

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rule  
25-7.024, F.A.C., Rate of  
Return.

) DOCKET NO. 911066-GU  
)  
) ORDER NO. 25813  
)  
) ISSUED: 2/27/92

NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to amend Rule 25-7.024, F.A.C., relating to Rate of Return.

The attached Notice of Rulemaking will appear in the February 28, 1992 edition of the Florida Administrative Weekly. If requested, a hearing will be held at the following time and place:

9:30 a.m., March 25, 1992  
Room 122, Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rule must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399, no later than March 20, 1992.

By Direction of the Florida Public Service Commission, this  
27th day of FEBRUARY, 1992.



STEVE TRIBBLE, Director  
Division of Records & Reporting

RCB

( S E A L )

amd7024.wlt

DOCUMENT NUMBER-DATE

02014 FEB 27 1992

FPSC-RECORDS/REPORTING

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 911066-GU

RULE TITLE:

RULE NO.:

Rate of Return Report

25-7.024

PURPOSE AND EFFECT: The rule amendments incorporate current filing practice into the rule.

SUMMARY: The proposed revision of Rule 25-7.024, F.A.C., merely codifies existing filing practices. Commission Form PSC/AFA 13, entitled "Investor-Owned Natural Gas Utility Earnings Surveillance Report," would be required of IOUs, and is incorporated by reference under the proposed rule change. Also, the proposed rule revision includes new language regarding the required filing dates of the rate of return reports.

RULEMAKING AUTHORITY: 350.127(2), F.S.

LAW IMPLEMENTED: 350.117(1), 366.04(2)(f), 366.05(1), F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS RULE IS:

Because these amendments codify current filing practice, they are not expected to have any economic impact.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING. IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., March 25, 1992, PLACE: Room 122, 101

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East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE IS AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-7.024 Rate of Return Report.

(1) Each gas utility shall file the following rate of return data using Commission Form PSC/AFA 13 ( / ), which is incorporated by reference into this rule; form PSC/AFA 13, entitled "Investor-Owned Natural Gas Utility Earnings Surveillance Report," may be obtained from the Commission's Division of Auditing and Financial Analysis: within 45 days after the end of each month:

(a) Actual (per book) rate of return computed on an a jurisdictional-average rate base for the twelve-month period ended with the month being reported.

(b) Jurisdictional average rate of return computed using Commission policies, practices, and adjustments in accordance with the utility's most recent rate case for the twelve-month period ended with the month being reported. This includes the adjustments specifically stated in the order and also adjustments made by the utility that were not at issue, but were accepted by the Commission without direct reference in the order.

(c) (b) An adjusted (pro forma including annualized rate increases/decreases) rate of return computed on a jurisdictional

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year end rate base for the twelve-month period ended with the month being reported. The adjustments shall be consistent with those made in the utility's most recently completed rate proceeding.

(d) Required rates of return (low, midpoint, high) calculated in accordance with Section 366.071(5)(b)2., F.S., for the twelve-month period ended with the month being reported.

(2) The report shall be filed:

(a) Monthly, by the 15th day of the second month following the reported month for natural gas companies with annual sales in excess of 50 million therms.

(b) Quarterly, by the 15th day of the second month following the reported quarter for natural gas companies with annual sales less than 50 million therms.

(3) ~~(2)~~ Requests for extensions of time in which to file must be submitted in writing to the Commission prior to the due date for the data.

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

Law Implemented: 350.117(1), 366.04(2)(f), 366.05(1), F.S.

History: New 11/18/82, formerly 25-7.24, \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Lee Romig

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE:  
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: February 4, 1992

If any person decides to appeal any decision of the Commission with

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respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

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CERTIFICATION OF  
PUBLIC SERVICE COMMISSION

FORM INCORPORATED BY REFERENCE IN RULE 25-7.024

Pursuant to Rule 1S-1.005, Florida Administrative Code, I hereby certify that the attached is a true and complete copy of Form PSC/AFA 13 ( / ), "Investor-Owned Natural Gas Utility Earnings Surveillance Reports," which is incorporated by reference in Rule 25-7.024, Florida Administrative Code.

\_\_\_\_\_  
Steve Tribble

Director, Division of Records & Reporting  
Title

\_\_\_\_\_  
Number of Pages Certified

(S E A L)

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**FLORIDA PUBLIC SERVICE COMMISSION**

**INVESTOR-OWNED NATURAL GAS UTILITY**

**EARNINGS SURVEILLANCE REPORTS**

**IN ACCORDANCE WITH RULE 25-7.024**

**FLORIDA ADMINISTRATIVE CODE**

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INVESTOR-OWNED NATURAL GAS UTILITY  
RATE OF RETURN REPORT  
UNIFORM SCHEDULES

The monthly rate of return surveillance report consists of the following uniform schedules:

- Schedule 1 - Rate of Return Report Summary
- Schedule 2 - Average Rate of Return
- Schedule 3 - Year End Rate of Return
- Schedule 4 - Capital Structure

The above schedules represent the data that is to be filed by each natural gas company on a uniform basis as referenced in Florida Public Service Commission Rule 25-7.024. An investor-owned natural gas utility may, at its own option, include any additional schedules that it deems appropriate or necessary for further explanation or clarification of the data reported.

Requests for extension of time in which to file must be submitted in writing prior to the due date for the data to the following:

Florida Public Service Commission  
Division of Auditing and Financial Analysis  
Bureau of Revenue Requirements  
101 East Gaines Street  
Tallahassee, FL 32399-0865

SCHEDULE 1

RATE OF RETURN REPORT SUMMARY

The purpose of this schedule is to summarize the results of the calculations required by the other schedules. This summary also provides a composite overview of the utility's current earnings on a single page.

Although this schedule only summarizes other schedules, it is necessary to define a few of the terms utilized in the schedule. These are as follows:

Per Books - This term means that the amounts reported represent the amounts as recorded in the accounting records of the utility.

Actual per books rate base would include CWIP on which AFUDC is not charged and a working capital allowance that is adjusted only to exclude those amounts that are includible in the capital structure. Also since the per books amounts would include common use plant, it would be proper to allocate an appropriate amount to non-utility operations.

Actual per books NOI would be computed consistent with the per books rate base determination. Also since the per books amounts would include common use expenses, it would also be proper to allocate common expenses to non-utility operations.

FPSC Adjustments - The adjustments reflected in this column should represent all of the adjustments required to adjust the per books amounts in accordance with Commission policies, practices, and adjustments made in the utility's most recent rate case. This includes the adjustments made by the utility that were not at issue, but were accepted by the Commission without direct reference in the order. However, those adjustments that can be considered to be annualizing or pro forma should not be included.

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FPSC NOI adjustments should include the elimination of purchased gas related revenues and expenses, as well as conservation related revenues and expenses, if applicable.

Pro Forma Adjustments - This type of adjustment refers to those adjustments that would distort the utility's earned rate of return if they were included in the "FPSC Adjustments" category. The most specific example is the effect of a recent rate increase/decrease. When a rate increase/decrease becomes effective, the operating revenues and related expenses are annualized as though the rate increase had actually been in effect for the entire preceding 12 month period. Unless the new rates have been in effect for that one year period, the utility would not have actually billed those new rates for the entire 12 month period. Therefore, it would not be appropriate to include those revenues in the income statement for the purposes of evaluating the utility's earned rate of return. This indicator should provide a forward look for earnings and a forecast of future performance on a regulatory basis.

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SCHEDULE 2

AVERAGE RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the average earned rate of return on a Per Books; FPSC Adjusted; and Pro Forma basis. This schedule consists of the following two pages:

Page 1 - Rate Base

Page 2 - Income Statement

The terms, "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. Except for these items, Schedule 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital can be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

SCHEDULE 3  
YEAR END RATE OF RETURN

This schedule presents the data necessary to adjust the utility's per books amounts and calculate the year-end earned rate of return on a Per Books; FPSC Adjusted; and Pro Forma basis. This schedule consists of the following two pages:

Page 1 - Rate Base

Page 2 - Income Statement

The terms, "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously defined in the explanation of Schedule 1 - Rate of Return Report Summary. Except for these items, Schedule 2 is self explanatory.

In recognition of the fact that there may be numerous adjustments to the per books amount of working capital, only the total amount of the adjustments to working capital can be shown on Page 1, if an additional schedule is provided which shows each specific adjustment.

Also, the average rate base, including working capital allowance, should be used in calculating the year end rate base.

SCHEDULE 4  
CAPITAL STRUCTURE

This schedule shows the computation of the average and year end required rates of return on a FPSC Adjusted and year end basis. Inherent in this computation, this schedule reconciles the amount of capital to the rate base total using the same procedures employed by the Commission in the utility's last rate proceeding. The terms "Per Books," "FPSC Adjusted," and "Pro Forma Adjustments" have been previously been defined in the explanation of Schedule 1 - Rate of Return Report Summary. It is necessary, however, to explain the following terms:

Specific - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and the capital structure on a basis other than pro rata.

Pro Rata - Based on the adjustments made to the rate base, this column should reflect the cumulative effect of all the adjustments that were made to reconcile the rate base and capital structure on a pro rata basis.

Except for these two terms, this schedule is self explanatory.

(COMPANY NAME)  
 RATE OF RETURN REPORT SUMMARY  
 (MONTH/YEAR)

SCHEDULE 1

	(1) ACTUAL PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED	(4) PRO FORMA ADJUSTMENTS	(5) PRO FORMA ADJUSTED
<b>I. AVERAGE RATE OF RETURN</b>					
(JURISDICTIONAL)					
NET OPERATING INCOME	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
AVERAGE RATE BASE	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
AVERAGE RATE OF RETURN	_____ %		_____ %		_____ %
<b>II. YEAR END RATE OF RETURN</b>					
(JURISDICTIONAL)					
NET OPERATING INCOME	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
YEAR END RATE BASE	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
YEAR END RATE OF RETURN	_____ %		_____ %		_____ %
<b>III. REQUIRED RATES OF RETURN</b>					
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)					
LOW	_____ %				
MIDPOINT	_____ %				
HIGH	_____ %				

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with  
 the intent to mislead a public servant in the performance of his  
 official duty shall be guilty of a misdemeanor of the second degree  
 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

\_\_\_\_\_  
 (Name and Title of Chief  
 Financial Officer)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Date)

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(COMPANY NAME)  
 AVERAGE RATE OF RETURN  
 RATE BASE  
 (MONTH/YEAR)

SCHEDULE 2  
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	(1)	(2)	(4)	(5)	(7)	(8)	(9)
	PLANT IN	NET	PROPERTY HELD	CONSTRUCTION	NET	WORKING	TOTAL
	SERVICE	PLANT IN	FOR FUTURE USE	WORK IN	UTILITY PLANT	CAPITAL	RATE BASE
	SERVICE	SERVICE		PROGRESS			
PER BOOKS	_____	_____	_____	_____	_____	_____	_____
<u>FPSC ADJUSTMENTS:</u>	_____	_____	_____	_____	_____	_____	_____
TOTAL FPSC ADJUSTMENTS	_____	_____	_____	_____	_____	_____	_____
FPSC ADJUSTED	=====	=====	=====	=====	=====	=====	=====
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>	_____	_____	_____	_____	_____	_____	_____
TOTAL PRO FORMA ADJUSTMENTS	_____	_____	_____	_____	_____	_____	_____
PRO FORMA ADJUSTED	=====	=====	=====	=====	=====	=====	=====

(COMPANY NAME)  
 AVERAGE RATE OF RETURN  
 INCOME STATEMENT  
 (MONTH/YEAR)

SCHEDULE 2  
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	(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING REVENUES	O & M OTHER	DEPRECIATION & AMORTIZATION	TAXES OTHER THAN INCOME	INCOME TAXES CURRENT	DEFERRED INCOME TAXES (NET)	INVESTMENT TAX CREDIT (NET)	GAIN/LOSS ON DISPOSITION	TOTAL OPERATING EXPENSES	NET OPERATING INCOME
PER BOOKS										
<u>FPSC ADJUSTMENTS:</u>										
TOTAL FPSC ADJUSTMENTS										
FPSC ADJUSTED										
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>										
TOTAL PRO FORMA ADJUSTMENTS										
PRO FORMA ADJUSTED										

(COMPANY NAME)  
 YEAR END RATE OF RETURN  
 RATE BASE  
 (MONTH/YEAR)

SCHEDULE 3  
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PER BOOKS

(1)	(2)	(4)	(5)	(7)	(8)	(9)
PLANT IN SERVICE	NET PLANT IN SERVICE	PROPERTY HELD FOR FUTURE USE	CONSTRUCTION WORK IN PROGRESS	NET UTILITY PLANT	WORKING CAPITAL	TOTAL RATE BASE
_____	_____	_____	_____	_____	_____	_____

EPSC ADJUSTMENTS:

TOTAL EPSC ADJUSTMENTS

EPSC ADJUSTED

PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:

TOTAL PRO FORMA ADJUSTMENTS

PRO FORMA ADJUSTED

(COMPANY NAME)  
 YEAR END RATE OF RETURN  
 INCOME STATEMENT  
 (MONTH/YEAR)

SCHEDULE 3  
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	(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	OPERATING	O & M	DEPRECIATION &	TAXES OTHER	INCOME TAXES	DEFERRED	INVESTMENT TAX	GAIN/LOSS	TOTAL	NET
	REVENUES	OTHER	AMORTIZATION	THAN INCOME	CURRENT	INCOME TAXES	CREDIT	ON DISPOSITION	OPERATING	OPERATING
						(NET)	(NET)		EXPENSES	INCOME
PER BOOKS	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
<u>FPSC ADJUSTMENTS:</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
TOTAL FPSC ADJUSTMENTS	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
FPSC ADJUSTED	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
<u>PRO FORMA REVENUE INCREASE AND ANNUALIZATION ADJUSTMENTS:</u>	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
TOTAL PRO FORMA ADJUSTMENTS	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
PRO FORMA ADJUSTED	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

(COMPANY NAME)  
 CAPITAL STRUCTURE  
 FPSC ADJUSTED BASIS  
 (MONTH/YEAR)

SCHEDULE 4

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AVERAGE	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT											
SHORT TERM DEBT											
PREFERRED STOCK											
CUSTOMER DEPOSITS											
COMMON EQUITY											
DEFERRED INCOME TAXES											
TAX CREDITS - ZERO COST											
TAX CREDITS - WEIGHTED COST											
TOTAL											

YEAR END	PER BOOKS	ADJUSTMENTS		ADJUSTED	RATIO (%)	LOW POINT		MIDPOINT		HIGH POINT	
		SPECIFIC	PRO RATA			COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)	COST RATE (%)	WEIGHTED COST (%)
LONG TERM DEBT											
SHORT TERM DEBT											
PREFERRED STOCK											
CUSTOMER DEPOSITS											
COMMON EQUITY											
DEFERRED INCOME TAXES											
TAX CREDITS - ZERO COST											
TAX CREDITS - WEIGHTED COST											
TOTAL											