

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

UNDOCKETED

IN RE: RULE 25-30.140, DEPRECIATION

NOTICE OF PROPOSED RULE DEVELOPMENT

TO

ALL INTERESTED PERSONS

ISSUED: November 9, 2000

NOTICE is hereby given pursuant to Section 120.54, Florida Statutes, that the Florida Public Service Commission staff has initiated the development of Rule 25-25-30.140, Florida Administrative Code, to amend provisions relating to accounting for depreciation.

The attached Notice of Proposed Rule Development will appear in the November 22, 2000, edition of the Florida Administrative Weekly. If timely requested and not deemed unnecessary by the Commission, a rule development workshop will be held at the following time and place:

Florida Public Service Commission
9:30 a.m., Wednesday, December 6, 2000
Betty Easley Conference Center
Room 182, 4075 Esplanade Way
Tallahassee, Florida 32399-0850

The request must be submitted in writing and received by Christiana T. Moore, Division of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0850, no later than December 4, 2000.

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

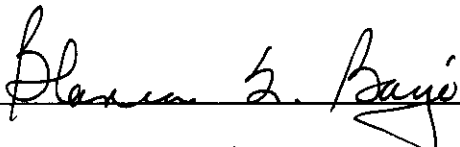
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By Direction of the Florida Public Service Commission, this
8th day of November, 2000.



A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a solid horizontal line.

BLANCA S. BAYÓ, Director
Division of Records & Reporting

(S E A L)

CTM

25-30.140 Depreciation.

(1) For the purpose of the rule, the following definitions apply:

(a) Account - Water and wastewater plant accounts are defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115.

(b) Amortization - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period.

(c) Asset - Any owned physical object (tangible) or right (intangible) having economic value to its owner.

(d) Average Remaining Life - The future expected service in years of the surviving plant at a given age.

~~(e) Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.~~

$$\text{A.S.L. Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life}}$$

~~Average Service Life~~

~~(e)~~(f) Average Service Life - The period of economic service life that can be reasonably expected from the plant type in question. It is measured by the period of time the subject plant and its associated investment is included on the company's books as in service to the public. The average service life will typically

be less than the potential physical life due to factors such as governmental requirements, growth or adverse operating conditions.

~~(f)~~ ~~(e)~~ Average Service Life Depreciation Rate - The depreciation rate based on the expected average service to be experienced by the investment or account in question.

$$\text{A.S.L. Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life}}$$

(g) Capitalization - Measures of the propriety of capitalization versus expensing as follows:

1. The addition of any retirement unit, or
2. Any replacement with a retirement unit that materially enhances the value, use, life expectancy, strength or capacity of the asset prior to replacement shall be capitalized.
3. The cost of incidental repairs that neither materially add to the value of the property nor appreciably prolong its life and that were made to keep the property in an ordinary efficient operating condition shall be accounted for as a maintenance expense.

(h) Cost of removal - The cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

(i) Depreciation - As applied to depreciable utility plant, the loss in service value not restored by current maintenance incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities. The intent of depreciation per this rule is to provide for recovery of invested capital and to match this recovery as nearly as possible to the useful life of the depreciable investment.

(j) Depreciation Accounting - The process of charging the book cost of depreciable property, adjusted for net salvage, to operations over the associated useful life.

(k) Depreciation Expense - The periodic charge to expense to allocate the original cost of a depreciable group of assets over the life of those assets.

(l) Depreciable Group - A homogeneous grouping of assets expected to experience similar life and salvage patterns. Unless otherwise ordered by the Commission, depreciable groups are the

accounts defined in the NARUC Uniform System of Accounts adopted by Rule 25-30.115.

(m)~~(j)~~ Function - defined as follows:

Water	Wastewater
Source of Supply <u>with Pumping Equipment</u> (Accounts 304 to <u>311</u> , 309 and 339)	Collection Plant (Accounts 354, <u>355</u> , and 360 to <u>367</u> 364)
Pumping Plant (Accounts 304, 310, 311)	Pumping Plant (Accounts 354, <u>355</u> , 370, 371)
Water Treatment Plant (Accounts 304, <u>310</u> , <u>311</u> , 320, and 339)	Treatment & Disposal Plant (Accounts 354 and 380 to 389)
Transmission & Distribution Plant (Accounts 304 <u>310</u> , <u>311</u> , and 330 to 339)	<u>Reclaimed Water Treatment Plant</u> (Accounts <u>354</u> , <u>355</u> , <u>371</u> , <u>374</u> , <u>380</u> , <u>381</u> , <u>389</u>)
General Plant (Accounts 304 and 340 to 348)	<u>Reclaimed Water Distribution Plant</u> (Accounts <u>354</u> , <u>355</u> , <u>366</u> , <u>367</u> , <u>371</u> , <u>375</u> , <u>389</u>)
	General Plant (Accounts 354 and 390 to 398)

(n) Group Depreciation - An accounting procedure under which

depreciation charges are accrued on the basis of the original cost of all property included in each depreciable group. Under the group concept, no attempt is made to keep track of the accumulated provision for depreciation applicable to individual assets of property, in view of the many items making up a utility system. The group approach recognizes that some assets within the group may live longer or shorter than the average life of the group but the group is expected to live the average service life. Every item in the group is assumed to be fully depreciated at retirement.

(o)(k) Mortality Data - See plant activity data.

(p)(l) Net Salvage - The salvage value of property retired less the cost of removal. This is expressed as a percent of retirements in the depreciation rate formula.

(q)(m) Original Cost - The amount at which an asset is recorded in an account or subaccount without deduction of related provisions for accrued depreciation or amortization. The amount includes the cost of all labor, materials, and associated installation of the asset to the first person devoting it to public service. The cost is used in the computation of depreciation expense. Original Cost - As applied to utility plant, the cost of such property to the person first devoting it to public service.

(r)~~(n)~~ Plant Activity Data - Annual additions, retirements, adjustments or transfers, sales or purchases, and investment balances at end of year.

(s)~~(o)~~ Property Retired - As applied to utility plant, property that has been removed, sold, abandoned, destroyed or which has been withdrawn from service for any cause.

(t)~~(p)~~ Remaining Life Depreciation Rate - The depreciation rate based on the average remaining portion of the service life expected to be experienced by the investment or account in question and on the net unrecovered capital for that investment or account.

$$\text{R.L. Rate} = \frac{100\% - \text{Accumulated Reserve \%} - \text{Future Net Salvage \%}}{\text{Average Remaining Life}}$$

The average remaining life for an account or sub-account is a function of known planned retirement or of the average age of that account and its appropriate mortality table.

(u)~~(q)~~ Replacing or Replacement - The construction or installation of utility plant in place of property retired, together with the removal of the property retired.

(v)~~(r)~~ Reserve - The accumulated provision for depreciation. The accumulated depreciation reserve is the net of depreciation accruals (expenses) and retired investment with

related gross salvage and costs of removal as well as any appropriate adjustments or transfers.

(w)~~(s)~~ Reserve Activity Data - Annual depreciation expense, retirements, transfers or adjustments, gross salvage realized, cost of removal, and end of year balance for the accumulated provision for depreciation.

(x)~~(t)~~ Retirement Units - Those items of utility plant which, when retired with or without replacement, are accounted for by crediting the book cost to the utility plant account in which it is included.

(y)~~(u)~~ Salvage Value - The amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale or, if retained, the amount at which the material recoverable is chargeable to materials and supplies or other appropriate account.

(aa) Straight-Line Method - A depreciation method by which the service value of a depreciable group is charged to depreciation expense (or a clearing account) and credited to the accumulated provision for depreciation account through equal annual charges over the service life of the group.

(bb) Unit Depreciation - An accounting procedure under which the original cost, depreciation expense, and accumulated provision for depreciation, and all associated activity are maintained for each individual asset. Service life and salvage parameters are estimated for each individual asset with a depreciation rate designed to recover each asset's original cost over its related life. If the asset lives longer than its expected life, depreciation expense stops accruing when the asset is fully recovered. If the asset retires earlier than its expected service life, the associated unrecovered amount is immediately written-off as a loss.

(cc) Unrecovered Amount - Original cost less the accumulated provision for depreciation less expected net salvage.

(2) The average service life and salvage components for each class of utility are as follows:

(a) Water System Guideline Average Service Lives

Large	Small	Small	
Utility	Utility	Utility	Net
(Class	(Class	Function	Salvage

Account	Description	A & B)	C)	Composite ³	% ⁴
<u>1. Source of Supply with Pumping Equipment</u>					
304	¹ Structures & Improvements	33 ¹	28		
	Frame	28	25		
	Masonry	30	27		
	Reinforced Concrete	40	37		
	Steel (tanks or sheds)	25	22		
	Fiberglass	20	18		
305	Collecting and Impounding				
	Reservoirs	50	40		
306	Lake, River and Other				
	Intakes	40	40		
307	Wells and Springs	30	27		
	Drilled & Cased Well	<u>30</u>	<u>27</u>		
	(Floridian or Non-Corrosive)				
	Shallow Well	20	18		
	(Sand Aquifer or Corrosive Water)				
308	Infiltration Galleries				
	and Tunnels	40	N/A		
309	Supply Mains	35	32		
<u>310</u>	<u>Power Generation Equip.</u>	<u>20</u>	<u>17</u>		

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<u>311 Electric Pumping Equip.</u>	<u>20</u>	<u>15</u>
<u>339 Other Miscellaneous Equip.</u>	<u>18</u>	<u>15</u>
<u>2.3. Water Treatment Plant</u>		<u>21</u>
2. Pumping Plant		20
304 Structures and Improvements	33 ¹	28 ¹
(see "Source of Supply" for subcategory lives)		
310 Power Generation Equip.	20	17
311 Pumping Equip.	20	17
Electric Pumping Equip.	20	15
<u>Small Volume Chemical Pumps</u>	<u>8</u>	<u>6</u>
320 Water Treatment Equip.	22 ¹	17 ¹
Chlorination Equip.	10	7
Membrane Elements	5	5
Other Mechanical Equip.	25	20
<u>339 Other Miscellaneous Equip.</u>	<u>18</u>	<u>15</u>
<u>3.4. Transmission & Distribution</u>		
Plant		36
304 Structures & Improvements	33 ¹	28 ¹
(See "Source of Supply" for subcategory lives)		
<u>310 Power Generation Equip.</u>	<u>20</u>	<u>17</u>
<u>311 Electric Pumping Equip.</u>	<u>20</u>	<u>15</u>

330 Distribution Reservoirs &		
Stand Pipes	37 ¹	33 ¹
Steel Pneumatic Tank	35	30
Concrete Ground Storage		
Reservoir	40	37
331 Transmission & Distribution		
Mains	43 ¹	38 ¹
Galvanized Steel Pipe &		
Fittings	35	33
Black Steel Pipe	20	18
Plastic Pipe ²	45	40
Asbestos - Cement	40	35
Cast Iron or Ductile Iron	40	35
Valves & Valve Boxes	25	20
Fire Mains	33	30
333 Services ²	40	35
334 Meters and Meter		
Installation	20	17
335 Hydrants	45	40
<u>336 Backflow Prevention Devices</u>	<u>15</u>	<u>10</u>
339 Other Plant and Miscellaneous		

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Equipment	25	20	
<u>4.5.</u> General Plant			
304 Structures & Improvements	40 ¹	35 ¹	
Reinforced Concrete Bldg.	45	40	
Masonry Building	40	35	
Wood Building	5	30	
Steel Building	40	35	
Tanks or Sheds	25	20	
340 Office Furniture & Equip.	15	15	
Computers	6	6	
341 Transportation Equipment	6	6	10
342 Stores Equipment	18	N/A	14 (com- posite of 342-348)
343 Tools, Shop & Garage Equip.	16	15	
344 Laboratory Equip.	15	N/A	
345 Power Operated Equip.	12	10	5
346 Communication Equip.	10	N/A	10
347 Miscellaneous Equip.	15	N/A	
348 Other Tangible Plant	10	10	

(b) Wastewater System Guideline Average Services Lives

Account	Description	Large	Small	Small	Net
		Utility	Utility	Utility	
		(Class	(Class	Function	Salvage
		A& B)	C)	Composite ³	% ⁴
1. Collection System					
354	Structures & Improvements	32 ¹	27 ¹		
	Above Grade				
	Reinforced Concrete	38	35		
	Masonry	30	27		
	Frame	28	25		
	Steel	25	22		
	Below Grade				
	Concrete	35	32		
	Steel	22	20		
	Lift Stations	25	22		
<u>355</u>	<u>Power Generation Equipment</u>	<u>20</u>	<u>17</u>		
360	Collection Sewers-Force ²	30 ¹	27 ¹		
361	Collection Sewers-Gravity ²	45	40		
	Manholes	30	27		
362	Special Collecting Structures	40	37		
363	Services to Customers ²	38	35		

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364 Flow Measuring Devices	5	5
365 Flow Measuring Installations	38	35
<u>389 Other Miscellaneous Equip.</u>	<u>18</u>	<u>15</u>
2. Pumping Plant	18	
354 Structures & Improvements	32 ¹	27 ¹
<u>355 Power Generating Equipment</u>	<u>20</u>	<u>17</u>
370 Receiving Wells	30	25
Pumping Equipment	N/A	15
<u>389 Other Miscellaneous Equip.</u>	<u>18</u>	<u>15</u>
3. Treatment and Disposal Plant	18	
354 Structures & Improvements	32 ¹	27 ¹
(see "Collection System" for subcategory lives)		
<u>355 Power Generating Equipment</u>	<u>20</u>	<u>17</u>
<u>371 Pumping Equipment</u>		
<u>Pumping Equipment - Electric</u>	<u>18</u>	<u>15</u>
<u>Pumping Equipment - Chemical</u>	<u>7</u>	<u>5</u>
380 Treatment & Disposal Equip.	18 ¹	15 ¹
Blowers, Motors, Pumps,		
Electric Controls	15	12
Chlorination Equipment	10	7
Other Mechanical Equipment	23	18

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381 Plant Sewers	35	32
382 Outfall Sewer Lines	30	30
389 Other Plant and Miscellaneous Equipment	18	15

4. Reclaimed Water Treatment Plant

<u>354 Structures & Improvements</u>	<u>40¹</u>	<u>35¹</u>
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(see "Collection System" for subcategory lives)

<u>355 Power Generating Equipment</u>	<u>20</u>	<u>17</u>
<u>371 Pumping Equipment-Chemical</u>	<u>7</u>	<u>5</u>

374 Reuse Distribution

<u>Reservoirs</u>	<u>37¹</u>	<u>33¹</u>
<u>Steel Pneumatic Tank</u>	<u>35</u>	<u>30</u>
<u>Concrete Ground Storage</u>	<u>40</u>	<u>37</u>
<u>Reservoir</u>		

<u>380 Treatment & Disposal Equip.</u>	<u>18¹</u>	<u>15¹</u>
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Blowers, Motors, Pumps,

<u>Electric Controls</u>	<u>15</u>	<u>12</u>
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<u>Chlorination Equipment</u>	<u>10</u>	<u>7</u>
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<u>Other Mechanical Equipment</u>	<u>23</u>	<u>18</u>
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<u>381 Plant Sewers</u>	<u>35</u>	<u>32</u>
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389 Other Plant and Miscellaneous

<u>Equipment</u>	<u>18</u>	<u>15</u>
<u>5. Reclaimed Water Distribution Plant</u>		
<u>354 Structures & Improvements</u>	<u>40¹</u>	<u>35¹</u>
<u>(see "Collection System" for subcategory lives</u>		
<u>355 Power Generating Equipment</u>	<u>20</u>	<u>17</u>
<u>366 Reuse Services</u>	<u>40</u>	<u>35</u>
<u>367 Reuse Meters and Meter</u>		
<u>Installation</u>	<u>20</u>	<u>17</u>
<u>371 Plumbing Equipment</u>	<u>18</u>	<u>15</u>
<u>375 Reuse Transmission &</u>		
<u>Distribution System</u>	<u>43¹</u>	<u>38¹</u>
<u>Plastic Pipe²</u>	<u>45</u>	<u>40</u>
<u>Valves & Valve Boxes</u>	<u>25</u>	<u>20</u>
<u>Fire Mains</u>	<u>33</u>	<u>30</u>
<u>389 Other Plant and Miscellaneous</u>		
<u>Equipment</u>	<u>18</u>	<u>15</u>
<u>6.4. General Plant</u>		
<u>354 Structures & Improvements</u>	<u>40¹</u>	<u>35¹</u>
Reinforced Concrete Bldg.	45	40
Masonry Building	40	35
Wood Building	35	30

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Steel Building	40	35	
Tanks or Sheds	25	20	
390 Office Furniture & Equip.	15	15	
Computers	6	6	
391 Transportation Equipment	6	6	10
392 Stores Equipment	18	N/A	14 (com- posite of 392-398)
393 Tools, Shop & Garage Equip.	16	15	
394 Laboratory Equipment	15	N/A	
395 Power Operated Equipment	12	10	5
396 Communication Equipment	10	N/A	10
397 Miscellaneous Equipment	15	N/A	
398 Other Tangible Plant	10	10	

(c) For the purposes of paragraphs (2)(a) and (b), the following apply:

1. ¹Denotes composite life.
2. ²Plastic pipe footnote - assumes use of AWWA standard pipe only. Assumes AWWA DR18 used for all mains of 6" or more.
3. ³To be used only when acceptable company plant

balances are not available for developing composites using account lives.

4. ⁴Net Salvage zero except as indicated.

(3) (a) Average service life depreciation rates based on guideline lives and salvages shall be used in any Commission proceeding in which depreciation rates are addressed, except for those utilities using depreciation rates in accordance with the requirements listed in Subsections (6) and (7) of this rule. ~~Except as listed in Subsections (5) and (6) of this rule average service life depreciation rates based on the guideline lives and salvages shall be used in any proceeding before this Commission that involves the setting of rates.~~ A utility shall also implement the applicable guideline rates for any new plant to be placed in service.

(b) A utility may implement applicable guideline rates without specific approval by the Commission. Guideline rates, if implemented for any account, must be implemented for all accounts. If a utility implements applicable guideline rates outside of a rate proceeding, the utility shall notify the Commission within 30 days of such implementation.

(c) If guidelines depreciation rates have been implemented,

the rates shall not be changed unless approved by the Commission.

(4) (a) All Class A and B utilities shall maintain depreciation rates and reserve activity data by account as prescribed by this Commission.

(b) All Class C utilities shall maintain depreciation rates and reserve activity data by total depreciable plant, function or account as prescribed by this Commission.

(5) Computation of depreciation expense. Depreciation expense shall be computed on a monthly basis in conformity with group depreciation accounting procedures.

(6) (a) (5) (a) At the time a utility applies for a change in its revenue rates and charges, it may also petition for average service life depreciation rates different from those in the above schedule if it can justify the service lives that the utility is proposing in lieu of the guideline lives. That justification should be in the form of historic data, technical information or utility planning for the affected accounts or sub-accounts. Common causes of need for different depreciation rates include composition of account, adverse environmental conditions, high growth or regulatory changes.

(b) A utility filing for such a revision of depreciation

rates shall submit ten copies of the filing to the Division of Records and Reporting ~~office of the Commission Clerk.~~

(c) For each account or function of depreciable plant addressed in the filing, the following shall be included:

1. A comparison of current and proposed depreciation rates and service lives. The proposed effective date of the new rates shall be identified.
2. A comparison of depreciation expenses resulting from current rates with those produced by the proposed rates. Plant balances used in this calculation shall be those as of the effective date of the proposed rates.
3. A general narrative defining the service environment of the applicant utility and the factors (e.g., composition of account, growth, environmental conditions, regulatory changes) leading to the present application for a revision in rates in the affected accounts.
4. Any statistics, data, analyses or calculations used in the development of the proposed average service lives.

(7)~~(6)~~ A utility may apply for guidelines for a proposal for implementation of remaining life depreciation rates under the following conditions:

(a) A Class A, B, or C ~~or B~~ utility has maintained both plant activity data by account and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.

~~(b) A Class C utility has maintained both plant activity data and accumulated provision for depreciation (reserve) data by account, function or total depreciable plant generally in accord with the Uniform System of Accounts for either at least ten years or since the inception of the utility, whichever is less.~~

(b)~~(c)~~ To provide time for study development, any application for remaining life guidelines should be submitted at least six months before the filing for a test year in connection with a request for a revenue rate increase.

(8)~~(7)~~ Prior to the date of retirement of major installations, the Commission may approve capital recovery schedules to correct associated calculated deficiencies in recovery

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where a utility demonstrates that retirement of the installation or group of installations is prudent and the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(9) (a) Effective January 1, 2002, all Class A and B utilities shall maintain separate subaccounts for: (1) each type of Contributions in Aid of Construction (CIAC) charge collected including, but not limited to, plant capacity, meter installation, main extension or system capacity; (2) contributed plant; (3) contributed lines; and (4) other contributed plant not mentioned previously. Each CIAC subaccount shall be amortized in the same manner that the related contributed plant is depreciated. Separate subaccounts for accumulated amortization of CIAC shall be maintained to correspond to each subaccount for CIAC. Each subaccount shall be maintained so as to maximize compliance with Treasury Regulation 1.118-2.

(b) Effective January 1, 2002, for Class C utilities, where adequate CIAC records are maintained in subaccounts, by type of charge or contributed plant, CIAC amortization rates shall be applied separately to each subaccount. Where CIAC records are not kept by subaccount, a composite depreciation rate for total plant,

excluding general plant, shall be applied to the entire CIAC account. CIAC records shall be maintained so as to maximize compliance with Treasury regulation 1.118-2.

(c) Any composite rate used shall be recalculated each year based on the applicable plant balances and depreciation rates.

~~(8)(a) Contributions in Aid of Construction — Adequate records to account for CIAC must be maintained by the utility. Where adequate records separating CIAC from utility investments are maintained by account, depreciation rates shall be applied separately to contributed and non-contributed plant with the resulting amortization of contributed plant not considered an expense for ratemaking purposes. Where CIAC records are not kept by account, the depreciation rates shall be applied to the entire depreciable plant. The CIAC plant shall then be amortized either by account, function or bottom line depending on availability of supporting information. The amortization rate shall be that of the appropriate account or function where supporting documentation is available to identify the account or function of the related CIAC plant. Otherwise, the composite plant amortization rate shall be used. The depreciation expense then is the net of depreciation expense for total plant less the amortization of CIAC plant. The~~

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~~non-CIAC depreciation reserve is the net of depreciation reserve
for total plant less the accumulated amortization of CIAC plant.~~

Specific Authority: 350.127(2), 367.121(1), F.S.

Law Implemented: 350.115, 367.081(2), 367.121(1), F.S.

History: New 3/22/84, Formerly 25-10.32, 25-10.032, Amended
11/9/86, 5/8/88, 11/21/95, _____.

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NOTICE OF PROPOSED RULE DEVELOPMENT

FLORIDA PUBLIC SERVICE COMMISSION

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RULE TITLE: Depreciation

RULE NO.: 25-30.140

PURPOSE AND EFFECT: Definitions are added to clarify the meaning of terms used in the process of analyzing depreciation in order to assure both capital recovery and reasonable rates. New accounts are added to provide for depreciation relating to investment in new types of equipment and to bring the list of accounts into accord with NARUC. The specific directions for computation of depreciation expense are proposed to clearly show the appropriate method for calculation of depreciation expense for a monthly period. Section (3) is changed to clarify that utilities may implement guideline rates without specific Commission approval and to remove language that appeared to conflict. Section (4)(a) and (b) are changed to remove the reference to depreciation rates to eliminate confusion with (3). Subsection (3) will address rates and (4) will address reserve activity. Section (9) is changed to clarify and specify how utilities shall maintain CIAC records. The prior wording was confusing as to what the actual requirements were. The prior wording stated that a utility must maintain adequate records to

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account for CIAC but then subsequently had provisions for utilities that did not maintain adequate records. The new wording separates reporting requirements for Class A and B from Class C utilities.

SUBJECT AREA TO BE ADDRESSED: Accounting for depreciation.

SPECIFIC AUTHORITY: 350.127(2), 367.121(1), FS

LAW IMPLEMENTED: 350.115, 367.081(2), 367.121(1), FS

IF REQUESTED IN WRITING AND NOT DEEMED UNNECESSARY BY THE AGENCY HAD, A RULE DEVELOPMENT WORKSHOP WILL BE HELD AT THE TIME, DATE, AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 a.m., Wednesday, December 6, 2000

PLACE: Room 182, Easley Building Conference Center, Room 182, 4075 Esplanade Way, Tallahassee, Florida

THE WORKSHOP REQUEST MUST BE SUBMITTED IN WRITING BY DECEMBER 4, 2000 TO CHRISTIANA T. MOORE, DIVISION OF APPEALS, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FL 32399-0850

Any person requiring some accommodation at this workshop because of a physical impairment should call the Division of Records and Reporting at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

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THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE DEVELOPMENT AND A COPY OF THE PRELIMINARY DRAFT, IF AVAILABLE, IS: Jeanette Sickel, Division of Economic Regulation, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862.

THE PRELIMINARY TEXT OF THE PROPOSED RULE DEVELOPMENT IS AVAILABLE AT NO CHARGE FROM THE CONTACT PERSON LISTED ABOVE.