



ORIGINAL

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: JULY 23, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF APPEALS (MOORE) *CM*  
DIVISION OF ADMINISTRATION (SEWELL) *ES*  
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (SLEMKEWICZ) *JS*  
DIVISION OF ELECTRIC AND GAS (KUMMER) *AK*  
DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *AK*

RE: DOCKET NO. 980276-EI - PROPOSED AMENDMENT OF RULE 25-6.0131, F.A.C., INVESTOR-OWNED ELECTRIC COMPANY REGULATORY ASSESSMENT FEES.

AGENDA: AUGUST 4, 1998 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\980276.RCM

**ISSUE 1:** Should the Commission amend Rule 25-6.0131, F.A.C., to decrease the regulatory assessment fee charged to investor-owned electric companies?

**RECOMMENDATION:** Yes. Rule 25-6.0131, F.A.C., should be amended to decrease the regulatory assessment fee charged to investor-owned electric companies from .0833 percent to .072 percent of gross operating revenues.

**STAFF ANALYSIS:** Section 350.113(3), Florida Statutes, provides that regulatory assessment fees shall, to the extent practicable, be related to the cost of regulating the type of regulated company. In a recent report of a review of Commission operations, the Auditor General found that regulatory assessment fee (RAF) collections during the 1996-97 fiscal year did not appear to be related to the cost of regulation for all industries. The

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FPSC-RECORDS/REPORTING

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Commission responded to the report stating that it would consider the need for changes in the RAF rates charged to regulated companies.

The Division of Administration reviewed RAF revenues and costs for each industry and determined that the revenues for investor-owned electric companies exceed regulatory costs. This situation has existed for several years and it is projected that it will continue unless the RAF rate is reduced. (Attachment 1) Staff recommends that the rate be reduced from the current .0833 percent to .072 percent to bring the revenues for this subindustry in line with projected regulatory costs.

Staff recommends that the rule change be made effective January 1, 1999. The new rate will apply to revenues collected beginning on that date.

**Statement of Estimated Regulatory Cost**

Because the rule change should not result in any additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a Statement of Estimated Regulatory Cost (SERC) was not prepared.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes, if no request for hearing or comments are filed, the rule amendments as proposed should be filed for adoption with the Secretary of State and the docket be closed.

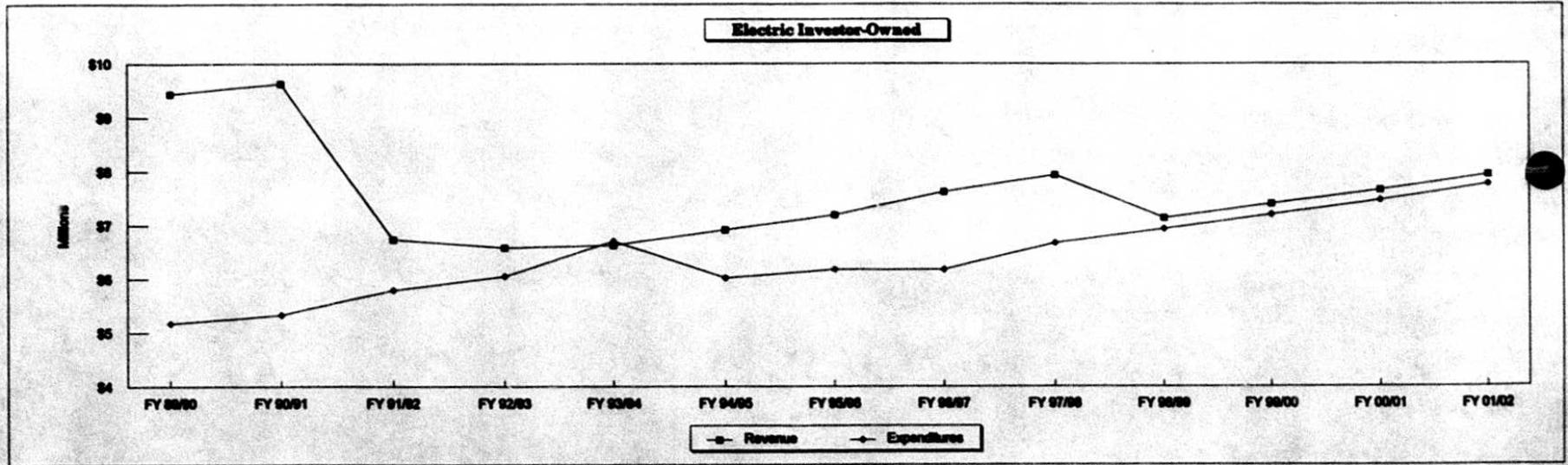
**STAFF ANALYSIS:** Unless comments or requests for hearing are filed, the rule as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments:

Summary of Cost and Revenue  
Proposed Rule  
SERC Memorandum

CTM/

**Public Service Commission  
Regulatory Trust Fund  
Summary of Cost and Revenue For Electric Investor-Owned Utilities  
For Period July 1989 Through Projected Year 2002**



	FY 89/90	FY 90/91	FY 91/92	FY 92/93	FY 93/94	FY 94/95	FY 95/96	FY 96/97	FY 97/98	FY 98/99	FY 99/00	FY 00/01	FY 01/02
Assembly Rate	.1250%	.1250%	.1250% / .090%	.0833%	.0833%	.0833%	.0833%	.0833%	.0833%	.07200%	.07200%	.07200%	
Revenue	\$9,441,405	\$9,634,339	\$6,724,760	\$6,581,793	\$6,629,002	\$6,912,546	\$7,185,227	\$7,613,827	\$7,920,830	\$7,119,900	\$7,382,927	\$7,655,959	\$7,939,976
Expenditures	\$5,169,874	\$5,329,733	\$5,789,703	\$6,046,102	\$6,704,717	\$6,019,125	\$6,172,944	\$6,167,618	\$6,651,960	\$6,913,515	\$7,185,354	\$7,467,383	\$7,761,520

**FOOTNOTES:**

RAF and Misc. Revenue net after service charge to General Revenue (8% FY 89/90; 7.3% for all remaining years).  
FY 97/98 Revenue was based on a 10 yr. average and the Expenditures allocation was based on a 3 yr. MIS average.  
FY 98/99 and forward Revenue and Expenditures are based on an 8 yr. average.

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1 25-6.0131 Regulatory Assessment Fees; Investor-owned Electric  
2 Companies, Municipal Electric Utilities, Rural Electric  
3 Cooperatives.

4 (1) As applicable and as provided in s. 350.113, F.S., each  
5 company, utility, or cooperative shall remit to the Commission a  
6 fee based upon its gross operating revenue. This fee shall be  
7 referred to as a regulatory assessment fee. Regardless of the  
8 gross operating revenue of a company, a minimum annual regulatory  
9 assessment fee of \$25 shall be imposed.

10 (a) Each investor-owned electric company shall pay a  
11 regulatory assessment fee in the amount of .00072 ~~0.000833~~ of  
12 gross operating revenues derived from intrastate business,  
13 excluding sales for resale between public utilities, municipal  
14 electric utilities, and rural electric cooperatives or any  
15 combination thereof.

16 (b) Each municipal electric utility and rural electric  
17 cooperative shall pay a regulatory assessment fee in the amount  
18 of 0.00015625 of its gross operating revenues derived from  
19 intrastate business, excluding sales for resale between public  
20 utilities, municipal electric utilities, and rural cooperatives  
21 or any combination thereof.

22 (2) Regulatory assessment fees are due each January 30 for  
23 the preceding period or any part of the period from July 1 until  
24 December 31, and on July 30 for the preceding period or any part  
25 of the period from January 1 until June 30.

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1 (3) If the due date falls on a Saturday, Sunday, or a  
2 holiday, the due date is extended to the next business day. If  
3 the fees are sent by registered mail, the date of the  
4 registration is the United States Postal Service's postmark date.  
5 If the fees are sent by certified mail and the receipt is  
6 postmarked by a postal employee, the date on the receipt is the  
7 United States Postal Service's postmark date. The postmarked  
8 certified mail receipt is evidence that the fees were delivered.  
9 Regulatory assessment fees are considered paid on the date they  
10 are postmarked by the United States Postal Service or received  
11 and logged in by the Commission's Division of Administration in  
12 Tallahassee. Fees are considered timely paid if properly  
13 addressed, with sufficient postage and postmarked no later than  
14 the due date.

15 (4) Commission Form PSC/ADM 68 (07/96), entitled "Investor-  
16 Owned Electric Utility Regulatory Assessment Fee Return"; Form  
17 PSC/ADM 69 (07/96), entitled "Municipal Electric Utility  
18 Regulatory Assessment Fee Return"; and Form PSC/ADM 70 (07/96),  
19 entitled "Rural Electric Cooperative Regulatory Assessment Fee  
20 Return" are incorporated into this rule by reference and may be  
21 obtained from the Commission's Division of Administration. The  
22 failure of a utility to receive a return form shall not excuse  
23 the utility from its obligation to timely remit the regulatory  
24 assessment fees.

25 (5) Each company, utility, or cooperative shall have up to

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1 and including the due date in which to:

2 (a) Remit the total amount of its fee or

3 (b) Remit an amount which the company, utility, or  
4 cooperative estimates is its full fee.

5 (6) Where the company, utility, or cooperative remits less  
6 than its full fee, the remainder of the full fee shall be due on  
7 or before the 30th day from the due date and shall, where the  
8 amount remitted was less than 90 percent of the total regulatory  
9 assessment fee, include interest as provided by subsection (8) (b)  
10 of this Rule.

11 (7) A company may request from the Division of  
12 Administration a 30-day extension of its due date for payment of  
13 regulatory assessment fees or for filing its return form.

14 (a) The request for extension must be written and  
15 accompanied by a statement of good cause.

16 (b) The request for extension must be received by the  
17 Division of Administration at least two weeks before the due  
18 date.

19 (c) Where a company, utility, or cooperative receives an  
20 extension of its due date pursuant to this rule, then the entity  
21 shall remit a charge in addition to the regulatory assessment  
22 fee, as set out in s. 350.113, F.S.

23 (8) The delinquency of any amount due to the Commission  
24 from the company, utility, or cooperative pursuant to the  
25 provisions of s. 350.113, F.S. and this rule, begins with the

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1 first calendar day after any date established as the due date  
2 either by operation of this rule or by an extension pursuant to  
3 this rule.

4 (a) A penalty, as set out in s. 350.113, F.S. shall apply  
5 to any such delinquent amounts.

6 (b) Interest at the rate of 12 percent per annum shall  
7 apply to any such delinquent amounts.

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

9 Law Implemented: 350.113, 366.14, F.S.

10 History: New 5/18/83, Amended 2/9/84, formerly 25-6.131, Amended  
11 6/18/86, 10/16/86, 3/7/89, 2/19/92, 07/08/96, 01/01/99.

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# MEMORANDUM

June 19, 1998

TO: DIVISION OF APPEALS (MOORE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT)

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR DOCKET NO. 980276-EI, PROPOSED REVISIONS TO RULE 25-6.0131, F.A.C., REGULATORY ASSESSMENT FEES

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Currently, Rule 25-6.0131, F.A.C., Regulatory Assessment Fees, describes the amount of regulatory assessment fees (RAFs) investor-owned electric utilities (IOUs) are required to submit to the Commission. The amendment would decrease the RAF percentage of gross operating revenues to be paid from 0.00083 to 0.00072. The authorizing statute, Section 350.113, Florida Statutes, states that the fees shall, to the extent practicable, be related to the cost of regulating such type of regulated company. The RAFs generated by the current percentage rate are projected to exceed the cost of regulation of IOUs. Therefore, the proposed rule changes would decrease the amount of future RAFs, but meet the statutory requirements to cover regulatory costs.

The Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). However, since there should be no additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a SERC will not be prepared for the proposed rule change.

Please keep my name on the CASR.

CBH:e-rafi02