

STATE OF FLORIDA

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DIVISION OF APPEALS
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Public Service Commission

October 18, 2000

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

RE: Docket No. 980643-EI - Proposed Amendments to Rules 25-6.135, F.A.C., Annual Reports; 25-6.1351, F.A.C., Cost Allocation and Affiliate Transactions; and 25-6.0436, F.A.C., Depreciation

Dear Mr. Webb:

Enclosed is the notice of change, which will be published in the Florida Administrative Weekly on October 27, 2000 and the statement of changes for the proposed Rules 25-6.135, 25-6.1351 and 25-6.0436.

We plan to file the rule for adoption on November 17, 2000.

Sincerely,

Christiana T. Moore,
Associate General Counsel

CTM
Enclosure
cc: Division of Records & Reporting

DOCUMENT NUMBER-DATE

13172 OCT 17 8

FPSC-RECORDS/REPORTING

STATEMENT OF CHANGES

Rule 25-6.1351(3) (a), F.A.C.: This subsection was changed to provide an exception to the cost allocation requirements for non-tariffed affiliate transactions between a utility and its 1) parent company; 2) regulated utility affiliates; or 3) services received by a utility from an affiliate that exists solely to provide services to members of the utility's corporate family.

Rule 25-6.1351(3) (b), F.A.C.: The term "market price" was added to subsection (3) (b) to acknowledge that the amount a utility charges an affiliate could be less than fully allocated costs or market price, but must be above incremental cost.

Rule 25-6.1351(3) (b) was changed so that multiple notifications would not be required for the same or recurring transactions; and to update the division name to the Division of Economic Regulation.

Rule 25-6.1351(3) (d), (5), and Rule 25-6.135(1) and (2) were changed to update the division name to the Division of Economic Regulation and to correct the form number.

Rule 25-6.0436(4) was changed to correct a reference to the Clerk's office and change it to the Division of Records and Reporting.

Rule 25-6.0436(9) was changed to correct a cross-referenced rule number.

FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF APPEALS

DOCKET NO. 980643-EI

RULE NO: RULE TITLE:

25-6.1351 Cost Allocation and Affiliate Transactions

25-6.135 Annual Reports

25-6.0436 Depreciation

NOTICE OF CHANGE

Notice is hereby given that the following changes have been made to the proposed rules in accordance with subparagraph

120.54(3)(d)1., F.S., published in Volume 26, No. 18, May 5, 2000, issue of the Florida Administrative Weekly:

25-6.1351 Cost Allocation and Affiliate Transactions.

(1) - (2) No change.

(3) Non-Tariffed Affiliate Transactions

(a) The purpose of subsection (3) is to establish requirements for non-tariffed affiliate transactions impacting regulated activities. This subsection does not apply to the allocation of costs for services between a utility and its parent company or between a utility and its regulated utility affiliates or to services received by a utility from an affiliate that exists solely to provide services to members of the utility's corporate family. All affiliate transactions, however, are subject to regulatory review and approval.

(b) A utility must charge an affiliate the higher of fully allocated costs or market price for all non-tariffed services and products purchased by the affiliate from the utility. Except, a utility may charge an affiliate less than fully allocated costs or market price if the charge is above incremental cost. If a utility charges less than fully allocated costs or market price, the utility must maintain documentation to support and justify how doing so benefits regulated operations. If a utility charges less than market price, the utility must notify the Division of Economic Regulation in writing Auditing and Financial Analysis within 30 days of the utility initiating, or changing any of the terms or conditions, for the provision of a product or service transaction. In the case of products or services currently being provided, a utility must notify the Division within 30 days of the rule's effective date.

(c) No change.

(d) When an asset used in regulated operations is transferred from a utility to a nonregulated affiliate, the utility must charge the affiliate the greater of market price or net book value. Except, a utility may charge the affiliate either the market price or net book value if the utility maintains documentation to support and justify that such a transaction benefits regulated operations. When an asset to be used in regulated operations is transferred from a nonregulated affiliate

to a utility, the utility must record the asset at the lower of market price or net book value. Except, a utility may record the asset at either market price or net book value if the utility maintains documentation to support and justify that such a transaction benefits regulated operations. An independent appraiser must verify the market value of a transferred asset with a net book value greater than \$1,000,000. If a utility charges less than market price, the utility must notify the Division of Economic Regulation in writing ~~Auditing and Financial Analysis~~ within 30 days of the transfer transaction.

(e) No change.

(4) No change.

(5) Reporting Requirements. Each utility shall file information concerning its affiliates, affiliate transactions, and nonregulated activities on Form PSC/ECR/101 ~~PSC/AFA-19~~ (xx/xx) which is incorporated by reference into this rule. Form PSC/ECR/101 ~~PSC/AFA-19~~ , entitled "Annual Report of Major Electric Utilities," may be obtained from the Commission's Division of Economic Regulation ~~Auditing and Financial Analysis~~.

(6) No change.

Specific Authority: 366.05(1), 350.127(2) F.S.

Law Implemented: 350.115, 366.04(2)(a) and (f), 366.041(1), 366.05(1), (2), and (9), 366.06(1), 366.093(1) F.S.

History--New 12-27-94, Amended _____.

25-6.135 Annual Reports.

(1) Each investor-owned electric utility shall file annual reports with the Commission on Commission Form PSC/ECR/101 ~~PSC/AFA-19~~ (xx/xx) which is incorporated by reference into this rule. Form PSC/ECR/101 ~~PSC/AFA-19~~, entitled "Annual Report of Major Electric Utilities", may be obtained from the Commission's Division of Economic Regulation ~~Auditing and Financial Analysis~~. These reports shall be verified by a responsible accounting officer of the utility making the report and shall be due on or before April 30 for the preceding calendar year. A utility may file a written request for an extension of time with the Division of Economic Regulation ~~Auditing and Financial Analysis~~ no later than April 30. One extension of 31 days will be granted upon request. A request for a longer extension must be accompanied by a statement of good cause and shall specify the date by which the report will be filed.

(2) The utility shall also file with the original and each copy of the annual report form, or separately within 30 days, a letter or report, signed by an independent certified public accountant, attesting to the conformity in all material respects of the schedules and their applicable notes listed on the general information page of Form PSC/ECR/101 ~~PSC/AFA-19~~ with the Commission's applicable uniform system of accounts and published accounting releases.

Specific Authority: 366.05(1), 350.127(2) F.S.

Law Implemented: 350.115, 366.04(2)(f), 366.05(1), (2)(a) F.S.

History--New 12-27-94, Amended _____.

25-6.0436 Depreciation.

(1) through (3) No change.

(4) A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Division of Records and Reporting ~~Commission Clerk's office~~ fifteen copies of the information required by paragraphs (6)(a) through (6)(f) and (6)(h) of this rule and at least three copies of the information required by paragraph (6)(g).

(5) through (8) No change.

(9) As part of the filing of the annual report pursuant to Rule 25-6.135 ~~25-6.014(3)~~, F.A.C., each utility shall include an annual status report. The report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at end of year) for each category of investment for which a depreciation rate, amortization, or capital recovery schedule has been approved. The report shall indicate for each category that:

(a) - (b) No change.

(10) No change.

Specific Authority: 350.127(2), 366.05(1) F.S.

Law Implemented: 350.115, 366.04(2)(f), 366.06(1) F.S.

History--New 11-11-82, 1-6-85, Formerly 25-6.436, Amended

4-27-88, 12-12-91, _____.