

STATE OF FLORIDA

Commissioners:
E. LEON JACOBS, JR., CHAIRMAN
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI



DIVISION OF APPEALS
DAVID SMITH
DIRECTOR
(850) 413-6245

Public Service Commission
December 21, 2001

Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 011495-WS - Proposed Adoption of Rule 25-30.4705, F.A.C., Calculation of Rate Reduction After Rate Case Expense is Amortized

Dear Mr. Webb:

Enclosed is an original copy of the following materials concerning the above referenced proposed rules:

1. A copy of the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal standards statement.
5. No statement of estimated regulatory costs was prepared.

If there are any questions with respect to this rule, please do not hesitate to call on me.

Sincerely,

Samantha M. Cibula
Samantha Cibula
Associate General Counsel

ADM4705.SMC
Enclosures
cc: Division of the Commission Clerk
and Administrative Services

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0862

An Affirmative Action/Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

DOCUMENT NUMBER DATE

15925 DEC 21 01

FPSC-COMMISSION CLERK

1 25-30.4705 Calculation of Rate Reduction After Rate Case Expense is
2 Amortized

3 To calculate the rate reduction to be made four years after a
4 rate case as required by section 367.0816, F.S., the following
5 methodology shall be used. The annual amount of rate case expense,
6 which is equal to one-fourth of the total allowed rate case
7 expense, shall be divided by the regulatory assessment fee gross up
8 factor. The resulting number shall then be divided by the revenue
9 requirement to determine the percentage of the rate reduction. The
10 percentage is then multiplied against the new rates to determine
11 the amount of the future rate reduction. Revised tariff sheets
12 implementing the reduction shall be filed no later than one month
13 before the end of the fourth year.

14 Specific Authority: 350.127(2), 367.121, F.S.

15 Law Implemented: 367.0816, 367.121, F.S.

16 History: New / /

17
18
19
20
21
22
23
24
25

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 011495-WS

RULE TITLE:

RULE NO.:

Calculation of Rate Reduction After Rate Case

25-30.4705

Expense is Amortized

PURPOSE AND EFFECT: Codifies the method to be used to remove rate case expense from rates after the four year amortization period has expired as required by Section 367.0816, F.S.

SUMMARY: the adoption of this rule would codify the method to be used by the Commission to remove rate case expense from rates after the four year amortization period has expired.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: No statement of estimated regulatory cost was prepared.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), 367.121, FS

LAW IMPLEMENTED: 367.0816, 367.121, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES, 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 SCHEDULED AND ANNOUNCED IN A FUTURE NOTICE.

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS:

Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6245.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-30.4705 Calculation of Rate Reduction After Rate Case Expense is Amortized

To calculate the rate reduction to be made four years after a rate case as required by section 367.0816, F.S., the following methodology shall be used. The annual amount of rate case expense, which is equal to one-fourth of the total allowed rate case expense, shall be divided by the regulatory assessment fee gross up factor. The resulting number shall then be divided by the revenue requirement to determine the percentage of the rate reduction. The percentage is then multiplied against the new rates to determine the amount of the future rate reduction. Revised tariff sheets implementing the reduction shall be filed no later than one month before the end of the fourth year.

Specific Authority: 350.127(2), 367.121, FS.

Law Implemented: 367.0816, 367.121, FS.

History: New / /

NAME OF PERSON ORIGINATING PROPOSED RULE: Marshall Willis

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: December 17, 2001

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Vol.
27, No. 41, October 12, 2001

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.

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

During the 2000 Legislative Session, Section 367.0816, Florida Statutes, was repealed. Consequently, the rule that set forth the method to be used to remove rate case expense from rates after the four year amortization period expired, Rule 25-30.470, Florida Administrative Code, was also repealed.

Section 367.0816, Florida Statutes, was reenacted during the 2001 Legislative Session. The statute become effective on June 1, 2001. The statute that was reenacted in 2001 is identical to the statute that was repealed in 2000.

Rule 25-30.4705, Florida Administrative Code, sets forth the method to be used to remove rate case expense from rates after the four year amortization period has expired, as required by Section 367.0816, Florida Statutes. It is identical to the rule that was repealed when Section 367.0816, Florida Statutes, was repealed in 2000. Rule 25-30.4705, Florida Administrative Code, is necessary because it will let utilities, ratepayers, and other interested persons know how the Commission calculates the rate case expense reduction required by Section 367.0816, Florida Statutes.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.