

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | | |
|---------------------------|---|------------------------------|
| IN RE: Amendment of Rule |) | DOCKET NO. 911066-GU |
| 25-7.024, F.A.C., Rate of |) | ORDER NO. PSC-92-0162-FOF-GU |
| Return. |) | ISSUED: 04/07/92 |

NOTICE OF ADOPTION OF RULE AMENDMENT

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has adopted the amendments to Rule 25-7.024, F.A.C., relating to rate of return, without changes.

The rule amendment was filed with the Department of State on April 3, and will be effective on April 23, 1992. A copy of the relevant portions of the certification filed with the Secretary of State is attached to this Notice.

This docket is closed upon issuance of this notice.

By Direction of the Florida Public Service Commission, this
7th day of APRIL, 1992.


STEVE TRIBBLE, Director
Division of Records & Reporting

(S E A L)

RCB
ADP7024.cc

DOCUMENT NUMBER-DATE

03333 APR -7 1992

FPSC-RECORDS/REPORTING

CERTIFICATION OF
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES
FILED WITH THE
DEPARTMENT OF STATE

I do hereby certify:

(1) The time limitations prescribed by paragraph 120.54(11)(a), F.S., have been complied with; and

(2) There is no administrative determination under section 120.54(4), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(11)(b), F.S. They are filed not less than 28 days after the notice required by subsection 120.54(1), F.S., and;

(a) And are filed not more than 90 days after the notice; or

(b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

(c) Are filed within 21 days after the adjournment of the final public hearing on the rule; or

(d) Are filed within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

(e) Are filed within 21 days after the date the transcript was received by this agency.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the

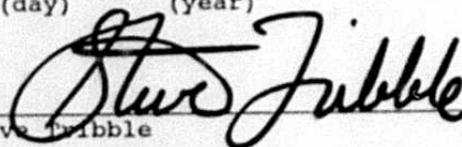
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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

undersigned agency by and upon their filing with the Department of State.

| <u>Rule No.</u> | <u>Rulemaking Authority</u> | <u>Specific Law Being Implemented, Interpreted or Made Specific</u> |
|-----------------|-----------------------------|---|
| 25-7.024 | 350.127(2) | 350.117(1), 366.04(2)(f), 366.05(1) |

Under the provision of paragraph 120.54(13)(a), F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



Steve Tribble

Director, Division of Records & Reporting
Title

Number of Pages Certified

(S E A L)

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TALLAHASSEE, FLORIDA

1 25-7.024 Rate of Return Report.

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

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

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

18 (c) ~~(b)~~ An adjusted (pro forma including annualized rate
19 increases/decreases) rate of return computed on a jurisdictional
20 year end rate base for the twelve-month period ended with the month
21 being reported: The adjustments shall be consistent with those
22 made in the utility's most recently completed rate proceeding.

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

CODING: Words underlined are additions; words in
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TALLAHASSEE, FLORIDA
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1 (2) The report shall be filed:
2 (a) Monthly, by the 15th day of the second month following
3 the reported month for natural gas companies with annual sales in
4 excess of 50 million therms.
5 (b) Quarterly, by the 15th day of the second month following
6 the reported quarter for natural gas companies with annual sales
7 less than 50 million therms.
8 (3) ~~(2)~~ Requests for extensions of time in which to file
9 must be submitted in writing to the Commission prior to the due
10 date for the data.
11 Specific Authority: 350.127(2), F.S.
12 Law Implemented: 350.117(1), 366.04(2)(f), 366.05(1), F.S.
13 History: New 11/18/82, formerly 25-7.24, _____.
14

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~~struck-through~~ type are deletions from existing law.

Order No. PSC-92-0162-FOF-GU
Docket No. 911066-GU
Page 6

Rule 25-7.024
Docket No. 911066-GU

SUMMARY OF 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.

SUMMARY OF HEARINGS ON THE RULE

No hearing was requested and none was held

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

The purpose of these rule amendments is to incorporate current filing practices into the rule.

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COMMISSIONER OF STATE
TALLAHASSEE, FLORIDA

CERTIFICATION OF
PUBLIC SERVICE COMMISSION

FORM INCORPORATED BY REFERENCE IN RULE 25-7.024
FILED WITH THE DEPARTMENT OF STATE

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 in Accordance with Rule 25-7.024 Florida Administrative Code", which is incorporated by reference in Rule 25-7.024, Florida Administrative Code.

Under the provisions of paragraph 120.54(13)(a), F.S., the incorporated material takes effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



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

PSCIAFA 13 (1)

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TALLAHASSEE, FLORIDA
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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.

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.

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 |
|--|----------------------------|----------------------------|-------------------------|---------------------------------|------------------------------|
| I. AVERAGE RATE OF RETURN (JURISDICTIONAL) | | | | | |
| NET OPERATING INCOME | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| AVERAGE RATE BASE | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| AVERAGE RATE OF RETURN | _____ % | | _____ % | | _____ % |
| II. YEAR END RATE OF RETURN (JURISDICTIONAL) | | | | | |
| NET OPERATING INCOME | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| YEAR END RATE BASE | \$ _____ | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| YEAR END RATE OF RETURN | _____ % | | _____ % | | _____ % |
| III. REQUIRED RATES OF RETURN AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS) | | | | | |
| LOW | _____ % | | | | |
| MIDPOINT | _____ % | | | | |
| HIGH | _____ % | | | | |

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