the level of earnings for 1997.
UNDKT.	LAKE PLACID	Investigation into the utility's compliance with Commission orders regarding compliance with the Uniform System of Accounts.
UNDKT.	LANIGER ENTERPRISES	Investigation into the utility's compliance with Commission orders regarding compliance with the Uniform System of Accounts.
UNDKT.	MID-COUNTY SERVICES, INC.	Investigation into the utility's compliance with Commission orders regarding compliance with the Uniform System of Accounts.
971065-SU	MID-COUNTY SERVICES, INC.	Application for rate increase in Pinellas County by Mid-County Services, Inc.
980445-WU	MORNINGSIDE UTILITY, INC.	Application for staff-assisted rate case in Osceola County by Morningside Utility Inc.
980441-WS	ORCHID SPRINGS DEVELOPMENT CORPORATION	Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.
980003-GU	SOUTH FLORIDA NATURAL GAS	Purchased gas adjustment (PGA) true-up.
971186-SU	SANLANDO UTILITIES CORP.	Application for approval of reuse project plan and increase in wastewater rates in Seminole County by Sanlando Utilities Corporation.
980003-GU	SEBRING GAS SYSTEM	Purchased gas adjustment (PGA) true-up.

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BUREAU OF AUDITING ORLANDO DISTRICT OFFICE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
980000A-SP	SPRINT-FLORIDA	UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Residential Basic Local Telecommunications Rates.
971456-WS	TIMBERWOOD UTILITIES	Application for transfer of Certificates Nos. 524-W and 459-S in Pasco County from B.D.C., Inc. d/b/a Timberwood Utilities to Arbor Oaks I, LLC and Arbor Oaks II, LLC both Delaware Limited Liability companies d/b/a Timberwood Utilities.
UNDKT.	UTILITIES INC. OF FLORIDA	Investigation into the utility's compliance with Commission orders regarding compliance with the Uniform System of Accounts.
9716700-WU	VENTURE ASSOCIATES UTILITIES CORP.	Application for transfer of part of Certificate No. 488-W in Marion County from Venture Associates Utilities Corp. to Palm Cay Utilities, Inc.
980000A-SP	VISTA-UNITED	UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Residential Basic Local Telecommunications Rates.
980307-WS	ZELLWOOD STATION CO-OP, INC.	Application for certificate to provide water and wastewater service in Orange County by Zellwood Station Co-Op, Inc.
TOTAL ORLANDO AUDITS 23		

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BUREAU OF AUDITING MIAMI DISTRICT OFFICE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
971140-TP	BELLSOUTH TELECOMMUNICATIONS, INC.	Motions of AT&T Communications of the Southern States, Inc., and MCI Telecommunications Corporation and MCI Metro Access Transmission Services, Inc., to compel BellSouth Telecommunications, Inc. to comply with Order PSC-96-1579-FOF-TP and to set non-recurring charges for combinations of network elements with BellSouth Telecommunications, Inc., pursuant to their agreement.
980003-GU	CITY GAS COMPANY OF FLA.	Purchased gas adjustment true-up.
980002-EG	CITY GAS COMPANY OF FLA.	Energy conservation cost recovery clause.
UNDKT.	FPL	Investigation into the web costs incurred by the utility.
UNDKT.	FPL	Investigation into the grey tax policies of the utility.
980007-EI	FPL	Environmental cost recovery clause.
980002-EG	FPL	Energy conservation cost recovery clause.
980001-EI	FPL	Fuel and purchased power cost recovery clause and generating performance incentive factor (Fuel).
980001-EI	FPL	Fuel and purchased power cost recovery clause and generating performance incentive factor (Capacity Cost).
980002-EG	FPL	Energy conservation cost recovery clause.
980001-EI	FPU	Fuel and purchased power cost recovery clause and generating performance incentive factor (Fuel).
980003-GU	FPU	Purchased gas adjustment (PGA) true-up.
UNDKT.	FPU	Investigation into the grey tax policies of the utility.
980002-EG	FPU	Energy conservation cost recovery clause.
UNDKT.	FPU - FERNANDINA BEACH	Investigation into the earnings level for 1997.
980003-GU	INDIANTOWN GAS COMPANY	Purchased gas adjustment true-up.
UNDKT.	INDIANTOWN GAS COMPANY	Investigation into the earnings level for 1997.
980000A-SP	ITS TELECOMMUNICATIONS	UNDOCKETED SPECIAL PROJECT: Fair and Reasonable Residential Basic Local Telecommunications Rates.
UNDKT.	SOUTH FLORIDA NATURAL GAS	Investigation into the earnings level for 1997.
960833-TP	BELLSOUTH TELECOMMUNICATIONS, INC.	Petition by AT&T Communications of the Southern States, Inc. for arbitration of certain terms and conditions of a proposed agreement with BellSouth Telecommunications, Inc. concerning interconnection and resale under the Telecommunications Act of 1996.
951232-TI	TRANSCALL AMERICA, INC. (D/B/A ATC LONG DISTANCE)	Dade County Circuit Court referral of certain issues in Case No. 92-11654 (Transcall America, Inc. d/b/a ATC Long Distance vs. Telecommunications Services, Inc., and Telecommunications Services, Inc. vs. Transcall America, Inc. d/b/a ATC Long Distance) that are within the Commission's jurisdiction.
TOTAL MIAMI AUDITS 21		

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BUREAU OF AUDITING REGULATORY ASSESSMENT FEE AUDITS COMPLETED 1998		
Docket No.	Utility Name	Docket Title
UNDKT.	ACCURATE TECHNOLOGIES, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	COIN-TEL., INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	ERIC SCHMIDT	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	GLOBAL COMMUNICATION (D/B/A MARIA DELGADO)	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	GLOBALNET COMMUNICATIONS	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	GOLD COAST PEONES, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	JAMAL MASOUR ENTERPRISES, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	LIBERTY TELEPHONE, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	MX COMMUNICATIONS	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	NICARAGUA GROCERY (D/B/A NICARAGUA'S)	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	PEOPLES TELEPHONE CO., INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	R.A.I. COMMUNICATIONS	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	SYSTEMTECH COMMUNICATIONS, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	TELALEASING ENTERPRISES, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	TELECOMMUNICATIONS SERVICES CENTER, INC.	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
UNDKT.	TELPRO (D/B/A JOHN KENEFICK)	Audit compliances with regulatory assessment fees for year ended December 31, 1997.
TOTAL REGULATORY ASSESSMENT FEE AUDITS 16		

Electronic Data Processing (EDP)

The Division of Auditing and Financial Analysis' (AFA) EDP Section provided computerized audit support to Public Service Commission auditors and staff for 80 requests during eight audits conducted on seven different utility companies. Each company has its own complex computer systems, unique to its own industry.

In 1998, the EDP section continued its support of distribution of IBM laptop computers as well as the installation of extensive upgrades for field computer software. These upgrades benefited 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. This not only involves the physical delivery, but also covers the troubleshooting and resolution of problems that always accompany this type of function.

Technical support was also provided to the Commission's Year 2000 Task Force. The EDP section continues to supply advice and direction to the auditors and staff on issues involving statistical sampling methodology as required.

One of the audits that EDP supported in a significant manner was the Transcall/TSI audit. The EDP support involved taking 14 raw call data tapes produced by telephone switching equipment over a two-year period and developing the programs necessary to interpret and convert the "called from" and "called to" numbers, along with the time-of-day information and call duration times, which were then formatted into reports that could be compared to actual customer bills. The EDP section processed 14 tapes containing 1,484,415 individual call detail records and produced reports in response to requests received from the auditors assigned to this project.

Bureau of Financial Analysis

Depreciation Section

The Section completed the analysis and review of the depreciation studies for Florida Power Corporation (FPC) and Florida Power and Light (FPL). Analysis and review was also completed for Gulf Power Company's (Gulf) request for amortization of a new cogeneration facility. Review was also begun for the Florida Public Utilities (FPU)-Fernandina Beach depreciation study. The Section also participated in the Storm Damage Reserve case for FPL, the extension of FPL's expense plan for 1998 and 1999, the investigation of FPL's equity ratio and return on equity, and the Environmental Cost Recovery Clause cases filed by FPL, Gulf, and Tampa Electric Company (TECO). Additionally, the Depreciation Section analyzed TECO's earnings sharing plant, and continued with its work to revise the retirement units list for electric companies to incorporate higher capitalization/expensing thresholds.

The Section participated in determining the appropriate depreciation rates to be used in the cost studies in response to Section 364.025(4)(b), Florida Statutes, and Chapter 98-277, Laws of Florida.

The analysis and review of the depreciation studies filed by Indiantown Gas, South Florida Natural Gas, and St. Joe Gas were completed. The Section participated in analyzing City Gas Company's request for the amortization of Year 2000 costs.

The Section also worked with the National Regulatory Utility Commissioners Staff Subcommittee on Depreciation, researching and preparing a white paper regarding the issue of recovery of stranded investment. Work also continued on a water and wastewater depreciation manual.

The Section continued its assistance with the Florida Department of Revenue in regards to depreciation practices and principles of telecommunications property and equipment for ad valorem tax purposes.

1998 Depreciation Studies

ELECTRIC :	DOCKET NO .
Gulf (Staff Report & rec. in 1998)	970643-EI
Gulf Amortization of Cogeneration	980366-EQ
FPL	971660-EI
FPC	971570-EI
FPU-Fernandina Bch (Rec. in 1999)	980583-EI
G A S :	
Chesapeake (Rec. in 1998)	970428-GU
St. Joe	980103-GU
SFNG	980700-GU
Indiantown	980845-GU

Finance Section

During 1998, the Finance Section provided capital structure and cost of capital support in earnings investigations of FPU's Fernandina Beach division and United Water Company. Other docketed matters included: FPC's petition to waive the bidding rule; Gulf's petition to increase the funding of its storm damage reserve; TECO's filings under its earnings sharing plan; FPL's proposal to reduce its allowed ROE and extend its plan for expensing certain items in 1999 and 2000; the City of Kissimmee's Need Determination proceeding for a new power plant; the City of New Smyrna

Beach and Duke Energy's Need Determination proceeding for a new power plant; BellSouth's filing in its arbitration case with AT&T and MCI; the telecommunication industry's filings in the Determination of the Cost of Basic Local Service; 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 and held a workshop for the determination of the appropriate leverage formula for establishing the return on equity for water and wastewater utilities.

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 that 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 in all industries with the telecommunications industry accounting for most of the complaints or inquiries. Bill presentation of the various taxes continues to be a problem in that industry. New entrants also want to know the taxing structure of various locales when determining where to locate the offices or offer services.

The Section continued the revision of the Miscellaneous Tax Handbook and participated in the review of a model depicting the potential impact on Florida's tax revenues from electric restructuring, especially on the PECO fund.

A second meeting with FPC, the Internal Revenue Service (IRS), and the staff of the Tax Section was held in Washington, D.C., concerning FPC's purchase of the Tiger Bay facility. The IRS subsequently issued a Private Letter Ruling to FPC favorable to the utility and its ratepayers.

The Section also participated in earnings reviews of TECO, FPU-Fernandina Beach, and the extension of and amendment to FPL's plan to write off historic deficiencies and regulatory assets in 1998 and 1999; arbitration proceedings between BellSouth, AT&T, and MCI, and the legislatively mandated determination of the cost of basic local telephone service. The Section also completed and circulated a draft report to the National Association of Regulatory Utility Commissioners regarding the current status of utility taxation, and a discussion of areas to be considered when setting tax policy in the face of competition and deregulation.

The Section continued its involvement 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 potential impacts 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.

Further, the Section participated in seven depreciation studies, two matters concerning storm damage reserves, two ECRC dockets, and monitored FERC, FCC, NRC, and IRS activities for their effects on the regulatory environment.

Bureau of Revenue Requirements

Communications Accounting

During 1998, BellSouth Telecommunications, Inc. refunded \$160.7 million on a preliminary basis due to earnings in excess of BellSouth's sharing point of 13.11 percent return on equity for 1997. The \$160.7 million refund is subject to a true-up after final adjustments, if any, are included. Also during 1998, BellSouth refunded an additional \$6 million based on the final 1996 surveillance report. The Communications Accounting Section provided technical assistance to the Division of Administration 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 also assisted in the preparation of the Report on Universal Service as required by Section 364.025(4), Florida Statutes and the report on Fair and Reasonable rates as required by Chapter 98-277, Laws of Florida. The Communications Accounting Section also participated in the development of the general standard procedures for biennial audits as required under Section 272 of the Communications Act of 1934, as amended.

Electric & Gas Accounting

No requests for rate increases were filed during 1998. However, numerous over-earnings reviews were conducted during 1998 for both electric and natural gas utilities on 1996 and 1997 earnings. FPUC (electric and gas divisions) and TECO were subject to earnings limitations for 1997. In

addition, an earnings limitation for 1998 is in place for both FPUC and TECO. The earnings of these utilities during 1998 will be specifically reviewed during 1999. The earnings for all of the investor-owned electric and natural gas utilities are continuously monitored through the Section's earnings surveillance program. During 1998, Peoples Gas was ordered to issue a refund of \$626,334 based on a review of the accounting treatment of its environmental expense accrual and reserve account. The Section has also been involved in several dockets concerning the write-off of certain regulatory assets for electric 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 return on equity reviews.

Forecast Section

In 1998, the Forecast Section participated in several docketed proceedings involving projected financial information. These proceedings included two proposed buyouts by Florida Power Corporation of PURPA QF contracts. In these proceedings, the Section conducted sensitivity analyses of the proposed buyout 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 Cane Island 3 and the Duke/New Smyrna Beach Need Determination Cases.

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 the Division of Consumer Affairs in the analysis of the results of the Commission's customer awareness surveys, and the Division of Communications in its study of Comparable Local Telephone Rates.

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, finalizing Florida Power Corporation's Revenue Decoupling experiment, and tracking FPL's retail revenues and special 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 news media. Telecommunications companies currently regulated by the Florida Public Service Commission include 10 local exchange telephone companies, 236 alternative local exchange companies, 639 long distance (interexchange) telephone companies, 1,119 competitive pay telephone service providers, 35 shared tenant service providers, and 36 alternative access vendors.

Communications

Implementation of State Legislation

As a result of passage of HB 4785 during the 1998 legislative session, the Commission was required to conduct a number of studies for the Legislature and provide reports by February 15, 1999. The Legislature required that the Commission do as follows:

- A.** “Determine and report to the President of the Senate and the Speaker of the House, the total forward-looking cost, based upon the most recent commercially available technology and equipment and generally accepted design and placement principles, of providing basic local telecommunications service on a basis no greater than a wire center basis, using a cost proxy model to be selected by the Commission after notice and opportunity for hearing.”
- B.** “Calculate a small local exchange telecommunications company's cost of providing basic local telecommunications services based on one of the following options:
- A different proxy model; or
 - A fully distributed allocation of embedded costs, identifying high-cost areas within the local exchange area the company serves and including all embedded investments and expenses incurred by the company in the provision of universal service. The geographic basis for the calculations shall be no smaller than a census block group.”
- C.** “Determine and report to the President of the Senate and the Speaker of the House the amount of support necessary to provide residential basic local telecommunications service to low-income customers,” defined as customers who qualify for Lifeline Service.
- D.** “Study and report ... the relationships among the costs and charges associated with providing basic local service, intrastate access, and other services provided by local exchange telecommunications companies.”
- E.** “Report ... its conclusions as to the fair and reasonable Florida residential basic local telecommunications service rate considering ...”

(1) Affordability; (2) value of service; (3) comparable residential rates in other states; and (4) the cost of providing residential basic local telecommunications services in Florida, including the proportionate share of joint and common costs.

F. “Study issues associated with telecommunication companies serving customers in multi-tenant environments and report its conclusions, including policy recommendations, ... As part of this study, the Commission shall hold publicly noticed workshops and shall consider the promotion of a competitive telecommunications market to end users, consistency with any applicable federal requirements, landlord property rights, rights of tenants, and other considerations developed through the workshop process and Commission research.”

The Commission conducted a technical hearing on **A** and **B**; workshops on **C**, **D**, **E**, and **F**; and 22 public hearings in conjunction with **E**.

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 1998 were BellSouth, GTE-Florida, Sprint, and Northeast.

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.

Over 200,000 test calls were made to measure each company’s performance against more than 70 service standards. Test calls were initiated from 21 central offices. Business office and repair records were reviewed in 17 exchanges. Approximately 2,500 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 911 emergency systems to ensure access is available to hearing-impaired and deaf persons. Additionally, over 3,400 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 53 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 6,152 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 911 Emergency Systems. These results were provided to the respective county 911 coordinator and to the Department of Management Services' Division of Communication for follow-up of problem areas.

Area Code Relief

Florida has added nine additional area codes since 1995. Population growth and increased numbers of pagers, cellular telephones, and fax machines all contributed to the need for additional numbering resources. The Commission has played an active role in planning for these necessary changes. For 1998, the key actions were as follows:

- ◆ The Commission approved a concentrated growth overlay plan for Dade County; the new area code is 786. Permissive 7/10 digit dialing began March 1, 1998, and mandatory 10-digit dialing for all local calls began July 1, 1998.
- ◆ The Commission approved a geographic split plan to provide relief for the 813 area code. Under this plan, Hillsborough and East Pasco counties retain the 813 area code, and Pinellas and West Pasco receive the new 727 area code. Permissive 7/10 digit dialing began July 1, 1998, and mandatory dialing began February 1, 1999.
- ◆ The Commission approved a geographic split boundary extension overlay to provide relief for the 407 area code. Under this plan, Brevard County is split from 407 and placed in a new area code, and the same new area code is simultaneously used as an overlay in the remaining 407 area. Dates for permissive and mandatory dialing will be resolved during early 1999.

The following table shows the area codes and their expected relief years.

Area Code	Relief Year
941	1999
954	2000
561	2001
904	2002
407 (Seminole, Orange, and Osceola)	2004
407 (Brevard County)	2008
305/786 (Dade)	2009
850	2009
352	2010
305 (Keys)	2012

Call Aggregators

In 1998, 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 124 inspections to the Commission. The PSC staff also independently inspected 353 call aggregators and sent 360 notices of 870 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 6,152 public pay phones, staff identified three OSPs that charged rates exceeding the allowable amount. The OSPs were ordered to refund \$18,694.58 to Florida consumers.

Debit Cards

Docket Number 980553-TI was opened against Telaleasing Inc. for applying a non-tariffed per-call surcharge to the use of its Davel Prepaid Phone Card. Telaleasing filed a settlement in which it agreed to refund \$28,610, the amount of revenue received from the surcharge, and contribute a \$1,000 fine to the state General Revenue Fund.

In November the Commission adopted rules for the prepaid phone card industry as recommended in Docket 960254-TL. The rules identified the certificates needed to provide service and what consumer information must be given at time of purchase.

Rules governing prepaid calling services were added to the Florida Administrative Code as Section 25.24-900 through 25.24-940.

Wholesale Agreements

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 wholesale purchase. Unbundling portions of the local exchange company's network and making them available for purchase provides a method that a potential competitor can use 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 December 31, 1998, the Commission has approved 556 agreements negotiated by parties under either Chapter 364, Florida Statutes, or Section 252 of the federal Telecommunications Act of 1996 (TA 96), of which 391 were approved during 1998. 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. Most of the agreements resulting from the arbitrations are for a two-year term, which means that the Commission may perform many more arbitrations in 1999.

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 or her 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 costs and that 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. As of December 31, 1998, permanent number portability using the Location Routing Number (LRN) method has been implemented in the Miami, Orlando, Tampa, Jacksonville, Orlando, Fort Lauderdale, West Palm Beach, and Sarasota metropolitan statistical areas. On December 14, 1998, the FCC issued an order that provided guidance to LECs regarding the tariffs they may file for recovery of long-term number portability costs.

Lifeline

The Lifeline Assistance Program is designed to help low-income consumers obtain monthly local telephone service. The FCC 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). In Florida, the LECs provide the \$3.50 state portion of the credit. Thus, Florida customers receive the full \$10.50 credit toward local service.

Access Charge Reform

The 1998 legislative revision to Section 364.163(6), Florida Statutes, modified existing requirements for switched access rate reductions and the flow-through of those reductions to customers. The 1998 revision required GTE Florida and Sprint-Florida to reduce their intrastate switched access rates by 5 percent on July 1, 1998, and by an additional 10 percent on October 1, 1998.

These revisions also required any interexchange telecommunications company whose intrastate switched access expense was reduced to flow through the expense reduction to its customers. Although interexchange telecommunications carriers were permitted to determine the specific intrastate rates to be decreased, there were two restrictions. First, the per-minute intraLATA toll rates could not be reduced by a percentage greater than the per-minute intrastate switched access

rate reductions. Second, both residential and business customers had to benefit from the rate decreases.

By PAA Order No. PSC-98-0795-FOF-TP, issued June 8, 1998, in Docket No. 980459-TP, the Commission ordered the access rate reductions and flow-throughs consistent with the revisions to Section 364.163, Florida Statutes. The flow-throughs were effective July 1 and October 1. The affected LECs and IXC's have made their rate reductions, although some housekeeping details remain.

Provider Selection:

Rulemaking for local, local-toll, and interLATA carrier selection was completed in 1998. The Commission completed ten public workshops throughout the state in 1997 and on November 3, 1998, voted to implement new slamming rules. The rules were adopted on December 28, 1998.

The highlights of the new slamming rules include a change in the required verification methods, including recording the independent third-party verification; the implementation of service standards to customer service numbers delegated to handle slamming complaints; and the relief of the charges of the unauthorized carrier for the first 30 days given to consumers.

The FCC also proposed new slamming rules in 1998. The implementation date is not known at this time. The highlights of the new rule include a change in the required verification methods and the relief the customer is given when it has and has not paid the unauthorized carrier.

Unauthorized Billing (Cramming)

During 1998, Commission resolved 1,853 cramming cases, resulting in refunds of \$81,439.61 to Florida consumers. Cramming is the addition of charges to a telephone bill for programs, products or services the consumer did not authorize, did not knowingly authorize, or did not receive.

The Commission conducted the first of eight cramming rule development workshops in Tallahassee on November 9, 1998. During this first workshop, GTE, BellSouth, Sprint, and Alltel each gave a presentation outlining their approach in developing policies and implementing procedures to reduce the number of cramming events in Florida. The seven remaining public workshops are scheduled to be held throughout the state from February 4, 1999, through April 7, 1999. Consumers who were crammed during 1997 and 1998 have been notified of the times, dates and locations of each workshop and were invited to participate.

The FCC has conducted an industry meeting and public forum to address issues such as truth-in-billing and unauthorized charges on telephone bills. As a result, the FCC is considering three separate petitions for declaratory rulings or rules on various issues associated with charges by other companies on telephone bills. The FCC conducted a public forum addressing truth-in-billing on October 23, 1998. A schedule for rulemaking has not been proposed by the FCC.

The FTC issued a Notice of Proposed Rulemaking to amend the 900-number rule that governs the advertising and operation of pay-per-call services, and establishes billing dispute procedures for those services as well as for other telephone-billed purchases. The Commission's, FCC's and FTC's activities regarding truth-in-billing, cramming, and billing dispute resolution are closely related issues.

Upper Captiva Island

Sprint-Florida, Inc. has provided telephone service to Upper Captiva, an unbridged island just north of Captiva Island, via a submarine telephone cable. With service growth to more than 300 subscribers today, Sprint's capacity to provide additional service was exhausted in November 1997. Much of the buried feeder cable on the island passes through state park lands and needs to be removed for maintenance and easement reasons. Recognizing the need to reinforce its feeder facilities, Sprint studied several relief solutions. In March 1997, Sprint's planners decided to construct Spread Spectrum Radio (SSR) facilities to the island.

After receiving a complaint from the Upper Captiva Civic Association, staff opened a docket in January 1998 to investigate Sprint's failure to provide additional service to the island. We learned that Sprint was unable to construct new feeder facilities due to unusual circumstances - inability to remove submarine load coils, the aforementioned deteriorating buried cable, obsolete and unavailable analog carrier equipment, prohibitive fiber construction costs, easement revocations by both the State and the Island's Fire District, and significant resident opposition to the proposed tower height. Staff and Sprint then met with several civic associations in April and with residents at an open forum in June to seek cooperation to secure an easement for an SSR antenna. When attempts to secure an easement on state park lands and Fire District property failed, Sprint acquired a private property easement in October 1998. It started SSR construction immediately, and satisfied all unfilled service requests on December 22, 1998. At the end of 1998, Sprint had provided SSR service to half the island subscribers. Sprint expects to complete the feeder relief construction in January 1999.

Dog Island

GTC, Inc. first provided telephone service to Dog Island, an unbridged island southeast of Carrabelle, in November 1995. The company provided cellular service that proved unsatisfactory, lacking in service quality and available services. In 1997, the company recommended replacing the cellular service with Spread Spectrum Radio (SSR) service. On October 2, 1997, the Commission ordered conditional approval of the company's recommendations. GTC, Inc. began SSR construction in March 1998 and completed construction on May 5, 1998. After final testing, GTC cut Dog Island customers to the SSR service on June 22, 1998. We evaluated the service provided to Dog Island subscribers on December 15, 1998. Our test results verified that GTC, Inc. is now providing satisfactory telephone service to island subscribers - equal in quality and available services (voice, facsimile, and data) to its mainland Carrabelle customers.

Tariff Filings

Telecommunications companies in Florida made 1,792 tariff filings during 1998. In 1998, 1,623 tariff filings were closed, compared with 1,585 in 1997. Of the 1,623 filings, the Commission voted on 543 (compared with 457 in 1997), and the remaining 1,080 were handled administratively. Of the 1,623 tariff filings, 446 were filed by local exchange companies (LECs), 874 by interexchange companies (IXCs), and 303 by alternate local exchange companies (ALECs). **The following 1998 tariff filings were of special interest:**

First Quarter:

- Sprint filed a tariff to increase the subscriber line charge (SLC) for Centrex business customers.
- GTEFL filed a tariff to add a \$.40 per call charge to payphone service providers for directory assistance calls.
- BellSouth filed a tariff to increase its rate for directory assistance outside the customer's local calling scope but within the home area code (1-NPA-555-1212) from \$.25 to \$.48 per call.
- GT Com filed a tariff to add ISDN to its tariff.
- BellSouth (BST) filed a tariff to add PSP Reward Plan for Payphone Service Providers (PSPs). This plan is designed to reward PSPs for continuing to purchase their access line service from BST and agreeing to use BST's facilities for completing their 0+ local and intraLATA calls.

Second Quarter:

- GTEFL filed a tariff to allow subscribers to restrict outgoing Extended Calling Service (ECS) calls from their line.
- BellSouth filed a tariff to increase local and toll station operator surcharges from \$1.10 to \$1.26, and increase local and toll emergency interrupt from \$.40 to \$.45.
- ECS was implemented on the Lake City/Luraville and Lake City/Fla. Sheriff Boys Ranch routes effective May 1, 1998.
- Sprint filed a tariff to add National Directory Assistance. This will allow customers to obtain numbers outside their home area code by dialing 411.
- BellSouth filed a tariff to reduce the call allowance for local DA from three calls to two calls.
- BellSouth increased message and measured rates for residential customers. BellSouth also reversed the regrouping of Pensacola and Yulee in accordance with PSC-97-0071-FOF-TL.

Third Quarter:

- BellSouth filed an emergency tariff to waive the late payment fee for victims of recent fires.
- Sprint filed a tariff to offer a new pricing option of 800-210-XXXX (Local Toll Calling Plan) for long distance message service.
- ITS added smart line service to its tariff to comply with federal and state pay phone requirements (Docket No. 970281-TL).
- Vista-United added coin line service to its tariff to comply with federal and state pay phone requirements (Docket No. 970281-TL).
- GTEFL and Sprint filed tariffs to reduce switched access rates in accordance with Florida statutes.
- ECS was implemented on the Haines City/Bartow, Haines City/Lakeland, Haines City/Polk City, Haines City/Celebration, Haines City/Lake Buena Vista, Haines City/Reedy Creek, Haines City/Kissimmee, and Haines City/West Kissimmee routes.
- BellSouth filed an emergency tariff to waive certain charges for victims of Hurricane Georges.

Fourth Quarter:

- GTEFL filed a tariff to remove the equal access cost recovery rate element from its tariff. This rate was imposed by Order No. PSC-95-0203-FOF-TP (Docket No. 930330-TP), which allowed GTEFL to recover its costs associated with implementation of intraLATA equal access. GTEFL states that these costs have been recovered.
- Sprint filed a tariff to add a residential service enrollment plan. This plan permits a customer to choose one of six Sprint Solution packages, which include flat rate local exchange service, a 60-minute block of time for local toll or Sprint Sense local toll rates with no block of time, and a specified custom calling feature package or enhanced call waiting for one flat monthly rate.
- BellSouth filed a tariff to offer nonconsecutive Direct-Inward-Dial numbers. This service previously was only available by special contract.

Enforcement Activity

Slamming: During 1998, seven interexchange companies settled for a total of \$815,000 for apparent slamming violations. Two dockets were opened, one is pending with a fine of \$370,000 for slamming, and the other company had its certificate canceled. Two other companies surrendered their certificate in lieu of a fine. Nine dockets remain open pending Commission decision.

Operating Without a Certificate: Three interexchange companies settled for a total of \$27,000 for operating without a certificate. Two dockets remain open pending Commission decision.

Operating Without a Certificate in Addition to Failure to Respond and Report: One interexchange company agreed not to offer service in Florida as part of a settlement. One interexchange company settled for \$20,000 for operating without a certificate and failure to respond. Three dockets remain open pending Commission decision.

Overcharges: One docket was opened for overcharges and will refund \$6,768.98 plus a \$2,750 contribution. One docket was opened for overcharges at inmate facilities. The company refunded with interest \$1,707,411.92 and had a rate reduction of \$194,169.10. They also paid a settlement of \$10,000. Another docket was opened for timing overcharges. The company was requested to reduce rates until \$7,500.00 was refunded. As of December 17, 1998, a total revenue reduction of \$8,675.60 had been refunded.

Incorrect Name Posted: One docket remains open for incorrect posting of name on their pay telephone.

Multiple Violations: One docket was opened for nonresponse to staff and made a settlement of \$5,000. Two dockets were opened for tariff violations with a total of \$30,610 in settlements and fines. One docket is still open for tariff violations and another is still open for tariff and nonresponse to staff. One docket was opened for reporting requirements and nonresponse and their certificate has been canceled. Two dockets were opened for reporting, nonresponse, complaint, and service. Their certificates were canceled. One docket was opened for nonresponse, reporting, service and regulatory assessment fees. This docket was forwarded to the Comptroller's Office for collection and their certificate was canceled. One docket was opened for service and regulatory assessment fees against a pay telephone company. One docket remains open for unlawful billing practices.

Failure to File Regulatory Assessment Fees:

Pay Telephone: Two hundred forty-one dockets were opened against pay telephone companies. Fifty-three had their certificates canceled; one company paid a \$500 fine; five companies paid a \$100 settlement; one company paid a \$500 settlement; one company's certificate was not canceled

due to extenuating circumstances; two companies paid the past-due RAFs and their certificates were voluntarily canceled; and 178 are pending final resolution.

Interexchange Companies: One hundred three dockets were opened against interexchange telecommunications companies. One company paid a \$1,000 fine; one company's certificate was canceled; and 103 are pending final resolution.

Alternative Local Exchange Companies: Twenty dockets were opened against alternative local exchange companies. All dockets are pending final resolution.

Alternative Access Vendor: Two dockets were opened against alternative access vendors. One company paid a \$500 settlement; and one docket is pending final resolution.

Shared Tenant Providers: Two dockets were opened against shared tenant service providers; both dockets are pending final resolution.

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

Equipment Distribution		
	Total Items Distributed	Average per month
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	36,526	3,044
7/1/97 - 6/30/98	38,321	3,193

Table B

New Recipients of Equipment and Training (7/97-6/98)	
Deaf	538
Hard of Hearing	20,480
Speech Impaired	120
Dual Sensory Impaired	35
Total	21,173

Table C

Financial Report (7/97-6/98)		
Relay Services	\$ 9.3	million
Equipment & Repairs	\$ 3.2	million
Equipment Distribution & Training	\$ 0.9	million
Outreach	\$ 0.2	million
General & Administrative	\$ 0.7	million
Total	\$ 14.3	million

Table D

Surcharge Level	
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 - 6/30/98	12¢ / access line / month
7/1/98 - Forward	11¢ / access line / month

Regulated Telephone Company Statistics

as of December 1998

Company Headquarters	No. of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth from Previous Year
Alltel Florida, Inc. <i>Live Oak, Florida</i>	27	82,719	.75	5.91%
BellSouth Telecommunications Co. <i>Miami, Florida</i>	102	6,481,986	58.54	4.15%
GT COM (Formerly Florala) <i>Florala, Alabama</i>	2	2,440	0.02	3.83%
Frontier Communications of the South <i>Atmore, Alabama</i>	2	4,266	0.04	2.99%
GT COM (Formerly St. Joseph) <i>Port St. Joe, Florida</i>	13	33,702	0.30	6.87%
GTE Florida, Inc. <i>Tampa, Florida</i>	24	2,368,938	21.39	4.43%
GT COM (Formerly Gulf Tel.) <i>Perry, Florida</i>	2	10,273	0.09	7.50%
ITS (Formerly Indiantown) <i>Indiantown, Florida</i>	1	3,537	0.03	3.66%
Northeast Florida Telephone Company <i>Macclenny, Florida</i>	2	8,592	0.08	7.11%
Quincy Telephone Company <i>Quincy, Florida</i>	3	13,270	0.12	0.16%
Sprint Florida (Centel) <i>Tallahassee, Florida</i>	35	428,816	3.87	6.15%
Sprint Florida (United) <i>Altamonte Springs, Florida</i>	69	1,619,226	14.62	6.06%
Vista-United Telecommunications <i>Lake Buena Vista, Florida</i>	2	15,236	0.14	12.75%
Total	284	11,073,001	100.00	4.59%



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 and Gas

Fuel Cost Recovery

Previously, the Commission held its fuel and purchased-power cost recovery proceedings twice a year, in February and August, to examine utility fuel costs, fuel transportation costs, and costs related to generation system operations. Recently, the Commission decided that an annual fuel cost recovery proceeding, to be held in November, would provide many benefits to both the utilities and their ratepayers. One identified benefit of an annual fuel cost recovery proceeding is that the fuel component of a ratepayer's electric bill will only change once a year. This should provide for more certain and stable electric costs to assist ratepayers when planning their family's or company's financial budget. The Commission will set the utilities' capacity cost recovery factor and the generation performance incentive factor every November as well.

In 1998, the Commission approved recovery of power plant modifications which will reduce future fuel costs. Florida Power Corporation will convert two combustion turbine units at its Suwannee and Debarry plants to burn natural gas. These conversions are expected to save ratepayers \$6.65 million in fuel costs over the next five years with an investment of approximately \$4.25 million.

Also in 1998, the Commission determined that Tampa Electric Company had overcharged its ratepayers for coal purchased from an affiliated company for four of the past five years. Tampa Electric Company agreed to reduce its recoverable fuel costs in 1999 by approximately \$6.6 million to refund this overcharge.

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 1998, Florida Power & Light recovered approximately \$22.3 million for 21 projects; Gulf Power Company recovered approximately \$11.5 million for 29 projects; and Tampa Electric Company recovered approximately

\$5.8 million for 12 projects through the clause. All three companies now file projections on an annual, calendar-year basis. 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. Since that time, the Commission staff has conducted three workshops, obtained and evaluated comments from the parties and interested persons, and issued a model unbundling tariff.

During 1998, the staff continued to monitor other states' unbundling activities and to evaluate the costs and benefits of natural gas unbundling. In November 1998, the staff submitted to the Division of Appeals a rule-making request. The rule, as drafted, would require the natural gas utilities to offer transportation service to any nonresidential customer. A workshop on the draft rule has been set for March 24, 1999, should one be requested.

Currently, five of the eight natural gas utilities offer transportation service. The transportation service is offered only to those customers who meet a consumption threshold. The threshold serves to limit transportation service to those customers categorized as large commercial, or greater.

Natural Gas Utility Rate Level Regulation

Chesapeake Utilities Corporation (Chesapeake) filed a petition for a limited proceedings to restructure rates on November 26, 1997. In its petition, Chesapeake sought to redesign the present rates to reduce the inequities between the rate classes. As part of the limited proceedings, customer meetings were held in Winter Haven and Plant City, Florida, on February 10 and 11, 1998, respectively. On March 24, 1998, the Commission approved Chesapeake's petition to restructure rates.

Sebring Gas System, Inc. (Sebring) petitioned the Commission on February 11, 1998, for approval of a new rate schedule, General Service Large Volume-1. In its petition, Sebring requested the Commission approve a new rate schedule applicable to those customers that consume, at a minimum, 100,000 therms per year. At the time of Sebring's filing, it had a potential customer that qualified for this new rate. Since Sebring anticipated adding this large customer, calculations were made to evaluate the revenue impact to determine whether rates would need to be decreased to the residential and small commercial classes. As Sebring's achieved return on equity for the 12-month period ended December 31, 1997, was -24.84%, and the addition of this customer would increase Sebring's return on equity by 3.07 percent, no decrease to the other rate classes was required. The Commission approved Sebring's petition on June 30, 1998.

In 1997, the Commission approved St. Joe Natural Gas Company's (St. Joe) petition to restructure rates. In its petition, 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. The first interval of the rate restructuring was implemented on May 21, 1997, the second interval was implemented May 21, 1998. The final interval increase will occur on May 21, 1999.

Interstate Natural Gas Pipeline Matters

On December 1, 1998, Florida Gas Transmission Company (FGT) petitioned the Federal Energy Regulatory Commission (FERC) for abbreviated application for certificate of public convenience and necessity to construct, own, and operate approximately 205 miles of various diameter pipelines, additional compression totaling 48,570 horsepower, four new delivery points including three new measurement stations, and other miscellaneous facilities (Phase IV Expansion) on FGT's pipeline system to serve increased demand in FGT's market area in the state of Florida with a proposed in-service date of May 1, 2001.

The proposed Phase IV Expansion would add incremental main line capacity to FGT's existing pipeline system of approximately 272,000 MMBtu per day, which will be used by FGT to provide additional firm transportation service to customers under its Rate Schedule FTS-2.

As a result of an open season conducted by FGT to solicit interest in firm transportation capacity for a proposed mainline expansion, eight parties elected to execute 20-year firm transportation service agreements: Florida Power & Light Company, Florida Power Corporation, Florida Municipal Power Agency, TECO/Peoples Gas System, Georgia Pacific Corporation, National Gypsum Company, and Enron Capital & Trade Resources Corporation. The new service agreements are for a total annual average of 326,696 MMBtu per day, which netted against the 54,812 MMBtu per day of turned-back capacity, results in incremental billing units on FGT's system of 271,884 MMBtu per day on an annual average basis. These eight parties will invest an aggregate of approximately \$1 billion in additional capital expenditures for new power plants, plant repowering and modification, and other facilities to utilize the gas to be transported for electric generation, industrial use and use by the general public. The Commission staff will continue to monitor the progress of FGT's petition.

On January 20, 1998, FGT filed with the FERC, in Docket Nos. CP98-191-000, and CP98-193-000, a request to construct and operate new meter stations to deliver natural gas to the Hialeah-Preston Water Treatment Plant, the Orr Water Treatment Plant, and the Miami Dade-South Water Treatment Plant in Dade County, Florida.

In Docket No. CP98-191-000, FGT proposed to construct, operate and own all facilities used to provide direct natural gas transportation service to the county's Hialeah Preston Water Treatment Plant in Dade County. The facilities will deliver up 817 MMBtu per day and up to 298,205 MMBtu

per year to the county at the water treatment plant. FGT estimates the cost of the facilities to be \$151,000, and the county has elected to reimburse FGT for the costs.

In Docket No. CP-193-000, FGT proposed to construct and operate all facilities at the Miami Dade-South Meter Station. The proposed facilities would deliver up to 55 MMBtu per day and up to 200,750 MMBtu per year to the Miami Dade-South Water Treatment Plant. FGT estimates that the facilities will cost \$586,000. Dade County has elected to reimburse FGT for the costs.

On March 6, 1998, City Gas Company of Florida, a division of NUI Corporation, filed a motion to intervene, protest and request for consolidation in Docket No. CP98-192-000. In its protest, NUI alleges that the proposed construction of facilities will result in an illegal bypass. NUI also claims that FGT's applications are patently defective and should be summarily rejected. Alternatively, NUI requests that the Commission compel FGT to respond to its data requests and establish an evidentiary hearing.

On April 6, 1998, the Florida Public Service Commission intervened, noting that in approving certain bypasses, the FERC has exercised its authority under Section 5 of the Natural Gas Act and has required the pipeline, as a condition, to reduce the contract demand volumes of the distribution company that is bypassed. The Commission urged the FERC to consider that requiring the pipeline to reduce the contract demand volume of the bypassed distribution company ensures that the remaining customers of the bypassed company will not have to absorb the unused capacity costs.

On October 29, 1998, the FERC issued its order denying protests and authorizing construction. However, the parties were in negotiations prior to the issuance of the FERC order denying the protest. On October 29, 1998, the parties signed a letter of intent to resolve the issues. City Gas Company of Florida is awaiting final approval from Metro Dade County, which is expected on January 15, 1999.

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 ratepayers. 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, approved City Gas Company's amended filing in December 1996, and approved Chesapeake Utilities Corporation's filing in July 1998. A docket will be opened in 1999 to reevaluate the conservation programs of St. Joe Natural Gas, representing the final gas utility required to refile their conservation programs.

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 12-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 1998**

Utility	Amount Spent*
Florida Power Corporation	\$ 77,936,016
Florida Power & Light Company	164,483,007
Florida Public Utilities**	284,326
Gulf Power Company	2,356,560
Tampa Electric Company	19,421,194
Chesapeake Utilities	276,306
City Gas Company	1,981,483
Peoples Gas System	5,280,961
Peoples Gas System (Western Division)	567,765
St. Joe Natural Gas	22,505
Total	\$ 272,610,123

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

** Marianna and Fernandina Beach divisions are combined.

Gas Pipeline Safety

During 1998, the Commission's gas engineering staff evaluated 77 natural gas systems, covering approximately 31,000 miles of pipeline and 638,000 customers. These evaluations resulted in the issuance of 24 written notifications of gas safety violations. The notifications cited 40 rule violations, ranging from failure to odorize natural gas to the failure to repair gas leaks. All violations have been corrected or scheduled for corrective action pursuant to the Commission's procedures.

August 14, 1998, a fire and explosion, caused by lightning, resulted in the rupture and loss of service of the 24-inch, 30-inch and 36-inch pipelines that are the sole natural gas supply to peninsular Florida. The failure occurred near the city of Perry, at a key gas compressor station used to move gas through the pipeline system. The explosion caused extensive damage to the compressors and related facilities.

Without the availability of natural gas, several electrical generating plants could not operate and others had to reduce output levels. Both the electrical and gas utilities had to curtail some industrial

and commercial customers. Florida utilities were under a capacity advisory alert until the 30-inch pipeline was restored to service during the evening of August 16. The 36-inch and 24-inch pipelines were restored to service by August 18. The compressors remained out of service and under repair, but because of operational changes to the system, deliveries could be made up to 97 percent of normal capacity.

Several studies are under way to prevent a recurrence of the natural gas supply outage by lightning and by other causes. Independent lightning studies have been made, along with a critical points review. Recommendations for changes, including hardening of facilities and bypass of critical areas, are under consideration and implementation at this time.

Congress directed the U.S. Department of Transportation (USDOT) to require that "all individuals responsible for the operation and maintenance of natural gas pipeline facilities be tested for qualifications and certified to operate and maintain those facilities." It appears that a rule drafted by the federal Negotiated Rulemaking Committee and USDOT will become final this year. The rule will be a non-prescriptive, performance-based regulation requiring each natural gas system operator in Florida to develop a written program for the qualification of individuals. This will allow each program to be customized to the unique operations and practices of each operator. This requirement will cover all operation and maintenance employees of natural gas systems, contractors, subcontractors or any other entities performing covered tasks for the system operator. The gas utilities will have 18 months to develop the procedures and three years to qualify their personnel.

Operators of natural gas distribution systems will be required to notify customers of the availability of Excess Flow Valves (EFVs) for installation beginning February 2, 1999. EFVs restrict the flow of gas by closing automatically when a gas service line is severed, mitigating the hazard of service line failures. Operators are not required to install EFVs but only to inform customers of their availability. The notification must detail the safety benefits and the cost of installation, if any, that the customer may bear.

Commission staff has completed a review of new amendments to the federal pipeline safety code and has recommended adoption by rule. The docket for updating of the Commission's gas safety rules should be completed in 1999.

Damage to natural gas pipelines by dig-ins (pipelines cut or damaged by others engaged in excavation activities) numbered about 3,200 last year and continues to be the leading gas safety issue in Florida and in the rest of the United States. In 1993, the Florida Legislature enacted Chapter 556, titled "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. Because of the amendments, municipalities that operate buried utility facilities that have a population greater than 10,000 persons, must participate in the Sunshine State One-Call system.

In November 1997, USDOT issued its final rule regarding Mandatory Participation in Qualified One-Call Systems by Pipeline Operators. The rule took effect 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
1998	11	19	1	0	13

Electric Safety

A total of 3,010 inspections have been completed on random samples from 65,223 work orders processed this year. In 1998 new construction (completed after July 1, 1986) accounted for 1,161 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
1998	23	2	10	0

Conservation Activities for Electric Utilities

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

In 1988, the Florida Legislature revised the FEECA statute so that its requirements applied only to those utilities with annual energy sales exceeding 500 gigawatt-hours. The Commission revised its DSM rules to require the FEECA utilities to meet general, non-numeric DSM goals.

In 1993, the Commission again revised its rules, at this time requiring utilities to set numeric conservation goals for summer and winter demand (kW) and annual energy (kWh) sales over a ten-year period. The rules required 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 of demand and energy savings from DSM programs. This requirement allowed 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 MW by the year 2003.

To further encourage DSM, the Commission allowed 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 minimally increase rates. Utilities were also encouraged to explore "green pricing" to promote solar and renewable energy resources. Green pricing is a voluntary program in which customers may contribute money on their monthly bills for the utility to evaluate 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 DSM programs intended to meet the each utility's 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 data on these technologies for possible future inclusion as DSM programs.

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. By 1996, the Commission had approved the DSM plans filed by these utilities.

However, in 1996, the Florida Legislature further 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, as well as Jacksonville Electric Authority and the Orlando Utilities Commission, are subject to the current FEECA statute. These utilities are currently responsible for approximately 87 percent of the state's total electric sales.

In 1999, the Commission is due to hold hearings to establish new DSM goals for the investor-owned utilities. New goals are expected to be established by October 1999.

Generation Planning

In 1995, the Legislature revised Section 186.801, Florida Statutes, to make the Commission the lead agency charged with determining the suitability of electric utility Ten-Year Site Plans. These plans provide forecasts of future electric load requirements and the resource mix planned to meet those needs. A public workshop was held before the Commission on September 11, 1998 to review the current Ten-Year Site Plans. At the workshop, utilities presented their plans and interested

parties had an opportunity to comment on the adequacy of the plans. The Commission published a report containing its review and conclusions on the plans. This report 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"). The Grid Bill statute gives the Commission broad 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 utilities' selection of generating capacity. The cogeneration 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 costs change.

Currently, Florida has approximately 2,250 MW of committed firm capacity under contract from 40 existing and proposed qualifying facilities.

Generating Capacity Shortfalls

The state of Florida experienced unprecedented cold weather in December 1989, resulting 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. 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, winter weather has been relatively mild since 1989 and 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 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:

- ◆ 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.
- ◆ 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.
- ◆ 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 September 1998, the Commission granted the joint need by Kissimmee Utility Authority and the Florida Municipal Power Agency for a 250 MW gas-fired combined cycle generating unit. The expected in-service date for this unit is June 2001.
- ◆ 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 below.

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	*
1998	1,119,438	*
Total	61,402,017	695,981,994

* 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 0.15 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.

Utilities continue to work towards the goal of economic development through rate design. Florida Power & Light Company, Florida Power Corporation and Tampa Electric Company received approval for various special rates to encourage the expansion and relocation of business to the state. In addition, several small utilities are adding new rate classes to better tailor rates to customer usage patterns. Separating large customers from more costly smaller commercial customers generally result in rate reductions to the large customers who are typically less expensive to serve. While not specifically targeted economic development rates, these new rate classes make locating in the area more attractive for large-use industrial customers.

Electric Utility Competition

The Commission recognizes that competition and the talk of competition in the electric utility industry is increasing. In Florida, a form of competition exists at the wholesale level. In some states, competition has 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 either the state legislature or by the state utility regulatory commissions. In Florida, the primary impetus for 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 that 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.

On August 19, 1998, Duke Energy petitioned the Commission for approval to build a 510 MW power plant with the Utilities Commission of New Smyrna Beach as a co-applicant. However, New Smyrna Beach is to receive only 30 MW while the remaining 480 MW is to be sold wholesale to other utilities. Florida electric utilities oppose the petition, saying the 480 MW must be identified as serving a specific kilowatt demand need for specific customers of a specific utility. Duke argues that the 480 MW will contribute to enhancing the adequacy of peninsular Florida's generating plant reserve margins. Furthermore, New Smyrna contends that it is receiving its 30 MW at a bargain rate and is, therefore, cost-effective to the city as an applicant. The Commission is scheduled to vote on the petition in early March 1999.

B. RETAIL

Several states have ordered, though not implemented as of January 1999, 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 1998, the Commission reviewed and approved two territorial agreements and two amendments to existing territorial agreements. The Commission also resolved one territorial dispute. ♦

REGULATED INVESTOR-OWNED ELECTRIC UTILITIES

1998 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	6,297.3	2,648.2	2,276.8	371.4	1,349.0
Florida Power & Light Company	17,092.6	6,365.6	5,539.1	826.5	3,712.7
Florida Public Utilities Company	49.0	40.3	37.8	2.5	24.2
Gulf Power Company	1,807.1	650.5	562.3	88.3	354.0
Tampa Electric Company	3,742.5	1,234.4	1,038.2	196.2	537.1
TOTALS	28,988.5	10,939.0	9,454.2	1,484.9	5,977.0

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	17.03	270.32	26.24	452.41	42.57	185.90	3.02	302.00
1998	13.00	206.35	20.37	351.21	40.28	175.90	2.83	283.00

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 1998 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 - 1998

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

	January		April	
	Fuel	Total Bill	Fuel	Total Bill
FPL	\$16.46	\$73.58	\$19.76	\$74.36
FPC	\$18.25	\$82.71	\$21.26	\$83.58
TECO	\$23.21	\$78.27	\$23.54	\$78.02
GULF	\$21.57	\$67.09	\$16.46	\$61.83

* 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 case.

INVESTOR-OWNED ELECTRIC UTILITIES

Typical Electric Bill Comparisons* - Residential Service

December 31, 1998

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Florida Power & Light Company	\$5.65	\$12.27	\$22.20	\$38.76	\$55.31	\$74.36	\$112.47
Florida Power Corporation	\$8.85	\$16.32	\$27.53	\$46.22	\$64.90	\$83.58	\$120.95
Tampa Electric Company	\$8.50	\$15.45	\$25.88	\$43.26	\$60.64	\$78.02	\$112.78
Gulf Power Company	\$8.07	\$13.45	\$21.51	\$34.95	\$48.39	\$61.83	\$88.71
Florida Public Utilities Company							
Marianna Division	\$8.30	\$13.69	\$21.78	\$35.26	\$48.73	\$62.21	\$89.17
Fernandina Beach Division	\$7.00	\$11.84	\$19.10	\$31.20	\$43.29	\$55.39	\$79.59

*Excluding Local Taxes / October 1998 - December 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, 1998

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	\$6.60	\$15.02	\$27.65	\$48.69	\$69.74	\$90.78	\$132.87
Blountstown	\$3.50	\$10.80	\$21.76	\$40.02	\$58.28	\$76.54	\$113.06
Bushnell	\$6.75	\$14.19	\$25.35	\$43.95	\$62.55	\$81.15	\$118.35
Chattahoochee	\$4.50	\$11.79	\$22.72	\$40.94	\$59.15	\$77.37	\$113.81
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	\$13.18	\$24.91	\$44.48	\$64.04	\$83.60	\$122.73
Gainesville	\$4.90	\$11.60	\$21.64	\$38.38	\$55.11	\$73.00	\$108.78
Green Cove Springs	\$6.00	\$13.49	\$24.73	\$43.46	\$62.19	\$80.92	\$118.38
Havana	\$6.00	\$14.80	\$28.00	\$49.99	\$71.99	\$93.98	\$137.97
Homestead	\$5.50	\$13.26	\$24.90	\$44.30	\$63.69	\$83.09	\$121.89
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	\$13.31	\$26.14	\$47.51	\$68.89	\$90.26	\$133.01
Kissimmee	\$3.90	\$10.48	\$20.35	\$36.81	\$53.26	\$69.71	\$102.62
Lake Worth	\$2.78	\$10.42	\$21.87	\$40.96	\$60.05	\$79.14	\$117.32
Lakeland	\$3.94	\$11.16	\$21.98	\$40.02	\$58.06	\$76.10	\$112.18
Leesburg	\$5.00	\$12.20	\$22.99	\$40.98	\$58.96	\$76.95	\$112.93
Moore Haven	\$8.50	\$15.91	\$27.03	\$45.55	\$64.08	\$82.60	\$119.65
Mount Dora	\$4.94	\$12.98	\$25.04	\$45.14	\$65.24	\$85.34	\$125.54
New Smyrna Beach	\$5.65	\$12.57	\$22.94	\$40.24	\$57.53	\$74.82	\$109.41
Newberry	\$7.50	\$15.44	\$27.35	\$47.20	\$67.04	\$86.89	\$126.59
Ocala	\$7.00	\$14.09	\$24.74	\$42.47	\$60.21	\$77.94	\$113.41
Orlando	\$6.00	\$13.15	\$23.87	\$41.74	\$59.60	\$77.47	\$113.21
Quincy	\$2.40	\$9.97	\$21.32	\$40.23	\$59.15	\$78.06	\$115.89
Reedy Creek	\$2.85	\$10.40	\$21.73	\$40.61	\$59.48	\$78.36	\$116.12
Starke	\$6.45	\$13.90	\$25.08	\$43.70	\$62.33	\$80.95	\$129.20
St. Cloud	\$6.48	\$14.20	\$25.78	\$45.07	\$64.37	\$83.66	\$122.25
Tallahassee	\$4.94	\$13.12	\$25.39	\$45.84	\$66.29	\$86.74	\$127.64
Vero Beach	\$7.00	\$14.42	\$25.55	\$44.10	\$62.65	\$81.20	\$118.30
Wauchula	\$8.62	\$15.79	\$26.55	\$44.48	\$62.40	\$80.33	\$116.19
Williston	\$6.00	\$14.68	\$27.71	\$49.42	\$71.13	\$92.84	\$136.26

* Excluding Local Taxes / December 1998 Fuel and Purchased Power Costs are included.

COOPERATIVE ELECTRIC UTILITIES

Typical Electric Bill Comparisons* - Residential Service

December 31, 1998

UTILITY	Minimum Bill or Customer Charge	KWH					
		100	250	500	750	1,000	1,500
Central Florida	\$8.50	\$15.65	\$26.38	\$44.25	\$62.13	\$80.00	\$115.75
Choctawhatchee	\$12.32	\$18.35	\$27.39	\$42.46	\$57.53	\$72.60	\$102.75
Clay	\$9.00	\$14.93	\$23.83	\$38.65	\$53.48	\$68.30	\$104.20
Escambia River	\$7.00	\$13.88	\$24.20	\$41.40	\$58.60	\$75.80	\$110.20
Florida Keys	\$7.00	\$13.85	\$24.12	\$41.23	\$58.35	\$75.46	\$109.69
Glades	\$10.50	\$18.30	\$30.00	\$49.50	\$69.00	\$88.50	\$127.50
Gulf Coast	\$10.00	\$16.48	\$26.20	\$42.40	\$58.60	\$74.80	\$107.20
Lee County	\$5.00	\$12.46	\$23.65	\$42.30	\$60.95	\$79.60	\$116.90
Okefenoke	\$10.00	\$17.10	\$27.75	\$45.50	\$63.25	\$81.00	\$116.49
Peace River	\$10.50	\$18.55	\$30.63	\$50.75	\$70.88	\$91.00	\$131.25
Sumter	\$8.25	\$15.40	\$26.13	\$44.00	\$61.88	\$79.75	\$115.50
Suwannee Valley	\$8.73	\$16.53	\$28.23	\$47.73	\$67.23	\$86.73	\$125.73
Talquin	\$8.00	\$15.10	\$25.75	\$43.50	\$61.25	\$79.00	\$114.50
Tri-County	\$10.00	\$18.29	\$30.73	\$51.46	\$72.19	\$92.93	\$134.39
West Florida	\$8.00	\$14.89	\$25.23	\$42.46	\$59.69	\$76.92	\$111.38
Withlacoochee River	\$9.75	\$16.77	\$27.31	\$44.87	\$62.42	\$79.98	\$115.10

* Excluding Local Taxes/ December 1998 Fuel and Purchased Power Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Typical Electric Bill Comparisons* - Commercial / Industrial

December 31, 1998

UTILITY	KW DEMAND						
			75	150	500	1,000	2,000
			KWH				
	750	1,500	15,000	45,000	150,000	400,000	800,000
Florida Power & Light Company	\$63	\$117	\$1,053	\$2,950	\$9,570	\$22,857	\$45,614
Florida Power Corporation	\$65	\$119	\$990	\$2,663	\$8,848	\$22,308	\$44,604
Tampa Electric Company	\$61	\$113	\$1,169	\$2,879	\$9,498	\$22,945	\$45,635
Gulf Power Company	\$62	\$115	\$851	\$2,129	\$7,950	\$17,965	\$35,703
Florida Public Utilities Company							
Marianna Division	\$51	\$91	\$778	\$2,066	\$6,785	\$17,220	\$34,396
Fernandina Beach Division	\$48	\$86	\$731	\$1,985	\$6,527	\$16,752	\$33,466

*Excluding Local Taxes / October 1998 - December 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, 1998

UTILITY	KW DEMAND						
	75		150		500	1,000	2,000
	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	\$85	\$164	\$1,643	\$4,260	\$14,158	\$34,923	\$69,827
Blountstown	\$68	\$130	\$1,234	\$3,688	\$12,277	\$32,727	\$65,447
Bushnell	\$72	\$138	\$1,390	\$3,618	\$12,011	\$29,729	\$59,437
Chattahoochee	\$66	\$126	\$1,211	\$3,722	\$12,406	\$31,408	\$62,816
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	\$67	\$128	\$1,277	\$3,311	\$10,957	\$27,159	\$54,283
Gainesville	\$64	\$118	\$1,133	\$3,017	\$10,018	\$21,761	\$43,461
Green Cove Springs	\$65	\$124	\$1,359	\$3,501	\$11,613	\$22,693	\$31,261
Havana	\$72	\$138	\$1,326	\$3,965	\$13,203	\$35,198	\$70,390
Homestead	\$71	\$135	\$1,377	\$3,733	\$12,524	\$31,371	\$62,777
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	\$88	\$172	\$1,705	\$4,589	\$15,285	\$38,455	\$76,905
Kissimmee	\$55	\$104	\$1,147	\$2,746	\$9,583	\$21,621	\$43,201
Lake Worth	\$70	\$137	\$1,454	\$3,835	\$12,753	\$31,754	\$63,496
Lakeland	\$60	\$114	\$1,115	\$2,948	\$10,208	\$24,178	\$47,980
Leesburg	\$71	\$135	\$1,347	\$3,406	\$11,315	\$27,477	\$54,937
Moore Haven	\$79	\$150	\$1,490	\$3,807	\$12,620	\$30,920	\$61,810
Mount Dora	\$65	\$126	\$1,128	\$2,983	\$9,910	\$24,755	\$49,495
New Smyrna Beach	\$59	\$112	\$1,255	\$3,285	\$10,873	\$27,106	\$54,178
Newberry	\$76	\$144	\$1,507	\$3,742	\$12,439	\$29,811	\$59,607
Ocala	\$60	\$113	\$1,110	\$2,841	\$9,421	\$23,103	\$46,185
Orlando	\$61	\$114	\$1,122	\$2,811	\$9,337	\$22,539	\$45,063
Quincy	\$63	\$120	\$1,044	\$2,734	\$8,971	\$22,588	\$44,068
Reedy Creek	\$78	\$153	\$1,197	\$3,252	\$10,805	\$27,415	\$54,815
Starke	\$81	\$154	\$1,457	\$4,352	\$14,484	\$38,609	\$77,209
St.Cloud	\$71	\$134	\$1,347	\$3,374	\$11,204	\$27,046	\$54,074
Tallahassee	\$67	\$128	\$1,270	\$3,187	\$10,486	\$25,478	\$50,916
Vero Beach	\$64	\$121	\$1,197	\$3,242	\$10,704	\$27,229	\$54,389
Wauchula	\$81	\$136	\$1,117	\$3,626	\$11,937	\$29,879	\$59,693
Williston	\$74	\$142	\$1,457	\$3,961	\$12,950	\$32,450	\$66,793

* Excluding Local Taxes / December 1998 Fuel and Purchased Power Costs are included.

COOPERATIVE ELECTRIC UTILITIES

Typical Electric Bill Comparisons* - Commercial / Industrial

December 31, 1998

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	\$69	\$122	\$1,288	\$3,215	\$10,600	\$25,350	\$50,650
Choctawhatchee	\$59	\$106	\$1,014	\$2,647	\$9,137	\$20,366	\$40,231
Clay	\$59	\$109	\$1,031	\$2,694	\$8,850	\$22,225	\$40,770
Escambia River	\$59	\$110	\$1,203	\$3,115	\$10,290	\$25,540	\$51,040
Florida Keys	\$67	\$116	\$1,112	\$3,234	\$10,902	\$28,242	\$56,536
Glades	\$76	\$139	\$1,511	\$4,193	\$13,375	\$32,375	\$64,575
Gulf Coast	\$59	\$107	\$992	\$2,651	\$8,807	\$22,132	\$44,252
Lee County	\$63	\$120	\$1,119	\$2,952	\$10,380	\$25,055	\$50,095
Okefenoke	\$63	\$116	\$1,202	\$2,935	\$9,549	\$23,198	\$46,297
Peace River	\$71	\$130	\$1,138	\$2,870	\$9,450	\$23,150	\$46,250
Sumter	\$65	\$118	\$1,213	\$3,043	\$10,025	\$23,650	\$47,250
Suwannee Valley	\$71	\$134	\$1,433	\$3,755	\$12,421	\$31,001	\$61,961
Talquin	\$61	\$115	\$1,081	\$2,878	\$9,780	\$21,480	\$42,660
Tri-County	\$82	\$150	\$1,374	\$3,367	\$10,989	\$26,670	\$53,241
West Florida	\$60	\$111	\$1,019	\$2,507	\$8,240	\$19,890	\$39,730
Withlacoochee River	\$62	\$115	\$1,140	\$2,909	\$9,639	\$23,609	\$47,193

* Excluding Local Taxes / December 1998 Fuel and Purchased Power Costs are included.

INVESTOR-OWNED ELECTRIC UTILITIES

Miscellaneous Charges

December 31, 1998

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, 1998

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	kWh	Percent Increase	As of 12/31/98	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue per kWh Sold	Total Revenue	Percent Increase
Florida Power & Light	13,920	6.80%	3,266,011	1.80%	\$3,579,601,789	5.50%	7.87¢	\$6,097,984,777	3.20%
Florida Power Corp.	13,972	7.53%	1,182,787	1.91%	\$1,391,767,000	10.26%	8.42¢	\$2,310,583,000	8.15%
Tampa Electric Co.	15,124	6.10%	466,189	2.20%	\$563,158,977	5.80%	7.99¢	\$1,098,020,437	3.90%
Gulf Power Co.	14,577	4.92%	307,077	2.27%	\$276,207,580	-0.50%	6.22¢	\$509,118,401	-2.40%
El. Public Utilities:									
Marianna Division	13,742	8.90%	9,538	-1.10%	\$8,917,705	5.90%	6.80¢	\$17,349,490	2.90%
Fernandina Beach Division	14,882	8.50%	11,083	2.70%	\$9,988,951	1.40%	6.10¢	\$22,795,939	4.50%

MUNICIPAL & COOPERATIVE ELECTRIC UTILITIES

Growth and Use Statistics

December 31, 1998

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	kWh	Percent Increase	As of 12/31/98	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue per kWh Sold	Total Revenue	Percent Increase
Municipals									
Gainesville Regional Utilities	11,649	7.70%	66,722	2.40%	\$57,746,402	5.50%	7.43¢	\$111,402,977	2.50%
Jacksonville Electric Authority	15,088	9.00%	307,253	1.40%	\$319,520,031	10.50%	6.90¢	\$613,823,059	7.10%
City of Lakeland	14,550	5.60%	88,279	3.93%	\$95,629,296	9.40%	7.66¢	\$185,238,800	11.30%
Orlando Util. Commission	13,227	11.40%	119,679	3.20%	\$120,765,637	8.50%	7.62¢	\$448,326,749	4.50%
City of Tallahassee	12,355	8.34%	76,097	2.06%	\$80,320,622	6.60%	9.00¢	\$172,051,038	3.32%
Cooperatives									
Clay Electric	14,649	9.45%	116,344	3.27%	\$126,821,445	10.67%	7.58¢	\$165,009,265	7.34%
Lee County Electric	13,201	5.60%	124,174	0.36%	\$130,302,976	3.87%	7.87¢	\$191,713,488	2.70%
Withlacoochee River Electric	13,575	8.30%	136,910	2.00%	\$144,943,807	9.70%	7.87¢	\$191,357,704	8.60%

Note: Above Revenues Include Fuel.

1,000 kWh Residential Monthly Bills for All Florida Electric Utilities

December 31, 1998

RANK	UTILITY	TYPE	TOTAL BILL
1	Havana	M	\$93.98
2	Tri-County	C	\$92.93
3	Williston	M	\$92.84
4	Alachua	M	\$91.80
5	Peace River	C	\$91.00
6	Bartow	M	\$90.78
7	Key West	M	\$90.26
8	Fort Meade	M	\$89.88
9	Glades	C	\$88.50
10	Newberry	M	\$86.89
11	Tallahassee	M	\$86.74
12	Suwannee Valley	C	\$86.73
13	Mount Dora	M	\$85.34
14	St.Cloud	M	\$83.66
15	Fort Pierce	M	\$83.60
16	Florida Power Corporation	I	\$83.58
17	Homestead	M	\$83.09
18	Moore Haven	M	\$82.60
19	Vero Beach	M	\$81.20
20	Bushnell	M	\$81.15
21	Okefenoke	C	\$81.00
22	Starke	M	\$80.95
23	Green Cove Springs	M	\$80.92
24	Wauchula	M	\$80.33
25	Central Florida	C	\$80.00
26	Withlacoochee River	C	\$79.98
27	Sumter	C	\$79.75
28	Lee County	C	\$79.60
29	Jacksonville Beach	M	\$79.30
30	Lake Worth	M	\$79.14
31	Talquin	C	\$79.00
32	Reedy Creek	M	\$78.36
33	Quincy	M	\$78.06
34	Tampa Electric Company	I	\$78.02
35	Ocala	M	\$77.94
36	Orlando	M	\$77.47
37	Chattahoochee	M	\$77.37
38	Leesburg	M	\$76.95
39	West Florida	C	\$76.92
40	Blountstown	M	\$76.54
41	Lakeland	M	\$76.10
42	Escambia River	C	\$75.80
43	Florida Keys	C	\$75.46
44	New Smyrna Beach	M	\$74.82
45	Gulf Coast	C	\$74.80
46	Florida Power & Light Company	I	\$74.36
47	Clewiston	M	\$74.30
48	Gainesville	M	\$73.00
49	Choctawhatchee	C	\$72.60
50	Kissimmee	M	\$69.71
51	Clay	C	\$68.30
52	Jacksonville (JEA)	M	\$68.15
53	Florida Public Utilities - Marianna	I	\$62.21
54	Gulf Power Company	I	\$61.83
55	Florida Public Utilities - Fernandina	I	\$55.39

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

1998 Operating Statistics

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	25.34	16.18	15.04	1.15	9.51
City Gas Company of Florida	135.15	89.39	83.52	5.87	99.81
Florida Public Utilities Company	50.22	30.03	27.26	2.77	36.46
Indiantown Gas Company	0.97	1.87	1.81	0.65	0.66
Peoples Gas System*	518.75	252.81	227.01	25.80	243.77
Sebring Gas System, Inc.	1.99	0.45	0.35	0.09	0.67
St. Joe Natural Gas Company	5.98	2.38	2.15	0.23	3.35
South Florida Natural Gas Company	3.66	2.02	2.03	(0.01)	4.22

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

* Operating Statistics for Peoples Gas System incorporates its Western Division operations.

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

December 31, 1998

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		10	20	30	40	50	75	100
Chesapeake Utilities Corporation	\$7.00	\$16.31	\$25.62	\$34.93	\$44.24	\$53.55	\$76.82	\$100.09
City Gas Company of Florida	\$7.00	\$15.98	\$24.97	\$33.95	\$42.93	\$51.91	\$74.37	\$96.83
Florida Public Utilities Company	\$8.00	\$14.20	\$20.40	\$26.60	\$32.80	\$39.01	\$54.51	\$70.01
Indiantown Gas Company	\$5.00	\$9.47	\$13.93	\$18.40	\$22.86	\$27.33	\$38.49	\$49.66
Peoples Gas System	\$7.00	\$14.99	\$22.98	\$30.97	\$38.96	\$46.96	\$66.93	\$86.91
Peoples Gas System (Western Div.)	\$7.00	\$15.68	\$24.37	\$33.05	\$41.73	\$50.42	\$72.13	\$93.83
Sebring Gas System, Inc.	\$7.00	\$14.02	\$21.04	\$28.07	\$35.09	\$42.11	\$59.67	\$77.22
St. Joe Natural Gas Company	\$5.00	\$13.79	\$22.58	\$31.37	\$40.16	\$48.95	\$70.92	\$92.89
South Florida Natural Gas Company	\$7.00	\$15.44	\$23.89	\$32.33	\$40.77	\$49.22	\$70.33	\$91.43

December 1998 gas costs are included.

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

December 31, 1998

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		30	50	70	90	150	200	300
Chesapeake Utilities Corporation	\$15.00	\$34.46	\$47.43	\$60.40	\$65.37	\$112.28	\$144.71	\$209.57
City Gas Company of Florida	\$17.00	\$34.73	\$46.55	\$58.38	\$70.20	\$105.66	\$135.22	\$194.33
Florida Public Utilities Company	\$15.00	\$30.00	\$40.01	\$50.01	\$60.01	\$90.02	\$115.03	\$165.04
Indiantown Gas Company	\$10.00	\$23.26	\$32.10	\$40.93	\$49.77	\$76.29	\$98.38	\$142.58
Peoples Gas System	\$17.00	\$35.84	\$48.40	\$60.96	\$73.53	\$111.21	\$142.61	\$205.42
Peoples Gas System (Western Div.)	\$10.00	\$30.27	\$43.79	\$57.30	\$70.82	\$111.36	\$145.15	\$212.72
Sebring Gas System, Inc.	\$17.00	\$35.37	\$47.61	\$59.86	\$72.10	\$108.83	\$139.44	\$200.67
St. Joe Natural Gas Company	\$9.67	\$37.57	\$56.16	\$74.76	\$93.36	\$149.15	\$195.64	\$288.63
South Florida Natural Gas Company	\$12.00	\$27.39	\$37.65	\$47.91	\$58.16	\$88.94	\$114.59	\$165.88

December 1998 gas costs are included.

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

December 31, 1998

UTILITY	Minimum Bill or Customer Charge	Therms Sold						
		400	500	600	700	800	900	1000
Chesapeake Utilities Corporation	\$40.00	\$238.44	\$288.05	\$337.65	\$387.26	\$436.87	\$486.48	\$536.09
City Gas Company of Florida	\$35.00	\$255.74	\$310.93	\$366.12	\$421.30	\$513.51	\$531.67	\$586.86
Florida Public Utilities Company	\$45.00	\$220.90	\$264.87	\$308.84	\$352.82	\$396.79	\$440.77	\$484.74
Indiantown Gas Company	\$10.00	\$186.77	\$230.96	\$275.15	\$319.34	\$363.54	\$407.73	\$451.92
Pepco Gas System	\$45.00	\$249.74	\$300.93	\$352.12	\$403.30	\$484.58	\$505.67	\$556.86
Pepco Gas System (Western Div.)	\$100.00	\$319.01	\$373.76	\$428.51	\$483.26	\$573.49	\$592.77	\$647.52
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	\$30.00	\$341.58	\$419.48	\$497.38	\$575.27	\$664.77	\$731.06	\$808.96
South Florida Natural Gas Company	\$12.00	\$217.18	\$268.47	\$319.76	\$371.06	\$422.35	\$473.65	\$524.94

December 1998 gas costs are included.

INVESTOR-OWNED NATURAL GAS UTILITIES

Miscellaneous Charges

December 31, 1998

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	\$25.00	\$25.00	\$25.00	\$10.00
Peoples Gas System (Western Div.)	\$20.00	\$25.00	\$25.00	\$0.00
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

- (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.

INVESTOR-OWNED NATURAL GAS UTILITIES

Growth and Use Statistics

December 31, 1998

UTILITY	RESIDENTIAL				ANNUAL REVENUES				
	Average Consumption		Number of Customers		Residential			Retail Operating	
	Total Therms	Percent Increase	As of 12/31/98	Percent Increase	Total Revenue	Percent Increase	Avg. Revenue Therm Sold	Total Revenue	Percent Increase
Chesapeake Utilities Corporation	252.00	4.97%	8,603	4.60%	\$2,483,731	9.50%	\$1.1500	\$16,183,356	-16.43%
City Gas Company of Florida	202.00	-7.30%	94,819	1.01%	\$36,769,699	-2.35%	\$1.9300	\$89,392,000	3.50%
Florida Public Utilities Company	279.40	3.44%	33,007	1.03%	\$9,547,578	-2.95%	\$1.0350	\$30,033,006	-9.99%
Indiantown Gas Company	259.00	-2.26%	627	1.11%	\$111,285	6.05%	\$0.6800	\$1,870,096	-52.24%
Peoples Gas System*	245.00	5.60%	218,408	2.70%	\$57,711,000	2.50%	\$1.0960	\$252,807,000	5.59%
Sebring Gas System	140.39	-7.94%	584	2.10%	\$92,720	-11.19%	\$1.3200	\$445,211	-0.47%
St. Joe Natural Gas Company	360.00	7.14%	3,101	1.24%	\$809,825	19.36%	\$0.7254	\$2,375,345	-19.49%
South Florida Natural Gas Company	260.00	8.33%	3,880	2.46%	\$1,101,707	-3.18%	\$1.1300	\$2,022,800	-10.10%

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

* The Growth and Use Statistics for Peoples Gas System incorporates its Western Division operations.



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 that affect utilities.

Research and 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 industries, thus facilitating informed decisions on changes in the regulatory environment. It conducts studies on topics of regulatory interest and provides the findings to the Commissioners and the industry divisions for use in making decisions regarding regulatory policies. It analyzes all proposed rules to determine the estimated regulatory costs to state agencies, local governments, individuals, and entities required to comply as well as small businesses, counties, and cities. In addition, reasonable rule alternatives are examined. This Bureau also provides technical and statistical services to the Commissioners, 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 other technical divisions, the administrative support divisions, the Executive Suite, and the Commissioners. A description of some of the Division's 1998 activities follows.

Regulatory Studies

Research, educational, and policy papers were prepared during 1998 that addressed pertinent regulatory issues. These papers were designed to document and analyze the current national, state, and local regulatory environment, to evaluate emerging trends in the industries, and to report on the potential impacts in Florida.

A report was published on Economic Development Rates in Florida. The paper provides a review of the economic development rates now in effect for non-residential customers of Florida electric utilities, including a summary of the major criteria for obtaining those rates. A table and map were included that showed the Florida counties in which economic development rates were offered and the utility or utilities providing service in that county.

Research in the telecommunications area included a report on IP (Internet Protocol) Telephony and its implications for telecommunications policy and competition in the industry. This report is designed to provide a basic understanding of the technological fundamentals of IP telephony and how it differs from conventional telephony. It includes an overview of the technologies of conventional telephony and the Internet and a discussion on possible future directions for IP telephony, based on recent technological developments, and the implications to regulatory policy-making.

Staff participated in three telecommunications research projects, which will be presented to the Legislature prior to its 1999 session. Staff developed a survey and analyzed the results to identify Florida consumer perceptions regarding the affordability of basic local telephone rates for the project on fair and reasonable rates. A study was also prepared to estimate the amount of support necessary to fund the Lifeline Assistance Program in Florida. A third report was prepared to identify and discuss issues related to access by telecommunications companies to customers in multi-tenant environments. The report, which considers the promotion of a competitive telecommunications market to end users, consistency with any applicable federal requirements, landlord property rights, and rights of tenants, contains conclusions and policy recommendations.

Additional reports are also being prepared that will evaluate recent merger activities in regulated utilities, and the lessons Florida can learn from them.

Regulatory Reviews

The Bureau of Regulatory Review completed six projects and produced five audit reports in 1998. During the year, six reviews were initiated and are still in progress.

In January 1998, the Bureau initiated a review of BellSouth's Operational Support Systems at the request of the Division of Communications. This review will assist in determining whether BellSouth is providing nondiscriminatory access to OSS functions to competitive local exchange

companies (CLECs), as required by Section 271 of the Telecommunications Act of 1996. The review will assess BellSouth's compliance with FPSC Order PSC-97-1459-FOF-TL in Docket 960786-TL and will compare BellSouth's own retail operations systems, interfaces, and support processes to those provided by BellSouth for CLEC use. A written report will be produced at the time BellSouth files any future 271 application with the FPSC. It is expected that this report will be filed as staff testimony in such a proceeding.

Also on behalf of the Division of Communications, the Bureau undertook a review documenting MCI's PIC change procedures as part of a settlement of a show cause proceeding triggered by slamming complaints against the company. Similar reviews of other carriers' practices are expected to be conducted during 1999.

Additionally, the Bureau and the Division of Auditing and Financial Analysis jointly participated in a review of Northeast Telephone Company's affiliate relationships. This review, to be completed in early 1999, examines structural separation and allocation of costs between the telephone company and other subsidiaries of their parent, NEFCOM, Inc.

To follow up on the Bureau's 1997 *Review of Electric Distribution Service Quality at Florida's Four Largest Investor-Owned Electric Utilities*, the Bureau assisted the Division of Electric and Gas in conducting additional meetings regarding the implementation of recommendations from the Electric Service Quality report. Another follow-up review was begun in late 1998, while a second is set to begin in early 1999. The review currently in progress examines the handling of customer property damage claims at the four largest electric utilities to ensure proper procedures are followed and applied equitably. The 1999 review will examine the results of remedial programs implemented by FPL and FPC to reverse the declines in distribution service quality documented in the 1997 report.

In late 1998, the Bureau launched a review of megawatt capacity re-ratings and availability factors of generating plants by FPL, FPC, and TECO at the request of the Division of Electric and Gas. This review will be completed by mid-1999 to provide input into a statewide reserve margin docket.

In October 1998, the Bureau completed a *Review of Florida Public Utilities Companies* work order and continuing property records process. The objectives of the review was to determine the adequacy of internal controls. This audit was the last of 25 continuing property record audits conducted by the Bureau at the request of the Depreciation section of the Division of Auditing and Financial Analysis.

In December, the Bureau began a review of the selection process employed by FPL for obtaining a long-term natural gas supply for its Plant Fort Myers. This review will document the evaluation criteria and process used in selecting Florida Gas Transmission for the 20-year supply agreement

versus contracting with other potential providers to build a second gas transmission line serving peninsular Florida.

During 1998, the Bureau prepared an update of its 1994 report on the *Composition of the Boards of Directors of Florida's Selected Regulated Utilities and their Parent Companies*. This report provides a breakdown of directors at the nine largest regulated utilities, by ethnicity, gender, profession and age. The report also provides dollar value of compensation packages paid to directors and identifies how directors are selected.

The Bureau also participated in a review of the Division of Consumer Affairs' (CAF) complaint handling process. This review was part of an effort by the Executive Director to assess allocation of resources, and the increasingly important roles CAF plays in customer outreach and complaint resolution. The review focused on two major processes within the Bureau of Complaint Resolution: the call center process and the closeout process.

In 1998, the Bureau followed up its 1997 review of the Year 2000 preparation plans of Florida utilities. The report further documents efforts Florida utilities have taken to avert computer system crashes and resulting service interruptions caused by improper reading of embedded date coding. The objective of the review was to ensure that all utilities in the state are preparing for Year 2000 computer-related problems. The Bureau also participated in a FPSC Year 2000 Task Force and prepared a report summarizing recommendations to further ensure utilities and the Commission are prepared for potential problems.

Statement of Estimated Regulatory Cost

During 1998, 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. Twenty-one 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 intrastate rate caps for operator service providers, service standards and intrastate rate caps for pay telephone companies, fresh look options for Incumbent Local Exchange Company (ILEC) contracts, and consumer protections regarding unauthorized primary interexchange carrier selection changes (slamming).

Proposed rules in the energy industry included lowering the regulatory assessment fees for electric utilities and raising them for natural gas utilities, and informing customers through bill inserts of the type of fuel used to generate their electricity.

Proposed rules in the water and wastewater industry included refusal or discontinuance of service and price index rate adjustment.

Staff participated in several rule hearings and workshops, including streamlining complaint procedures for all industries, truth in telecommunications billing, and updating and consolidating the annual reports of water and wastewater companies. Staff also participated in depositions in preparation for DOAH hearings on the telecommunications slamming rules and the water and wastewater margin reserve rules.

Technical Services

Technical assistance was provided to Commissioners and other divisions on topics related to energy, telecommunications, water and wastewater service. Energy issues researched included global climate change, conservation-oriented marketing activities of Florida's electric utilities, and the most efficient utilities' demand-side management renewable practices and return on equity. Information was also provided on telecommunications topics such as Universal Service funding in other countries and electronic redlining. Research was gathered on private and public sector initiatives to provide high-technology infrastructure for access to the Internet, telecommunications, and computer technology for all Americans, as well as in Florida schools and communities. Information was also gathered on Florida's "I-4 Corridor" and "Laser Lane."

Information related to proposed legislation during the 1998 legislative session was provided regarding telecommunications Lifeline Assistance Program eligibility and the rebalancing of telecommunications rates in other states.

Staff compiled information for the Kentucky PSC on energy conservation, electricity production, transmission, distribution, and consumer issues. Staff assisted in a review of the tax structures in Florida, Georgia, and Alabama related to regulated utilities. Staff researched and provided a report on affiliate transaction statutes, rules, and cost allocation manuals in other states. Research assistance was provided on inflation measured by the Fixed Weight Price index trend.

Presentations by staff members included "Evaluating Competition in the Basic Local Exchange Market" at Rutgers University and before the Commission staff; an electric industry work group briefing for the Alabama PSC; internal affairs presentations on electric restructuring activities in other states, and presentations on telecommunications, electric, and convergence mergers. Information on the Commission's regulatory activities and economic analysis was compiled and presented to the members of the Zambian Energy Regulatory Board. Additionally, staff developed and facilitated the Pre-PURC Conference held in Gainesville, Florida.

Other technical services included the development of forecasts of utility revenues for each of the industry divisions and monitoring of state revenue estimating conferences. An average residential rate was calculated for each industry for use in developing performance-based measurements for the agency.

In addition, staff continued to monitor the Florida Distance Learning Network Board activities and electric restructuring activities in other states.

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 performed a survey and published a report reflecting the residential water and wastewater rates of jurisdictional and selected non-jurisdictional systems in Florida.

The Division also coordinated the annual publication of the Comparative Cost Statistics and the List of Reports Generated and Received by the FPSC. 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) and Standard Operating Procedures (SOPs-1600). 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 and Wastewater

During 1998, the Division of Water and Wastewater continued working on the steady volume of docketed and undocketed applications that were received by the Commission from the 1,304 regulated water and wastewater systems in the state. During the year, the Division processed one file and suspend rate case, eight staff assisted rate cases, four applications to increase service availability charges, and 104 pass-through and price index rate adjustment applications. The total number of systems decreased by eight during the year. The number of jurisdictional counties regulated remained the same as the year before. The number of known regulated utility systems as of December 31, 1998, is 1,304. This represents 198 water companies and 153 wastewater companies.

The Division's regular caseload 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 1st District Court of Appeal.

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

1997 Legislative Changes

There were two state legislative changes effecting the water and wastewater industry. The first requires that utilities changing their name must notify the Commission and their customers. The second gives the Commission authority to require a utility to own or have the continued use of the land on which the facilities sit.

Tariff Filing Information System

During 1998, 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 that do not require a docket.

A summary of 1998 tariff filing follows. A comparison with 1997 summary will show an increase in the number of filings.

1997 and 1998 Tariff Filings

Tariff Filing Description	1997 Tariff Applications	1998 Tariff Applications
Cancellation of Certificate	5	11
Correction of Text	6	11
Name Change	1	4
Extension of Certificate	24	26
CIAC Gross-up	1	0
Grandfather Certificate	9	11
Price Index Rate Adjustment	71	68
Price Index & Pass-Through Rate Adjustment	20	22
Investigation	5	0
Limited Proceeding	2	8
Late Payment Charge	11	0
Miscellaneous Service Charge	5	8
New Class of Service	5	3
Original Certificate	0	4
Pass-Through Rate Adjustment	5	12
Rate Case - Interim	1	0
Rate Case - Final	7	1
Service Availability	3	4
Staff-Assisted Rate Case	18	8
Transfer of Certificate	17	18
Four-Year Rate Reduction	0	12
Transfer To Governmental Agency	6	9
Total	222	240

Interrelations with Other State Agencies

The Commission has endorsed water conservation as a necessary goal for the State of Florida. In 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 Commission, the water management districts, and the Department of Environmental Protection that outline specific ways each of the agencies will participate jointly in formal and informal proceedings regarding water conservation and wastewater reuse.

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

In December of 1993, the Commission, representatives of the Department of Environmental Protection and the five water management districts, and Lieutenant Governor Buddy McKay 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 in 1992 and completed in 1993, except for appellate review. This case was last remanded to the Commission in June 1997, with the 1st District Court of Appeal 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 in 1995 and 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 was remanded to the Commission by the 1st District Court of Appeal for further review by the Commission. Further hearings will be held during 1999 concerning the used and useful calculations.

Jurisdictional Counties

During 1998, the number of jurisdictional counties remained the same. We did not gain or lose jurisdiction of any counties. At this time we have processed all Polk County utilities.

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). Those amounts that are 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. We believe that most of these cases will close in 1999. ♦



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 1995/96	FY 1996/97	FY 1997/98
Number of Invoices Processed	3,687	3,234	3,288
Travel Vouchers Processed			
Class A & B	1,646	1,431	1,266
Class C	426	350	365
Professional and Technical			
Service Consultant Contracts	1	1	0

Regulatory Trust Fund Revenues

	FY 1995/96	FY 1996/97	FY 1997/98
<i>Revenues</i>			
Utility Filing Fees	\$ 222,457	\$ 186,650	\$ 182,000
Utility Regulatory Assessment Fees	25,400,500	27,172,874	27,890,017
Miscellaneous Revenues*	78,163	54,546	60,318
Refunds and Cancellations	25,407	24,791	17,563
Interest Income	619,588	618,099	926,878
Total	\$26,346,115	\$28,056,960	\$29,076,776
<i>*Includes Copying Fees</i>			

Regulatory Trust Fund Appropriations
Approved Budgets 1983 - 1998

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*
1998-99	387	27,048,303*

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

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

Bureau of General Support Services

During 1998, the Bureau of General Support Services (GSS) has continued its support of the Commission's mission through management of the Commission's purchasing, facilities, telephony, vehicle fleet, copiers, safety and security, printing, mail room, courier services, supply room, receiving and surplus property. The support role of GSS is taken very seriously and the staff is proud of the services delivered thus far.

It is difficult to separate the unusual or difficult projects from the steady stream of projects addressed routinely. It is necessary for this Bureau to remain flexible because of the wide variety of functions. The immediate demands skip around from function to function, and GSS is required to focus its resources in one direction today and in another direction tomorrow. This unpredictable aspect of GSS makes the work both interesting and challenging.

With substantial increases in every category of bureau workload measures, 1998 was a busy year. Nineteen ninety-eight also was a year in which attention was focused on refinement of our existing systems, with the goal of providing very high quality services at reasonable costs. There are many challenges ahead for 1999, and the staff will continue to meet additional demands as needed. The following statistics are provided on some of GSS' regular routine activities.

General Support Services' Workload Statistics Summary

	1996	1997	1998
Invoices Verified	278	203	277
Purchase Orders Issued	1,623	1,267	1,504
Special Orders Processed	1,671	1,409	1,494
Copies Produced (<i>Print Shop</i>)	6,646,026	4,754,069	5,823,078
Copies Produced (<i>Convenience Copiers</i>)	4,757,192	5,764,258	4,375,432
Pieces of Outgoing Regular			
Mail Processed	161,346	167,287	200,593
Postage Used	\$ 81,226	\$ 89,308	\$ 93,092
Supply Requisitions Filled	402	262	277
Messenger Runs	394	456	487

Bureau of Information Processing

Hardware (Unit Replacements)

The Bureau of Information Processing (BIP) replaced 116 desktops and 10 portables with new units, resulting in actual handling of 370 separate units. The replacement cycle involves getting quotes, preparing requisitions, configuring and installing all the appropriate software on the new units, and finally transferring the user's special software and files from the old units to the new units. This cycle of transactions relating to the transfer portion of the transaction may be repeated as many as four times to complete the subsequent reallocation of micro resources in each division. This year the process was a crucial part of Y2K remediation, and upon completion of next year's cycle, the hardware platform should be completely Y2K-compliant.

Hardware (New Server/Systems)

An important enhancement to the Commission's Local Area Network (LAN) was the installation of a new main file server and main file server disk subsystems, but also of note was the implementation of new Ethernet connections on the main file server that are capable of speeds in the gigabit range. Also, the network was reconfigured to put the CD-ROM drive towers on a remote server to eliminate related system hangups. Another beneficial rearrangement was implemented to allow file retrieval from system backup tapes to take place on a remote server, eliminating slow network response times during such restoration operations.

Software & Hardware Projects (Training and Preparation)

Research and training was begun to replace the Commission's e-mail system. A Windows NT server platform was required for Microsoft Exchange; a limited-use copy was purchased for testing, the server was set up, and configuration was begun. It is hoped that this platform will satisfy the requirements for e-mail retention while proving robust enough to carry the Commission many years into the future. Another major project kicked off this year was the search for a replacement for the Commission's current dial-in security product. It is subject to frequent failures and places a speed bottleneck that makes dial-in very hard to use effectively. Implementation of the new platform has begun, and it is expected to be completed during the first quarter of 2000. First, however, since the current network operating system is no longer supported, the implementation of the 4.11 release of Novell's NetWare will need to be completed by mid-February of 2000 as well.

New Capabilities

Windows 95: The project that had the most impact on staff this year was the implementation of Windows 95 on the Commission's desktop micros and the LAN. After debugging the product in our networked environment, training classes and materials were prepared, and outside trainers were used for the actual classes held at the Commission to provide a more hands-on environment. Still remaining is the challenge of bringing Windows 95 to our portables. Most of them will require hardware modifications; it is hoped that they will be up to speed before the end of the second quarter of 2000. In the process of implementing Windows 95, special arrangements were made for several odd software packages that allow access to state systems such as SAMAS and COPES. Also during this year, Xerox came out with a version of the DOCUTECH client software for Windows and a new release of their DOCUTECH server software which we implemented.

Standalone Computer Software: A project to reduce the impact of network failures was implemented. The Administrative Assistants in the Commission Suite can now print using radio-controlled devices, as can any staff member who takes his or her work to any of the 12 micros available in the Computer Training Room. All of these micros, in addition to the ones already in use by divisional Administrative Assistants, have stand-alone copies of the word processing and spreadsheet software packages.

Word Processing

The following projects were completed that related to word processing with WordPerfect 6.1:

- ◆ The Staff Recommendation macro;
- ◆ The macro for accessing the Agenda;
- ◆ The Agenda macro was modified to provide automatic text input from the CMS system based on docket number;
- ◆ The FoxPro program the Division of Communications uses for its Pay Phone & Hotel Violation database was modified to use WordPerfect 6.1 instead of WordPerfect 5.0; and
- ◆ Templates, macros, and forms were set up for “outreach” letters, slamming letters (40 to 45 forms), and a set of 46 WordPerfect merge letters (17 Communications, 10 Electric, 9 Water and Wastewater, 6 Gas, and 4 nonjurisdictional) were created for the Division of Consumer Affairs.

Year 2000 Preparations

In preparation for the year 2000, a contract with Government Micro Resources (GMR) was implemented to help prepare a Server and Desktop Software Inventory. Phase I of that project was completed, and a complete inventory of all Tallahassee-based micros and a representative sample inventory of non-Tallahassee-based micros and of the portable micros was performed, reports generated, recommendations made, and a database delivered. Phase II is under way to convert our in-house FoxPro for DOS applications to either FoxPro for Windows or Visual FoxPro, making any Y2K-required changes in the process. GMR will also make any Y2K-required modifications to the DOS version of applications, which will not be rewritten in time.

Internet

A number of changes and enhancements were implemented on the Internet this year:

- ◆ Video clips of the PSC public service announcements available on the home page;
- ◆ Multiple CAF complaint forms available on the home page;
- ◆ Automation of updating the PSC press releases;
- ◆ Placement of the Communications Tariffs on our home page for access and search by the public;
- ◆ Set up access for our PSC COPES users to get to COPES data through the Internet; and
- ◆ Enabled output from PageMaker, the Commission’s Desktop Publishing System, to Internet-friendly Acrobat (.PDF) files.

PSC Applications (New, Enhancements, Revisions)

Application changes and enhancements were as follows:

- ◆ Addition of a spell checking capability to FoxPro applications;
- ◆ Modification of all versions of the Case Assignment Schedule Form;
- ◆ Rearrangement of 2 MCD screens and the ability to merge variable data fields from MCD into a WordPerfect letter;

- ◆ Addition of subcategories and 13 code modifications in MIS as well as creation of four more MIS reports and production of end-of-year MIS reports;
- ◆ Creation of the Divisional History Screen;
- ◆ New flexible reporting mechanism;
- ◆ Mail-out and payment entry in the new RAF system;
- ◆ Fixing of PUBS to send to the DOCUTECH under Windows;
- ◆ Modification of the AFA Audit system to create merge and memo forms;
- ◆ New report for ESAFE showing the number of electric work orders re-inspected;
- ◆ Modifications to TFIS to use long company names; and
- ◆ Totally new system was written to allow Media Tracking for the Division of Consumer Affairs.

The application that had the most attention during 1998 was the Consumer Assistance Tracking System (CATS). Due to the changes in the Commission's consumer complaint handling procedures, the following changes were made:

- ◆ 7 reports were modified;
- ◆ 22 new reports were created;
- ◆ 14 data fields were added; and
- ◆ 19 other enhancements were programmed. A few of those are:
 - New protest database;
 - Global acknowledgment self-mail letters were created and set up to print to the DOCUTECH;
 - Acknowledgment letters were set up for special protest dockets; and
 - Ability to e-mail complaints to the utilities in addition to the fax they already receive.

Most important of all was the redesign effort that was completed with the Division of Consumer Affairs (CAF) and the industry divisions participating. Programming of the new CATS system is under way.

BIP Workload Projections

Workload in BIP continues to increase as support continues on all the Commission's existing applications, data processing services, and capabilities while rapidly adding new ones and dealing with the upcoming Year 2000 requirements.

Bureau of Personnel

For the fourth 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; several new ones were drafted, including one on the Telecommuting Program and another on Volunteer Services. 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.

During 1998, the Bureau of Personnel advertised 83 vacancies in all Job and Benefits Centers in the State through Job Opportunity Announcements, COPEs, and the Internet. Of these vacancies, 74 were professional and 9 were support staff positions. As a convenience for applicants, the Commission has the ability to accept state employment applications online. 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 and administrative divisions.

Personnel's Workload Statistics

	1996	1997	1998
New Employees	38	33	64
Terminations	34	35	43
Retirements	8	4	4
Promotions	60	35	59
Pay Adjustments, Merit and Discretionary Increases	435	418	818
Classification Actions	83	69	58
Up-to-Date Position Descriptions	712	133	58
Change Orders Processed	1,296	1,346	1,696
Reassignments	15	21	10
Others*	468	709	468
Total	3,149	2,803	3,278

* Includes demotions, status changes, leave with/without pay, etc.

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, salary, insurance and other benefits, training, Year 2000, official holidays, lost and found, employment verification, etc. 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, 1998, the Commission's Sick Leave Pool had 246 members and a balance of 1,242.5 hours. During 1998, two employees requested withdrawals from the pool totaling 671.5 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 1998, the Commission focused on staff training for the Internet as well as a Windows 95 upgrade. The Bureau of Personnel staff has worked with Department of Management Services officials and consultants with Brandt Information Services to adapt a computerized Time Accountability System (TAS) for use by the Commission, which will provide not only a record of hours worked and leave taken for each employee, but also various management activity reports. Personnel staff have conducted training in the use of this program, which will replace manual timesheets used previously. In addition, professional development and conflict resolution seminars, and technical workshops, have been coordinated by the Commission's Training Officer.

The Commission's Employee Assistance Program continued to be a beneficial service for employees and their immediate family members. Personnel's staff coordinated the 1998 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 attended the 1998 State of Florida Human Resource Management Conference and Exposition in Daytona Beach, coordinated by the Department of Management Services. ♦



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, mediarepresentatives, 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 19 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 1998, the Bureau handled 54,154 consumer contacts. Of these, 10,274 inquiries were logged against regulated utilities and investigated. This number represents a 14-percent increase in logged inquiries compared with last year's 8,951 logged inquiries. Of 54,154 contacts, the Division handled 7,252 references and letters, to which Division personnel responded with information regarding Commission activities and regulations.

In 1998, Consumer Affairs (CAF) also received 898 letters and protest forms regarding access fees for Internet providers. CAF also received 671 letters and protest forms concerning fair and reasonable rates for local telephone customers. In addition, the Division received 36 letters and protest forms concerning the 813 area code numbering plan and 13 letters concerning other issues before the Commission.

The telephone industry accounted for 89 percent of all logged inquiries received by CAF in 1998, totaling 9,174 inquiries. Of this number, 7,162, or 70 percent of inquiries logged, were against long distance companies. During 1998, CAF resolved 2,761 cases as apparent slamming infractions against long distance companies and 232 cases as apparent slamming infractions against local companies for a total of 2,993 apparent infractions. This represents 74 percent of the total infractions resolved as apparent infractions in 1998. In 1997, CAF resolved 1,457 cases as apparent slamming infractions.

As a result of CAF's actions to resolve complaints, savings to consumers totaled \$1,484,720.20 for the year. Since 1986, over \$9.5 million in total refunds and credits have been issued to customers as a result of cases handled by the Division. The 1998 savings included \$1,292,288.39 for telephone customers,

\$147,499.12 for electric customers, \$2,225.60 for water and wastewater customers, \$10,308.46 for gas customers, and \$32,398.63 for miscellaneous issues.

In 1998, CAF investigated and resolved 10,879 inquiries. Of the resolved inquiries, 4,048 were marked with an apparent infraction (an apparent rule or tariff violation or company error).

Eighty-two percent of the 4,068 inquiries resolved as apparent infractions involved long distance companies. Nine percent of the apparent infractions involved local telephone companies, seven percent involved alternative local exchange companies, two percent involved electric companies and water and wastewater companies. Gas companies, pay phone companies, and water and wastewater companies accounted for less than one percent.

During 1998, the Division received 69 requests for informal conferences regarding complaints in which customers were not satisfied with the Division's initial determination. Of these cases, there were 17 settlements, four were withdrawn and one docketed case had a Proposed Agency Action order issued. Nine cases were referred to the Commission's Division of Legal Services.

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, many facets of 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 Commission's Conservation Education Program, which includes developing energy and water conservation information and disseminating it to consumers. Among other responsibilities:

- ◆ 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. In 1998, the Bureau responded to nearly 1,300 press calls and several hundred media outlets throughout the state during the year.

- ◆ The Bureau also provided weekly bulletins to the statewide media, media packets to all major Florida newspapers, and information to various trade press and utility industry publishers. In addition, the Bureau scheduled and coordinated numerous press interviews with Commissioners and staff.

- ◆ As a result of booming competition in the telecommunications markets, there continues to be a need for increased consumer education regarding this and other emerging issues. Therefore, as outlined in Chapter 364, Florida Statutes, the PSC has, for the past two years, intensified its consumer outreach and education programs. Part of these intensified efforts has included utilization of electronic and other media -- specifically radio and television public service announcements (PSAs), billboards, the Internet, and numerous pertinent brochures and printed pieces. Also, while the messages have remained intact, many of the Commission's TV PSAs have been "re-tagged" with their specific contact information for use in other states' consumer outreach campaigns. Analyses of surveys and other related information show that the PSC's consumer outreach and education programs have contributed to significantly increased awareness of many of the topics that we have promoted during these campaigns.

Below is a partial listing of some of the Bureau's outreach activities of the past year. ◆

Bureau of Consumer Information and Conservation Education - 1998	
(Partial Listing of Year's Activities)	
Hearings Attended	47
Legislative Bulletins	11
Special Reports	24
Media Calls	1,280
General Information Calls Handled	6,128
Press Releases	79
Newsletters Produced	18
Brochure Distribution	180,789*
Collateral Pieces for Other Divisions	146
Chairman's Columns Produced	12
Agenda Conferences Attended	25
Customer Hearings Attended	24
TV PSAs Produced	9
Radio PSAs Produced	9
Informational Letters for Mass Distribution	32

*Includes Lifeline/Link-up Florida brochure.

Annual Statistical Summary of Complaint Activity for Calendar Year 1998

(1998 Total Consumer Contacts = 66,659)

Type of Complaint Activity Received by the Division of Consumer Affairs	1998 Statistics
OVERALL	
Total Inquiries Logged	10,274
Total Letters Logged	1,845
Total Letters Received Regarding Access Fees for Internet Providers	898
Total Letters Received Regarding Fair and Reasonable Rates for Local Telephone Service	671
Total Letters Received concerning 813 Area code Numbering Plan	36
Total Letters Received Concerning other Issues before the Commission	13
Total References Logged	5,407
Total Calls Answered Minus Calls Logged as Inquiries, References and Letters	35,010
Total Consumer Contacts	54,154
Total Inquiries Resolved During 1998	10,879
Total Inquiries Resolved that were Determined to be Apparent Infractions	4,048
Percentage of Inquiries that Resulted in Apparent Infractions	37%
TELEPHONE INDUSTRY COMPLAINT ACTIVITY	
Total Telephone Industry Inquiries Logged in 1998	9,174
Percentage of Telephone Industry Inquiries Compared to Total Inquiries Logged in 1998	89%
Total Long Distance Telephone Industry Inquiries Logged in 1998	7,162
Percentage of Long Distance Telephone Industry Inquiries Compared to Total Inquiries Logged in 1998	70%
Total Long Distance Telephone Industry Apparent Infractions Resolved in 1998	3,304
Percentage of Long Distance Telephone Industry Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	82%
Total Local Exchange Company Inquiries Logged in 1998	1,604
Percentage of Local Exchange Company Industry Inquiries Compared to Total Inquiries Logged in 1998	16%
Total Local Exchange Company Apparent Infractions Resolved in 1998	354
Percentage of Local Exchange Company Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	9%
Total Alternative Local Exchange Company Industry Inquiries Logged in 1998	342
Percentage of Alternative Local Exchange Company Inquiries Compared to Total Inquiries Logged in 1998	3%
Total Alternative Local Exchange Company Apparent Infractions Resolved in 1998	264
Percentage of Alternative Local Exchange Company Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	7%
Total Payphone Industry Inquiries Logged in 1998	66
Percentage of Payphone Industry Inquiries Compared to the Total Inquiries Logged in 1998	1%
Total Payphone Company Industry Apparent Infractions Resolved in 1998	10
Percentage of Payphone Industry Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	0.2%
Total Telephone Apparent Slamming Infractions Resolved in 1998	2,993
Total Telephone Apparent Slamming Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	74%
Total Telephone Apparent Slamming Infraction Compared to Total Inquiries Resolved in 1998	28%
ELECTRIC AND GAS INDUSTRY COMPLAINT ACTIVITY	
Total Electric Industry Inquiries Logged in 1998	813
Percentage of Electric Industry Inquiries Logged in 1998 Compared to Total Inquiries Logged in 1998	8%
Total Electric Industry Apparent Infractions Resolved in 1998	74
Percentage of Electric Industry Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	2%
Total Gas Industry Inquiries Logged in 1998	99
Percentage of Gas Industry Inquiries Logged Compared to Total Inquiries Logged in 1998	1%
Total Gas Industry Apparent Infractions Resolved in 1998	19
Percentage of Gas Industry Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	0.5%
WATER AND WASTEWATER INDUSTRY COMPLAINT ACTIVITY	
Total Water and Wastewater Industry Inquiries Logged in 1998	188
Percentage of Water and Wastewater Industry Inquiries Compared to Total Inquiries Logged in 1998	2%
Total Number of Water and Wastewater Industry Apparent Infractions Resolved in 1998	22
Percentage of Water and Wastewater Industry Apparent Infractions Compared to Total Inquiries Resolved as Apparent Infractions in 1998	0.5%
SAVINGS TO CONSUMERS	
Total Savings to Consumers	\$1,484,720.20
Total Savings to Consumers with Telephone Industry Complaints	\$1,292,288.39
Total Savings to Consumers with Electric Industry Complaints	\$147,499.12
Total Savings to Consumers with Gas Industry Complaints	\$10,308.46
Total Savings to Consumers with Water and Wastewater Industry Complaints	\$2,225.60
Total Savings to Consumers Regarding Miscellaneous Issues	\$32,398.63

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) Apparent 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 considered a complaint or case.

Electric Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infraction Type	Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total	
FLORIDA POWER CORP.	77	70	147	Inaccurate Meter Readings	146	13	159	3%
FPL	240	372	612	Street/Outdoor Light Outages	844	55	899	7%
FPUC	0	0	0		0	0	0	0%
GULF POWER	8	13	21	Service/Billing Problems	23	2	25	0%
TAMPA ELECTRIC	6	27	33	Service/Billing Problems	46	4	50	2%
INDUSTRY TOTAL	331	482	813		1,059	74	1,133	

Electric Companies

DIVISION OF CONSUMER AFFAIRS 1998 APPARENT INFRACTION INFORMATION

	Total	% of Inquiries	Apparent Infractions	1998
	Apparent Infractions	Resolved as	Per 1,000	Apparent Infraction
		Apparent Infractions	Customers*	Index**
FLORIDA POWER CORP.	13	8%	0.010	0.78
FPL	55	6%	0.016	1.19
FPUC	0	0%	0.000	0.00
GULF POWER	2	8%	0.006	0.47
TAMPA ELECTRIC	4	8%	0.008	0.61
INDUSTRY TOTAL	74	7%	0.013	

* Note - Infractions per 1,000 customers is defined as follows: Each company total is based on the company's total apparent infractions divided by its customer base. The industry total is based on the total apparent infractions for the industry divided by the total industry customer base.

** Apparent Infraction Index is defined as follows: Percentage of apparent infractions divided by percentage of customers. The Percentage of apparent infractions is the total number of apparent infractions divided by the total number of apparent infractions for the industry. The percentage of customers is the total customer base for each utility divided by the total customer base for each industry.

Gas Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infraction Type	Inquiries Resolved In 1998			% Late Responses
	Service	Billing	Total		Apparent Noninfraction	Apparent Infractions	Total	
CHESAPEAKE	1	1	2		2	0	2	50%
CITY GAS	20	42	62	Meter Not Read/Incorrect Billing	50	13	63	44%
FPUC	3	2	5	Not Receiving Bills	5	1	6	17%
INDIANTOWN	0	0	0		0	0	0	0%
PEOPLES	3	27	30	Not Disconnected On Request	31	5	36	11%
ST. JOE	0	0	0		0	0	0	0%
SEBRING	0	0	0		0	0	0	0%
SOUTH FLORIDA	0	0	0		0	0	0	0%
WEST FLORIDA	0	0	0		1	0	1	0%
INDUSTRY TOTAL	27	72	99		89	19	108	

Gas Companies

DIVISION OF CONSUMER AFFAIRS 1998 APPARENT INFRACTION INFORMATION

	Total Apparent Infractions	% of Inquiries Resolved as Apparent Infractions	Apparent Infractions Per 1,000 Customers*	Y-T-D Apparent Infractions Index**
CHESAPEAKE	0	0%	0.000	0.00
CITY GAS	13	21%	0.130	2.94
FPUC	1	17%	0.027	0.61
INDIANTOWN	0	0%	0.000	0.00
PEOPLES	5	14%	0.021	0.46
ST. JOE	0	0%	0.000	0.00
SEBRING	0	0%	0.000	0.00
SOUTH FLORIDA	0	0%	0.000	0.00
WEST FLORIDA	0	0%	0.000	0.00
INDUSTRY TOTAL	19	18%	0.044	

* Note - Infractions per 1,000 customers is defined as follows: Each company total is based on the company's total apparent infractions divided by its customer base. The industry total is based on the total apparent infractions for the industry divided by the total industry customer base.

** Apparent Infraction Index is defined as follows: Percentage of apparent infractions divided by percentage of customers. The Percentage of apparent infractions is the total number of apparent infractions divided by the total number of apparent infractions for the industry.

The percentage of customers is the total customer base for each utility divided by the total customer base for each industry.

Local Telephone Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infraction Type	Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total	
ALLTEL	13	3	16	Billing Problems	15	2	17	6%
BELLSOUTH	671	212	883	Delay in Connecting Service	806	196	1,002	4%
FLORALA	0	0	0		0	0	0	0%
FRONTIER	2	1	3	Billing Wrong Customer	2	1	3	33%
GT COM/ST. JOSEPH	14	1	15	Delay in Connecting Service	17	4	21	14%
GTE	316	94	410	Delay in Connecting Service	403	106	509	17%
GULF	1	0	1		1	0	1	0%
INDIANTOWN	0	0	0		2	0	2	50%
NE FLORIDA	4	0	4		4	0	4	0%
SPRINT-FLORIDA	216	54	270	Delay in Connecting Service	217	45	262	8%
TDS TELECOM/QUINCY	2	0	2		2	0	2	50%
VISTA - UNITED	0	0	0		2	0	2	50%
INDUSTRY TOTAL	1,239	365	1,604		1,471	354	1,825	

Local Telephone Companies

DIVISION OF CONSUMER AFFAIRS 1998 APPARENT INFRACTION INFORMATION

	Total Apparent Infractions	% of Inquiries Closed as Apparent Infractions	Apparent Infractions Per 1,000 Access Lines*	1998 Apparent Infractions Index**
ALLTEL	2	12%	0.026	0.77
BELLSOUTH	196	20%	0.032	0.94
FLORALA	0	0%	0.000	0.00
FRONTIER	1	33%	0.241	7.22
GT COM/ST. JOSEPH	4	19%	0.127	3.79
GTE	106	21%	0.047	1.40
GULF	0	0%	0.000	0.00
INDIANTOWN	0	0%	0.000	0.00
NE FLORIDA	0	0%	0.000	0.00
SPRINT-FLORIDA	45	17%	0.023	0.70
TDS TELECOM/QUINCY	0	0%	0.000	0.00
VISTA-UNITED	0	0%	0.000	0.00
INDUSTRY TOTAL	354	19%	0.033	

* Note - Infractions per 1,000 customers is defined as follows: Each company total is based on the company's total apparent infractions divided by its customer base. The industry total is based on the total apparent infractions for the industry divided by the total industry customer base.

** Apparent Infraction Index is defined as follows: Percentage of apparent infractions divided by percentage of customers. The Percentage of apparent infractions is the total number of apparent infractions divided by the total number of apparent infractions for the industry. The percentage of customers is the total customer base for each utility divided by the total customer base for each industry.

Alternative Local Telephone Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infraction Type	Inquiries Resolved in 1998			% of Inquiries Resolved as Apparent infractions	% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total		
1-800-RECONEX, INC.	1	0	1		0	0	0	0%	0%
ALLTEL COMMUNICATIONS, INC.	2	1	3		1	0	1	0%	100%
AMERICA'S TELE-NETWORK CORP.	0	0	0	Prepaid Cards	1	0	1	0%	0%
AMERICAN COMMUNICATION SERVICES	2	0	2	Failure to respond	1	1	2	50%	100%
AT&T	4	2	6	Service problems	3	2	5	40%	40%
ATLANTIC TELECOMMUNICATION SYSTEMS	1	0	1		0	0	0	0%	0%
BELLSOUTH BSE, INC.	2	0	2		0	0	0	0%	0%
BELLSOUTH TELECOMMUNICATIONS, INC.	2	0	2		2	0	2	0%	100%
BTI	6	0	6	Delay in Service Connection	2	1	3	33%	33%
CABLE & WIRELESS, INC.	1	0	1		0	0	0	0%	0%
CELLULAR ONE OF SOUTHWEST FL	0	0	0		1	0	1	0%	0%
DIAL & SAVE	0	1	1		1	0	1	0%	0%
E.SPIRE COMMUNICATIONS, INC.	3	2	5		2	0	2	0%	100%
EAST FLORIDA COMMUNICATIONS, INC.	1	0	1		0	0	0	0%	0%
EVERGLADES NATIONAL COMMUNICATION	41	8	49	Delay in Service Connection	27	11	38	29%	42%
FLORIDA COMM SOUTH	1	1	2		5	0	5	0%	40%
FLORIDA TELEPHONE COMPANY	1	1	2		0	0	0	0%	0%
FLORIDA TELEPHONE SERVICES, LLC	1	0	1		1	0	1	0%	0%
FLORIDA'S MAX-TEL COMMUNICATIONS, INC.	1	0	1		1	0	1	0%	100%
FRONTIER TELEMANAGEMENT INC.	0	1	1		1	0	1	0%	0%
GT COM	0	1	1		0	0	0	0%	0%
GTE COMMUNICATIONS CORPORATION	20	11	31	Billing Problems	19	3	22	14%	32%
INTERMEDIA COMMUNICATIONS, INC.	12	6	18	Service Problems	11	3	14	27%	90%

	Inquiries Logged in 1998			Inquiries Resolved in 1998			Inquiries Resolved as % Late Responses		
	Service	Billing	Total	Major Apparent Infraction Type	Apparent Noninfractions	Apparent Infractions	Total	Apparent Infractions	% of Inquiries Resolved as % Late Responses
JETCOM, INC.	2	0	2		1	0	1	0%	0%
LCI INTERNATIONAL TELECOM CORP.	1	0	1	Slamming	0	1	1	100%	100%
LOCAL LINE AMERICA, INC.	2	0	2		2	0	2	0%	50%
MCI METRO ACCESS TRANSMISSION	2	0	2	Delay in Clearing Trouble Reports	2	1	3	50%	66%
MCI TELECOMMUNICATIONS CORP.	2	1	3		3	0	3	0%	33%
MEDIAONE FIBER TECHNOLOGIES, INC.	0	1	1		0	0	0	0%	0%
MEDIAONE FLORIDA TELECOMMUNICATIONS	2	0	2		1	0	1	0%	0%
MET COMMUNICATIONS, INC.	1	0	1		0	0	0	0%	0%
NATIONALTEL	7	1	8	Delay in Service Connection	6	3	9	33%	33%
OPTEL	1	0	1		2	0	2	0%	50%
OPTEL (TVMAX TELECOMMUNICATIONS, INC.)	0	0	0	Improper Rates	0	1	1	100%	0%
RECONEX	8	1	9	Delay in Service Connection	9	1	10	10%	30%
SPRINT COMMUNICATIONS CO.	0	0	0		1	0	1	0%	100%
SPRINT-FLORIDA, INCORPORATED	1	0	1		1	0	1	0%	100%
SUPRA	34	1	35	Slamming	2	204	206	99%	87%
TCG SOUTH FLORIDA	0	0	0		1	0	1	0%	0%
TEL-LINK OF FLORIDA, LLC.	27	7	34	Delay in Service Connection	42	7	49	14%	51%
TELENET OF SOUTH FLORIDA, INC.	0	0	0		1	0	1	0%	0%
TELEPHONE COMPANY OF CENTRAL FL	11	4	15	Slamming	8	12	20	60%	15%
TELTRUST COMMUNICATIONS SERVICES, INC.	1	4	5	Incorrect Billing	2	2	4	50%	50%
THE OTHER PHONE COMPANY, INC.	55	4	59	Slamming	28	8	36	22%	44%
THE PHONE COMPANY	4	0	4	Slamming	3	1	4	25%	0%
U.S. LONG DISTANCE, INC.	1	0	1		0	0	0	0%	0%
U.S. TELCO, INC.	5	1	6	Service Problems	3	2	5	40%	60%
USA TELE CORP.	0	1	1		2	0	2	0%	0%
USA TELECOM	10	0	10		1	0	1	0%	0%
WORLDCOM TECHNOLOGIES, INC.	1	1	2	Improper Rates	0	1	1	100%	0%
INDUSTRY TOTAL	280	62	342		200	265	465		

Long Distance Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infraction Type	Inquiries Resolved in 1998			% of Inquiries Resolved as Apparent Infractions	% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total		
1010 123 AMERICATEL	1	1	2		1	0	1	0%	0%
360 LONG DISTANCE, INC.	5	2	7	Slamming	4	2	6	33%	16%
800 CUSTOMERS SERVICE	0	0	0		1	0	1	0%	100%
A.R.C. NETWORKS, INC.	0	1	1		1	0	1	0%	100%
ACCESS LONG DISTANCE OF FLORIDA, INC.	0	0	0		1	0	1	0%	0%
ACCESS TELECOM, INC.	1	0	1		1	0	1	0%	100%
ACCUTEL COMMUNICATIONS, INC.	36	17	53	Slamming	30	10	40	25%	13%
ACSI (ALPHA COMMUNICATION SOLUTIONS, INC)	1	1	2		2	0	2	0%	0%
ADELPHIA TELECOMMUNICATIONS OF FLORIDA, INC.	1	0	1		0	0	0	0%	0%
ADVANCED MANAGEMENT SERVICES, INC.	1	0	1		1	0	1	0%	0%
ADVANCED TELECOMMUNICATION NETWORK, INC.	3	0	3		0	0	0	0%	0%
AFFINITY LONG DISTANCE, INC.	0	0	0		2	0	2	0%	0%
AFFINITY NETWORK, INC.	4	1	5		0	0	0	0%	50%
ALL AMERICAN TELEPHONE, INC.	326	6	332	Slamming	51	265	316	84%	34%
ALLTEL COMMUNICATIONS, INC.	1	1	2		1	0	1	0%	0%
ALTERNATE COMMUNICATIONS TECHNOLOGY, INC.	0	0	0		1	0	1	0%	0%
ALTERNATEL (ASC TELECOM, INC.)	0	2	2	Failure to Respond to Customer Inquiries	2	1	3	33%	67%
AMER-I-NET SERVICES CORP.	342	5	347	Slamming	19	440	459	96%	62%
AMERICA ONE COMMUNICATIONS, INC.	1	0	1		0	0	0	0%	0%
AMERICA'S TELE-NETWORK CORP.	100	29	129	Slamming	59	68	127	55%	44%
AMERICAN LONG LINES, INC.	1	0	1		1	0	1	0%	0%
AMERICAN NORTEL COMMUNICATIONS, INC.	164	21	185	Slamming	18	91	109	84%	79%
AMERICAN TEL GROUP, INC.	5	2	7	Slamming	3	5	8	63%	75%
AMERICAN TELECOM	1	0	1		0	0	0	0%	0%
AMERICAN TELECOMMUNICATIONS SYSTEMS, INC.	0	1	1	Slamming	0	3	3	100%	67%
AMERICAN TELEPHONE NETWORK, INC.	0	1	1		1	0	1	0%	0%
AMERICAN TELETRONICS LONG DISTANCE, INC.	1	2	3	Slamming	1	1	2	50%	50%
AMERICOM COMMUNICATIONS, LLC	1	0	1		1	0	1	0%	0%

	Inquiries Logged In 1998			Major Apparent			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Infraction Type	Noninfractions	Apparent Infractions	Total	% of Inquiries Resolved as Apparent Infractions		
AMERINET INTERNATIONAL, INC.	0	0	0		1	0	1	0%	0%	
AMERITECH COMMUNICATIONS INTERNATIONAL, INC	2	0	2		3	0	3	0%	0%	
AMERIVISION COMMUNICATIONS, INC.	6	2	8		2	0	2	0%	0%	
AMNEX	1	1	2	Billing Wrong Customer	3	1	4	25%	50%	
AT&T	416	332	748	Slamming	488	362	860	42%	10%	
ATHENA INTERNATIONAL, L.L.C.	1	0	1	Slamming	2	3	5	60%	80%	
ATI TELECOM, INC.	0	0	0		1	0	1	0%	0%	
ATLANTIC TELECOMMUNICATION SYSTEMS, INC.	2	0	2		0	0	0	0%	0%	
ATLAS COMMUNICATION CONSULTANTS, INC.	1	0	1		1	0	1	0%	0%	
ATLAS COMMUNICATIONS AND TELEPHONE, INC.	0	0	0		1	0	1	0%	100%	
ATLAS COMMUNICATIONS, LTD.	5	0	5	Slamming	1	5	6	83%	67%	
ATN COMMUNICATIONS INCORPORATED	12	4	16		13	0	13	0%	8%	
ATX TELECOMMUNICATIONS SERVICES	1	1	2		2	0	2	0%	0%	
BCI CORP.	214	10	224	Slamming	43	192	235	82%	20%	
BELL ATLANTIC COMMUNICATIONS, INC.	2	0	2		2	0	2	0%	0%	
BELL ATLANTIC LONG DISTANCE	3	2	5	Slamming/Failure to Respond	7	5	12	42%	58%	
BELLSOUTH LONG DISTANCE, INC.	0	0	0		1	0	1	0%	0%	
BELLSOUTH PUBLIC COMMUNICATIONS, INC.	0	7	7	Billing Problems	4	2	6	33%	16%	
BIZ TEL CORPORATION	16	28	44	Slamming	28	10	38	26%	18%	
BLUE EARTH COMMUNICATIONS	0	0	0	Failure to Respond to Customer Inquiries	0	1	1	100%	100%	
BN1 TELECOMMUNICATIONS, INC.	3	2	5	Failure to Respond to Customer Inquiries	4	1	5	20%	80%	
BTI	11	3	14	Slamming	7	4	11	36%	27%	
BUDGET CALL LONG DISTANCE, INC.	1	0	1		2	0	2	0%	0%	
BUSINESS DISCOUNT PLAN, INC.	3	0	3	Slamming	3	7	10	70%	80%	
BUSINESS OPTIONS, INC.	1	0	1		0	0	0	0%	0%	
BUYERS UNITED INTERNATIONAL, INC.	2	1	3		1	0	1	0%	100%	
CABLE & WIRELESS, INC.	44	7	51	Slamming	27	5	32	16%	16%	
CAPITAL LONG DISTANCE	0	0	0		1	0	1	0%	0%	

	Inquiries Logged in 1998			Major Apparent Infraction Type			Inquiries Logged in 1998			% of Inquiries Resolved as Apparent Infractions	% Late Responses
	Service	Billing	Total	Slamming	Failure to Respond to Customer Inquiries	Marketing	Noninfractions	Apparent Infractions	Total		
GATHOLIC TELECOM INC.	1	0	1				0	0	0	0%	0%
CCC LIMITED PARTNERSHIP	2	1	3				1	1	1	0%	0%
CITIZENS COMMUNICATIONS COMPANY	1	0	1	Slamming			0	1	1	100%	100%
CLEARTEL COMMUNICATIONS, INC.	0	2	2				1	0	1	0%	100%
COAST INTERNATIONAL, INC.	6	3	9	Slamming			5	9	14	64%	43%
COASTAL TELEPHONE COMPANY	12	7	19	Slamming			8	21	29	72%	24%
COLORADO RIVER COMMUNICATIONS CORP.	4	3	7	Slamming			1	1	2	50%	50%
COMDATA TELECOMMUNICATIONS SERVICES	2	0	2				1	0	1	0%	0%
COMINEX, L.L.C.	1	1	2				4	0	4	0%	25%
COMMERCIAL PHONE GROUP, INC.	0	0	0		Failure to Respond to Customer Inquiries		0	1	1	100%	100%
COMMEX	5	1	6				1	0	1	0%	0%
CONNECT AMERICA COMMUNICATIONS, INC.	1	1	2				2	0	2	0%	0%
CONNECTONE COMMUNICATIONS CORPORATION	0	0	0				1	0	1	0%	100%
CONQUEST OPERATOR SERVICES CORP.	1	0	1				0	0	0	0%	0%
CONSUMER ACCESS	14	10	24			Marketing	24	6	30	20%	13%
CORAL COMMUNICATIONS, INC.	1	0	1				1	0	1	0%	0%
CORPORATE SERVICES TELCOM, INC.	137	11	148			Slamming	48	93	141	66%	54%
GSI CORP.	2	1	3				0	0	0	0%	0%
CTS TELCOM, INC.	1	4	5			Slamming/Billing Wrong Customer	5	2	7	29%	14%
CYBERLINK, INC.	0	1	1				1	0	1	0%	0%
DESTINY TELECOMM INTERNATIONAL, INC.	1	0	1				13	0	13	0%	92%
DIAL & SAVE	1	0	1				1	0	1	0%	0%
DIAL & SAVE	5	4	9				6	0	6	0%	67%
DIAL & SAVE	1	1	2			Slamming	3	1	4	25%	50%
DIGITAL NETWORK OPERATOR SERVICES, INC.	0	1	1			Call Aggregator Problem (Hotel)	3	1	4	25%	75%
DISCOUNT NETWORK SERVICES, INC.	18	0	18			Slamming	4	21	25	84%	44%
DISCOUNT PLUS	1	0	1				3	0	3	0%	100%
EFFICY GROUP, INC.	2	0	2				0	0	0	0%	0%

	Inquiries logged in 1998			Major Apparent Infraction Type			Inquiries Resolved in 1998			% of Inquiries Resolved as Apparent Infractions	% Late Responses
	Service	Billing	Total	Major Apparent Infraction Type	Apparent Noninfractions	Apparent Infractions	Total	% of Inquiries Resolved as Apparent Infractions			
EMPIRE TELECOM, INC.	0	1	1		0	0	0	0%	0%		
ENHANCED SERVICES BILLING, INC.	4	11	15	Marketing	13	1	14	7%	0%		
EQUALITY, INC.	1	0	1		1	0	1	0%	0%		
EQUALNET CORPORATION	6	4	10	Slamming	9	5	14	36%	29%		
ETI-TELECOMMUNICATIONS, INC.	3	1	4	Slamming	3	3	6	50%	17%		
EXGEL TELECOMMUNICATIONS, INC.	113	76	189	Slamming	81	106	187	57%	13%		
EXECUTONE INFORMATION SYSTEMS, INC.	1	0	1		0	0	0	0%	0%		
FEDERAL TRANSTEL, INC.	2	6	8		5	0	5	80%	100%		
FLAT RATE LONG DISTANCE, INC.	7	0	7		3	0	3	0%	0%		
PHONE AMERICA, INC.	0	0	0		1	0	1	0%	0%		
FOXTEL, INC.	0	1	1		0	0	0	0%	0%		
FREE PLUS CALLING, INC.	1	0	1		0	0	0	0%	0%		
FREEDOM COMMUNICATIONS CORPORATION	0	0	0		1	0	1	0%	100%		
FRONTIER COMMUNICATIONS INTERNATIONAL, INC.	2	1	3	Slamming	2	2	4	50%	75%		
FRONTIER COMMUNICATIONS OF THE WEST	1	0	1		1	0	1	0%	0%		
FRONTIER COMMUNICATIONS SERVICES	25	4	29	Slamming	25	3	28	11%	29%		
FTC LONG DISTANCE, INC.	0	0	0	Failure to Respond to Customer Inquiries	0	1	1	100%	100%		
FTI COMMUNICATIONS	5	3	8	Slamming	3	4	7	57%	14%		
GLOBAL TEL-LINK CORPORATION	3	4	7	Service Refused	8	1	9	11%	11%		
GLOBAL TELECOM NETWORK	0	1	1		1	0	1	0%	0%		
GLOBAL TELEPHONE INTERNATIONAL, INC.	4	1	5		2	0	2	0%	0.0%		
GROUP ADVANTAGE PROVIDERS, LLC	2	0	2	Slamming	4	1	5	20%	40%		
GROUP LONG DISTANCE, INC.	22	5	27	Slamming	21	18	39	46%	74%		
GT COM LONG DISTANCE	1	2	3	Improper Rates	1	1	2	50%	0%		
GTE COMMUNICATIONS CORPORATION	246	24	270	Slamming	62	86	148	58%	39%		
GTE TELECOMMUNICATIONS SERVICES, INC.	12	4	16	Slamming	7	6	13	46%	69%		
GULF LONG DISTANCE, INC.	2	0	2		2	0	2	0%	50%		
HALE AND FATHER, INC.	11	1	12	Slamming	1	4	5	80%	80%		

	Inquiries Logged In 1998			Major Apparent			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Infraction Type	Noninfractions	Apparent	Apparent	Infractions	Total	
HBS BILLING SERVICES	0	1	1		0	0	0	0	0	0%
HEARTLINE COMMUNICATIONS, INC.	1	0	1	Slamming	2	1	1	3	33%	66%
HEBRON COMMUNICATIONS CORPORATION	3	2	5	Slamming/Not Disconnected on Request	3	2	2	5	40%	0%
HELLO CARD, INC.	1	1	2		1	0	0	1	0%	0%
HERTZ TECHNOLOGIES, INC.	0	0	0		1	0	0	1	0%	100%
HOME OWNERS LONG DISTANCE INCORPORATED	23	16	39	Slamming	44	15	15	59	25%	13%
HOTELCO, LTD.	1	0	1		1	0	0	1	0%	0%
HSS VENDING DISTRIBUTORS	0	0	0		1	0	0	1	0%	0%
ICG TELECOM GROUP, INC.	2	0	2		0	0	0	0	0%	0%
ICLD	4	3	7	Slamming	5	4	4	9	44%	67%
IDEALDIAL CORPORATION	10	0	10	Slamming	1	7	7	8	88%	38%
IDS LONG DISTANCE, INC.	0	0	0	Slamming	0	1	1	1	100%	0%
IDT CORPORATION	2	0	2		1	0	0	1	0%	100%
ILD, INC.	1	1	2		0	0	0	0	0%	0%
INCOMM	0	1	1		1	0	0	1	0%	100%
INDEPENDENT NETWORK SERVICES CORP.	0	0	0		3	0	0	3	0%	67%
INDIANTOWN TELEPHONE LONG DISTANCE CO.	1	0	1		1	0	0	1	0%	0%
INET INTERACTIVE NETWORK SYSTEMS, INC.	1	0	1		0	0	0	0	0%	0%
INFO-TEL, INC.	0	0	0	Failure to Respond to Customer Inquiries	0	1	1	1	100%	100%
INTEGRATED TELESERVICES, INC.	0	0	0	Slamming	10	2	2	12	16%	66%
INTEGRETEL, INC.	59	51	110	Slamming	95	9	9	104	9%	63%
INTELLICALL OPERATOR SERVICES, INC.	0	1	1		1	0	0	1	0%	0%
INTELNET INTERNATIONAL CORP.	1	0	1		0	0	0	0	0%	0%
INTER-TEL NETSOLUTIONS, INC.	0	1	1		1	0	0	1	0%	100%
INTERMEDIA COMMUNICATIONS, INC.	16	10	26	Billing/Service Problems	21	6	6	27	22%	67%
INTERNATIONAL GATEWAY COMMUNICATIONS, INC.	1	1	2		2	0	0	2	0%	100%
INTERNATIONAL TELCOM, LTD.	1	0	1	Failure to Respond to Customer Inquiries	0	1	1	1	100%	100%
INTERNATIONAL TELEMEDIA ASSOCIATES, INC.	8	14	22	Marketing	24	1	1	25	4%	16%

	Inquiries Logged in 1998			Major Apparent Infraction Type			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Infraction Type	Noninfractions	Apparent Infractions	Total	% of Inquiries Resolved as Apparent Infractions		
INTERQUEST (EASTERN TELECOM. INC. D/B/A)	0	0	0		2	0	2	0%	50%	
INTECH, L.C.	1	0	1		0	0	0	0%	0%	
INVISION TELECOM. INC.	0	1	1	Improper Rates	2	1	3	33%	33%	
ITC*DELTA COM (DELTA COM LONG DISTANCE)	1	0	1		2	0	2	0%	0%	
ITS BILLING	5	2	7	Slamming	3	5	8	63%	75%	
IXC LONG DISTANCE, INCORPORATED	7	0	7	Slamming	8	1	9	11%	33%	
L.D.S TELECOMMUNICATIONS. INC.	0	0	0		1	0	1	0%	100%	
L.D.S. TELECOMMUNICATIONS. INC.	44	7	51	Slamming	22	21	43	49%	33%	
LCI INTERNATIONAL TELECOM CORP.	103	24	127	Slamming	46	114	160	71%	29%	
LCR. INC. (MA BELL ASSOCIATES. INC. D/B/A)	0	0	0		1	0	1	0%	0%	
LDC TELECOMMUNICATIONS. INC.	7	2	9	Slamming	10	24	34	71%	59%	
LDS WORLD COM	15	3	18	Slamming	35	9	44	20%	25%	
LDM SYSTEMS. INC.	3	1	4	Slamming	2	3	5	60%	60%	
LEAST COST ROUTING. INC.	54	3	57	Slamming	49	21	70	30%	23%	
LONG DISTANCE BILLING	8	1	9	Slamming	6	2	8	25%	38%	
LONG DISTANCE CHARGES	301	17	318	Slamming	74	211	285	74%	42%	
LONG DISTANCE DIRECT. INC.	89	3	92	Slamming	4	66	70	94%	84%	
LONG DISTANCE INTERNATIONAL. INC.	37	8	45	Slamming	20	20	40	50%	27%	
LONG DISTANCE SAVERS. INC.	1	0	1		1	0	1	0%	100%	
LONG DISTANCE SAVINGS	67	6	73	Slamming	25	8	33	24%	70%	
LONG DISTANCE SERVICES. INC.	22	9	31		23	0	23	0%	22%	
LONG DISTANCE WHOLESALER CLUB	0	1	1	Slamming	0	3	3	100%	0%	
MARATHON COMMUNICATIONS CORPORATION	11	3	14		4	0	4	0%	0%	
MATRIX TELECOM. INC.	5	1	6	Slamming	8	3	11	27%	55%	
MCI TELECOMMUNICATIONS CORPORATION	472	443	915	Slamming	545	238	783	30%	35%	
METRAM COM CORPORATION	2	0	2	Slamming	0	1	1	100%	0%	
MFS INTELNET OF FLORIDA. INC.	0	0	0		2	0	2	0%	50%	
MIDCOM COMMUNICATIONS. INC.	1	4	5	Slamming/Billing Wrong Customer	4	2	6	33%	67%	

	Inquiries Logged in 1998			Major Apparent			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Infraction Type	Apparent Noninfractions	Apparent Infractions	Total	% of Inquiries Resolved as Apparent Infractions		
OPERATOR ASSISTANCE NETWORK	28	27	55	Slamming	38	4	42	10%	29%	
OPTICOM	0	6	6		4	0	4	0%	25%	
PANTEL COMMUNICATIONS, INC.	4	6	10	Slamming	13	10	23	43%	39%	
PARKLINK COMMUNICATIONS, INC.	0	1	1	Marketing	0	1	1	100%	0%	
PERFORMANCE TELECOM	2	0	2		2	0	2	0%	0%	
PHONE CALLS, INC.	2	0	2	Slamming	0	1	1	100%	0%	
PHONE ONE, INC.	0	0	0		2	0	2	0%	100%	
PHONES FOR ALL (PREFERRED CARRIER SERVICES)	9	0	9	Slamming	4	14	18	78%	22%	
PHONETEL TECHNOLOGIES	0	0	0		1	0	1	0%	0%	
PNG TELECOMMUNICATIONS, INC.	1	0	1		0	0	0	0%	0%	
PREFERRED BILLING	30	2	32	Slamming	11	9	20	45%	70%	
PREMIERE COMMUNICATIONS, INC.	0	1	1		0	0	0	0%	0%	
PRIMUS TELECOMMUNICATIONS, INC.	1	0	1		2	0	2	0%	50%	
PROCOM	2	0	2	Slamming	0	1	1	100%	100%	
PT-1 COMMUNICATIONS	1	0	1		1	0	1	0%	0%	
QUEST COMMUNICATIONS CORPORATION	1	0	1		0	0	0	0%	0%	
QUEST TELECOMMUNICATIONS, INC.	2	1	3		0	0	0	0%	0%	
QUINTELCO, INC.	2	1	3		1	0	1	0%	0%	
QWEST COMMUNICATIONS CONNECTIONS, INC.	15	11	26	Slamming/Failure to Respond	7	4	11	36%	73%	
SATURN TELECOMMUNICATION SERVICES, INC.	0	1	1		0	0	0	0%	0%	
SCI LONG DISTANCE TELEPHONE	2	4	6	Slamming	1	5	6	83%	17%	
SECURITY TELECOM CORPORATION	0	1	1		0	0	0	0%	0%	
SHARED COMMUNICATIONS SERVICES, INC.	0	3	3		0	0	0	0%	0%	
SPRINT	281	113	394	Slamming	311	107	418	26%	30%	
SPRINT-FLORIDA, INCORPORATED	0	0	0		1	0	1	0%	0%	
STA TELECOMMUNICATIONS CORP.	1	0	1		0	0	0	0%	0%	
STRATEGIC TELECOM SYSTEMS, INC.	1	0	1		4	0	4	0%	25%	
SUNTEL NETWORK, INC.	1	1	2		4	0	4	0%	0%	

	Inquiries Logged in 1998			Major Apparent			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Infraction Type	Noninfractions	Apparent Infractions	Total	% of Inquiries Resolved as Apparent Infractions		
SUPRA TELECOMMUNICATIONS	3	1	4	Slamming	5	7	12	58%	67%	
SWITCHED SERVICES COMMUNICATIONS, L.L.C.	5	0	5	Slamming	4	3	7	43%	29%	
TALTON INVISON, INC.	1	0	1		1	0	1	0%	100%	
TARGET TELECOM, INC.	0	0	0		1	0	1	0%	100%	
TCG SOUTH FLORIDA	1	0	1	Delay in Clearing Trouble Reports	1	1	2	50%	0%	
TCS	0	1	1		3	0	3	0%	0%	
TEL-LINK OF FLORIDA, L.L.C.	9	0	9	Delay in Connecting Service	4	2	6	33%	33%	
TELCO BILLING, INC.	13	20	33	Improper Rates	21	8	29	28%	55%	
TELCO DEVELOPMENT GROUP, INC.	1	2	3		0	0	0	0%	0%	
TELCO PARTNERS, INC.	4	4	8	Slamming/Billing Wrong Customer	5	2	7	28%	57%	
TELEC, INC.	40	3	43	Slamming	45	4	49	8%	40%	
TELECARD SERVICES INTERNATIONAL, INC.	0	0	0		1	0	1	0%	100%	
TELECOM PLUS	6	1	7		3	0	3	0%	0%	
TELECOM*USA OR TELECONNECT	12	35	47	Slamming/Failure to Respond	40	2	42	5%	29%	
TELECOMMUNICATIONS RESOURCES, INC.	1	0	1		0	0	0	0%	0%	
TELECOMMUNICATIONS SERVICE CENTER, INC.	2	2	4		2	0	2	0%	0%	
TELEGROUP OF IOWA, INC.	4	1	5		7	0	7	0%	29%	
TELEHUB NETWORK SERVICES CORPORATION	3	0	3	Slamming	1	1	2	50%	0%	
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.	19	3	22	Slamming	10	3	13	23%	38%	
TELETEC SAVING COMMUNICATIONS COMPANY	1	0	1		1	0	1	0%	0%	
THE FURST GROUP, INC.	13	4	17	Slamming	18	7	25	28%	0%	
THE OTHER PHONE COMPANY, INC.	43	10	53	Slamming	26	7	33	21%	45%	
THE PHONE COMPANY	63	14	77	Slamming	40	12	52	23%	12%	
TLC-THE LONG DISTANCE COMPANY	0	0	0	Failure to Respond to Customer Inquiries	0	1	1	100%	100%	
TOTAL WORLD TELECOM ("TWT")	0	0	0		4	0	4	0%	75%	
TOUCH 1 COMMUNICATIONS, INC.	4	3	7	Slamming/Not Receiving Bills	5	2	7	29%	0%	
TOUCH 1 LONG DISTANCE, INC.	4	4	8	Slamming	9	3	12	25%	67%	
TOUCH TONE AMERICA, INC.	0	1	1		0	0	0	0%	0%	

	Inquiries Logged in 1998			Inquiries Resolved in 1998			% Late Responses
	Service	Billing	Total	Major Apparent Infraction Type	Apparent Noninfractions	Apparent Infractions	
TOUCHTONE NETWORK, INC.	0	0	0		1	0	0%
TRANS NATIONAL COMMUNICATIONS INTERNATIONAL	0	0	0	Slamming	0	1	100%
TRANSTEL COMMUNICATIONS OF NORTHERN FL, INC	1	0	1		0	0	0%
TRESCOM USA, INC.	5	1	6	Slamming	2	2	50%
TRICOM USA, INC.	1	0	1	Prepaid Calling Service	0	1	100%
TTI NATIONAL, INC.	2	1	3		1	0	0%
TWC, INC.	0	1	1		0	0	0%
U S WEST LONG DISTANCE, INC.	0	0	0		1	0	0%
U.S. BILLING	30	21	51	Slamming	41	1	20%
U.S. LONG DISTANCE, INC.	85	11	96	Slamming	96	1	1%
U.S. REPUBLIC COMMUNICATIONS, INC.	87	19	106	Slamming	47	43	48%
UCN, INC.	1	0	1	Failure to Respond to Customer Inquiries	1	1	100%
UNIDIAL INCORPORATED	9	6	15	Slamming	10	32	42
UNIVERSAL NETWORK SERVICES OF FLORIDA, INC.	0	1	1	Slamming	3	1	4
UNIVERSALCOM, INC.	0	1	1		1	0	0%
US WATS ENTERPRISES, INC. (US WATS, INC. D/B/A)	0	0	0	Slamming	0	1	100%
USA TELE CORP.	33	7	40	Slamming	13	19	32
USBG, INC.	1	0	1		1	0	0%
USTEL, INC.	1	0	1		0	0	0%
VARTEC TELECOM	4	21	25	Slamming/Billing Wrong Customer	22	2	24
VISION TELECOMMUNICATION, INC.	0	1	1		0	0	0%
VISTA GROUP INTERNATIONAL, INC.	24	4	28	Slamming	24	26	50
VISTA INTERNATIONAL COMMUNICATIONS, INC.	2	0	2		3	0	3
VISTA-UNITED TELECOMMUNICATIONS	0	0	0		1	0	1
WATS INTERNATIONAL CORPORATION	0	1	1		0	0	0%
WESTINGHOUSE COMMUNICATIONS	0	0	0	Slamming	0	1	100%
WILBUR BOYD COMMUNICATIONS, INC.	0	1	1		1	0	0%
WILTEL NETWORK SERVICES, INC.	150	22	172	Slamming	142	11	153
WINSTAR GATEWAY NETWORK, INC.	1	0	1	Slamming	0	1	100%
WORKING ASSETS LONG DISTANCE	4	0	4	Slamming	5	3	8
WORLD TELECOM GROUP, INC.	1	0	1		1	0	1
WORLDWIDE TECHNOLOGIES, INC.	56	16	72	Slamming	39	5	44
WORLDTEL SERVICES, INC.	0	0	0		3	0	3
XTRACOM, INC.	2	0	2		2	0	2
Z-TEL, INC.	4	0	4		2	0	2
ZENEX LONG DISTANCE, INC.	0	0	0		1	0	1
ZERO PLUS DIALING, INC.	2	26	28	Billing Wrong Customer	33	1	34
INDUSTRY TOTALS	5,298	1,864	7,162		3,732	3,304	7,036

Pay Telephone Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged in 1998			Major Apparent Infractions Type	Inquiries Resolved in 1998			% of Inquiries Resolved as Apparent Infractions	% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total		
2001 TELECOMMUNICATIONS	0	0	0		3	0	3	0%	0%
A. A. A. PAYPHONE, INC.	0	0	0		1	0	1	0%	100%
ADVANCED PAY PHONE, INC.	3	0	3		1	0	1	0%	0%
AMERITEL PAY PHONES, INC.	0	1	1		0	0	0	0%	0%
ATN, INC.	0	0	0		1	0	1	0%	100%
BELLSOUTH PUBLIC COMMUNICATIONS	5	6	11	Service Problems	8	2	10	20%	0%
CENTRAL TELECOMMUNICATIONS CORP.	1	0	1		0	0	0	0%	0%
CHERI TENNEY	0	0	0		1	0	1	0%	0%
COIN TELEPHONE OF CENTRAL FL	0	0	0		1	0	1	0%	0%
COIN-TEL INTERNATIONAL, INC.	1	0	1		2	0	2	0%	0%
COIN-TEL PAYPHONES, INC.	0	0	0		1	0	1	0%	0%
COIN-TEL, INC.	4	0	4		4	0	4	0%	0%
COINTEL COMMUNICATIONS, INC.	1	0	1		1	0	1	0%	0%
COMMERCIAL PAY PHONES, INC.	1	1	2		2	0	2	0%	0%
COMMUNICATIONS CENTRAL, INC.	2	0	2	Repair/Refund	5	2	7	29%	14%
COMMUNICATIONS MANAGEMENT SERVICES	1	0	1	Failure to respond	0	1	1	100%	100%
ETS PAYPHONES OF FLORIDA, INC.	2	0	2	No Coin Return	0	1	1	100%	0%
FIRST AMERICAN TELECOMMUNICATIONS	1	0	1		3	0	3	0%	0%
FLORIDA PAYPHONE SERVICE (F.P.S.)	1	0	1		1	0	1	0%	100%
GLOBAL TEL*LINK CORP.	2	0	2		1	0	1	0%	0%

	Inquiries Logged in 1998			Inquiries Resolved in 1998			% of Late Responses		
	Service	Billing	Total	Major Apparent Infractions Type	Apparent Noninfractions	Apparent Infractions		Total	
GOLDIPHONES	0	1	1		1	0	1	0%	100%
GTE FLORIDA INCORPORATED	1	1	2		1	0	1	0%	0%
INDEPENDENT PAYPHONES, INC.	0	0	0		1	0	1	0%	0%
INVISION TELECOM, INC.	0	0	0	Service Problems	1	1	2	50%	50%
LEASORTE ENTERPRISES, INC.	1	0	1		0	0	0	0%	0%
MX COMMUNICATIONS	0	0	0		1	0	1	0%	100%
NATIONWIDE COMMUNICATIONS	1	1	2		1	0	1	0%	0%
NATIONWIDE PAYPHONE CORP.	1	0	1		1	0	1	0%	0%
NEW MARKET COMMUNICATIONS	0	0	0		1	0	1	0%	0%
NEW WORLD TELECOMMUNICATIONS	0	0	0		1	0	1	0%	0%
NORTH AMERICAN INTELECOM, INC.	0	0	0		2	0	2	0%	100%
PAYCOM, INC.	2	0	2		2	0	2	0%	0%
PAYPHONES UNLIMITED INC.	1	0	1		0	0	0	0%	0%
PEOPLES TELEPHONE CO., INC.	1	0	1		2	0	2	0%	50%
PHONE PLUS, INC.	1	0	1		0	0	0	0%	0%
PHONETEL TECHNOLOGIES, INC.	2	0	2		2	0	2	0%	0%
PUBLIC COMMUNICATIONS SERVICES, INC.	1	1	2	No Coin Return	0	1	1	100%	100%
RICHARD T. MCNALLY	0	0	0		1	0	1	0%	0%
ROSANN MULLER	1	0	1		0	0	0	0%	0%
SEACOM	0	0	0		1	0	1	0%	0%
SEQUEL	1	0	1		1	0	1	0%	100%
SMART PAY PHONES OF FLORIDA	0	0	0		1	0	1	0%	0%
SPRINT PAYPHONES SERVICES, INC.	1	0	1		2	0	2	0%	0%

	Inquiries Logged in 1998			Inquiries Resolved in 1998			% Late Responses		
	Service	Billing	Total	Major Apparent Infractions Type	Apparent NonInfractions	Apparent Infractions		Total	
SPRINT-FLORIDA, INC.	1	0	1	No Coin Return	1	1	2	50%	0%
SUN TEL, INC.	0	1	1		1	0	1	0%	0%
SYLVESTER H. CASTILLO	1	0	1	Lack of Proper Signage	0	1	1	100%	100%
TALTON INVISION, INC.	1	1	2		1	0	1	0%	0%
TALTON TELECOMMUNICATIONS CORP.	0	1	1		0	0	0	0%	0%
TEL CALL COMMUNICATIONS	0	2	2		2	0	2	0%	100%
TELEASING ENTERPRISES, INC.	2	0	2		2	0	2	0%	0%
TELE COM, CORP.	1	0	1		0	0	0	0%	0%
TRINITY HOLDINGS LTD, INC.	0	0	0		1	0	1	0%	0%
U.S. PAYPHONES, INC.	1	0	1		1	0	1	0%	100%
V & B COMMUNICATIONS, INC.	0	0	0		2	0	2	0%	50%
VISIONCOMM, INC.	1	1	2		2	0	2	0%	0%
INDUSTRY TOTALS	48	18	66		72	10	82		

Water and Wastewater Companies

DIVISION OF CONSUMER AFFAIRS INQUIRY ACTIVITY

	Inquiries Logged In 1998			Major Apparent Infraction Type	Inquiries Resolved In 1998			% of Inquiries Resolved as Apparent Infractions	% Late Responses
	Service	Billing	Total		Apparent Noninfractions	Apparent Infractions	Total		
ALAFAYA PALM VALLEY ASSOCIATES, LTD.	0	1	1	Bills Not Marked as Estimated	0	1	1	100%	0%
ALAFAYA UTILITIES, INC.	0	1	1		2	0	2	0%	50%
ALOHA UTILITIES, INC.	6	4	10		20	0	20	0%	15%
BAYSIDE UTILITIES, INC.	0	1	1		0	0	0	0%	0%
BONITA SPRINGS UTILITIES	1	0	1		0	0	0	0%	0%
BRENDENWOOD WATER SYSTEM	1	0	1		1	0	1	0%	0%
BROADVIEW PARK WATER COMPANY	2	5	7	Service Refused	6	1	7	14%	57%
C. S. WATER COMPANY, INC.	1	0	1		0	0	0	0%	0%
CONSOLIDATED WATER WORKS, INC.	1	3	4		1	0	1	0%	100%
COUNTYWIDE UTILITY COMPANY	6	0	6		3	0	3	0%	0%
CRYSTAL RIVER UTILITIES, INC.	2	0	2		8	0	8	0%	37%
DECCA UTILITIES, A DIVISION OF DECCA	4	0	4		3	0	3	0%	0%
DIXIE GROVE ESTATES, INC.	0	1	1		2	0	2	0%	50%
FERNCREST UTILITIES, INC.	2	3	5	Service Improperly Disconnected	4	1	5	20%	60%
FIMC HIDEAWAY, INC.	2	0	2		2	0	2	0%	0%
FLORALINO PROPERTIES, INC.	2	0	2		3	0	3	0%	0%
FLORIDA CITIES WATER COMPANY - LEE	3	2	5	Inaccurate Meter Readings	5	1	6	17%	17%
FLORIDA WATER SERVICES CORP.	12	43	55	Meter Readings/Service Connection Problems	60	3	63	5%	17%
FOREST HILLS UTILITIES, INC.	0	3	3	Inaccurate Meter Readings	8	2	10	20%	30%
GEM ESTATES UTILITIES, INC.	1	0	1		0	1	1	100%	100%
GULF AIRE WASTEWATER TREATMENT	0	0	0		1	0	1	0%	0%
HIGHLANDS UTILITIES CORPORATION	1	1	2		3	0	3	0%	33%
HOBE SOUND WATER COMPANY	0	0	0		1	0	1	0%	0%
HOLIDAY PINES SERVICE CORP.	0	1	1		1	0	1	0%	0%
HOLIDAY UTILITY COMPANY, INC.	1	2	3		2	0	2	0%	50%

	Inquiries Logged In 1998				Inquiries Resolved In 1998				Total	Major Apparent Infraction Type	Apparent		Total	% of Inquiries Resolved as Apparent Infractions
	Service	Billing	Total		Noninfractions	Infractions	Apparent	Infractions						
HUDSON BAY COMPANY	0	4	4		4	0	0	4				4	0%	
HYDRATECH UTILITIES, INC.	1	1	2		0	0	0	0				0	0%	
J & J WATER AND SEWER CORPORATION	0	0	0		1	0	0	1				1	0%	
JASMINE LAKES UTILITIES CORPORATION	2	2	4		3	0	0	3				3	0%	
KEMPLE WATER COMPANY	0	0	0		3	0	0	3				3	0%	
LAKE OSBORNE UTILITIES COMPANY, INC.	0	0	0		1	0	0	1				1	0%	
LAKE UTILITY COMPANY	1	0	1		1	0	0	1				1	0%	
LAKE UTILITY SERVICES, INC.	0	0	0		1	0	0	1				1	0%	
LAKE WALES UTILITY CO., LTD.	0	1	1		1	0	0	1				1	0%	
LINADALE WATER COMPANY	0	1	1	Improper Rates Applied	0	1	1	1				1	100%	
LINDRICK SERVICE CORPORATION	3	2	5		4	1	1	5				5	0%	
MAD HATTER UTILITY, INC.	2	0	2		3	0	0	3				3	0%	
MARION UTILITIES, INC.	2	1	3	No Notice of Scheduled Outage	2	1	1	3				3	33%	
MEADOWS UTILITY COMPANY, INC.	0	0	0		1	0	0	1				1	0%	
O&S WATER COMPANY, INC.	0	1	1		1	0	0	1				1	0%	
OCALA OAKS UTILITIES, INC.	1	0	1		1	0	0	1				1	0%	
OCEAN CITY UTILITIES, INC.	0	1	1		1	0	0	1				1	0%	
ORANGEWOOD LAKES SERVICES, INC.	1	0	1		1	0	0	1				1	0%	
ORTEGA UTILITY COMPANY	0	0	0		1	0	0	1				1	0%	
PALM COAST UTILITY CORPORATION	1	0	1		1	0	0	1				1	0%	
PARK WATER COMPANY INC.	0	0	0	Inaccurate Meter	0	1	1	1				1	100%	
PASCO UTILITIES, INC.	0	1	1		1	0	0	1				1	0%	
PEOPLES WATER SERVICE COMPANY	0	2	2		6	0	0	6				6	0%	
PLACID LAKES UTILITIES, INC.	0	1	1		0	0	0	0				0	0%	
POINCIANA UTILITIES INC.	1	0	1		2	0	0	2				2	0%	

Inquiries Logged In 1998

Inquiries Resolved In 1998

	Inquiries Logged In 1998			Inquiries Resolved In 1998			% Late Responses
	Service	Billing	Total	Major Apparent Infraction Type	Noninfractions	Apparent Infractions	
PORT OF THE ISLANDS - SOUTH	1	0	1		0	0	0%
RAINTREE UTILITIES, INC.	1	0	1		1	0	100%
REGENCY UTILITIES, INC.	0	1	1		0	0	0%
ROTONDA WEST UTILITY CORPORATION	0	1	1		2	0	0%
SANLANDO UTILITIES CORPORATION	1	0	1		1	0	0%
SEBRING RIDGE UTILITIES, INC.	0	2	2		1	0	0%
SERVICE MANAGEMENT SYSTEMS, INC.	1	0	1		0	0	0%
SKYVIEW UTILITIES RECEIVERSHIP	1	0	1	Improper or no Delinquent Notice	1	1	50%
SPRUCE CREEK SOUTH UTILITIES, INC.	0	0	0		1	0	0%
SUNNY SHORES WATER CO., INC.	0	1	1		1	0	0%
SUNRISE WATER COMPANY, INC.	0	1	1		1	0	100%
UNITED WATER FLORIDA INC.	6	10	16		16	0	13%
UNIVERSITY OAKS WATER SYSTEM	1	1	2	Failure to Respond to Customer Inquiries	3	6	67%
UTILITIES, INC. OF EAGLE RIDGE	0	1	1		0	0	0%
UTILITIES, INC. OF FLORIDA	0	2	2	Poor Water Quality	1	1	50%
UTILITIES, INC. OF LONGWOOD	0	0	0		1	0	0%
VENTURE ASSOCIATES UTILITIES CORP.	0	0	0		1	0	0%
VILLAGE WATER, LTD.	1	0	1		0	0	0%
W.P. UTILITIES, INC.	1	1	2		1	0	0%
WATER MANAGEMENT SERVICES, INC.	0	1	1		0	0	0%
INDUSTRY TOTAL	77	111	188		208	22	230



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 the responsibility of 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

Documents and Dockets

The Division received and processed 14,731 numbered documents in 1998, which was an increase of 1,351 documents over the 1997 total of 13,380. It opened 2,026 dockets, and in doing so set an all-time record for dockets opened in one year. The Division also reopened 22 closed dockets, and closed 1,653. The number of dockets opened in 1998 increased by 347, while the number of dockets closed decreased by 122. At the close of business on December 31, 1998, there were 1,007 dockets remaining open.

In 1998, 490 regulated companies were added to the list in the Master Commission Directory (MCD). Of those, 227 were pay telephone service providers, 151 were interexchange telecommunications service providers, one was a shared tenant service provider, two were alternative access vendors, 99 were alternative local exchange service providers, and ten were water and/or wastewater service providers. Two hundred fifty-two companies were removed from the MCD. Four were alternative access vendors, 169 were pay telephone service providers, one was an interexchange telecommunications service provider, one was a shared tenant service provider, nine were alternative local exchange service providers, one was a gas service provider, and fourteen were water and/or wastewater service providers. On December 31, 1998, 2,703 regulated companies were listed in the Master Commission Directory.

Agendas, Notices, and Transcripts

The Division issued 125 notices of hearings and other meetings and 1,764 orders in 1998. Of the 504 orders that were issued as Proposed Agency Action, 22 had protests filed against them. Of the 22 protested, one went to hearing in 1998, 13 went to Commission conference (five for stipulation, three for withdrawal, five for dismissal or denial), five were set for hearing in 1999, and three have not yet been scheduled for action.

Five orders were appealed in 1998; one to the Supreme Court, three to the 1st District Court of Appeal, and one to the U.S. District Court - a decrease of eight from the thirteen appealed in 1997. In addition, the Division prepared and forwarded the files for two

dockets to DOAH for the purpose of scheduling hearings. At year's end, one docket remained at DOAH.

In 1998, the Division prepared the agendas for, attended, and produced vote sheets and minutes of 21 regular Commission conferences and three special conferences.

The Bureau of Reporting produced 32,774 pages of transcripts in reporting 104 depositions and 137 Commission hearings and other meetings in 1998.

The Division continued in 1998 to work toward more efficient processing of documents received in ongoing dockets. Staff from the Division visited the Clerk's Office of the Leon County Court for a demonstration of that office's Web site features and online case listings. Division staff learned more about the Clerk's plans to allow electronic filing of documents, and will use that information in 1999 in exploring the possibility of allowing electronic filings at the Commission.

As a means of providing greater access by the public to public records and to bring prices more in line with actual reproduction costs, the Division in 1998 obtained approval to lower the Commission's per-page copy charge - from 10 cents for single-sided copies and 15 cents for two-sided copies - to a straight 5-cents-per-page fee. While requests for copies have increased since the price was lowered, customer satisfaction has also increased. Not only are costs now lower, it is also possible to get up to 39 pages of material free of charge, if the pages are duplexed, since the price would fall into the "less than \$1, no fee shall be charged" category set out in 350.06, F.S.

The Division played a part in the Commission's effort to provide better customer access to the Commissioners in 1998, through its role in development of the "Open Mike" process. Toll-free telephone lines were installed in the Division in the latter part of the year, and Division staff took calls and recorded information from concerned customers throughout the state, for later contact by the Commissioners during set-aside times at Internal Affairs meetings. In December alone, the Division received and recorded concerns from 63 customers. Numbers are expected to increase in 1999, as more Florida utility customers learn about Open Mike.

A comprehensive review of all confidential documents on file was undertaken in 1998, to determine (1) that all confidential documents had been properly recorded in CMS, (2) that all confidential documents were in their place in the Division's confidential storage area or were otherwise accounted for (through sign out by authorized staff or return to the source), and (3) that—where appropriate—the documents had received rulings on confidentiality. As a result of the review, rule and APM language and other case management procedures are being revised and additional staff training on proper handling of confidential material will be scheduled.

In response to a request by the Division of Communications for assistance in producing letters and envelopes for mass mailings, this Division, in coordination with the Bureau of Information Processing, modified the Master Commission Directory to allow users to create a WordPerfect merge file by identifying an unlimited number of fields in the directory for insertion at any location in a WordPerfect form file. Responses from the Division of Communications indicate that the change was most helpful and has made the process for mailing out numerous letters and materials to regulated companies much more efficient.

During 1998, several enhancements were made to the Case Management System. To ensure more accurate entry of data, spell check was added to the docket title database. We expect this feature to be expanded to all databases in CMS once work on the Y2K project is complete. Additional program modules were also added to CMS to identify specific types of cases for more efficient retrieval of information in the creation of reports by the various Divisions.

There were several personnel changes in the Division in 1998. The PSC Scheduling Coordinator position was transferred to the Chairman's office following retirement of the incumbent in the first part of the year. With the departure through retirement of the Records Section Supervisor at the end of 1997, that position was filled early in 1998 and then re-advertised and subsequently filled again in November, after the incumbent submitted his resignation. A Commission Deputy Clerk position and Senior Clerk position in the Bureau of Records were both vacated and re-filled in 1998. As the year closed, a Certified Court Reporter was hired to fill a long-standing vacancy in the Bureau of Records.

Future Endeavors

In 1999, the Division of Records and Reporting intends to pursue development of a more integrated relationship between the Case Management System and the Master Commission Directory to provide a more useful tool, to eliminate duplication of effort, and to ease searching and retrieval of information. We will also begin developing a concept to allow for electronic submission of Case Assignment and Scheduling Record forms by staff and develop a verification and approval process by the Case Manager. Additionally, we will be working on an improved and more comprehensive data base of out-of-town hearing locations that will also include information about desirable accommodations in the areas we visit.

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

1997 ANNUAL REPORT

	1996	1997	1998
Documents Received and Processed	13,823	13,380	14,731
Notices Issued	154	141	125
Orders Issued	1,626	1,687	1,764
Dockets Opened	1,552	1,679	2,026
Dockets Reopened	28	20	22
Dockets Closed	1,572	1,775	1,653
End of Year Active Dockets	689	613	1,007
Commission Conferences	22	23	21
Special Conferences	4	10	3
Notices of Appeal	14	13	5
PAA Orders Issued	498	576	504
PAA Orders Protested	30	26	22
Hearings Reported	103	114	137
Depositions Reported	114	65	104
Transcript Pages Produced	50,638	24,984	32,774

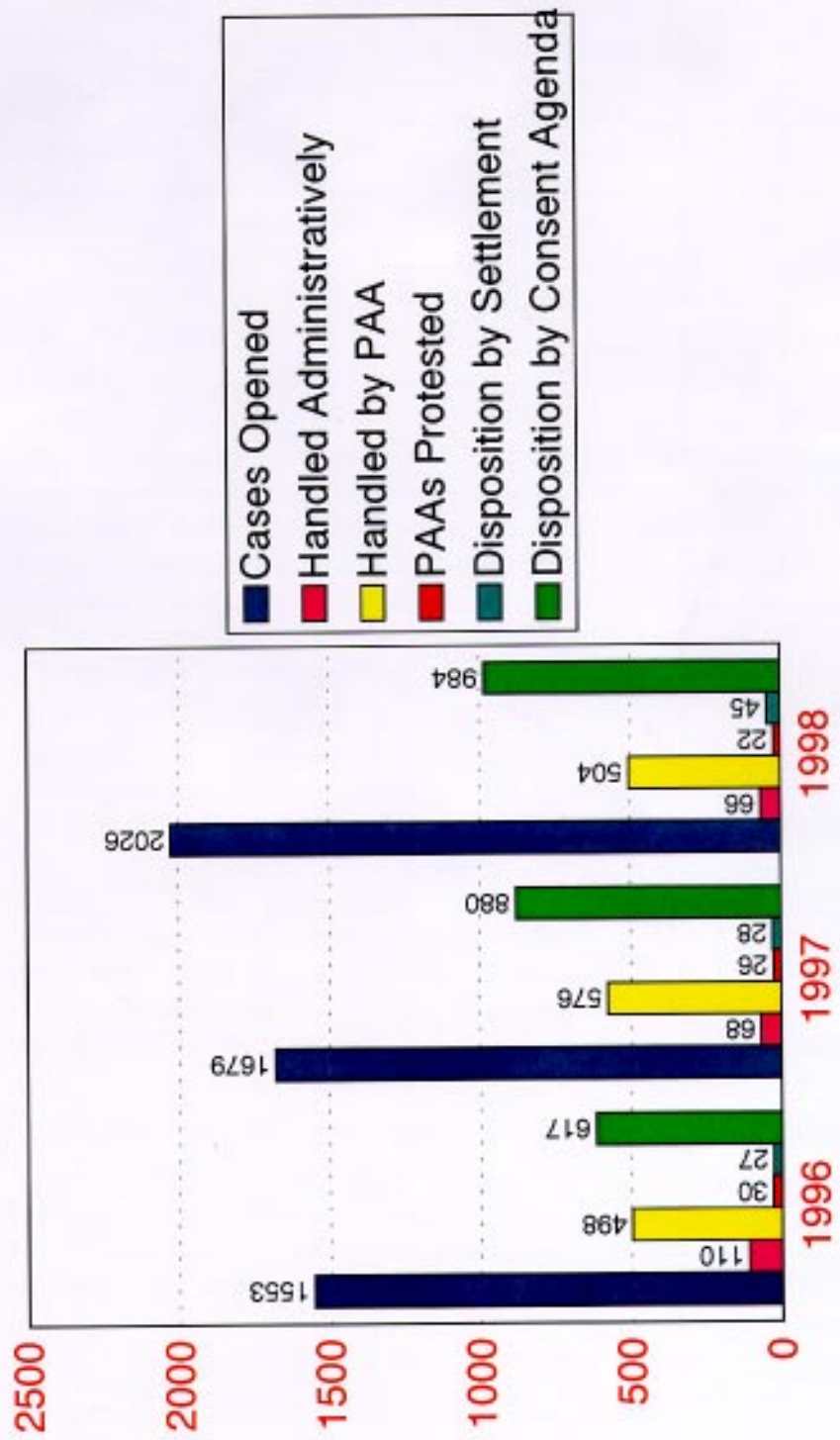
Case Activity Statistics

January 1998 through December 1998

END OF----->	<u>JAN</u> <u>1998</u>	<u>FEB</u> <u>1998</u>	<u>MAR</u> <u>1998</u>	<u>APR</u> <u>1998</u>	<u>MAY</u> <u>1998</u>	<u>JUN</u> <u>1998</u>	<u>JUL</u> <u>1998</u>	<u>AUG</u> <u>1998</u>	<u>SEP</u> <u>1998</u>	<u>OCT</u> <u>1998</u>	<u>NOV</u> <u>1998</u>	<u>DEC</u> <u>1998</u>
All Cases Beginning Period	612	613	596	614	632	598	561	617	608	659	757	939
New Cases	159	148	160	138	97	102	172	117	157	242	291	243
Restored Cases	0	2	0	4	1	0	2	1	0	1	7	4
Closed Cases (Subtract)	158	167	142	124	132	139	118	127	106	145	116	179
All Cases Ending Period	613	596	614	632	598	561	617	608	659	757	939	1007
Active	562	546	562	581	552	516	573	562	615	713	890	954
Monitor	39	39	37	36	30	29	30	31	29	29	33	37
Litigation	12	11	15	15	16	16	14	15	15	15	16	16
Total All	613	596	614	632	598	561	617	608	659	757	939	1007
<u>Ages of Active Cases</u>												
< 6 months	443	424	436	461	420	380	436	424	484	575	743	813
6 months - 1 year	37	42	50	46	58	64	68	70	63	69	70	59
1 year - 2 years	42	37	33	34	37	34	28	30	30	29	38	45
2 years - 3 years	12	18	17	16	16	16	20	18	18	19	18	16
3 years - 4 years	11	8	9	7	6	7	8	7	6	7	7	6
4 years - 5 years	5	4	4	4	3	3	2	2	3	2	2	3
5 years - 6 years	5	5	5	4	4	4	3	3	3	3	3	3
6 years - 7 years	3	4	2	2	2	2	2	2	2	3	2	2
7 years - 1 8 years	1	1	3	3	3	3	3	3	3	3	3	3
> 8 years	3	3	3	4	3	3	3	3	3	3	4	4
Total Active Cases	562	546	562	581	552	516	573	562	615	713	890	954
Active	40	43	43	40	37	38	41	38	38	40	39	37
Monitor	11	12	12	13	13	14	13	16	13	12	12	12
Litigation	9	9	11	11	12	12	10	12	12	13	14	14
Total Cases > Two Years Old	60	64	66	64	62	64	64	66	63	65	65	63

FPSC Case Activity

1996 through 1998





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 1st District Court of Appeal. In addition, under the provisions of the Telecommunications Act of 1996 set out at 47 U. S. C. §252 (e)(6), Commission actions approving or rejecting interconnection agreements between competing telephone companies are reviewable in U.S. District Court.

During 1998, nine notices of appeal were filed in state appellate courts, while three new complaints were filed in the United States District Court for the Northern District of Florida seeking review of Commission decisions arising under the Telecommunications Act of 1996. At the end of 1998, 12 appeals remained pending before the Florida Supreme Court and 1st District Court of Appeal, with ten pending in the U.S. District Court.

The Florida Supreme Court issued opinions in two telecommunications cases. In BellSouth Telecommunications, Inc. v. Johnson, 704 So. 2d 594 (Fla. 1998), the Court affirmed the Commission's order that found that BellSouth's proposed rate regrouping violated the prohibition against rate increases for companies electing price cap regulation under section 364.051, Florida Statutes. The Court agreed with the Commission's conclusion that reclassification of certain customers into higher rate bands fell within the rate cap limitations of the statute, notwithstanding that the increase came solely from moving the customers to another rate group, not from a general increase in rates to individual customers. In Harris Corporation v. Johnson, 711 So. 2d 521 (Fla. 1998), the Court affirmed the Commission's order resolving a dispute between Harris Corporation and BellSouth over charges for complex inside wiring. In its order, the Commission concluded that the wiring had been misclassified by BellSouth in the past and that no charges should apply in the future. Owing to confusion caused by the Federal Communications Commission's directives on the matter, and uncertainty on the amount of charges properly disputed, the Commission decided that BellSouth should not be required to make any refund to Harris Corporation. The Court found the Commission's action warranted and reasonable.

The 1st District Court of Appeal issued opinions in two cases: Florida Cities Water Company v. Florida Public Service Commission, 705 So. 2d 620 (Fla. 1st DCA 1998) and Southern States Utilities, n/k/a Florida Water Services Corporation v. Florida Public Service Commission, 714 So. 2d 1046 (Fla. 1st DCA 1998). The results for the agency in these cases were mixed. In the Florida Cities case, the Court found that the Commission had violated the Florida Administrative Procedure Act in its attempt to match the measurement standard used in the denominator and numerator of the formula employed to establish its “used-and-useful” factor for Florida Cities’ plant. The Commission had attempted to use an average annual daily flow factor to match numerator and denominator instead of a factor calculated on the average daily flow for the peak usage month. The Court concluded that the Commission had made a “considered break with agency policy” without record support and declared the Commission’s choice of methodology invalid. Similarly, the Court found the Commission’s decision lacked competent substantial evidence to support a finding that the plant capacity was 1.25 MGD. On another policy matter, the Court agreed with the Commission’s position that governmentally required improvements to plant were subject to a used-and-useful test and were not automatically included in rate base by virtue of their having been required by government regulations. In Southern States, the Court again reversed the Commission on the used-and-useful formula issue addressed in Florida Cities. The Court also found that the Commission had impermissibly departed from prior policy in utilizing a lot-count methodology in determining the used-and-useful percentage for water transmission and distribution and wastewater collection lines where the systems served both single and multi-family residential and commercial customers. The Court found this an unsupported policy shift from the previous practice of basing the calculation on an “equivalent residential connections” methodology. In a monumental reversal of its prior ruling, the Court overturned its holding in Citrus County v. Southern States Utilities, 656 So. 2d 1307 (Fla. 1st DCA 1995) that the Commission’s authority to set uniform rates across multi-system utilities had to be supported by a finding that the systems were “functionally related.” The Court acknowledged that this conclusion was legally incorrect and upheld the multi-system “capband” rates approved in the challenged rate proceeding. On another matter of statutory interpretation, the Court held that section 367.0817(3), Florida Statutes, requiring recognition of facilities devoted to water reuse, be considered 100 percent used-and-useful for rate-making purposes.

Rulemaking

1998 was a busy year for the Division of Appeals and the Commission in the rulemaking arena. The agency continued its efforts to streamline its rules and remove obsolete or redundant rules by repealing 27 rules. Forty-one new or amended rules were adopted. At the end of the year, some 32 rule projects remained pending.

Rules repealed included a number of superseded rules relating to regulation of natural gas service and gas safety, rules on conservation loan guarantees and shared tenant telephone service. Major rulemaking occurred in Telecommunications, where the Commission adopted strong measures to

control the troublesome practice of “slamming,” i.e. the unauthorized changing of a customer’s chosen long distance carrier. The Commission also adopted rules to address problems in the rapidly expanding prepaid calling services industry. The rules required certification by the Commission and established minimum tariffing, public information and service standards. The Commission further adopted revisions extending the coverage of its operator service provider rules and setting rate caps for these companies. Similarly, the Commission modified its rules governing the provision of Pay Telephone Service to make the existing rules consistent with orders of the Federal Communications Commission (FCC); to establish rate caps; to add conditions for extending the blocking of incoming calls to pay phones, and to modify requirements for the provision of pay telephone service in confinement facilities. In the Electric and Gas area, the Commission adopted amendments to its rules governing recovery of economic development expenses allowing for recovery of a greater percentage of expenses and eliminating obsolete language. A rule was adopted incorporating the Florida Reliability Coordinating Council’s Florida Electrical Emergency Contingency Plan, “Generating Capacity Shortage Element,” which addresses emergency procedures for Florida electric utilities during an anticipated or actual generating capacity shortage. In addition, the Commission adopted a substantially revised rule to simplify electric utilities’ collection and reporting of conservation end-use data. In Water and Wastewater, the Commission adopted a rule allowing a utility to discontinue water service for nonpayment of a municipal sewer service bill consistent with section 159.18(2), Florida Statutes. Finally, the Commission implemented the Uniform Rules of Procedure as required by the 1996 amendments to the Florida Administrative Procedure Act. The Commission sought and was granted a number of exceptions to the Uniform Rules to maintain efficient procedures already in place.

Two pending rule challenge cases were decided in 1998, one in the Commission’s favor, the other not. In Aloha Utilities, Inc. v. Florida Public Service Commission, DOAH Case No. 97-2485RU, the Administrative Law Judge (ALJ) rejected a challenge to the Commission’s audit procedures as unpromulgated rules. In Florida Waterworks Association, et al., etc. v. Florida Public Service Commission, DOAH Case No. 97-3480, etc., the ALJ declared the Commission’s rule establishing 18 months margin reserve for water and wastewater utilities invalid. Appellate proceedings remain pending on both matters.

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 1998, the Commission continued in its court challenge of the Federal Energy Regulatory Commission (FERC) Order 888 on Open Transmission Access. The FPSC, along with other state

commissions around the country, is concerned with the potential impact of the rulemaking on state jurisdiction, on the state's ability to address reliability concerns, and the impact on the ratepayers. The case is now being heard in the D.C. Court of Appeals.

The Commission continued the multi-pronged attack on the Department of Energy's (DOE) failure to establish a nuclear waste repository. Both the U.S. House and the U.S. Senate passed legislation to force DOE to take action on interim storage, but the bills were not identical and legislation was not ultimately enacted. The Commission, along with other state commissioners and attorneys general, is also involved in court cases on the issue.

In Congress, there were more than a dozen bills on electric restructuring, yet none of the bills made it to a committee mark-up.

Commissioner Susan Clark chairs the Electricity Committee of the National Association of Regulatory Utility Commissioners and has headed the FPSC's approach to addressing FERC actions and nuclear waste strategies.

At FERC, a number of dockets are starting to shape the framework for retail competition. California has formed an Independent System Operator, which is subject to FERC approval and conditions. While Florida has a wholesale competitive market, the Florida Legislature has not enacted a law to open up the retail (electricity to the end user) market to competition. Technical staff and Office of General Counsel staff review the FERC Daily Release and trade press publications to stay informed about developments nationally in the electric retail markets that are now open to competition. In addition, the Office of General Counsel prepares quarterly summaries of relevant federal electric matters.

New issues relating to FERC's approval of exempt wholesale generators (EWGs) and FERC's new attempt to mandate some type of regional transmission organizations are surfacing.

Telecommunications

The Federal Communications Commission (FCC) has been issuing a plethora of significant orders to implement the Telecommunications Act of 1996. The FPSC has been active in providing comments to the FCC. Over a dozen comments were prepared, taken to the Commissioners for review at a public forum, and sent to the FCC. Commissioner Julia Johnson has chaired the FCC Federal-State Joint Board on Universal Service. With assistance from technical and legal staff, she is spearheading efforts to make sure the implementation is beneficial to consumers.

Also, the FPSC was one of the major states providing information to Congress on efforts to curb slamming - the unauthorized change of a customer's preferred carrier. While the U.S. House and

U.S. Senate each passed anti-slamming legislation, no bill was ultimately enacted by Congress. The legislation, in its final form, would have allowed states great flexibility in adopting regulations stricter than those adopted by the FCC.

Our filings have included our support for FCC approving a limited modification of BellSouth's LATA boundaries to provide extended area service between the Groveland exchange and the Orlando exchange. The FCC approved this petition. It enables customers in Groveland to have extended area service to Orlando. Testimony before the FPSC had indicated that Groveland consumers are dependent on Orlando for medical facilities, employment, and other goods and service.

The FPSC has also been attempting to preserve state jurisdiction to the extent possible. The FCC does not come to Florida to hear from consumers, does not hold hearings, and is less knowledgeable about particular conditions within the state. One such jurisdictional matter is whether MCI may impose a charge on customers bills in Florida based on intrastate revenues.

The FPSC has been among the most active states in providing comments to the FCC on how to establish its universal service program - affordable telephone service available to all customers. The FCC is implementing the major changes in the 1996 Telecommunications Act - the first overhaul of the Act in 60 years.

Telephone number portability is another proceeding at the FCC. The FPSC sent comments urging that "the FCC should be the messenger of the charges it authorizes." State commissions should not be placed in the position of being federal field agents to explain or defend Federal charges. State monies should not be used for such a purpose. We urged that the FCC establish sufficient staffing to respond to customer inquiries regarding any new federal end user surcharges.

The transition to a competitive environment is confusing to consumers. The FCC - in the same way that the FPSC has done - could establish a consumer hot line and could use public service announcements for consumer education.

Another pro-customer suggestion made by the FPSC is that the FCC consider requiring standardized labeling of charges on bills so that customers may compare different companies' offerings in an apples-to-apples comparison.

Truth-in-billing comments urged a similar pro-consumer approach. In those comments, the FPSC supported a federal uniform labeling for federal telecommunications charges on customers' bills. Also, the FPSC urged that the billing entities' toll-free telephone number for billing inquiries must be answered in an expeditious manner. Lastly, charges of taxes and fees on customers' bills need to be labeled more clearly. The FCC needs to initiate a national consumer education campaign.

The FPSC also filed comments on FCC dockets relating to the provision of advanced telecommunications services and on area code utilization. This has become a huge national problem as the addition of second telephone lines, fax lines, and computer lines have led to the rapid exhaustion of area code numbers.

The court cases challenging the FCC's implementation of the historic 1996 Telecommunications Act continue. The FPSC is one of several states challenging the FCC's universal service order. That order, in part, attempts to place state commissions in the role of field agents for the federal government. States are not supposed to serve in that secondary role. State commissions are closer to the citizens in their states and may better respond to consumers concerns when they are serving in an independent capacity.

Oral argument was held October 13, 1998, in the foremost case challenging FCC's usurpation of state commission pricing authority. This case is in the U.S. Supreme Court and will set the federal-state framework for the future (AT&T v. Iowa Utilities Board, Case No. 97-826). A decision is expected in early 1999. ♦



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.

Legal Services

Bureau of Water and Wastewater

Many of the water and wastewater matters addressed by the Commission in 1998 involved certificate-related issues. There was an increase in the number of utility requests for territory expansion and transfer. Many transfers involved the sale of regulated utilities to governmentally owned or operated utilities. Such transfers are approved as a matter of right, and in 1998, there were five such transfers. The more litigious issues involved competition over territory, consistency with local comprehensive plans, and the Commission's determination of need for service.

In an effort to address comprehensive-plan and need-for-certificate issues, the Bureau participated in the facilitation of a Memorandum of Understanding with the Department of Community Affairs (DCA) for comments regarding these certificate-related issues. Over 20 certificate applications were sent to the DCA for its review and comment.

In 1998, the Bureau also implemented a mediation pilot program with the assistance of the Conflict Resolution Consortium. The mediation program is designed to encourage mediation in water and wastewater cases to save the time and expense associated with formal hearings. The mediation program has been especially beneficial in certificate matters.

The application for certificates filed by Lake Suzy Utilities, Inc. and Florida Water Services Corporation for the same portions of territory also proved to be controversial. The Commission consolidated the dockets to determine which entity was best suitable to serve the requested territory. It appeared that the competition over this territory could have been resolved by determining which utility could provide immediate service. Days before the hearing, the parties requested a continuance to attempt settlement. The case is still pending.

The Bureau processed several rate cases and limited proceedings in 1998 with important legal determinations. Florida Cities Water Company filed a limited proceeding to recover environmental litigation costs incurred in an EPA proceeding. The Commission

denied the utility's request finding that present recovery of the past litigation costs would constitute retroactive ratemaking, which is prohibited by law. This matter is pending appeal.

Similarly, United Water Florida Inc. filed a limited proceeding to recover amortization of other post-retirement benefits (OPEBs). The Commission denied the request after finding that a rate increase to reflect amortization of OPEB costs deferred from 1994 through May 1997 or to reflect an adjustment of the rate base reduction ordered in the utility's last rate case would constitute retroactive ratemaking. This matter is also pending appeal. In 1998, United Water Florida Inc. also filed a full rate case covering systems in three counties. The decision is pending.

In 1998, the Bureau pursued a more aggressive role in enforcing and collecting past-due regulatory assessment fees and annual report penalties. One of the most noteworthy involved A.P. Utilities, Inc. A.P. Utilities, Inc. was investigated for possible overearnings, fined for failing to correct deficiencies in its 1996 annual report, fined for failing to file its 1997 annual report, and ordered to remit its 1997 regulatory assessment fees. The Commission subsequently filed and recorded liens in the amount of the regulatory assessment fees, penalties, interest and penalties associated with delinquent annual reports with the Clerk of the Circuit Court of Marion County. Subsequently, the utility remitted \$70,000 for previously unpaid regulatory assessment fees, penalties, and interest.

Sanlando Utilities Corporation filed an application to increase its wastewater rates to cover the costs of a reuse project pursuant to Section 367.0817, Florida Statutes. The application for reuse triggered an initiation into the earnings of Sanlando Utilities Corporation. Both matters are pending.

In December 1998, the Commission addressed the remand by the 1st District Court of Appeal of the Final Order issued in Docket No. 950495-WS. In the Final Order, the Commission approved a capband rate structure for Florida Water Services Corporation, but made some adjustments to the utility's plants using the "used and useful" methodology. Acting *en banc*, the 1st District Court of Appeal affirmed and approved the capband rate structure. By so doing, the Court overruled Citrus County v. Southern States Utils., Inc., 656 So. 2d 1307 (Fla. 1st DCA 1995), finding that there was no statutory basis for its earlier finding that uniform rates depended on a finding that facilities were functionally related. The Court reversed the Commission's decisions to use annual average daily flows in the used and useful equation and the lot count methodology but remanded those issue for the taking of further evidence. The Court also reversed the Commission's decision to exclude a portion of reuse construction costs. The Commission exercised its discretion to reopen the record to take evidence on the two engineering issues and a hearing is pending. With regard to the other issues reversed by the Court, the Commission voted to authorize a prospective rate increase and surcharge.

Similar issues were considered in the remand of the Final Order issued in Florida Cities Water Company's rate case. As in the Florida Water rate case, the Court reversed the Commission's decision to use annual average daily flows. The Commission has had a hearing to take additional evidence on the appropriateness of using annual average daily flows in the used and useful calculation. A final decision is pending.

Bureau of Electric and Gas

In 1998, the Bureau assisted the Commission in resolving issues in a wide range of regulatory areas.

Rate and Earnings Matters

In June 1998, the Commission issued, as a proposed agency action, its decision on the final amount of Tampa Electric Company's (TECO) 1996 earnings. TECO is subject to an earnings cap and sharing, based on stipulations between TECO, the Office of Public Counsel (OPC), and the Florida Industrial Power Users Group (FIPUG), approved by the Commission in 1996. FIPUG and OPC filed protests to the Commission's decision. A hearing on the protests was held in December, and a final Commission decision is expected in March 1999.

During 1998, representatives of the staff, Florida Power & Light Company (FPL), and other interested persons met on numerous occasions to consider issues related to FPL's earnings, including its equity ratio and authorized return on equity. These discussions culminated in a proposal by FPL to reduce its authorized return on equity, cap its equity ratio, and record additional expenses pursuant to the plan previously approved by the Commission in Docket No. 970410-EI. The Commission approved FPL's proposal in December. Several interested persons challenged the proposal.

In December 1998, the Commission concluded its consideration of Florida Public Utilities Company's (FPUC) Fernandina Beach Division's 1997 earnings. The Commission determined that FPUC had excess earnings, including applicable interest, of approximately \$248,145. The Commission ordered the utility to apply the 1997 excess earnings to its storm damage reserve.

Fuel, Capacity, Purchased Power, Conservation, Purchased Gas, and Environmental Cost Recovery Clauses

The Commission conducted several proceedings concerning the various cost recovery clauses. In addition to the scheduled cost recovery hearings held in February and August 1998, the Commission voted in June to move to a once-a-year proceeding to establish annual factors for all the recovery clauses. To effect this transition, an additional hearing was held in November. Beginning January 1, 2000, all factors for all utilities in all cost recovery dockets will be set on a calendar year basis. This change is expected to eliminate the administrative expense associated with holding multiple cost recovery proceedings and provide more certainty for customers in budgeting their annual energy expenditures.

In February 1998, the Commission took final agency action on Florida Power Corporation's (FPC) petition for approval of an amendment to its negotiated contract with Orlando Cogen Limited, Ltd., a qualifying facility, which would terminate the last ten years of the contract. The Commission denied FPC's petition based on its findings that savings associated with the buyout may not materialize and that the potential for any savings would be too tenuous to outweigh the lengthy payback period associated with the FPC's proposal.

Adequacy and Reliability of Electric Supply

On July 1, 1998, the Kissimmee Utility Authority (KUA) and the Florida Municipal Power Agency (FMPA) filed a joint petition to determine the need for a 250 megawatt combined cycle electrical power plant to be constructed at the existing Cane Island Power Park in Osceola County, Florida. The Commission granted the joint petition, and the plant is scheduled to be in service on June 1, 2001.

In December 1998, a five-day hearing was held in Docket No. 981042-EM, the Joint Petition for Determination of Need by Duke Energy New Smyrna, L.P. and the City of New Smyrna Beach. This proposed 500 megawatt generating plant, fueled by natural gas, would supply 30 megawatts to the City of New Smyrna Beach. The balance of the plant's output would be available to be sold on the wholesale market. This is the first time the Commission has considered siting a merchant plant in Florida. A decision on the Joint Petition is expected in March 1999.

The Bureau assisted in the Commission's consideration of the annual Ten-Year Site Plan filings by Florida's electric utilities. As part of the review of the 1997 filings, it became clear that the adequacy of reserves for peninsular Florida in future years is a concern. The problem appears to be particularly acute in the winter of 2000-2001. As a result, the Florida Reliability Coordinating Council organized a working group to analyze reliability issues and the possibility of developing criteria for enforcement. This undertaking began in early 1998 and has continued throughout the year. Meetings via telephone conference call were held approximately biweekly and extensive analyses were made by all involved. As yet, there is no resolution of the issues. A docket has been opened to investigate the adequacy of reserve margins on a Peninsular Florida basis, with a hearing scheduled for September 1999.

Territorial Matters

In January 1998, the Commission rendered its decision in Docket No. 970512-EU, Petition to Resolve Territorial Dispute With Clay Electric Cooperative, Inc., in Baker County by Florida Power & Light Company. The dispute concerned which utility should serve a newly developed industrial park. The industrial park was adjacent to the territory of both utilities. After considering the evidence, the Commission found that FPL should serve the park.

In November 1998, the Commission approved a territorial agreement between the Jacksonville Electric Authority (JEA) and FPL. The agreement transfers customers in Duval County from FPL to JEA. Customers in St. John's County are transferred from JEA to FPL. To minimize the impact on the customers transferred from JEA, FPL has capped the rates of those customers at the lesser of the rate charged by FPL or JEA for a period of five years from the time the last customer is transferred.

Miscellaneous Matters

The Bureau handled a number of customer complaints against utilities in 1998. Currently, one case is set for hearing before the Division of Administrative Hearings.

In August, the Commission heard a discussion concerning an electric utility's alleged violation of its tariff for medically essential services. Although the customer was not disconnected at any time, the Commission found that the utility had violated its tariff by not providing notice of disconnection pursuant to the terms of its tariff. This case focused new attention on the issue of medically essential electric service and led to the creation of a uniform tariff for such service.

Beginning in June 1998, the bureau assisted the Commission-established task force in assessing the potential problems facing utilities as they prepare their computer systems for the year 2000 and develop proactive steps that the Commission could take to prevent or alleviate such problems. The task force consisted of individuals from each of the Commission's industry divisions, as well as most of the Commission's support divisions. In November, the task force presented a report recommending several steps for the Commission to take to address potential Year 2000 problems. The report focused on customer education, information coordination, contingency and disaster recovery planning, and billing concerns. The Commission approved implementation of all of the report's suggestions.

Bureau of Communications

1998 was another very busy year for the Division's Bureau of Communications. 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.

In the beginning of the year, the Commission conducted two proceedings related to the increasing level of competition in the intraLATA toll service marketplace. In one proceeding, the Commission imposed competitively neutral restrictions on all incumbent local exchange companies (ILECs) similar to those imposed on BellSouth the year before. Also, the Commission granted a BellSouth petition to lift some of the intraLATA toll marketing restrictions that had been imposed previously, based upon a finding of increased competition in the intraLATA toll marketplace.

The Bureau extensively participated in numerous show cause proceedings to enforce Commission rules on certification and service quality and to protect consumers from unauthorized carrier switches (slamming) and unauthorized charges on their bills (cramming). The Commission approved settlements of several show cause proceedings against long distance carriers for slamming that had been initiated in 1997. These settlements included significant monetary payments to the General Revenue Fund of the State of Florida, as well as significant new company procedures designed to control slamming. The settlements included the establishment of strict restrictions on telemarketing practices of agents and employees, special hot line numbers for customers to call with slamming complaints, real-time transfers of complaint calls from the Commission's Consumer Affairs Division to the company, and taping of third-party verification. Some settlements also included restrictions on the companies' ability to market their services to new customers in Florida. Through these proceedings and the adoption of new rules designed to prevent slamming, the Commission sent a clear message to the long distance industry that it will not tolerate slamming and its resulting harms to Florida consumers.

The Bureau also assisted in the processing of several arbitrations and complaint proceedings to resolve a variety of complex and novel issues that arose in the implementation of the competition provisions of the 1996 Act. In those proceedings, the Commission set rates for certain unbundled network elements (UNEs) and collocation, and resolved several disputes over the interpretation of interconnection agreements. The Commission established permanent rates for certain UNEs and collocation in arbitrated agreements between BellSouth and AT&T, MCI, and WorldCom. In a consolidated complaint proceeding involving the interconnection agreements between BellSouth and several alternative local exchange companies (ALECS), the Commission determined that the agreements required BellSouth to pay reciprocal compensation to ALECS for termination of calls from BellSouth customers to Internet service providers (ISPs). In two other complaint proceedings involving Supra Telecommunications and Information Systems, Inc., the Commission addressed several issues pertaining to the appropriate interpretation of Supra's and BellSouth's interconnection agreement. Among other things, the Commission required BellSouth to provide Supra with CABS formatted bills, identify to Supra which USOC codes are discounted and which are not, provide Supra with the ability to reserve the same number of telephone numbers as BellSouth service representatives can reserve, and modify the ALEC ordering systems so that the systems provide the same online edit checking capability to Supra that BellSouth's retail ordering systems provide. The Commission also determined that space existed for physical collocation in two BellSouth central offices.

The Commission continued its oversight of the implementation of permanent local number portability (LNP). LNP will enable customers to choose a new carrier as their local exchange service provider and at the same time maintain their existing telephone number. By December 1998, LNP was implemented in the top 100 Metropolitan Statistical Areas, including Miami, Orlando, Tampa, and Jacksonville, as required by the Federal Communications Commission (FCC).◆