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DIVISION OF REGULATORY ANALYSIS
BETH W. SALAK
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Public Service Commission

February 24, 2012

To: Investor-Owned Electric Utilities

Re: Industry survey for legislative review of agency rules in effect on or before November 16, 2010
Docket No. 110303-OT

To whom this may concern:

Please see attached staff's survey questions. Your timely response to these survey questions regarding Rules 25-17.0021, 25-22.032, and 25-6.0436, Florida Administrative Code (F.A.C.), will be used to complete the Commission's Compliance Economic Review required by Sections 120.745 and 120.541, Florida Statutes. All responses should be filed in Docket No. 110303-OT by 5:00 p.m., Wednesday, March 14, 2012, and addressed to:

Judy Harlow
c/o Ann Cole
Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

If you have questions regarding the survey for Rule 25-17.0021, F.A.C., please contact Stephen Garl at 850-413-6676 or sgarl@psc.state.fl.us or Judy Harlow at 850-413-6842 or jharlow@psc.state.fl.us. If you have questions regarding the survey for Rule 25-22.032, F.A.C., please contact Jessica Miller at 850-413-6546 or jemiller@psc.state.fl.us or Laura King at (850) 413-6588 or lking@psc.state.fl.us. If you have any questions regarding the survey for Rule 25-6.0436, F.A.C., please contact Bill McNulty at 850-413-6848 or bmcnulty@psc.state.fl.us. Thank you for your assistance.

Sincerely,

/s/ Judy Harlow
Judy Harlow
Senior Analyst
Division of Regulatory Analysis

DOCUMENT NUMBER: 01048
DATE: FEB 24 2012
FPSC-COMMISSION CLERK

Rule 25-17.0021, F.A.C. - Survey Questions

The following survey questions apply to **Rule 25-17.0021, F.A.C., Goals for Electric Utilities**. For responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The Company’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

Please provide the information requested below as it pertains to this Rule by March 14, 2012:

- A. What are the utility’s estimated transactional costs resulting from the Company’s compliance with Rule 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
1. **Goal Setting** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 3. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
 - a. The cost of any studies, such as a technical potential study – the portion of the cost paid by your company of the ITRON Technical Potential Study for the last goal-setting proceeding may be used as a starting point, but should be time-shifted to approximately 2014 when the next goal-setting proceeding will commence.
 - b. Witness preparation and their appearances before the Commission.
 - c. Petition and testimony filings.
 - d. Discovery costs.
 - e. Other costs associated with the goal-setting process – please identify each.

2. **DSM Plan** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 4. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
 - a. The cost of cost-effectiveness testing.
 - b. Witness preparation and appearances before the Commission.
 - c. Petition and testimony filings.
 - d. Discovery costs.
 - e. Other costs associated with developing the DSM plan - please identify each.

3. **Annual Report** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 5. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
 - a. The cost of data collection.
 - b. The cost of report preparation.
 - c. Other costs associated with the annual report - please identify each.

4. **Plan Implementation Cost** – Please provide the actual or estimated transactional costs for each of the five years, beginning July 1, 2011, paid by residential and commercial/industrial customers to carry out the utility's DSM plan. Please separate these costs into those applicable to residential programs and commercial/industrial programs. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
 - a. The cost of advertising DSM programs.
 - b. The cost of informational and education materials.
 - c. The cost of energy surveys.
 - d. The cost of equipment and incentives provided to participating customers.
 - e. Administrative costs.

- f. Other costs associated with implementing and conducting the DSM plan - please identify each.
5. Of the costs provided above, please discuss which are likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment.
 6. Of the costs provided above, which are likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing similar business in other states or domestic markets, productivity, or innovation.
- B. For the five year period beginning July 1, 2011, which requirements of this rule, if any, would be performed by the Company assuming the rule were not in effect? Please explain.
 - C. For each of the requirements identified in B above, what are the transactional costs associated with such requirements for the five year period beginning July 1, 2011?
 - D. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
 - E. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
 - F. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions D and E, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
 - G. What does the utility believe is the expected impact of Rule 25-17.0021, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory?
 - H. What does the utility believe is the expected impact of Rule 25- 17.0021, F.A.C., on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011?
 - I. What are the benefits to your utility associated with Rule 25- 17.0021, F.A.C.?

25-17.0021 Goals for Electric Utilities.

(1) The Commission shall establish numerical goals for each affected electric utility, as defined by Section 366.82(1), F.S., to reduce the growth rates of weather-sensitive peak demand, to reduce and control the growth rates of electric consumption, and to increase the conservation of expensive resources, such as petroleum fuels. Overall Residential KW and KWH goals and overall Commercial/Industrial KW and KWH goals shall be set by the Commission for each year over a ten-year period. The goals shall be based on an estimate of the total cost effective kilowatt and kilowatt-hour savings reasonably achievable through demand-side management in each utility's service area over a ten-year period.

(2) The Commission shall set goals for each utility at least once every five years. The Commission on its own motion or petition by a substantially affected person or a utility may initiate a proceeding to review and, if appropriate, modify the goals. All modifications of the approved goals, plans and programs shall only be on a prospective basis.

(3) In a proceeding to establish or modify goals, each utility shall propose numerical goals for the ten year period and provide ten year projections, based upon the utility's most recent planning process, of the total, cost-effective, winter and summer peak demand (KW) and annual energy (KWH) savings reasonably achievable in the residential and commercial/industrial classes through demand-side management. Each utility's projection shall reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of conservation programs and measures. Each utility's projections shall be based upon an assessment of, at a minimum, the following market segments and major end-use categories.

Residential Market Segment:

(Existing Homes and New Construction should be separately evaluated) Major End-Use Category

- (a) Building-Envelope Efficiencies.
- (b) Cooling and Heating Efficiencies.
- (c) Water Heating Systems.
- (d) Appliance Efficiencies.
- (e) Peakload Shaving.
- (f) Solar Energy and Renewable Energy Sources.
- (g) Renewable/Natural gas substitutes for electricity.
- (h) Other.

Commercial/Industrial Market Segment:

(Existing Facilities and New Construction should be separately evaluated) Major End-Use Category

- (i) Building Envelope Efficiencies.
- (j) HVAC Systems.
- (k) Lighting Efficiencies.
- (l) Appliance Efficiencies.
- (m) Power Equipment/Motor Efficiency.
- (n) Peak Load Shaving.
- (o) Water Heating.
- (p) Refrigeration Equipment.
- (q) Freezing Equipment.
- (r) Solar Energy and Renewable Energy Sources.
- (s) Renewable/Natural Gas substitutes for electricity.
- (t) High Thermal Efficient Self Service Cogeneration.
- (u) Other.

(4) Within 90 days of a final order establishing or modifying goals, or such longer period as approved by the Commission, each utility shall submit for Commission approval a demand side management plan designed to meet the utility's approved goals. The following information shall be submitted for each program in the plan for a ten-year projected horizon period:

- (a) The program name;
 - (b) The program start date;
 - (c) A statement of the policies and procedures detailing the operation and administration of the program;
 - (d) The total number of customers or appropriate unit of measure in each class of customer (i.e. residential, commercial, industrial, etc.) for each year in the planning horizon;
 - (e) The total number of eligible customers or appropriate unit of measure in each class of customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;
 - (f) An estimate of the annual number of customers or appropriate unit of measure in each class projected to participate in the program, including a description of how the estimate was derived;
 - (g) The cumulative penetration levels of the program by year calculated as the percentage of projected cumulative participating customers or appropriate unit of measure by year to the total customers eligible to participate in the program;
 - (h) Estimates on an appropriate unit of measure basis of the per customer and program total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the customer meter and the generation level, attributable to the program. A summary of all assumptions used in the estimates will be included:
 - (i) A methodology for measuring actual kilowatt and kilowatt-hour savings achieved from each program, including a description of research design, instrumentation, use of control groups, and other details sufficient to ensure that results are valid;
 - (j) An estimate of the cost-effectiveness of the program using the cost-effectiveness tests required pursuant to Rule 25-17.008, F.A.C. If the Commission finds that a utility's conservation plan has not met or will not meet its goals, the Commission may require the utility to modify its proposed programs or adopt additional programs and submit its plans for approval.
- (5) Each utility shall submit an annual report no later than March 1 of each year summarizing its demand side management plan and the total actual achieved results for its approved demand side management plan in the preceding calendar year. The report shall contain, at a minimum, a comparison of the achieved KW and KWH reductions with the established Residential and Commercial/Industrial goals, and the following information for each approved program:
- (a) The name of the utility;
 - (b) The name of the program and program start date;
 - (c) The calendar year the report covers;
 - (d) Total number of customers or appropriate unit of measure by customer class for each year of the planning horizon;
 - (e) Total number of customers or appropriate unit of measure eligible to participate in the program for each year of the planning horizon;
 - (f) Total number of customers or appropriate unit of measure projected to participate in the program for each year of the planning horizon;
 - (g) The potential cumulative penetration level of the program to date calculated as the percentage of projected participating customers to date to the total eligible customers in the class;
 - (h) The actual number of program participants and current cumulative number of program participants;
 - (i) The actual cumulative penetration level of the program calculated as the percentage of actual cumulative participating customers to the number of eligible customers in the class;
 - (j) A comparison of the actual cumulative penetration level of the program to the potential cumulative penetration level of the program;
 - (k) A justification for variances larger than 15% for the annual goals established by the Commission;
 - (l) Using on-going measurement and evaluation results the annual KWH reduction, the winter KW reduction, and the summer KW reduction, both at the meter and the generation level, per installation and program total, based on the utility's approved measurement/evaluation plan;
 - (m) The per installation cost and the total program cost of the utility;
 - (n) The net benefits for measures installed during the reporting period, annualized over the life of the program, as calculated by the following formula:

$$\text{annual benefits} = B_{npv} \times d / [1 - (1+d)^{-n}]$$

where

B_{npv} = cumulative present value of the net benefits over the life of the program for measures

installed during the reporting period

d = discount rate (utility's after tax cost of capital)

n = life of the program.

Specific Authority 366.05(1), 366.82(1)-(4) FS. Law Implemented 366.82(1)-(4) FS. History--New 4-30-93.

Rule 25-22.032, F.A.C. - Survey Questions

The following survey questions apply to **Rule 25-22.032, F.A.C, Customer Complaints**. For responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. “Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The Company’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

1. What are the Company’s estimated transactional costs resulting from the Company’s compliance with Rule 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
 - a. For the five year period beginning July 1, 2011, which requirements of Rule 25-22.032, F.A.C., if any, would be performed by the Company assuming the rule were not in effect? Please explain.
 - b. For each of the requirements identified in 1a., what are the estimated transactional costs associated with such requirements for the five year period beginning July 1, 2011.
 - c. What are your actual transactional costs resulting from your Company’s compliance with Rule 25-22.032, F.A.C., for the period July 1, 2011 to December 31, 2011?
2. What is the Company’s estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company’s service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
3. What is the Company’s estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company’s service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?
4. What is the Company’s estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company’s service territory other than those specifically identified in

Questions 2 and 3, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?

5. What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Company's service territory?
6. What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011 in your service territory?
7. What does the Company believe are the benefits associated with Rule 25-22.032, F.A.C.?
8. Assuming Rule 25-22.032, F.A.C., is unchanged over the next five years, do you expect your Company's costs to comply with the rule, going forward, to increase, decrease, or remain the same. Please explain your response.
9. Does your Company currently have procedures/personnel in place to address complaints received directly from your consumers?
10. If Rule 25-22.032, F.A.C., were repealed would your Company continue to accept and address consumer complaints? Please explain your response.
11. Do you believe the costs, if any, incurred by your Company to comply with the records retention, reporting, and auditing requirements of Rule 25-22.032(10), F.A.C., for the five year period beginning July 1, 2011, if any, have an adverse impact on your Company? If so, please provide any and all data which supports your response.
12. Of the transactional costs estimated to be associated with compliance with 25-22.032, F.A.C., what percentage is spent on the following items:
 - a. Staffing
 - b. Document storage and retention
 - c. Postage and shipping
 - d. Communications (dedicated phone lines, emails or faxes)
 - e. Other
13. How many staff members at your Company are currently responsible for handling consumer complaints associated with 25-22.032, F.A.C.?
 - a. Are they full time employees?
 - b. Do these employees have responsibilities apart from handling complaints?

14. Section 3 of Rule 25-22.032, F.A.C., states that a customer's service shall not be discontinued during the complaint resolution process. Have there been instances in 2010 through 2011, when your Company was uncompensated for service provided as a result of a billing dispute?
 - a. In the majority of these cases, is the Company able to recoup these costs after the complaint is resolved?
15. Does your Company subscribe to the Florida Public Service Commission's telephone "transfer-connect" or email transfer system?
 - a. What are the annual costs associated with subscription to these systems, including costs due to additional requirements for staffing, operating hours and document retention?
16. Approximately what percentage of complaints are resolved prior to reaching the Informal Conference stage described in Section 8 of Rule 25-22.032, F.A.C.?
 - a. How many times has your Company had a consumer complaint that has escalated all the way to the informal conference stage in the previous two years?
 - b. How many times in 2010 through 2011 has your Company had a complaint process that was escalated beyond the informal conference stage?
17. Approximately what percentage of complaints from your customers filed with the Florida Public Service Commission are successfully resolved within 30 days?
18. How has Rule 25-22.032, F.A.C., affected the way your Company processes complaints?
 - a. Has the rule had a positive, negative, or neutral impact on your Company?
 - b. How has the rule affected the Company's cost of handling complaints?

25-22.032 Customer Complaints.

(1) Intent; Application and Scope. It is the Commission's intent that disputes between regulated companies and their customers be resolved as quickly, effectively, and inexpensively as possible. This rule establishes informal customer complaint procedures that are designed to address disputes, subject to the Commission's jurisdiction, that occur between regulated companies and individual customers. It provides for expedited processes for customer complaints that can be resolved quickly by the customer and the company. It also provides a process for informal Commission staff resolution of complaints that cannot be resolved by the company and the customer.

(2) Processing of Complaints.

(a) Any customer of a Commission regulated company may file a complaint with the Division of Service, Safety and Consumer Assistance whenever the customer has an unresolved dispute with the company regarding electric, gas, telephone, water, or wastewater service that is subject to the Commission's jurisdiction. The complaint may be communicated orally or in writing. The complaint shall include the name of the company against which the complaint is made, the name of the customer of record, and the customer's service address. Upon receipt of a complaint by telephone, Commission staff will determine if the customer has contacted the company.

(b) In the case of complaints made by telephone, if the customer agrees, Commission staff will put the customer in contact with the company for resolution of the complaint using the telephone transfer-connect system described in subsection (4), or by other appropriate means if the company does not subscribe to the telephone transfer-connect system. If the customer does not agree to be put in contact with the company, then, in the case of companies subscribing to the telephone transfer-connect system, staff will submit the complaint to the company for resolution in accordance with the provisions set forth in subsection (5).

(c) For those companies not subscribing to the telephone transfer-connect or to the E-mail transfer system described in subsection (4), staff will submit the complaint to the company for resolution in accordance with the provisions of subsection (6).

(3) Protection from Disconnection. During the complaint process described in subsections (5)-(9), a company shall not discontinue service to a customer because of any unpaid disputed amount until the complaint is closed by Commission staff. However, the company may require the customer to pay that part of a bill which is not in dispute. If the company and the customer cannot agree on the amount in dispute, Commission staff will make a reasonable estimate to establish an interim disputed amount until the complaint is closed by Commission staff. If the customer fails to pay the undisputed portion of the bill, the company may discontinue the customer's service pursuant to Commission rules.

(4) Telephone Transfer-connect and E-mail Transfer Systems.

(a) Each company subject to regulation by the Commission may provide a telephone transfer-connect telephone number by which the Commission may directly transfer a customer to that company's customer service personnel. When the telephone transfer is complete, any further charges for the call shall be the responsibility of the company and not the Commission or the customer. Each company that subscribes to the telephone transfer-connect system must provide customer service personnel to handle transferred calls during the company's normal business hours and at a minimum from Monday through Friday, 9:00 a.m. to 4:00 p.m., Eastern time, excluding all holidays observed by the company. Telephone transfer-connect calls shall not be initially answered by a recorded voice but shall be answered by a person ready to receive information about the complaint.

(b) A company may also provide to the Commission an E-mail address by which the customer may directly E-mail a complaint to the company's customer service personnel from the Commission's Internet Web site. The company shall acknowledge the customer's E-mail to the customer by no later than the working day after the date of receipt.

(5) Complaints resolved within three (3) days by companies participating in the Telephone Transfer-Connect System or the E-mail Transfer System. Companies that subscribe to the telephone transfer-connect or E-mail transfer system may resolve a customer complaint within three (3) days in the following manner:

(a) The Commission staff handling the complaint will forward a description of the complaint to the company for response and resolution. The three (3) day period will begin the working day after the day the information is sent to the company and end at 5:00 p.m. Eastern time on the third working day, excluding weekends and company holidays. If the company satisfactorily resolves the complaint, the company shall notify Commission staff of the resolution in writing by no later than 5:00 p.m. Eastern time on the third day.

(b) If the customer does not object to the company's resolution to the complaint, the complaint will not be reported in the total number of complaints shown for that company in the Commission's Consumer Complaint Activity Report. However, the Commission will retain the information for use in enforcement proceedings, or for any other purpose necessary to perform its regulatory obligations.

(c) If the customer informs Commission staff that the complaint has not been resolved, the Commission staff will notify the company and require a full report as prescribed in subsection (6).

(d) For purposes of this subsection a complaint will be considered “resolved” if the company report indicates that the problem has been corrected or the company report indicates that the company and the customer have agreed to a plan to correct the problem.

(6) General Commission Staff Complaint Investigation. If the customer is not placed in direct contact with the company by means of the telephone transfer-connect or E-mail transfer system for resolution of his complaint, Commission staff will investigate the complaint and attempt to resolve the dispute in the following manner:

(a) Commission staff will acknowledge receipt of the complaint to the customer, notify the company of the complaint and request a written response from the company. Notification to the company by Commission staff will be to the primary Commission liaison for each certificate unless the company has provided to the Director of the Division of Service, Safety and Consumer Assistance a name, address, telephone and facsimile numbers and E-mail address for a separate point of contact for complaint handling for each certificate. It is preferable for a company to have a single point of contact for complaint handling but a company may identify up to a maximum of three points of contact for complaint handling per certificate. However, if Commission staff directs a complaint to any one of the identified multiple complaint handling contacts, the company shall process the complaint and not return the complaint to Commission staff for redirecting the complaint to other company points of contact.

(b) If the customer specifically makes a request to the Commission that he or she not be contacted by the company, Commission staff will request that the company not contact the customer directly. Otherwise, the company shall make direct contact with the customer verbally or in writing and provide to the customer its response to the complaint within 15 working days after the Commission staff sends the complaint to the company. Responses sent by mail must be postmarked within the 15 working day time period. The company shall also provide to the Commission staff, within 15 working days after the Commission staff sends the complaint to the company, a written response to the customer’s complaint. However, in the case of those complaints where the company has proposed, under the provisions of subsection (5) of this rule (complaints resolved in 3 days), a resolution with which the customer is not satisfied, the company shall respond within twelve (12) working days of the case being resent to the company.

(c) The company’s response to the Commission staff shall explain the likely cause of the problem, all actions taken by the company to resolve the customer’s complaint, and the company’s resolution or proposed resolution of the complaint and shall answer any specific questions raised by Commission staff. The company response shall also include letters or E-mails sent to the customer that contain the company’s proposed resolution of the complaint or statement of position in addressing or resolving the complaint. Upon Commission staff request, other documentation related to the complaint shall be provided to Commission staff. If the company’s proposed resolution has not yet been implemented at the time of the response to the Commission staff and customer, the company shall fully set forth in its response the steps that will be taken by the company to resolve the complaint and the dates by which each step will be taken by the company. The company shall promptly notify the customer if it is subsequently unable to take its proposed action as scheduled and shall provide to the customer and, upon request, to Commission staff, a new resolution schedule for the complaint.

(d) Commission staff will not normally further respond to the customer. However, if a customer objects to the company response to the complaint, the customer may request further review of the complaint by Commission staff. Commission staff will then propose a resolution of the complaint. The proposed resolution to the customer may be either oral or written. Upon request of either the customer or the company, Commission staff shall provide the proposed resolution in writing.

(e) Commission staff may request copies of bills, billing statements, field reports, written documents, or other information in the participants’ possession that may be necessary to resolve the dispute. The company shall respond in 7 working days to each subsequent request by staff after the initial company response. If a complete response cannot be provided in the 7 working days, the company shall provide an update regarding the response every 15 working days until the response is completed. Such update shall identify all actions taken since the last report, an explanation of why a complete response cannot be provided, and a time schedule for providing a complete response. Commission staff may perform, or request the company to perform, any tests, on-site inspections, and reviews of company records necessary to aid in the resolution of the dispute.

(7) Process Review Team.

(a) If the customer or the company is not in agreement with Commission staff’s proposed resolution, the Division of Service, Safety and Consumer Assistance will refer the complaint to a Process Review Team consisting of staff from the Office of the General Counsel, the Division of Regulatory Compliance and Consumer Assistance, and the appropriate technical division. This Process Review Team will review the complaint file to determine further handling of the complaint.

(b) If the Process Review Team finds that the subject matter of the complaint may be within the Commission’s jurisdiction, that the relief sought can possibly be granted by the Commission, that the basis of the complaint is not an objection to current statutes, rules, company

tariffs, or orders of the Commission, and that a violation of an applicable statute, rule, company tariff or order of the Commission may have occurred, the Division of Service, Safety and Consumer Assistance shall schedule an informal conference. The fact that an informal conference is scheduled shall not preclude any participant or Commission staff from later taking a position that the complaint does not fall into one or more of the above categories.

(c) The Process Review Team will recommend that the Office of the General Counsel send a closure letter to the participants if the team finds that:

1. The case involves issues or concerns that fall outside the jurisdiction of the Commission,
2. The relief sought cannot be provided by the Commission,
3. The basis of the complaint is an objection to current statutes, rules, company tariffs, or orders of the Commission, or
4. It does not appear that a violation of applicable statutes, rules, company tariffs, or orders of the Commission occurred.

(d) Once the closure letter has been sent, the case will be closed.

(8) Informal Conference.

(a) If the Process Review Team identifies a complaint for an informal conference, Division of Service, Safety and Consumer Assistance staff will notify the company and provide to the customer a Dispute Resolution Form PSC/SSC 010 (01/04), incorporated herein by reference, via certified mail. The customer shall return the completed Dispute Resolution Form PSC/SSC 010 to the Division of Service, Safety and Consumer Assistance postmarked within 15 working days after the date of its being sent to the customer. If the completed Dispute Resolution Form PSC/SSC 010 is not received from the customer with a postmark within the required 15 working days, the customer's complaint will be closed at that point. If the Dispute Resolution Form is completed and returned by the customer, Commission staff will provide a copy to the company.

(b) A customer's completed Dispute Resolution Form PSC/SSC 010 shall consist of:

1. A statement describing the facts that give rise to the complaint and, to the extent known, an explanation of why the basis of the complaint may be a violation of the applicable statutes, rules, company tariffs, or orders of the Commission. The statements filed by the customer should not raise any new issues not addressed in the initial complaint.

2. A statement of the issues to be resolved.

3. Any dollar amount in dispute.

4. A statement of the relief requested.

(c) Any participant may file additional information, documentation, or arguments; however, such additional information, documentation or arguments shall be limited to the issues from the customer's original complaint which are identified in the customer's Dispute Resolution Form PSC/SSC 010.

(d) When an informal conference is scheduled, the presiding staff member appointed to conduct the conference shall not have participated in the proposed resolution of the complaint. The appointed staff shall be comprised of a representative of the Division of Service, Safety and Consumer Assistance staff, an attorney from the Office of the General Counsel, and a staff member from appropriate technical staff. The representative from the Division of Service, Safety and Consumer Assistance will preside at the informal conference.

(e) After receiving the Dispute Resolution Form from the customer, Commission staff will send a written notice to the participants setting forth the unresolved issues, the procedures to be followed at the informal conference, and the dates by which written materials are to be filed. A company may at this time respond to information contained on the customer's Dispute Resolution Form. Each participant may be represented at the informal conference by an attorney or other representative or may represent himself. Each participant shall be responsible for his own expenses in the handling of the complaint. The conference may be held no sooner than ten days following a notice, unless all participants agree to an earlier date.

(f) At the conference, the participants shall have the opportunity to present information, orally or in writing, in support of their positions. During the conference, staff may encourage the parties to resolve the dispute. The Commission staff will be responsible for tape-recording, but not transcribing, the informal conference. A participant may arrange for transcription at his own expense.

(g) If a settlement is not reached within 20 working days following the informal conference and if the complaint is not withdrawn, staff shall submit a recommendation to the Commission for consideration at the next available Commission Conference. Copies of the recommendation shall be sent to the participants by the Office of the General Counsel.

(h) The Commission will address the matter by issuing a notice of proposed agency action or by setting the matter for hearing pursuant to Section 120.57, Florida Statutes. If the Commission sets the matter for hearing, the participants may be represented by an attorney or a qualified representative as prescribed in Rule 28-106.106, F.A.C., or may represent themselves. Each participant shall be responsible for his

own expenses in the handling of the complaint.

(9) Settlement. At any time the participants may agree to settle their dispute. If a settlement is reached, the participants or their representatives shall file with the Division of Service, Safety and Consumer Assistance a written statement to that effect. The statement shall indicate that the settlement is binding on all participants, and that the participants waive any right to further review or action by the Commission. If the complaint has been docketed, the Division of Service, Safety and Consumer Assistance shall submit the settlement to the Commission for approval. If the complaint has not been docketed, the Division of Service, Safety and Consumer Assistance will acknowledge the statement of settlement by letter to the participants.

(10) Record Retention, Reports, and Auditing.

(a) All companies shall retain documentation relating to each Commission complaint for two years after the date the complaint was closed by the Commission.

(b) All companies that participate in the telephone transfer-connect, E-mail transfer or three day complaint resolution options shall file with the Commission's Division of Service, Safety and Consumer Assistance, by the fifth working day of each month a report in tabular form that summarizes the following information for the preceding calendar month:

1. The number of calls handled via telephone transfer-connect, including the date received, customer's name, a brief description of the complaint, and whether the complaint was addressed;

2. The number of complaints handled via E-mail transfer, including the date received, the customer's name, the Commission assigned tracking number, a brief description of the complaint, and whether the complaint was addressed.

3. The number of complaints handled under the three day complaint resolution procedure, including the date received, the customer's name, the Commission assigned filing number, a brief description of the complaint, and whether the complaint was resolved.

(c) Companies shall provide access to the Commission to all such records for audit purposes.

(11) Extensions of Time.

(a) In the event of a storm named by the National Hurricane Center, a tornado recorded by the National Weather Service, a flood, a telephone cable cut, a severe gas or water main break, a major electrical outage, an extreme weather disturbance or fire causing activation of the county emergency operation center, acts of terrorism, or work stoppage, any of which substantially affects its operations and resources, a company may file a notice which will automatically extend by three working days the time for filing responses, forms, reports and other submissions required by this rule. Such notice shall be submitted in writing to the Director of the Division of Service, Safety and Consumer Assistance and shall state a reason for the three day extension. The utility will send one written request that will apply to all complaints or reports pending or received during the extension period. When the company does provide complaint responses or reports containing information on complaints affected by an extension of time, the extension must be noted on the complaint or report. For complaints, the three day extension shall apply to any complaints pending at the time such notification is given and to new complaints received during the extension period.

(b) If the company participates in the transfer connect system described in subsection (4), and the circumstances described in paragraph (11)(a) affect the operation of the transfer-connect system, the company may establish an alternative, temporary means of transmitting customer concerns from the Commission to the company for handling within the transfer-connect program.

Specific Authority 350.127(2), 364.0252, 364.19, 366.05, 367.121 FS. Law Implemented 120.54, 120.569, 120.57, 120.573, 364.01, 364.0252, 364.03(1), 364.15, 364.183, 364.185, 364.19, 364.337(5), 366.03, 366.04, 366.05, 367.011, 367.111, 367.121 FS. History—New 1-3-89. Amended 10-28-93, 6-22-00, 1-29-04.

Rule 25-6.0436, F.A.C. – Survey Questions

The following survey questions apply to **Rule 25-6.0436, F.A.C. – Depreciation**. For purposes of responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. “Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The Company’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

- 1a. What are the Company’s estimated transactional costs resulting from the Company’s compliance with Rule 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?
- 1b. What are the Company’s estimated recurring annual costs to maintain property records and to perform depreciation-related activities (including tracking additions, retirements, and adjustments, and determining associated reserves) for the FPSC jurisdiction?
- 1c. Is the quadrennial depreciation study prepared in-house or by an outside consultant?
- 1d. If the answer to 1c. is “outside consultant,” please respond to the following questions:
 - a. What was the cost of the most recent study prepared by an outside consultant, and on what date was the consultant paid for their services?
 - b. What is the utility’s estimated cost to provide the necessary information required for the outside consultant to prepare a study, and when were these costs incurred?
 - c. Will an outside consultant be used to prepare the next study? If yes, what is the estimated cost to prepare the next study?
- 1e. If the answer to 1c. is “in-house,” please respond to the following questions.
 - a. What was the utility’s cost to prepare the most recent depreciation study, and over what time period were such costs incurred?

- b. What is the utility's estimated cost to prepare the next depreciation study?
2. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?
 3. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?
 4. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?
 5. What does the Company believe is the expected impact of Rule 25-6.0436, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Company's service territory?
 6. What does the Company believe is the expected impact of Rule 25-6.0436, F.A.C., on business competitiveness, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011?
 7. What does the Company believe are the benefits associated with Rule 25-6.0436, F.A.C.?

25-6.0436 Depreciation.

(1) For the purposes of this part, the following definitions shall apply:

(a) Category or Category of Depreciable Plant – A grouping of plant for which a depreciation rate is prescribed. At a minimum it should include each plant account prescribed in subsection 25-6.014(1), F.A.C.

(b) Embedded Vintage – A vintage of plant in service as of the date of study or implementation of proposed rates.

(c) Mortality Data – Historical data by study category showing plant balances, additions, adjustments and retirements, used in analyses for life indications or calculations of realized life. Preferably, this is aged data in accord with the following:

1. The number of plant items or equivalent units (usually expressed in dollars) added each calendar year.
2. The number of plant items retired (usually expressed in dollars) each year and the distribution by years of placing of such retirements.
3. The net increase or decrease resulting from purchases, sales or adjustments and the distribution by years of placing of such amounts.
4. The number that remains in service (usually expressed in dollars) at the end of each year and the distribution by years of placing of such amounts.

(d) Net Book Value – The book cost of an asset or group of assets minus the accumulated depreciation or amortization reserve associated with those assets.

(e) Remaining Life Method – The method of calculating a depreciation rate based on the unrecovered plant balance, less average future net salvage and the average remaining life. The formula for calculating a Remaining Life Rate is:

$$\text{Remaining Life Rate} = \frac{100\% - \text{Reserve \%} - \text{Average Future Net Salvage \%}}{\text{Average Remaining Life in Years}}$$

(f) Reserve (Accumulated Depreciation) – The amount of depreciation/amortization expense, salvage, cost of removal, adjustments, transfers, and reclassifications accumulated to date.

(g) Reserve Data – Historical data by study category showing reserve balances, debits and credits such as booked depreciation, expense, salvage and cost of removal and adjustments to the reserve utilized in monitoring reserve activity and position.

(h) Reserve Deficiency – An inadequacy in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(i) Reserve Surplus – An excess in the reserve of a category as evidenced by a comparison of that reserve indicated as necessary under current projections of life and salvage with that reserve historically accrued. The latter figure may be available from the utility's records or may require retrospective calculation.

(j) Salvage Data – Historical data by study category showing bookings of retirements, gross salvage and cost of removal used in analysis of trends in gross salvage and cost of removal or for calculations of realized salvage.

(k) Theoretical Reserve or Prospective Theoretical Reserve – A calculated reserve based on components of the proposed rate using the formula:

$$\text{Theoretical Reserve} = \text{Book Investment} - \text{Future Accruals} - \text{Future Net Salvage}$$

(l) Vintage – The year of placement of a group of plant items or investment under study.

(m) Whole Life Method – The method of calculating a depreciation rate based on the Whole Life (Average Service Life) and the Average Net Salvage. Both life and salvage components are the estimated or calculated composite of realized experience and expected activity. The formula is:

$$\text{Whole Life Rate} = \frac{100\% - \text{Average Net Salvage \%}}{\text{Average Service Life in Years}}$$

(2)(a) No utility shall change any existing depreciation rate or initiate any new depreciation rate without prior Commission approval.

(b) No utility shall reallocate accumulated depreciation reserves among any primary accounts and sub-accounts without prior Commission approval.

(c) When plant investment is booked as a transfer from a regulated utility depreciable account to another or from a regulated company to an affiliate, an appropriate reserve amount shall also be booked as a transfer. When plant investment is sold from one regulated utility to an

affiliate, an appropriate associated reserve amount shall also be determined to calculate the net book value of the utility investment being sold. Appropriate methods for determining the appropriate reserve amount associated with plant transferred or sold are as follows:

1. Where vintage reserves are not maintained, synthesization using the currently prescribed curve shape may be required. The same reserve percent associated with the original placement vintage of the related investment shall then be used in determining the appropriate amount of reserve to transfer.

2. Where the original placement vintage of the investment being transferred is unknown, the reserve percent applicable to the account in which the investment being transferred resides may be assumed as appropriate for determining the reserve amount to transfer.

3. Where the age of the investment being transferred is known and a history of the prescribed depreciation rates is known, a reserve can be determined by multiplying the age times the investment times the applicable depreciation rate(s).

4. The Commission shall consider any additional methods submitted by the utilities for determining the appropriate reserve amounts to transfer.

(3)(a) Each utility shall maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts as prescribed by subsection 25-6.014(1), F.A.C. Utilities may maintain further sub-categorization.

(b) Upon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category.

(4) A utility filing a depreciation study, regardless if a change in rates is being requested or not, shall submit to the Office of Commission Clerk six copies of the information required by paragraphs (6)(a) through (f) and (h) of this rule and at least three copies of the information required by paragraph (6)(g).

(5) Upon Commission approval by order establishing an effective date, the utility shall reflect on its books and records the implementation of the proposed rates, subject to adjustment when final depreciation rates are approved.

(6) A depreciation study shall include:

(a) A comparison of current and proposed depreciation rates and components for each category of depreciable plant. Current rates shall be identified as to the effective date and proposed rates as to the proposed effective date.

(b) A comparison of annual depreciation expense as of the proposed effective date, resulting from current rates with those produced by the proposed rates for each category of depreciable plant. The plant balances may involve estimates. Submitted data including plant and reserve balances or company planning involving estimates shall be brought to the effective date of the proposed rates.

(c) Each recovery and amortization schedule currently in effect should be included with any new filing showing total amount amortized, effective date, length of schedule, annual amount amortized and reason for the schedule.

(d) A comparison of the accumulated book reserve to the prospective theoretical reserve based on proposed rates and components for each category of depreciable plant to which depreciation rates are to be applied.

(e) A general narrative describing the service environment of the applicant company and the factors, e.g., growth, technology, physical conditions, necessitating a revision in rates.

(f) An explanation and justification for each study category of depreciable plant defining the specific factors that justify the life and salvage components and rates being proposed. Each explanation and justification shall include substantiating factors utilized by the utility in the design of depreciation rates for the specific category, e.g., company planning, growth, technology, physical conditions, trends. The explanation and justification shall discuss any proposed transfers of reserve between categories or accounts intended to correct deficient or surplus reserve balances. It should also state any statistical or mathematical methods of analysis or calculation used in design of the category rate.

(g) The filing shall contain all calculations, analysis and numerical basic data used in the design of the depreciation rate for each category of depreciable plant. Numerical data shall include plant activity (gross additions, adjustments, retirements, and plant balance at end of year) as well as reserve activity (retirements, accruals for depreciation expense, salvage, cost of removal, adjustments, transfers and reclassifications and reserve balance at end of year) for each year of activity from the date of the last submitted study to the date of the present study. To the degree possible, data involving retirements should be aged.

(h) The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility. Unusual transactions not included in life or salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained.

(7)(a) Utilities shall provide calculations of depreciation rates using both the whole life method and the remaining life method. The use of these methods is required for all depreciable categories. Utilities may submit additional studies or methods for consideration by the

Commission.

(b) The possibility of corrective reserve transfers shall be investigated by the Commission prior to changing depreciation rates.

(8)(a) Each company shall file a study for each category of depreciable property for Commission review at least once every four years from the submission date of the previous study unless otherwise required by the Commission.

(b) A utility proposing an effective date of the beginning of its fiscal year shall submit its depreciation study no later than the mid-point of that fiscal year.

(c) A utility proposing an effective date coinciding with the expected date of additional revenues initiated through a rate case proceeding shall submit its depreciation study no later than the filing date of its Minimum Filing Requirements.

(9) As part of the filing of the annual report pursuant to Rule 25-6.135, F.A.C., each utility shall include an annual status report. The report shall include booked plant activity (plant balance at the beginning of the year, additions, adjustments, transfers, reclassifications, retirements and plant balance at year end) and reserve activity (reserve balance at the beginning of the year, retirements, accruals, salvage, cost of removal, adjustments, transfers, reclassifications and reserve balance at end of year) for each category of investment for which a depreciation rate, amortization, or capital recovery schedule has been approved. The report shall indicate for each category that:

(a) There has been no change of plans or utility experience requiring a revision of rates, amortization or capital recovery schedules; or

(b) There has been a change requiring a revision of rates, amortization or capital recovery schedules.

(10) For any category where current conditions indicate a need for revision of depreciation rates, amortization or capital recovery schedules and no revision is sought, the report shall explain why no revision is requested.

(a) Prior to the date of retirement of major installations, the Commission shall approve capital recovery schedules to correct associated calculated deficiencies where a utility demonstrates that (1) replacement of an installation or group of installations is prudent and (2) the associated investment will not be recovered by the time of retirement through the normal depreciation process.

(b) The Commission shall approve a special capital recovery schedule when an installation is designed for a specific purpose or for a limited duration.

(c) Associated plant and reserve activity, balances and the annual capital recovery schedule expense must be maintained as subsidiary records.

Specific Authority 350.127(2), 366.05(1) FS. Law Implemented 350.115, 366.04(2)(f), 366.06(1) FS. History—New 11-11-82, Amended 1-6-85, Formerly 25-6.436, Amended 4-27-88, 12-12-91, 12-11-00, 5-29-08.