

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 920151-PU

RULE TITLE:	RULE NOS.:
Applicability, Test Year Approval	25-4.140
Applicability, Test Year Approval	25-6.140
Applicability, Test Year Approval	25-7.140

PURPOSE AND EFFECT: The purpose of the proposed rule amendments to Rule 25-4.140 and proposed new rules 25-6.140 and 7.140 is to avoid the unnecessary expense of MFR development where the chosen test year is later determined to be unacceptable. Time certainty is also provided for test year notification by utilities already providing such notification.

SUMMARY: The proposed amendment and new rules would require that a company notify the Commission in writing at least 90 days prior to rate case filing of all known pro forma adjustments which will be made to the test year amount and an explanation of the major factors necessitating a rate increase, including the impact on revenue requirements.

Explanation of why an historical test year, if selected or a projected test year, if selected, is appropriate is also required.

Explanation of test years other than calendar or fiscal, or inability to meet filing date is also required.

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

LAW IMPLEMENTED: 364.05(4), F.S., 366.05(1), F.S.

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THESE RULES:

No specific impact on the agency itself, small business or competition has been identified. Additional employment was not indicated, except by Peoples Gas, which stated a need for additional staffing. The economic impact on the utilities, by category, is as follows:

Telephone

Centel feels that the requirements to provide all necessary pro forma adjustments and an explanation of the factors necessitating a rate increase 90 days before filing would create unnecessary work. Centel suggests 60 days as the notice requirement and a provision for approval of the proposed test year within a time certain.

Alltel concurs in the latter suggestion. United, Southern Bell and Indiantown Telephone Companies foresee minimal effects from the rule. Gulf, Florida Telephone and St. Joseph Telephone lack a basis to project any additional cost.

Natural Gas Companies

South Florida Natural Gas Company, City Gas Company and Peoples Gas Company generally foresee minimal costs from the test year notification itself, but foresee additional impacts from rejection of the test year chosen (So. Florida) and the necessity to indicate adjustments 90 days prior to filing. (City Gas/Peoples Gas)

Peoples Gas anticipates that the 90 day notice will cost \$25,000 in one time expense and \$340,000 annually.

Central Florida Gas Company did not identify substantial impacts, nor did St. Joseph Natural Gas.

Electric Utilities

TECO indicates a belief that requiring a test year by a certain date is burdensome and unnecessary, as is the reporting of all known pro forma adjustments unless limited to those known when the test year is proposed. Neither Gulf Power Company nor Florida Power and Light have identified significant problems from the proposed rules.

Florida Public Utilities Company has identified \$2900 of additional costs from review of major costs since last rate case (\$700), documenting efficiency measures (electric & gas) (\$1950) and reviewing and recapping major efficiency measures implemented (\$250).

Florida Power Corporation believes any additional costs would be negligible.

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., July 13, 1992
PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THESE RULES 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 THESE RULES IS:

25-4.140 Applicability, Test Year Approval.

(1) At least 90 days prior to filing a petition for a general rate increase, a company shall notify the Commission in writing of its selected test year and filing date. This notification shall include: [The Commission encourages companies to seek prior approval of the test year. In order to receive Commission approval for a test year increase under Rule 25-4.141, the petitioner shall submit to the Commission a written request for approval of a test year, supported by a statement of reasons and justifications therefor showing that the requested test year is representative of company operations. Copies of the letter requesting approval of a test period should be transmitted to the Commissioners, the Deputy Executive Director/Technical and the Directors of the Auditing and Financial Analysis, Communications and Legal Departments. The letter shall contain the following information:]

(a) Justification for requesting the particular test period and an explanation of why the selected historical period is more representative of the company's operations than a projected period or why the selected projected period is more representative than an historical period. [(a) A designation of the test period

requested together with the justification for requesting that particular period.]

(b) A general statement of all known pro forma adjustments which will be made to the test year amounts. [(b) A schedule of the Company's unadjusted earned rates of return for each month of the most recent twelve-month period.]

(c) An explanation, including the impact on revenue requirements, of the major factors which necessitate a rate increase. [(c) A statement certifying that the proposed test period is a representative period subject however to such adjustments as may be proper for ratemaking purposes.]

(d) A statement describing the efficiency measures implemented by the Company for the specific purpose of avoiding a rate increase.

(2) In the event that a test year other than one based on a calendar year or fiscal year is selected, the notification shall include an explanation of why the chosen test year period is more appropriate.

(3) If the company cannot meet its filing date, it shall notify the Commission in writing before the due date and include an explanation of why it will not meet the filing date. The company shall include a revised filing date.

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

Law Implemented: 364.05(4), F.S.

History: New 5/4/81, Amended 10/15/84.

25-6.140 Applicability, Test Year Approval.

(1) At least 90 days prior to filing a petition for a general rate increase, a company shall notify the Commission in writing of its selected test year and filing date. This notification shall include:

(a) Justification for requesting the particular test period and an explanation of why the selected historical period is more representative of the company's operations than a projected period or why the selected projected period is more representative than an historical period.

(b) A general statement of all known pro forma adjustments which will be made to the test year amounts.

(c) An explanation, including the impact on revenue requirements, of the major factors which necessitate a rate increase.

(d) A statement describing the efficiency measures implemented by the company for the specific purpose of avoiding a rate increase.

(2) In the event that a test year other than one based on a calendar year or fiscal year is selected, the notification shall include an explanation of why the chosen test year period is more appropriate.

(3) If the company cannot meet its filing date, it shall notify the Commission in writing before the due date and include an

explanation of why it will not meet the filing date. The company shall include a revised filing date.

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

Law Implemented: 366.05(1), F.S.

History: New 5/4/81, Amended 10/15/84

25-7.140 Applicability, Test Year Approval.

(1) At least 90 days prior to filing a petition for a general rate increase, a company shall notify the Commission in writing of its selected test year and filing date. This notification shall include:

(a) Justification for requesting the particular test period and an explanation of why the selected historical period is more representative of the company's operations than a projected period or why the selected projected period is more representative than an historical period.

(b) A general statement of all known pro forma adjustments which will be made to the test year amounts.

(c) An explanation, including the impact on revenue requirements, of the major factors which necessitate a rate increase.

(d) A statement describing the efficiency measures implemented by the company for the specific purpose of avoiding a rate increase.

(2) In the event that a test year other than one based on a calendar year or fiscal year is selected, the notification shall

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include an explanation of why the chosen test year period is more appropriate.

(3) If the company cannot meet its filing date, it shall notify the Commission in writing before the due date and include an explanation of why it will not meet the filing date. The company shall include a revised filing date.

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

Law Implemented: 366.05(1), F.S.

History: New 5/4/81, Amended 10/15/84

NAME OF PERSON ORIGINATING PROPOSED RULES: DALE MAILHOT

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

DATE PROPOSED RULES APPROVED: June 2, 1992

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